krungsri
กรุงศรี

A member of MUFG
a global financial group

ESG

ENVIRONMENTAL, SOCIAL
AND GOVERNANCE

SUSTAINABILITY REPORT 2018

Krungsri's Way of Sustainability

Krungsri places our importance on all sustainability dimensions. Supervision and business operations are on the ground of good corporate governance principle to deliver superior performance along with preserving environment and serving society toward true sustainability pathway.

Contents

ENVIRONMENT

SOCIAL

Society outside the Organization

Society within the Organization

GOOD CORPORATE GOVERNANCE

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.

Making Innovative Changes
We start by changing ourselves and intend to improve every day by creating for the better that will positively benefit our customers along with Krungsri

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

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

In recognition of our responsibilities as a Domestic Systemically Important Bank (D-SIB), our goals extend beyond economic and financial dimensions, to include environmental, social, and governance challenges. Observing the principles of sustainable banking, Krungsri, as a financial intermediary, aims to promote the United Nations' Sustainable Development Goals (SDGs) through both our provision of products and services and our business operations, all undertaken with a sense of social and environmental responsibility.

2018 marked the first year of Krungsri's notable progress in the sustainable banking journey, with the official establishment of the Environmental, Social, and Governance Division (ESG) on January 1.

It was also a year with unprecedented global, regional, and domestic developments, especially in terms of the interconnectedness of regulations, businesses, societies, and the environment – in particular, the increasingly evident externalities.

At the national level, greater recognition of the harmful and potentially irreversible effects of plastic waste and air pollution highlighted the role that commercial banks can play in not only minimizing the negative impacts, but also promoting green financing instruments in support of a sustainable environment and responsible consumption.

With determined effort, in 2018, Krungsri's Corporate Social Responsibility Committee formulated and proposed both environmental and human rights policy disclosure statements for the Board of Directors' consideration and subsequent approval, which was granted in early 2019. The high-level directive governs policies and strategic initiatives in establishing Krungsri's targets and action plans aligned with global sustainability issues and objectives, and the aforementioned SDGs in particular.

In 2018, we stepped up our efforts on climate action, and in doing so received a Carbon Footprint Certificate from the Thailand Greenhouse Gas Management Organization, which reflected the Bank's determination to not only measure but also take steps to reduce greenhouse gas emissions across our business footprint. We are committed to a 5-percent reduction of greenhouse gas emissions within 2020.

In 2019, we will continue to integrate ESG standards in our policies, business models, and strategies, and credit underwriting standards and processes, as well as our internal operational processes.

Across customer segments, together with our environmental, social, and governance efforts, we will maintain our leadership in retail business not only with volume but also with social responsibility, through increasing financial literacy and product suitability as well as meeting financial inclusion goals. At the same time, green financial instruments will be tailored to suit both corporate and SME clients, while a list of prohibited and restricted transactions will be devised. All of these measures demonstrate Krungsri's commitment to sustainable banking, which will provide long-term benefits not only to our organization, but also to our clients, and our society as a whole.

Veraphan Teepsuwan
Chairman

Atsushi Murakami
Vice-Chairman

Noriaki Goto
President
and Chief Executive Officer

SECTION

01

About Krungsri

Krungsri Ploenchit Office

About Krungsri

Since the inception of Bank of Ayudhya Public Company Limited (Krungsri) on 1 April 1945, the Bank has been entrusted by the general public with excellent services and continued to expand healthily. Listed on the Stock Exchange of Thailand on 26 September 1977, Krungsri has undertaken its business in compliance with the Financial Institutions Businesses Act, B.E. 2551 (A.D. 2008), the Securities and Exchange Act, B.E. 2535 (1992), and regulations of the Office of the Securities and Exchange Commission, the Stock Exchange of Thailand, and other related regulatory requirements. Apart from these applicable laws and regulations, Krungsri as a responsible financial service provider has ingrained fundamental operating philosophy based on good corporate governance in our business, while adhering to the highest principles of ethical conduct. Business transparency is central to our operation transcending all statutory prerequisites as we committed to responding to expectations of stakeholders as well as society.

Krungsri is a strategic member of MUFG Bank, Ltd. (MUFG Bank), a wholly-owned subsidiary of Mitsubishi UFJ Financial Group (MUFG) – Japan's largest financial group and one of the world's financial groups with the most varied financial services and products. As of the end of 2018, the Bank's registered capital totaled 75,741 million baht, while our paid-up capital reached 73,558 million baht. Krungsri is Thailand's fifth largest commercial bank in terms of assets, loans, and deposits.

Krungsri conducts the fundamental commercial banking business in compliance with Bank of Thailand (BOT)[1] regulations and under its supervision[1], including accepting deposits, offering loans, foreign exchange trading services, financial instruments trading services, loan guarantees, payment and funds transfer services, risk hedging products, e.g. interest rate and FX derivatives, etc. The Bank's other businesses approved by the BOT include businesses of insurance-related services, securities-related services, financial derivatives, e-banking, and other financial and non-financial services.

Offering a variety of products, Krungsri aims to satisfy customers' ever-changing demand with full-fledge services through our 20 subsidiaries and companies under 13 business groups of Krungsri Group, targeting three major segments: corporate segment (Thai, Japanese, and multinational corporations); small and medium-sized enterprise segment (SMEs); and retail segment. Krungsri has been the market leader in the personal and credit card loans with the largest market share of 30 percent and 16 percent, respectively. As for the hire purchase market, Krungsri is ranked 2 with the market share of 27 percent.

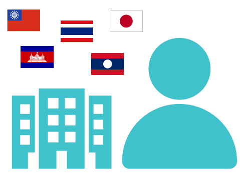
Through the subsidiary Ngern Tid Lor Co., Ltd., Krungsri provides micro and nano finance for retail customers. As the top player in the title loan market, while offering financial services to the Bank's customers and those who are underbanked. This apparently reflects the Bank's continued endeavor in improving financial inclusion, an ambitious goal long pursued by Krungsri, in accordance with our environmental, social, and governance principles.

Krungsri Customers

01

Corporate segment

- Thai corporations
- Japanese corporations
- Multinational corporations

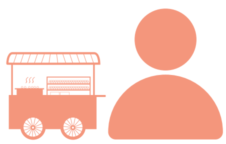


02

SME segment

03

Retail segment



[1] The 'Commercial banking business scope' document, the Bank of Thailand.

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
Business group name:	Financial Business Group (Krungsri Group)
Areas of operation:	Four 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; - Online channels: www.krungsri.com | Krungsri Simple
Total workforce:	33,546 employees (Permanent and temporary employees of the Bank and its subsidiaries)
Fees and service income:	28,999 million baht

Key Operations and Developments

In 2018, there were multiple key developments at Krungsri where business capacity enhancement has been conducted side by side with sustainable expansion in response to the needs of our stakeholders on the aspects of structure, policies, strategies, core values, and customer service areas and provision.

New Sustainability Disclosure – Environmental and Human Rights Disclosure Statements

Krungsri has declared the Environmental and Human Rights Disclosure Statements in 2018, the Bank's first-ever declaration aimed to make a commitment to all stakeholder groups regarding Krungsri Group's business directions, and social and environmental dimensions. Based on MUFG statements, and opinions given by external experts and internal and external stakeholders, the Bank's disclosure statements were made in conformity with our operations, expectations from supervisory bodies, along with the Thai context and environment, and will become our main guideline for sustainable practices until any change is made in the future.

Environmental Disclosure Statement

Taking actions to address global environmental issues

- Striving to protect the environment and responding to climate change is the responsibility of all human beings.
- Aiming to contribute to the realization of a sustainable society by protecting the global environment in alignment with the SDGs.
- Complying with applicable legislation and international agreements and responding appropriately when our operations result in environmental risks or negative impacts.
- Striving to reduce the environmental impacts of our operations, as well as actively working towards finding solutions to global environmental issues through our business activities.

Human Rights Disclosure Statement

Krungsri recognizes respect for human rights as an important issue to be addressed in the management of our business for the realization of our Corporate Mission as a member of the world's most trusted financial group in serving society through sustainable growth. We aim to fulfill our responsibility to respect human rights across all of our operations.

New Division – Environmental, Social and Governance Division

Striving to sustainable business practices, Krungsri established the Environmental, Social and Governance Division (ESG) which operates under the Corporate Strategy and Planning Group. Main responsibility of the ESG Division include strategic operations and policies as well as socially responsble activities within 'sustainable banking' framework. It is also a responsibility of the ESG Division to ensure that Krungsri's practices are carried out in accordance with MUFG's Medium-Term Business Plan, while responding to sustainable development goals toward recognition at national and international levels.

Other key duties of ESG include disclosure of the Bank's information on investments and sustainable development to stakeholders, especially investors, trade partners, and other institutions and organizations, to enhance stakeholder confidence and to reflect the intrinsic value of Krungsri's shares as well as continuous value added to the Bank.

New Branch – Krungsri Siam Paragon Smart Branch

In response to ever-changing consumer behaviors in the digital era, Krungsri has pushed forward financial innovations through channel enhancement, boosting customers' ability to access the Bank's services in speedier and more convenient ways. Meanwhile, branches remain the Bank's key service channel as each customer segment has different financial demand and preferred channel.

Opened for the first time at Siam Paragon Department Store in 2018, **Krungsri Siam Paragon Smart Branch** was exclusively designed focusing on branch 'space', 'staff', and 'speed' and equipped with automated machines for efficient customer self-serve transactions. Krungsri plans to open up to 12 smart branches by the end of 2019.

At the smart branch, a special zone 'The Advisory' is allocated for financial and investment advisory services. Financial insights are provided for Krungsri Prime and Krungsri Exclusive customers through activities and seminars with an area for relax and refreshment, exclusive financial advisory services, VDO conferencing with experts, and meeting rooms.

Krungsri Siam Paragon Smart Branch was built in accordance with the 'Smart' Channel Strategy focusing on smart banking, investment, people, and technology. The smart branch is one of the four branch types designed by Krungsri:

1. **Smart branch** – a branch equipped with automatic machines for self-service transactions and full-time staff presence for advice;
2. **Smart kiosk** – a kiosk with automatic machines for self-service transactions with more limited staff presence for advice;
3. **Partnership branch** – a special branch jointly run with other organizations, e.g. universities; and
4. **Typical branch** – a normal type of branch.

New core value – Making Innovative Changes

Krungsri's human resource innovations are continually enhanced in terms of employee recruitment, retention, and improvement, so that our employees could create innovations for impressive services and customer experiences to sustainably keep up with customer demand amid rapid changes in the global environment. In 2018, Krungsri has changed one of the core values, 'Embracing Changes' to **'Making Innovative Changes'** as the fundamental value embedded in every employee's daily working life for constructive collaboration and advancement toward service excellence, as well as boosting competitiveness and business efficiency.

New business plan
– Starting to implement the second Medium-Term Business Plan (2018-2020)

Krungsri has laid out our second MTBP (2018-2020) taking into account our performance during the first MTBP, as well as the market environment and outlook. In the second MTBP (2018-2020), three key strategic themes, six core business strategies and five management platform strategies are identified:

3 Strategic Themes

1. Lead by Innovation: Thank 'Digital First'
2. Enhance Customer Experience to become a Main Bank
3. Enhance Retail and Commercial Banking Platform, and Achieve Sustainable Growth

6 Core Business Strategies

1. Enhance customer experience toward customer engagement
2. Upgrade Advisory Capabilities and Service Quality of Retail Banking
3. Grow SME Banking through Digital and Innovation Capabilities
4. Execute Commercial Banking Transformation
5. Strengthen Product Capabilities to Offer Financial Solutions
6. Expand Collaboration within Krungsri and Synergy with MUFG and Strategic Partners

5 Management Platform Strategies

1. Enhance Business Competitiveness through HR Platform
2. Build Robust and Smart Technology to Digitize Business and Operations
3. Ensure Safety and Soundness
4. Improve Productivity and Efficiency
5. Accelerate Digital and Innovation Execution

Subsidiaries and companies in Krungsri Group

Credit card, personal loan, and sales finance

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

- Krungsriayudhya Card Co., Ltd.
- Ayudhya Capital Services Co., Ltd.
- Tesco Card Services Ltd.
- General Card Services Ltd.

Auto hire purchase and leasing

Type of service: Provision of automotive financial services under the branch 'Krungsri Auto'

- Ayudhya Capital Auto Lease Plc.

Collection Services

Type of service: Provision of debt collection services for credit card, personal loan, and sales finance

- Total Services Solutions Plc.

Microfinance

Type of service: Provision of sale and leaseback services via hire purchase and secured loan contracts to owners of all vehicle types

- Ngern Tid Lor Co., Ltd.

Type of service: Provision of loans for micro, small, medium and large entrepreneurs, along with deposit services in Cambodia

- Hattha Kaksekar Limited

Hire purchase and Leasing

Type of service: Provision of financial lease and hire purchase services to enable SMEs and large corporations to acquire machinery, equipment, and commercial vehicles

- Ayudhya Development Leasing Co., Ltd.

Auto hire purchase and sales finance

Type of service: Provision of automotive financial services and sales finance in Lao PDR.

- Krungsri Leasing Services Co., Ltd.

Asset Management

Type of service: Purchases of and accepting impaired assets (non-performing assets and loans) transferred from financial institutions for management through debt restructuring and/or collateral purchases for disposal

- Krungsri Ayudhya AMC Ltd.

Fund management

Type of service: Provision of a comprehensive range of products and services, including mutual funds, private funds, provident funds, and investment management in futures contracts

- Krungsri Asset Management Co., Ltd.

Factoring

Type of service: Provision of factoring services (domestic factoring) by granting short-term revolving credit facilities through account receivable purchase and assigning collection rights

- Krungsri Factoring Co., Ltd.

Securities

Type of service: Provision of brokerage services through trading equity and derivative instruments for retail investors, the general public, and local and international institutional investors

- Krungsri Securities Plc.

Support business

Type of service: Provision of human resource services and vehicle rentals to the Bank and its subsidiaries within the scope specified by the Bank of Thailand

- Siam Realty and Services Co., Ltd.

Life insurance

Type of service: Provision of life, personal accident, health, and payment-protection insurance services

- Krungsri Life Assurance Broker Ltd.
- Tesco Life Assurance Broker Ltd.

Non-life insurance

Type of service: Provision of non-life insurance, such as personal accident, health, travel, and auto insurance services

- Krungsri General Insurance Broker Ltd.
- Tesco General Insurance Broker Ltd.

Venture capital

Type of service: 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 businesses

- Krungsri Finnovate Co., Ltd.

Sustainability awards and achievements

Certificate of ESG100 Company 2018

Sustainability Report Award 2018

Thailand Sustainability Investment (THSI) 2018

CSR Excellence Recognition 2018

Certificate of ESG100 Company 2018

Best Bank for CSR in Thailand

Thailand Sustainability Investment (THSI) 2018

selected by the Stock Exchange of Thailand (3rd consecutive year)

Sustainability Report Award 2018 – Excellence

given by the Office of the Securities and Exchange Commission, Thai Listed Companies Association's CSR Club, and Thaipat Institute (3rd consecutive year with the 2017 and 2018 award representing better rankings than 2016)

Certificate of ESG100 Company 2018

given by the Thaipat Institute for the Bank's outstanding environmental, social, and governance performance (3rd consecutive year)

CSR Excellence Recognition 2018

given by American Chamber of Commerce in Thailand (AMCHAM) (6th consecutive year, with Gold Level given for 2nd consecutive year)

The Asset Corporate Award – Platinum Award 2018

given for the Bank's outstanding environmental, social, and governance performance (3rd consecutive year)

Best Bank for CSR in Thailand

given by the Asia Money Award 2018 by Asia Money (2nd consecutive year)

Environment

The 5th event of 'Roi Duang Chai, Ruam Chai Lod Lok Ron'

(Together We Can Stop Global Warming)

- Received the Carbon Foorprint Organization (CFO) Cerfiticate and permission to display the CFO logo

Social

Thailand Best Employer Brand Awards 2018

organized by the Employer Branding Institute

- Best Employer Brand Award
- Dream Companies to Work for Award

Gallup Great Workplace 2018

by Gallup

- Gallup Great Workplace Awards Winner 2018

Asia's Best Employer Brand Awards and Asia's Training & Development Excellence Awards

organized by the World HRD Congress

- CHRO of the Year Award (Mr. Wittapon Jawjit)
- Dream Employer of the Year Award
- Best Employer Brand Award
- Excellence in Training & Development Award
  - An Overall Award for Best Results Based Training
- Best Education Management Programs
  - Banking Sector

The Asian Banker Thailand Country Awards 2018

organized by The Asian Banker

- The Best Employee Engagement Initiative, Application or Programme

Governance

Asian Excellence Award 2018

organized by Corporate Governance Asia

- Asia's Best CEO (Investor Relations) (4th consecutive year)
- Asia's Best CFO (Investor Relations) (4th consecutive year)
- Best Investor Relations Company (Thailand) (5th consecutive year)

ISO/IEC27001: 2013 – Information Security Management Certification

by The British Standard Institute

- certified on two standards; BAHTNET and ICAS

Corporate Governance Asia Annual Recognition Awards 2018

organized by Corporate Governance Asia

- Asia's Icon on Corporate Governance Award (5th consecutive year)
- Asian Corporate Director Recognition Award (5th consecutive year)

An honorary plaque granted

by the Department of Special Investigation (DSI)

- Honorary plaque in the category of 'Outstanding Integration Organization for 2018 Fiscal Year'

CG Powerlist

organized by cooperation between the Legal 500, Legal Business, GC Magazine, and the In-house Lawyer

- Received a certificate of 'GC Powerlist Southeast Asia'

An honorary plaque granted

by the Anti-Money Laundering Office (AMLO)

- Honorary plaque for 'support and collaboration in rapidly reducing damages inflicted on the general public'

Corporate governance assessment

by the National Corporate Governance Committee (NCGC)

- Corporate governance assessment result: 'Excellence'

ESG Highlight

Fees & Service Income

28,999

million baht

Board of Directors	Male 8 persons or 66.67%	Female 4 persons or 33.33%

of the total BoD

Top Management (EVP and above)	Male 59 persons or 62.11%	Female 36 persons or 37.89%

of the Bank's total EVP

All Full-time Employees

30,934 persons	6.78% growth
Male 10,887 persons or 35.19%	Female 20,047 persons or 64.81%

Disable Employees

36 persons

KSPO - Krungsri's first environmentally friendly office building is completed and certified with the

Gold LEED CS standard

Electricity Consumption decreased

212,000 kWh or **1.05**%[1]

113.31 tons increase of Recycle papers or **28.68**%[2]

Reduce GHG Emission

2,584 ton CO_2e or **14.74**%[3]

456 million baht increase of loan for clean energy or **3.41**%

Remark
[1] Krungsri Head Office only
[2] Information from InfoZafe under the Shred2Share project of the Bank, Krungsri Auto and Krungsri Consumer only
[3] GHG emission at the Krungsri Head Office only

Average employee training hours increased by **2.93**%

146 employees attended environmentally-related training via **7** special sessions

Compliment via Krungsri Call Center 1572 increased by **29.11**%

776 university students and **7,069** primary students received financial literacy

Cooperated with WWF-Thailand to Integrate ESG Practices with Krungsri's business operations

Declared the Environmental and Human Rights Disclosure Statements

SECTION

02

Krungsri and environmental, social, and governance policies toward sustainability

Environmental Disclosure Statement

Taking actions to address global environmental issues

- Striving to protect the environment and responding to climate change is the responsibility of all human beings.
- Aiming to contribute to the realization of a sustainable society by protecting the global environment in alignment with the SDGs .
- Complying with applicable legislation and international agreements and responding appropriately when our operations result in environmental risks or negative impacts.
- Striving to reduce the environmental impacts of our operations, as well as actively working towards finding solutions to global environmental issues through our business activities.

Human Rights Disclosure Statement

Krungsri recognizes respect for human rights as an important issue to be addressed in the management of our business for the realization of our Corporate Mission as a member of the world's most trusted financial group in serving society through sustainable growth. We aim to fulfill our responsibility to respect human rights across all of our operations.

Krungsri has dedicated to a mission toward 'a leading regional financial institution with global reach, committed to responsibly meeting customer needs and serving society through sustainable growth', which is proof positive of our perseverance to operate by taking into account relevant impacts on all stakeholders. Krungsri firmly believes that sustainable business growth can only be achieved through community and societal engagement and contribution. Our commitment to corporate social responsibility policies and best practices, as well as the creation of shared values is upheld by executives and employees across Krungsri Group as evidenced by our CSR-in-process practices and CSR-after-process activities.

2018 marked a stepping stone for Krungsri as a financial service provider – an intermediate sector of the economy – in pursuing sustainable development goals. Among key developments is the establishment of the Environmental, Social and Governance Division (ESG), a body that would play a crucial role in moving towards being a sustainable bank.

On the wake of the ESG establishment, the Environmental and Human Rights Disclosure Statements were declared as a key milestone that makes our sustainable development spirit and directions become more visible. Approved by the Corporate Social Responsibility Committee on 13 December 2018, the statements will take effect in 2019 after being approved by the Bank's Board of Directors.

As for the sustainable development policies on the **economic dimension**, Krungsri has aligned our business strategies with the economic outlook with a well-balanced loan portfolio, while serving as our customers' trusted business partner and financial advisor. Through the **social dimension**, the Bank has strived to improve financial access and enhance financial literacy among Thai people by engaging our people in valued community development initiatives and CSR activities.

Corporate Social Responsibility Practice Framework

Based on the Environmental and Human Rights Disclosure Statements, Krungsri will continually pursue the CSR framework through our four CSR pillars, with a reflection on and coverage of material sustainability issues of being a financial service provider as follows:

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 community engagement both in the Bank's operating area and nationwide via CSR activities and projects

Preserving Environment

Focusing on cultivating environmental conservation habits and awareness 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, donations to charitable organizations, etc.

This short-term action plan is aimed to pave the way for Krungsri's long-term CSR plan being jointly enhanced with other related business units in accordance with the Financial Business Group's Medium-Term Business Plan (2018-2020). Ultimately, Krungsri plans to integrate all the Bank's social responsibility and business strategies into one for concrete sustainable development.

Krungsri and the SDG2030

Initiated by the United Nation, the Sustainable Development Goals 2030 (SDG2030) has served as a common blueprint for organizations across the globe to achieve a better and more sustainable future. In conformity with our Environmental and Human Rights Disclosure Statements, Krungsri is determined to take part in contribution to the SDG2030 targets particularly poverty eradication through financial literacy provision; promotion of good health and well-being; quality education; decent work and economic growth; industry, innovation and infrastructure; sustainable cities and communities; climate action; peace and justice strong institutions; and partnerships to achieve the goal. These issues align with the material sustainability issues of the organization.

Source: https://sustainabledevelopment.un.org

External Sustainability Initiative

We at Krungsri, a strategic member of one of the world's largest financial group, complies with applicable national and international standards, guidelines, and initiatives that are relevant to financial service providers' social responsibility and organizational sustainability. Implementation status of key guidelines, standards, and initiatives are categorized as follows:

Guidelines, Standards, and Initiatives	Organizations	Implementation Status
Sustainable Development Goals 2030 (SDG 2030)	The United Nations	Operational guideline
GRI Sustainability Reporting Standards (GRI Standards)	The Global Reporting Initiative	Operational guideline
ASEAN Corporate Governance Scorecard	ASEAN Capital Markets Forum (ACMF)	Operational guideline
Carbon Footprint Offsetting	Thailand Greenhouse Gas Management Organization (Public Organization) (TGO)	Certified and permitted to use CFO logo
Environmental, Social and Governance (ESG) Integration Practice	WWF – Thailand	MOU counterparty
Commercial banks' codes of ethic	N/A	MOU counterparty
International Financial Reporting Standard 9 (IFRS9)	International Accounting Standard Board	Compliance with and being audited and endorsed by external organizations
Basel III Framework	The Basel Committee on Banking Supervision	Compliance with and being audited and endorsed by external organizations
ISO20022 Universal Financial Industry Message Scheme	International Standard Organization	Operational guideline
ISO/IEC27001: 2013 – Information Security Management (BAHTNET and ICAS)	International Standard Organization, International Electrotechnical Commission	Certified

Membership of Association

Giving different organizations' unique capabilities and expertise, revitalizing partnerships to achieve the goal lies at the heart of sustainable business undertakings to create positive social and environmental impacts. Not only does the partnerships allow capitalizing on ultimate capabilities of each organization, but it also helps drive economic engines and broaden positive impacts in accordance with the Goal 17 regarding partnerships for the goals.

2018 has seen Krungsri's active participation in key organizations relevant to sustainable business operations with collaboration status as follows:

Organization	Collaboration Status
The Thai Bankers' Association	Member / taskforce
The CSR Club of the Thai Bankers' Association	Member / taskforce
Thailand's Private Sector Collective Action Coalition Against Corruption (CAC)	Certified member
The American Chamber of Commerce (AMCHAM)	Member
The Thai-Japanese Association (TJA)	Member

Krungsri's Stakeholders

Stakeholder Engagement

One of the key elements contributing to responsible business practices is the provision of channels for stakeholder dialog to foster relations and communications with them, while seeking feedback regarding their expectations, requirements, and opinions, as well as holding discussions about how we can initiate and enhance collaboration 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

- Establishment of policies on fair and reasonable remunerations
- Provision of welfare schemes that exceed legal requirements including other forms of remuneration to boost employee incentives and ease their concerns
- Stipulation of principles relating to environment, health, and safety in the S&L and establish a committee responsible for employees' safety and occupational health
- Maintaining safe working environment for employees' lives and assets
- Provision of 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

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

Communication Channels and Frequency

Executive Meeting

- Krungsri Leadership Meeting (once a year)

Executive and Employee Meeting

- Town Hall Meeting (at least once a year)
- IT Security Town Hall Meeting (once a year)

HR Management

- Projects that promote employee engagement
  - Krungsri Leadership Academy
  - Krungsri Success Profile
  - Krungsri Performance and Career Management

- Krungsri Employer Branding and Pipeline Management Program
- Krungsri Pride
- Emails sent by the Human Resources Group for internal communications
- Monthly meetings with representatives from Krungsri Labor Union (once a month)
- The consultation service provided by the Human Resources Business Partner (HRBP), available all year long

Internal Communications

To communicate corporate strategies, activities, and useful information:

- Intranet and application under Krungsri WE Connect;
- Monthly messages from the President and CEO;
- Bi-monthly 'Krungsri Life' magazine;
- Weekly 'Around Krungsri' electronic newsletter;
- An array of newsflashes, including Krungsri News Flash, Synergy, Daily News Summary, Ignite Day, Innovation Flash, Customer Experience (CX), etc.;
- Intercom announcements; and

Other activities arranged within the organization throughout the year

Customers

• Retail • SME • Corporate

Treatment of Stakeholders

- Undertaking 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 speedy to simplify financial transactions for customers (Make Life Simple)
- Provision of complete and accurate news and information, as well as compliance with strict standards of customer information confidentiality per the employee handbook
- Abstention from disclosure of customer information, either confidential or not, unless required by laws or by written consent obtained from customers
- Abstention from abusing customer information for commercial gains and allowing customers to provide opinions for further service improvement

Expectations or Concerns

- Professional and excellent service provision
- Full and accurate information provision
- Availability of products meeting customer needs
- Prevention against violation of customer privacy

Communication Channels and Frequency

- Customer satisfaction survey (once a year)
- Communications via online channels: Krungsri Simple: Facebook, Twitter, Google Plus, YouTube, Instagram, Line, etc.
- Year-round engagement activities between the organization and customers
- 448 matched businesses

Shareholders

Treatment of Stakeholders

- Emphasizing the importance of and respecting the rights of all shareholders in auditing and providing recommendations for the Bank's operations in an equitable manner
- 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 can fully exercise their rights

Expectations or Concerns

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

Communication Channels and Frequency

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

Investors

Treatment of Stakeholders

- Disclosure of the Bank's financial and general information with a particular attention to information accuracy, adequacy, transparency, consistency, and timeliness

- Dissemination of news updates via communication channels and media
- Establishment of the Public Relations Department and Investor Relations Department as key contact points in managing relations with investors, especially on disclosure of Krungsri's general and financial performance information as well as answering inquiries from various groups of investors and stakeholders

Expectations or Concerns

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

Communication Channels and Frequency

- Investor / analyst meetings (company visits) (10 times)
- Conference call (1 time)
- 36 domestic and abroad roadshows
- Annual analyst meeting (once a year)
- Meetings with credit rating agencies for Krungsri Group's credit rating reviews (3 times)
- Company visits at Krungsri's subsidiaries (2 times)
- Press conference (14 times)
- Press releases on Krungsri's financial performance (4 times)
- Quarterly performance and business plan reports (4 times a year)
- Emails to communicate Krungsri's significant developments (20 times)

Commercial banks or other financial institutions

Treatment of Stakeholders

- Provision of collaborative efforts in conducting activities favorable to the overall business undertakings to help prevent any impact that might cause damages to the commercial banking system
- Promotion of activities or actions that lead to mutual understandings
- Compliance with related rules and regulations when competing with other commercial banks

Expectations or Concerns

- Fair competition
- The development of overall commercial banking system and economy

Communication Channels and Frequency

- Meetings among banks organized by the Thai Bankers' Association (TBA) (once a month)
- Meetings among member banks of TBA's CSR Club (once a quarter)
- Meetings among banks on other occasions throughout the year

Regulators

Treatment of Stakeholders

- Adherence to related laws and regulations as well as policies and standards stipulated by relevant regulators supervising respective business group
- Provision of collaboration and support for the policies and activities of the relevant regulators

Expectations or Concerns

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

Communication Channels and Frequency

Annual dialogues and cooperation with regulators (at least once a year), including:

- The 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 the enforcement of regulatory requirements, the exchange of ideas, opinions, expectations and concerns raised during the previous year
- The Office of the Securities and Exchange Commission (SEC), The Stock Exchange of Thailand (SET), and the Thai Institute of Directors (IOD): Attending seminars relating to regulations to be enforced and other related issues

Vendors/Suppliers

Treatment of Stakeholders

- Compliance with the Supplier Relationship Policy, and policies related to the treatment of business partners per The Spirit & The Letter (S&L)
- Conducting the Know Your Customer (KYC) and Customer Due Diligence (CDD) process regarding vendors/suppliers
- Provision of clear regulations regarding using the services of vendors/suppliers with related party transactions (RPTs)

- Stipulation of groups of persons comprising representatives of experts or specialists (including IT experts), and related business units to jointly consider selecting service providers for transparency and fairness
- Assessment of vendors/suppliers and organizing auctions to prevent monopolies
- Promotion of e-Auction for auction transparency
- Provision of accurate and adequate details and requirements under common standards
- Strict adherence to the contracts or conditions agreed with vendors/suppliers
- Abstention from disclosing the confidential information of vendors/suppliers to unrelated persons

Expectations or Concerns

- Fair and equal treatment of vendors/suppliers
- Accuracy, adequacy, and equality in receiving information
- Vendors/suppliers selection criteria
- Maintaining vendors/suppliers confidentiality

Communication Channels and Frequency

- Communications among the Procurement Department, Financial Liaison and Planning Department, and Tax and Disbursement Department according to prescribed work processes and guidelines
- Provision of whistleblowing channels for reporting in case of the organization's inappropriate actions
- Notification of the Gifts and Entertainment Policy to vendors/suppliers (at least once a year)

Creditors

Treatment of Stakeholders

- Strict compliance with agreed conditions as well as related requirements and laws based on principles of integrity, fair and equal treatment
- Abstention from disclosing confidential information of creditors
- Provision of correct and adequate news/information updates and promotion of activities that lead to mutual understandings
- Stipulation of management structure thoroughly covering all operations with clear strategies in managing financial resources for Krungsri's stability and strength, preventing the Bank from encountering 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 debts can be repaid to creditors despite being under liquidity crisis
- Advance notifications 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 guarantee conditions, capital management, and defaults

Expectations or Concerns

- 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 in accordance with Krungsri's Four CSR pillars

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

Expectations or Concerns

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

Communication Channels and Frequency

- Organizing projects of financial literacy at schools, universities, and communities nationwide
- Ngern Tid Lor Co., Ltd. (NTL) conducted field visits for community engagement throughout the year.
- Collaboration with local authorities in the areas where Krungsri operates throughout the year
- Permission for using the spaces at the Head Office for social causes

SECTION

03

Reporting Methodology

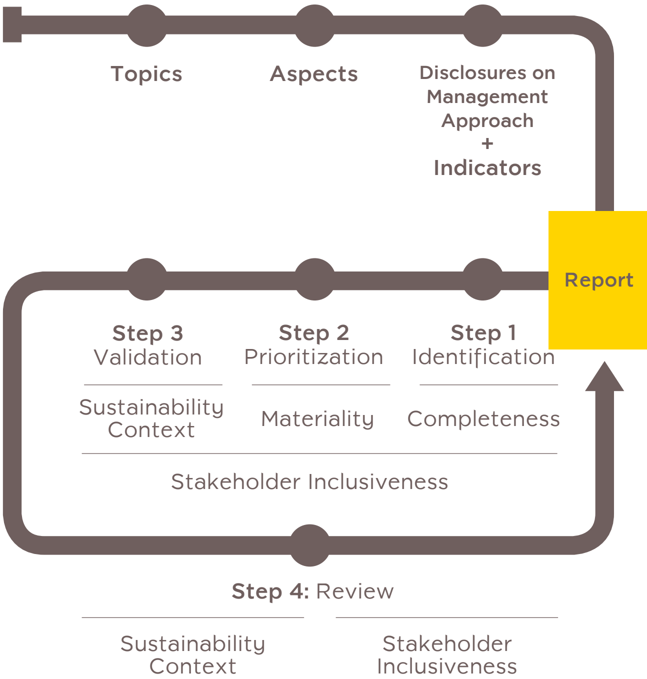
Reporting Guidelines

Krungsri's 2018 Sustainability Report is the fifth report, following the launch of the first report in 2014. Covering the period from 1 January to 31 December 2018, the report is intended to continually monitor and disclose information on the Bank's annual practices and performance that reflect impacts on organizational sustainability to stakeholders in three dimensions – economy, environment, and society. As for contents, overall information of the organization, administration, and performance indicators are depicted as this report has been prepared in accordance with the GRI Standard: Core option, a different approach from that of the 2017 report for which the Global Reporting Initiative (GRI) G4 Guidelines were adopted. However, the GRI G4 Financial Service Sector Disclosures Guideline was followed, in tandem with Krungsri's nature of business as well as sustainability topics significant for financial service providers. Moreover, connection between the organization's operational directions and the Sustainable Development Goals 2030 (SDG2030) was also portrayed in the report.

Defining Report Content and Boundary

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

Defining Material Aspects and Boundary Process



Step 1: Identify Sustainability Topics

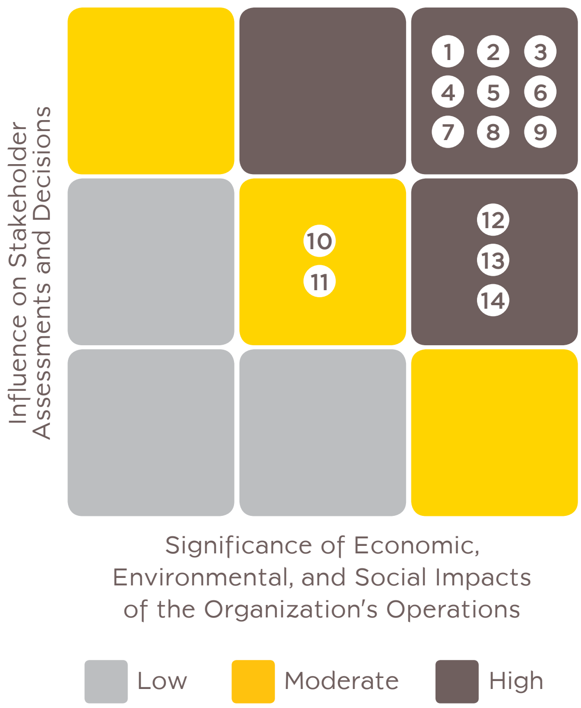
The Sustainability Report Working Team identified topics relevant to the sustainable development of Krungsri as a financial service provider whose operations may affect stakeholder expectations toward the Bank, their assessment and decision-making. Apart from sustainability aspects considered in the previous year, operational and assessment guidelines on sustainability established by national and international organizations were also taken into account along with other aspects directed by the GRI Sustainability Reporting Guidelines. These guidelines include the Stock Exchange of Thailand's sustainability assessment questionnaires for listed companies, the corporate governance evaluation framework designed by the Thai Institute of Directors Association (Thai IOD), Down Jones Sustainability Index (DJSI), etc. In this regard, combining related operational and assessment guidelines established by other organizations into our guidelines reflects Krungsri's efforts in embracing stakeholder feedback and expectations.

Step 2: Prioritize Material Aspects

After identifying sustainability aspects based on stakeholder expectations, the working team prioritized these material aspects by taking into account the influence on stakeholder assessments and decisions, and significance of economic, environmental, and social impacts of the organization's operations so that the materiality of the report can be identified.

Step 3: Validate Material Aspects

The Corporate Social Responsibility Committee, comprising 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 thoroughly considered. The outcome will be used as the base information for sustainability action planning as well as preparation of the 2018 Sustainability Report. The material aspects for the organization's sustainability development are as follows:



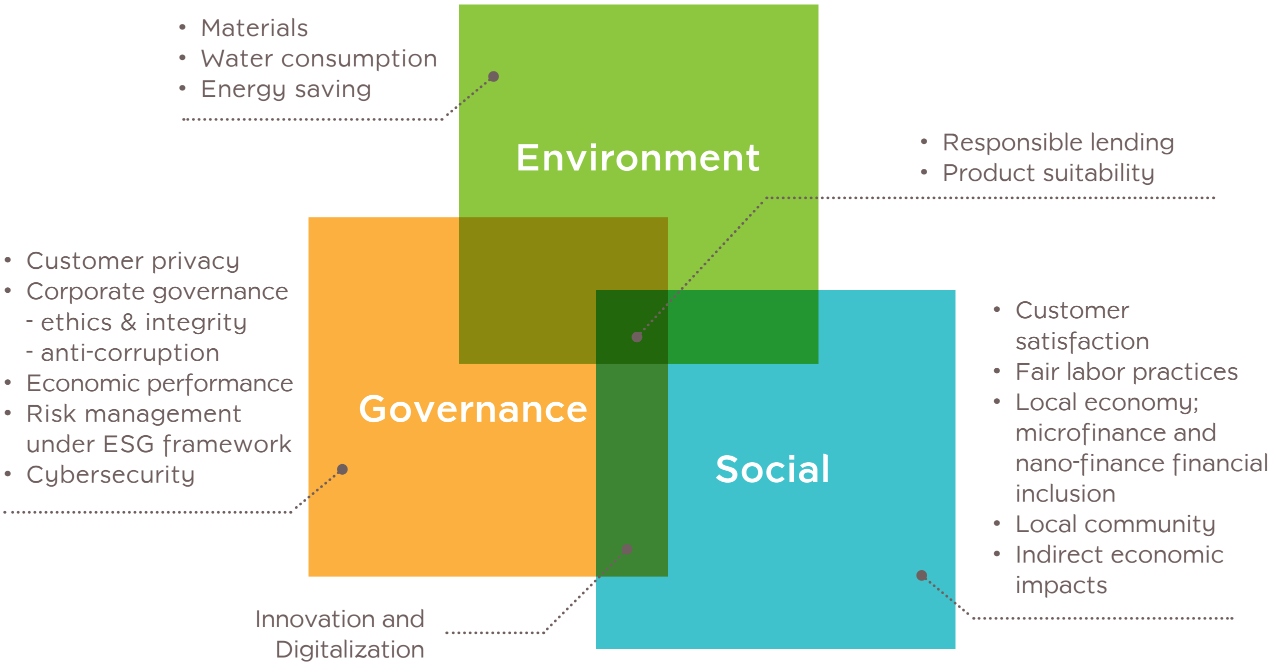
1. Responsible lending and product suitability
2. Corporate governance (ethics, integrity, and anti-corruption)
3. Customer satisfaction
4. Fair labor practices
5. Local economy and community (microfinance and nanofinance, and financial inclusion)
6. Innovation and digitalization
7. Cybersecurity
8. Customer privacy
9. Financial and economic performance, systematic risk, and risk management under the ESG framework
10. Local community engagement
11. Indirect economic impacts
12. Material utilization
13. Energy saving
14. Water utilization

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 future. Krungsri encourages its stakeholders to join in fostering a sustainable society by voicing their concerns and opinions on sustainable business undertakings through various communication channels, including a questionnaire form (attached herewith).

Reporting Scope and Boundary

Sustainability Topics			Reporting Boundary											
			Within Krungsri											Outside Krungsri
			The Bank and subsidiaries											
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 Services	Krungsri Factoring	Krungsri Finnovate	
Responsible lending and product suitability	Product portfolio	1	●	●	●	●	●	●	●	●			●	Society and the nation
Corporate governance (ethics, integrity, and anti-corruption)	Ethics and integrity, anti-corruption	16	●	●	●	●	●	●	●	●	●	●		Employees, 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 and nano-finance, and financial inclusion)	Local community	11	●	●	●	●	●	●	●	●				Customers, society and the nation
Innovation and digitalization	-	9	●	●	●	●	●	●	●	●	●	●	●	Customers
Cybersecurity	-	9	●	●	●	●	●	●	●	●			●	Customers
Customer privacy	Customer privacy	-	●	●	●	●	●	●	●	●			●	Customers
Financial and economic performance, systematic risk, and risk management under ESG framework)	Key impacts, risk, and opportunities, precautionary principle & approach, and effectiveness of risk managemnt process	8	●	●	●	●	●	●	●	●	●	●	●	Society and the nation
Material utilization	Materials	13	●	●		●		●	●	●	●	●	●	Environment
Energy saving	Energy	13	●	●		●		●	●	●	●	●	●	Environment
Local community engagement	Local community	4, 3	●	●	●	●	●	●	●	●	●	●	●	Environemnt and Society and the nation
Indirect economic impact	Indirect economic impact	8	●	●	●	●	●	●	●	●	●	●	●	Society and the nation



Amendments in the Sustainability Report

Apart from changing to the GRI Standards from the GRI G4 reporting guidelines, amendments in the 2018 Sustainability Report also include a change of material sustainability topics. A new topic 'risk management under the ESG framework' has been added as one of the sustainability aspects, as a result of the Bank's organizational restructuring that led to the establishment of the Environmental, Social and Governance Division (ESG) under the Corporate Strategy and Planning Group.

External Assurance Report

To ensure the credibility of Krungsri's Sustainability Report, the Bank requested an assurance review by an external entity in accordance with the GRI Reporting Guidelines. See page 96-99 for details.

Report Dissemination Channels

- Website www.krungsri.com, Topic 'Investor Relations', Sub-topic 'General Information and Annual Report', Topic 'Corporate Social Responsibility', Sub-topic 'Sustainability Report'
- 600 hard copies of the Thai version and 400 hard copies of the English version

Krungsri Sustainability Report

Contact Point for Krungsri's Sustainability Report Preparation and Sustainability Practices

Corporate Social Responsibility Department
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. 83935, 85811
Email: KrungsriESG@krungsri.com

SECTION

04

ENVIRONMENTAL

E or 'Environment', is among dimensions of sustainability the world has long been placing importance on as environmental issues are being addressed more profoundly each year. Krungsri, as a responsible lender, cannot neglect the significance of this particular dimension of sustainability.

In 2018, apart from a structural change with the establishment of the new ESG division to take charge on environmental, social, and governance matters of the organization, Krungsri also takes measures relating to the impacts on the environment through our CSR-in-process approach as the 'intermediary' of the economic system, as well as by carrying out corporate social responsibility projects or activities (CSR-after-process).

Goal

GHG

Krungsri will reduce greenhouse gas emissions from our Head Office operations by **5 percent within 2020** (versus 2017 base year)

Management measures

Targeting to reduce electricity consumption, which is **one of the top three** sources of greenhouse gas emissions

Performance

In 2018, **14,950** tonCO_2e of greenhouse* gases were emitted, a **14.74** percent decrease (versus 2017 base year)

*Total scope 1&2 only

(Information as of December 31, 2018)

Carbon Footprint for Organization

In 2018, Krungsri joined the Centre of Excellence on enVironmental strategy for GREEN business, Kasetsart University (VGREEN) for the Carbon Footprint for Organization (CFO) or Corporate Carbon Footprint (CCF) project to quantify the greenhouse gases emitted from Krungsri Head Office operations in 2017. The calculation has been verified by the Federation of Thai Industries. Krungsri was also listed and verified as a Carbon Footprint for Organization (CFO), being allowed to use the CFO label, by the Thailand Greenhouse Gas Management Organization (Public Organization) (TGO).

Krungsri is well aware that each economic activity can cause environmental impact, especially regarding the climate change issue. The consumption of electricity, fuel, or paper in service businesses such as Krungsri may account for major sources of carbon dioxide gas emission, one of greenhouse gases (GHG) contributing to the greenhouse effect, affecting the change in the climate and subsequently severely impacting all lives on earth as well as human survival.

In addition, Thailand, as one of the parties to the United Nations Framework Convention on Climate Change (UNFCCC), participated in the 21st session of the Conference of the Parties (COP21) along with other nations in a joint effort to enable the transition to a low-carbon economy, achieving the UN Sustainable Development Goals (SDGs).

In order to 'reduce' GHG emissions from Krungsri operations in 2018, we started to 'quantify' the amount of GHGs emitted by Krungsri business operations in 2017 to be referred to as the base year for setting the GHG reduction target of the organization. In this regard, Krungsri has collaborated with external entities specialized in the quantification and verification in order to ensure the accuracy and reliability of the base year to be used by quantifying GHG emissions and removals at Krungsri Head Office, categorized under three scopes[2] as follows.

[2] Thailand Greenhouse Gas Management Organization, 2019 and carbon footprint assessment parameter, Mahidol University

Scope 1: Direct GHG Emissions from organizational activities such as fuel combustion, vehicles (company owned sources), chemical usage for wastewater treatment, and releases/leaks from processes or activities. For Krungsri, the quantification was based on the fuel (gasoline/diesel) consumption for executives and company cars, employee mileage reimbursement, as well as the quantity of chiller refrigerants, fire extinguisher chemicals, methane emitted from latrine use, etc.

Scope 2: Indirect GHG Emissions from the generation of purchased energy consumed in the organization. For Krungsri, the calculation was based on the consumption of purchased electricity.

Scope 3: Other Indirect GHG Emissions, such as employees commuting in vehicles not owned or controlled by the organization, business travels, and use of materials and equipment. In this regard, Krungsri calculated the consumption of paper, water supply, etc.

Krungsri quantified GHG emissions covering carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6), and nitrogen trifluoride (NF_3). The methodology applied was the carbon footprint for organization assessment by the Thailand Greenhouse Gas Management Organization (Public Organization) (TGO), Greenhouse Gas Protocol, October 2016 revised edition, referencing the Global Warming Potential (GWP) values from the Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report (AR4).

GHG Emission Assessment	Unit	Total GHG emissions	
		2017	2018
Total Scope 1 emission	TonCO_2e	5,375	3,861
Total Scope 2 emission	TonCO_2e	12,159	11,089
Total Scope 1 & 2 emission	TonCO_2e	17,534	14,950
Total Scope 1 & 2 emission intensity	TonCO_2e/person	3.45	3.04
Total Scope 3 emission	TonCO_2e	1,832	1,280
Full Time Employee (FTE)*	persons	5,089	4,915
External assurance	-	Yes	No

Remark: *FTEs at Krungsri Head Office and Learning Center Building only

(Information as of December 31, 2018)

As a result from the initiative to measure the GHG emissions, Krungsri has been verified and registered for the carbon footprint for organization label by the TGO on 5 September 2018, as well as receiving a certificate presented by the Minister of Natural Resources and Environment on 19 September 2018.

Moreover, Krungsri also participated in the TGO's 5th Thailand Carbon Offsetting Program to create prototypes of climate change mitigation businesses for the sustainable development by means of carbon offsetting through the purchase of carbon credits[3] to offset GHG emissions from the Bank's operations and activities and become carbon neutral. In this regard, Krungsri offset 1,754 metric tons of CO_2 equivalent from Mitr Phol Bio-Power (Danchang).

Such collaboration among organizations and business sectors is part of the efforts working to achieve the UN Sustainable Development Goal 17: Partnerships for the Goals to strengthen the means of implementation and revitalize the global partnership for sustainable development.

[3] Carbon credits approved for offsetting include Certified Emission Reductions (CERs) from Clean Development Mechanism (CDM), Verified Emission Reductions (VERs) in Thailand only, and Thailand Voluntary Emission Reductions (TVERs)

TCOP-18-O-050

Thailand Greenhouse Gas Management Organization

Carbon Offset Certificate

presented to

Bank of Ayudhya Public Company Limited (Headquarter)

for offsetting

1,754 tons of CO_2 Emissions

From: Mitr Phol Bio-Power (Danchang)-Block 2

Serial number: TH-21-159827-161580-1-1-6

By participating in this carbon offsetting program, you are contributing to the fight against global warming and supporting greenhouse gases reduction projects in Thailand and enable Thailand's transition to a low-carbon future.

Mrs.Prasertsuk Chamornmarn

Executive Director

Thailand Greenhouse Gas Management Organization (Public Organization)

September 5, 2018

Certificate Number:
TGO CFO FY18-059

THAILAND GREENHOUSE GAS MANAGEMENT ORGANIZATION (Public Organization) TGO

CERTIFICATE

Awarded to

Bank of Ayudhya Public Company Limited

Company address verified : 1222 Rama III Road, Bang Phongphang, Yan Nawa, Bangkok 10120

Thailand Greenhouse Gas Management Organization certifies that the quantity of Greenhouse Gas of the above organization has been verified by The Industrial Environment Institute The Federation of Thai Industries and found to be in accordance with the requirements of the standard detailed below.

Standard

TGO Guidance of the Carbon Footprint for Organization

Verification Period : [01/01/2017 - 31/12/2017]

Total Greenhouse Gas Emission (Scope 1&2) : 17,534 tonnes of CO_2eq/year

Direct GHG emissions	5,375	tonnes of CO_2eq
Energy indirect GHG emissions	12,159	tonnes of CO_2eq
Other indirect GHG emissions	1,832	tonnes of CO_2eq

The agreed level of assurance is: Limited at materiality of 5%

Registration Date: 5 September 2018

Mrs.Prasertsuk Chamornmarn

Executive Director

Thailand Greenhouse Gas Management Organization (Public Organization)

Resource Efficiency

In addition to Krungsri's Environmental Disclosure Statement, announced in 2018, the Bank's 'Efficient Use of Resources to Promote Environmental Conservation Policy' is still in effect 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 and 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 the policy

We strongly believe that with clear environmental goals and policy, our environmental performance will be driven toward a more satisfactory direction year by year contributing to the attempt to minimize negative impacts on the environment and to develop a sustainable society.

Environmental Measures

Paper consumption	Electricity consumption	Water consumption	Waste	Fuel consumption	Others

Fuel and Electricity Consumption

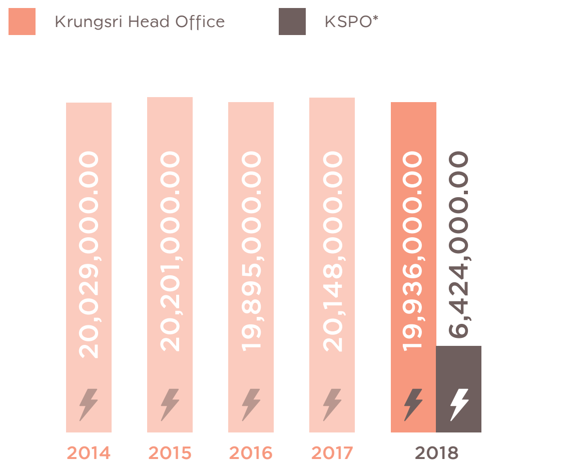
Through our determination and energy management measures that have been implemented continuously, Krungsri Head Office saw a reduction in electricity consumption at end of 2018 with a 1.05 percent or 212,000 kWh decrease from 2017, with electricity consumption at 19,936,000 kWh, energy intensity at 4,056.15 kWh (4,915 FTE at the Head Office)

However, at end of 2018, fuel consumption was at 3,924,189.18 liters, a rise of 0.36 percent or 14,125.98 liters from 2017. An evidence was found from our fuel consumption monitoring assessment that Krungsri's Vehicle Support Service had higher fuel consumption at 39.21 percent from last year. The service was provided to commute employees between Krungsri Head Office and Krungsri Ploenchit Office, to support employees' offsite-work and to serve employees as a shuttle service to-and-from a public transportation station (BTS/MRT). It was expected that the increase in fuel consumption resulted from higher shuttle trip between the Head Offce and the newly-opened Ploenchit Office.

In 2018, Krungsri inaugurated the Krungsri Ploenchit Office (KSPO), officially opened in March. In this regard, to ensure the reporting quality covering key operations, Krungsri Sustainable Development Report 2018 incorporated the electricity consumption in sum for calculation and public disclosure. By December 31, 2018, there was 6,424,000 kWh energy consumption at this energy-saving building.

From the expansion of operations to the new building, it was resulted in a total energy consumption value at 225,362.68 gigajoules, 11.17 percent increased from last year. However, if the energy consumption at KSPO was excluded from the calculation, comparing between 2017 and 2018, value of energy consumption reduction was at 0.24 percent.

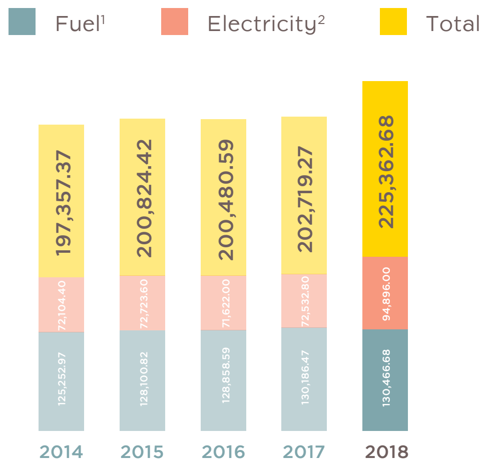
Electricity Consumption (kWh)



Remark: *Excluding the electricity consumption during January – February 2018 as the construction of KSPO was completed and the building was open for business in March 2018

(Information as of December 31, 2018)

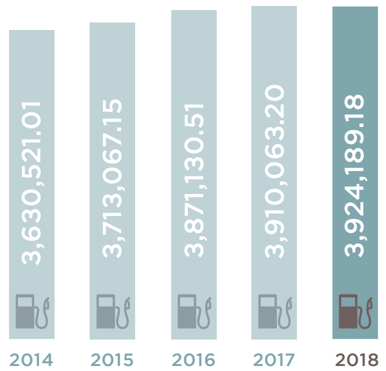
Energy Consumption (GJ)[1]



[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, 2018)

Fuel Consumption (Liter)*



Remark: * Fuel consumption for executives and company cars

(Information as of December 31, 2018)

Management measures

The Bank appointed the **'Energy Management Committee'** to assess and improve the energy consumption pattern of the Bank to ensure maximum efficiency. Communication campaigns were launched to encourage all employees to join the collective energy-saving effort. Furthermore, the energy-saving and management policy is reviewed on a regular basis. As regards KSPO, the building design and construction followed the green building rating criteria of Leadership in Energy and Environmental Design (LEED) by U.S. Green Building Council (USGBC) for Gold Level. For Krungsri Head Office, energy-saving implementation in 2018 is as follows.

Implementation	Amount	Energy (kW)		Energy Consumption (kWh)	Energy saved (kW)
		Before Implementation	After Implementation		
Replace T5 light bulbs with LED light bulbs in the office and surrounding areas	3,630 bulbs	112.53	101.64	49,005.00	10.98
Install additional one set of cooling tower of 900 TR capacity (on top of existing 2 sets of cooling tower per 2 chillers) to cool down the heat in chillers and reduce the electricity demand	1 set	N/A	N/A	475,200.00	150.00

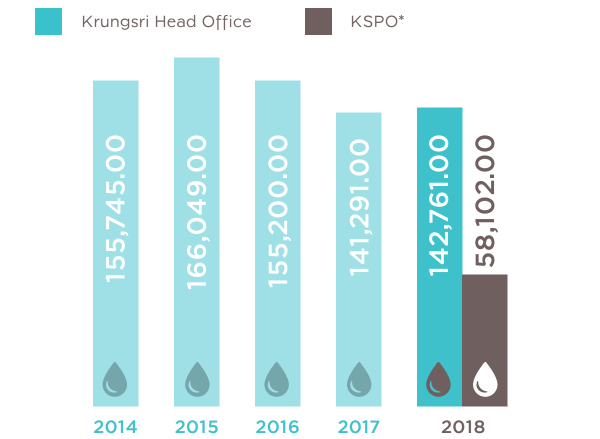
Water and Paper Consumption

Krungsri's water consumption significantly dropped by 8.96 percent in 2017 following its improvement of restrooms and plumbing system at Krungsri Head Office, whereas 2018 saw a slight increase by 1.04 percent or 1,470 cubic meters. However, it is revealed from five-year comparison that, in overall, Krungsri Head Office's water consumption dropped by 8.34 percent from 2014. As for KSPO, the water consumption totaled 58,102 cubic meters (March – December 2018).

In 2018, the use of 70 gsm A4 paper at Krungsri Head Office significantly dropped from 2017 by 31.10 percent or 261.72 tons, representing a reduction of 4,449 trees[4] being felled. The Bank has put more emphasis on a digital work style, lowering the volume of paper used, as well as raising awareness of the 'Think Before Print' campaign and two-sided printing (reuse).

With regards to the Di-wallet application which was launched in 2017 for employees to make payment via QR code scanning for purchase of food and beverages at the Krungsri Head Office canteen, the use of this mobile application has been expanded to KSPO in 2018. This resulted in a decrease of 986,892 paper slips used, equivalent to 315.81 kg[5].

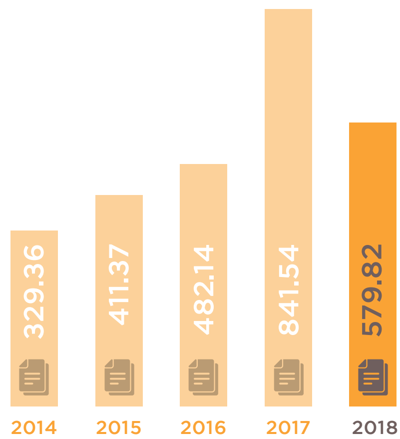
Water Consumption (m^3)



Remark: *Excluding the water consumption during January – February 2018 as the construction of Krungsri Ploenchit Office was completed and open for business in March 2018

(Information as of December 31, 2018)

Paper Usage (70-gram A4) (tons)



(Information as of December 31, 2018)

Paper sent for recycling (tons)

Remark * Information from Shred2Share and Infozafe project of the Bank, Krungsri Auto and Krungsri Consumer only.

(Information as of December 31, 2018)

Management measures

Same as energy management, water management at KSPO also meets the green building rating criteria of the Leadership in Energy & Environmental Design (LEED) being granted the Gold Level of certification regarding water efficiency by the U.S. Green Building Council (USGBC). For Krungsri Head Office, the sanitation system efficiency is regularly maintained throughout the year.

For paper management, apart from promoting the digital working environment and other paper-saving initiatives, Krungsri also joins the Shred2Share project of InfoZafe Co., Ltd. to send paper for recycling, as well as encouraging a proper paper assortment habit among Krungsri employees. Furthermore, the Bank encourages the use of recycled paper for printing media, for example, the Krungsri Sustainable Development Report 2018 was produced using 100 percent recycled paper, certified by the Forest Stewardship Council (FSC). This accounted for 452.81 kg[6], translated to 7.70 trees saved.

[4] 1-ton paper requires the pulp of 17 trees.
[5] A paper slip weighs 0.32 grams.
[6] Calculated from 300 gsm A4 covers; 52 pages of 130 gsm A4 paper for 1,000 hard copies.

Waste Management

In 2018, the 'Krungsri Zero-waste' initiative was introduced to address the Sustainable Development Goals, particularly Goal 12: Responsible consumption and production, and Goal 14: Life below water. Krungsri launched a number of projects under the said initiative, including 'Krungsri Right Place, Right Bin' encouraging employees to properly sort waste prior to processing or disposal. In addition, the 'No Plastic Bag on Wednesday' project was launched to promote less use of plastic bags starting by not giving out plastic bags at the Krungsri Head Office canteen. Also, the 'Phut-Phok-Pha' calls for employees to bring along three things on Wednesdays including straws, glasses, and cloth bags in order to minimize the use of single-use plastic.

Based on the amount of waste monitored as to evaluate the performance of the **Krungsri Zero-waste** initiative in 2018, the recorded amount of recyclable waste at Krungsri Head Office totaled 12,021 kg (12.02 tons) (April – December 2018).

Recyclable waste at Krungsri Head Office by type (kg)

Cartons 39.40%

Books and magazines 38.03%

Clear plastic bottles and glasses 18.85%

Corrugated plastic sheets 0.94%

Others 2.78%

Krungsri Ploenchit Office

Construction of Krungsri Ploenchit Office (KSPO) was officially begun on August 1, 2015. The building is located near the Ploenchit BTS Station, around the corner from Ploenchit Road and Wireless Road. The new office was developed to serve Krungsri's expanding business and better customer services. The building also houses major subsidiaries of Krungsri Group, including Krungsri Auto, and Krungsri Consumer. It holds facilities to serve approximately 2,500 employees and visitors. Following the completion of its construction, KSPO has been open for business since March 2018.

The new office was intended to be one of Thailand's leading buildings with state-of-the-art architectural designs that also meet the Leadership in Energy & Environmental Design (LEED) standards of the US Green Building Council (USGBC) with the Gold Level of certification granted. Environmentally-friendly and non-polluting building materials were used and energy and resource efficiency were recognized, meeting the rating requirements in six categories, including:

"Krungsri was successfully recognized and attained the certification of LEED 2009 for Core and Shell (LEED CS) on October 16, 2018. This recognition represents our aspiration to create the best for our employees, customers, all building users as well as the environment in overall."

Sustainable Site

- The location of the project is close to the BTS Skytrain and a bus station. Visitors can avoid the use of personal cars which cause pollution by using such public transportation services.
- The closest parking spaces to the building entrance are provided for energy-saving and carpool vehicles to encourage visitors to reduce fuel consumption when commuting.
- Artificial turfs were installed on the roof and the roofing materials selected were of high solar reflectance. This is to reduce the heat from solar radiation absorbed which heats up the building.

Indoor Environmental Quality

- A number of glasses were installed so occupants can view outside scenery and with the sunlight coming in, the air is not stuffy.
- The ventilation inside the building is in compliance with international standards to ensure that occupants feel comfortable and to increase the employee productivity.
- Smoking is prohibited within the 25-feet (8-meter) distance from the building entrance and vents in order to reduce pollutants brought into the building.

Energy & Atmosphere

- CFC or HCFC-22 refrigerants are not used in the entire air conditioning system of the project as they destroy the ozone layer.
- The lighting system installed inside and outside the building consumes less energy than the referenced criteria, enabling energy saving for the project through the system.

Water Efficiency

- All sanitary ware products and taps chosen use water less than or equal to the referenced amount, saving the project's water consumption by 40 percent

Materials & Resources

- A policy is established for sorting four types of waste (general, recyclable, hazardous, and compostable) in order to make use of reusable items and reduce the amount of trash to be dumped to landfills.

Innovation in Operation & Regional Priority

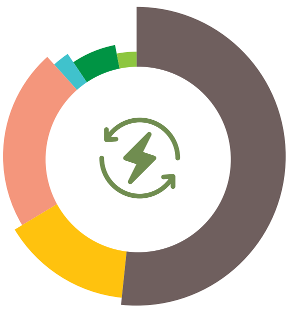
- The non-roof innovation helps reduce the heat island effect, related to heat build-up from constructions concentrated in the metropolitan area.

Green Financing

Being a responsible upstream of the economy as a financial service provider includes support of environmentally-friendly businesses with suitable financial products and responsible lending. In this regard, 'Environmental Conservation' is one of the core principles of responsible lending in Krungsri's 'Credit Risk Management' procedure.

In 2018, Krungsri granted loans to businesses of renewable energy which is clean and eco-friendly, including solar, wind, water, biogas and biomass, and industrial waste. At the end of 2018, Krungsri's lending to renewable energy projects totaled 13,844 million baht, representing 1.70 percent of the Bank's total of other loans[7]. Loan distribution by type of renewable energy is presented as follows.

Loans for each type of alternative energy



Water 51.87%
Wind 14.53%
Biogas 22.00%
Biomass 2.34%
Waste 6.44%
Solar 2.82%

(Information as of December 31, 2018)

Alternative energy loan eco-friendly business

Loan for alternative energy 1.70%
Other Loans* 98.30%

Remark: *Coporate and SME (exclude Retail) loans of Krungsri bank only

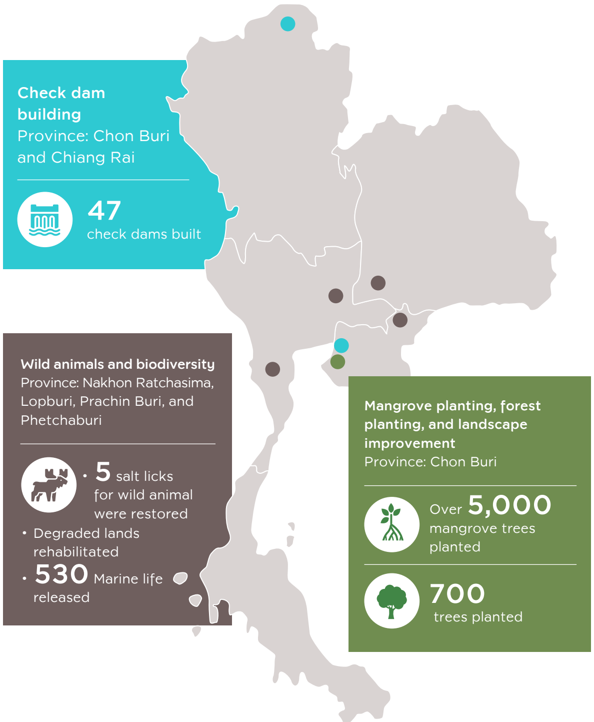
(Information as of December 31, 2018)

As for clean energy loans, Krungsri supported cross boarder collaboration through MUFG's network, benefitting Thai and other local corporations that were expanding globally using international financial services to support their expansion of business operation and investment in the ASEAN region. In 2018, Krungsri supported MUFG Bank, who was appointed as a 'Sole Mandated Lead Arranger' in financing a renewable energy project in Australia. The collaboration between Krungsri and MUFG resulted in a succesful loan underwriting and entering into financial agreement worth AUD 210 million with Electricity Generating PCL (EGCO Group) in June 2018 for refinancing the existing loan of the Boco Rock Wind Farm. The move marked the first time that MUFG was entrusted with being a loan underwriter for EGCO Group abroad.

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

Environmental CSR Activities

Throughout 2018, Krungsri Group employees and executives, along with other stakeholders, took part in environmental activities focusing on the conservation of resources and environment nationwide. The overall implementation is summarized as follows.



More information regarding environmental activities of Krungsri Group is available in Krungsri Annual Report 2018.

Environmental Education

External training

Course	Attendees
Green building standards for public constructions	2 Attendees
Human resource development for capacity building and personnel responsible for energy network building	1 Attendee
Architectural lighting design	1 Attendee
Carbon Footprint for Organization: CFO9	1 Attendee

In-house training

Course	Attendees
Energy conservation awareness	43 Attendees
Company-visit on waste management practices at Chulalongkorn University and Insee Ecocycle Co., Ltd.	15 Attendees
Plastic waste and zero-waste mission	88 Attendees
Total	**146 Attendees**

SECTION

05

Society

S which stands for 'social', is another dimension of sustainability concerning a wide range of stakeholder groups, each of which have different expectations. In the organization's sustainability context, the 'social' dimension can be interpreted as both the 'society outside the organization' such as customers, vendors/suppliers, regulators, including society in general, and the 'society within the organization' with key stakeholders being employees and executives. Clearly, the social dimension of sustainability can create widespread positive as well as negative impacts, thus the business sector should place importance on taking social responsibility in all aspects.

society outside the organization

As an organization that has stood side by side with the Thai society for more than seventy years, Krungsri is well aware of its duties and responsibilities in the role of a financial service provider that boosts economic growth, yields high returns as a funding source for investors, and achieves stability while serving as a financial advisor to all customer segments. The Bank also takes pride in its role as a good corporate citizen who avoids risks or mitigates possible negative impacts caused by the organization's operations in tandem with creating positive impacts through business processes and social contribution activities that are intended to create shared value, leading to the sustainable growth of the Thai society and ASEAN.

Responsible Lending and Product Suitability

Lending is considered the main business of commercial banks. It is Krungsri's main source of revenue. Krungsri does not only creates direct economic impact via its financial lending to entrepreneurs, but also other indirect impact to investors, or business owners who receive loans from Krungsri and use it to propel their business forward, thus creating jobs, advancing innovations and technology, and gaining profits and other continuous yields resulting from the business' investments.

Krungsri stipulated lending guidelines and policies that promote good developments in society, all the while considering the risks that might occur to society and the environment.

Policy on Credit Risk Management

The **'Policy on Credit Risk Management'** (POL_RIS_334/2561) is regularly revised every year to ensure that the Bank's ability to adjust its services keep pace with the changing market environment. The entire Krungsri Group adheres to the spirit of responsible lending. Customers whose business releases a large amount of pollution with negative impacts on society and the environment or customers who manufacture key parts for producing cluster munitions are categorized as 'credit to be avoided'.

Moreover, Krungsri refrains from providing any form of financing to customers in the 'prohibited' category, i.e. illegal businesses, those with unlawful objectives, cartels, mobsters, extortionists (sokaiya), political parties, businesses or persons explicitly known to utilize credit for political activities, money laundering and financing of terrorism, grey businesses with questionable conformity to ethics or social norms or with objectives violating environmental laws or any other laws and rules, businesses relating to nuclear weapons, biological weapons, chemical weapons, or any other weapons capable of causing mass harm to humans, animals, and plants or causing severe environmental harm, including systems for transporting firearms and components or devices thereof. This extends to businesses that manufacture cluster munitions which are the finished products and those relating to the manufacture of cluster munitions.

> "The entire Krungsri Group adheres to the spirit of responsible lending. Customers whose business releases a large amount of pollution are categorized as 'credit to be avoided'."

Each transaction shall be made in accordance with the 'Know Your Customer (KYC)' principles to ensure that the Bank does not finance or become involved in any wrongdoing nor make any unwanted impact on society and the environment.

In addition, **'responsible lending'** is one of the topics included in **Procedure Re: Policy on Credit Risk Management** (PRO_RIS_361/2561). It is considered as contribution to social development and social responsibility through being a strong and stable source of funds. Employees at all levels must realize the shared responsibility toward 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 and maintaining the Bank's efficient management.

In this regard, the Bank established a responsible division for credit examination which is clearly separate from the credit underwriting divisions and sections responsible for sales and business expansion in order to prevent conflicts of interest and promote effective credit examination. Credit audits both in terms of risk and quality are required on an annual basis.

Responsible Lending

1 **No Discrimination**

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

2 **Confidentiality**

Customers' sensitive information such as credit limit or terms and conditions shall be kept confidential from others, including officers who are not directly involved in providing credit service, without any exceptions.

3 **Prevention of the Inequality of Bargaining Power**

No customer shall be forced or pressured to perform any transactions due to abuse of bargaining power by the Bank.

4 **Creditor's Responsibility**

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

5 **Environmental Conservation**

Credit approval shall be made based on environmental conservation to build a sustainable society, which is one of the Bank's ways to demonstrate its social responsibility.

6 **Customer Due Diligence**

Credit customers shall undergo due diligence to ensure proper verification.

Financial Services for a Sustainable Society

Krungsri pursues its core strategy to be a 'Top-Tier Financial Group in Thailand' in line with MUFG's vision to 'Be the world's most trusted financial group'. The Bank has an important role in the market of lending various types of loans and expanding its customer base with the 'customer centricity' concept to create customer satisfaction.

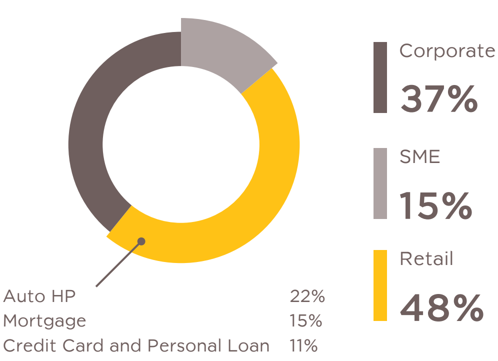
Krungsri must maintain well-balanced portfolios for corporate loans, SME loans, as well as retail loans by considering the suitability of products for various customer groups. This includes enhancing financial access, which is noticeable in the distribution of loans and the number of financial service channels in various regions. The Bank's performance in these aspects shows Krungsri's contribution to sustainable development through its role in the economic systems of the Thai society and ASEAN.

Balanced Portfolio Management

As at the end of 2018, Krungsri's loans extended to corporate banking customers totaled 626,170 million baht (37 percent). Loans provided to Thai corporates were 422,911 million baht (25 percent) while loans given to Japanese and multi-national corporations were 203,259 million baht (12 percent). Loans for SMEs were 250,499 million baht (15 percent) and loans for retail customers were 795,349 million baht (48 percent). These loans consisted of auto hire purchase loans at 22 percent while personal loans and credit cards accounted for 11 percent and mortgage loans were 15 percent. All in all, the retail segment accounted for the largest proportion of loans, followed by corporate loans and SME loans, respectively. With regard to loan distribution to local areas, it was found that 67.73 percent of loans were in Bangkok and perimeters while 30.65 percent of loans were in provincial areas.

As regards countries with potential for rapid economic growth such as the CLMV countries (Cambodia, Lao PDR, Myanmar, and Vietnam) and the ASEAN Economic Community (AEC), Krungsri has plans to synergize with MUFG to extend the reach of their financial services through the Bank's platforms.

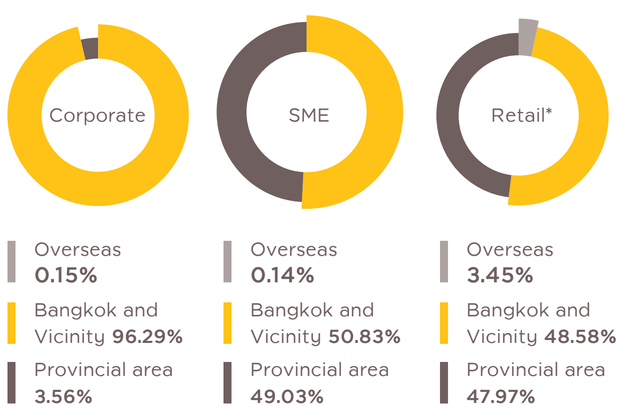
Krungsri's Portfolio



Financial Service Channels of Krungsri

Other financial service providers are closing branches due to the impacts of technology and financial innovations that allow customers to conduct financial transactions effortlessly through mobile applications. These cyber transactions are replacing traditional financial services at bank branches, which used to play an important part in customer service. Although Krungsri is one of Thailand's financial innovation leaders, the Bank is still opening more branches while transforming the branch service model into the new automated **'Smart Branch'** model that centers around self-service machines. Customers can make transactions by themselves, guided by employees' comprehensive advice. Promoting and extending financial access through channels appropriate to each target group in various areas remains front of mind considering Krungsri's role and duties in helping the economic system's infrastructure grow in a stable and sustainable manner (details of Krungsri's financial service channels by area can be found on page 90).

Loan Distribution



* Hire purchase, mortgage, and personal loan

(Information as of December 31, 2018)

Corporate Loans

"Trusted Banking Partner"

Being the upstream agent for corporates offers Krungsri opportunities to help boost economic growth through businesses that play key roles in both infrastructure and social development. In 2018, Krungsri continued to leverage the capacity and the strength of its networks in tandem with providing world-class financial innovations to customers.

Financial Solutions for Strengthening the Supply Chain

Krungsri capitalizes on its strengths in developing the business ecosystem comprehensively, focusing on the supply chain system of corporate customers, with our financial resource for the customer to manufacturing and carrying out business activities.

- **Krungsri Supply Chain on Blockchain**
  In 2018, Krungsri reinforced its position as Thailand's leader in blockchain innovation with the successful pilot international funds transfer on a realtime basis. This improves the efficiency of liquidity management between companies as international funds transfers can now be completed in a matter of seconds, helping reducing operating costs.

  The Bank implemented the said innovation in enhancing Thailand's supply chain business ecosystem by developing the first ever 'Krungsri Supply Chain on Blockchai' with Siam City Cement Public Company Limited. It is a supply chain system for business partners in which the transactions have enhanced speed, transparency, and verifiability. Moreover, Krungsri Supply Chain on Blockchain helps SME entrepreneurs, access loans easier than before, which is in line with Goal 9: Industry, Innovation and Infrastructure of the UN's Sustainable Development Goals (SDG).

- **Supply Chain Financing**
  Krungsri provides comprehensive financial services, providing end-to-end solutions from supplier financing all the way to the sellers. We offer funding to industries that are connected as a supply chain, focusing on Japanese manufacturers and the supply chain by building on the long-standing relations between MUFG and Japanese manufacturers. This also presents opportunities for Krungsri to provide cross–product funding for the automobile dealer industry.

Small and Medium Enterprises (SME) Loans

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

Small and medium enterprises or SMEs constitute the cogs of the economic system. Although small in size, their role is essential to the Thai economy. According to data as at the end of 2018[8] , there were 3,046,793 SME entrepreneurs in Thailand, which accounts for 99.78 percent of all enterprises throughout the country, creating 12,155,647 jobs or 82.22 percent of total employment.

[8] SME business report for the year 2018, the Office of Small and Medium Enterprise Promotion (OSMEP) 2018

The Bank helps bolster SME loans through the cooperation and the strength of the JPC/MNC Banking segment and the MUFG network, especially the development of financial innovations in response to changes in consumer demand, paving the way to the digital era and the cashless society. Krungsri also offers services that meet SME business requirements for effective operations, agility, and reduction of production costs, be it the real-time international funds transfer service using the Blockchain Interledger technology which cuts down processing time from days to seconds, or the 'Krungsri Mung-Mee' and the 'Krungsri Biz Mung-Mee' services for bill payment using QR codes in the mobile application. These services enhance transaction convenience, allowing SMEs to receive funds transfers and payments for goods on a realtime basis, driving Thailand towards becoming a cashless society.

Financial Knowledge Enhancement Activities for Stakeholders

'Krungsri SME Empowerment' is a service aiming to grow businesses with the power of ideas and networks through financial services, information, knowledge, and business networks through activities as follows:

- **Krungsri Business Talk: Cambodia VS Vietnam** offered Thai entrepreneurs insights regarding business expansion opportunities in Cambodia and Vietnam.
- **Krungsri Business Talk: Digital First** provided knowledge about operating business in the digital era to SME customers in Chiang Mai, Chon Buri, and Khon Kaen provinces.
- **Krungsri Business Forum 2018 - Blue Ocean Shift New Approaches in Digital Economy** was one of the largest annual business seminars. The objective was to equip entrepreneurs with knowledge and strategies for competing in the age of digital economy.
- **SME Online Business Matching** was a project that increased opportunities for SMEs to expand their distribution channels via the Bank's online platform in cooperation with Krungsri's business partners both local and abroad.

Retail Loans

Aside from providing financial services to the business sector, Krungsri also offers a variety of financial products and services meeting the demand of retail and consumer customers, ranging from mortgage, auto loan, credit card, microfinance, to nanofinance. The Bank believes that smart loan management is highly beneficial to customers' livelihood as well as the economy and society in general. As a responsible service provider, Krungsri observes conservative loan approval criteria.

With clear procedures for the approval of all loan types, Krungsri considers customers' ability to service debts in appropriate relation to their credit limit and installment amount. The Bank ensures sound risk management and observes any irregular repayment behaviors to prevent customers from falling into payment predicament. Recommendation for debt restructuring and management is given when necessary. These operations help the organization mitigate NPL risks, relieve customers' burden, and might lower the volume of bad debt in the economic system as well.

Microfinance and Nanofinance

Increasing financial awareness and promoting fair and widespread financial inclusion is one of the ways to create a sustainable society because they prevent people from opting to borrow from informal funding sources, which could be the root cause of compounding debts and lower security in life because of borrowers' failure to repay loan sharks due to unfair installment plans and collection methods.

Krungsri realizes the importance of providing the grass-roots level with opportunities to access financial services in the form of microfinance and nanofinance. Financial access is a factor that helps life go on more smoothly, readying the person for expenses that are unexpected or exceeds their current debt servicing coverage. Moreover, people can create their financial record at trustworthy financial institutions, positively affecting their quality of life and establishing a solid foundation.

Therefore, Krungsri provides microfinance services that are transparent and fair to both Thai and foreign customers through two specialized entities: Ngern Tid Lor Company Limited, the owner of the top-of-mind 'Ngern Tid Lor' brand, and Hattha Kaksekar Limited or HKL.

Ngern Tid Lor

More than 426,000 of customer accounts

34 percent increase from 2017

Total loans 39,713 million baht

50 percent increase from 2017

No. of branches 813

220 branches increase from 2017

HKL

No. of customer accounts 144,241

16.7 percent increase from 2017

Total loans 24,575 million baht

31.3 percent increase from 2017

No. of branches 178

10 branches increase from 2017

Creating Excellent Customer Experience

In 2018, Krungsri continued to deliver great customer experience by managing services for maximum customer satisfaction, especially the adoption of innovations and new technologies for managing business process so that they are speedier and respond to customer demands in an accurate and timely manner.

Managing Customer Satisfaction

The Bank adopted the 'swift and seamless' agile way of working as one of its management methodologies initiated and highlighted in 2018. In addition, the development of applications like 'Di-sales' for the mortgage business helps facilitate employees' calculation of loan information, installment period, installment plan, and interest rate, enabling them to give swift and accurate replies to customers.

At the same time, Krungsri Auto devised auto loan innovations that meet customer demands comprehensively through three main strategies: 1) Digitization 2) Customer engagement through services and channels, and 3) Empowering people. All this further enhances the efficiency of customer service. The company also plans to improve the provision of auto loans through the digital lending platform where the entire process from loan application, loan approval notification, to loan repayment, and loan inquiry are conducted on the digital platform from end to end.

As for Krungsri Consumer, thanks to its strong and long-standing synergies with business partners, the company has a wide variety of credit card businesses, installment loans, and personal loans, including other relevant financial services, covering all the needs of different customers. In 2018, the company collaborated with Takashimaya, Japan's leading department store, to issue the Siam Takashiyama Credit Card.

One of Krungsri Consumer's other outstanding areas is the development of technologies and innovations, taking their products and services to the next level for valued customers by implementing artificial intelligence, robotic process automation (RPA), and big data technology and science to facilitate the organization's operating processes and enhance customer service.

Customer Satisfaction

Krungsri implements a tool to measure customer satisfaction on an annual basis. The 'Net Promoter Score' or NPS is used to measure customers' interest in and preference for the Krungsri brand. The aim is to learn what one of the most significant stakeholder groups thinks about the organization.

Net Promoter Score (NPS)

2018	63
2017	62
2016	60
2015	61
2014	58

(Information as of December 31, 2018)

Data Disclosure, Complaints Handling, and Confidentiality

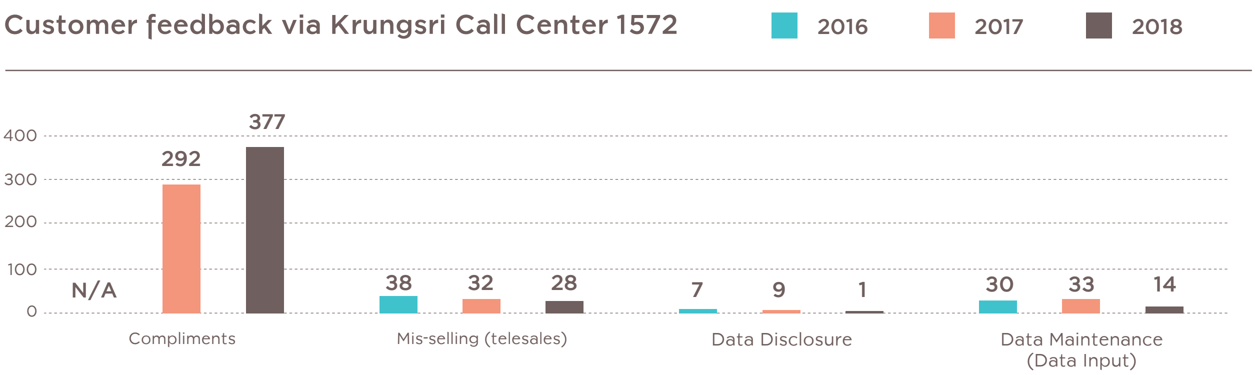
The Bank provides convenience to all customers by giving information and receiving complaints, comments, or suggestions through Krungsri Phone 1572. This system is called Krungsri Call Center & Customer Complaint Resolution Process (CCRP). At Krungsri, great importance is placed on handling every complaint to best satisfy customers. Callers can rest assured that their information is kept confidential. Krungsri takes utmost care in handling customers' personal and business information, which the Bank considers as an important matter in providing financial services and it is one of our corporate ethics to maintain the confidentiality and privacy of our customers in a most professional manner.

In this process, Krungsri pays close attention to customer complaints in compliance with the policy on customer complaint resolution process of the Bank of Thailand (BOT), which requires banks to disclose the service level agreement of their financial services to retail customers and submit monthly reports to the BOT.

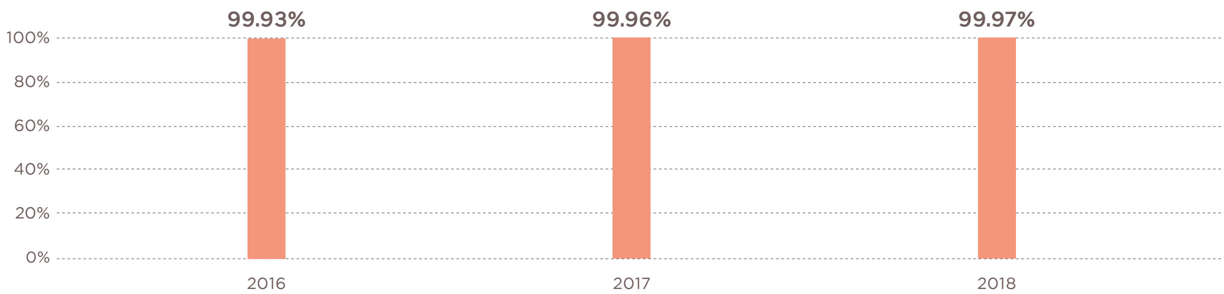
Provision of correct information to customers through marketing communication channels is a vital factor for operating business responsibly. Well aware of this, Krungsri is prudent in giving information about its products and services to customers to ensure that it is clear, correct, factual, and free of distorted or misleading content. The products' risks as well as terms and conditions are disclosed in strict compliance with the laws and regulations of the Bank of Thailand, the Securities and Exchange Commission, the Consumer Protection Board, the Office of Insurance Commission, and good corporate governance principles to ensure that consumers receive sufficient information for making decisions.

KRUNGSRI CX

Customer feedback via Krungsri Call Center 1572



Cases resolved within 15 days



(Information as of December 31, 2018)

LET'sponsible

Lending service is not the only thing that Krungsri prioritizes. It is the Bank's firm belief that there are many other ways that it can help improve society through its business processes, one of which is the organization's marketing promotion.

Moving forward with its 'LET'sponsible' project, Krungsri Auto devises corporate social marketing campaigns with the purpose of changing people's behavior in tandem with promoting awareness of such problems.

In 2018, Krungsri Auto released a one-minute commercial titled **'No Taillight, No You!'** to raise people's awareness of possible accidents caused by lack of a taillight, leading to casualties and losses, particularly on unlit roads at night. Krungsri auto wanted this clip to remind motorcyclists to regularly check their taillight for the safety of all road users.

In addition to campaigning through commercial clips, Krungsri Auto carried on its project by joining hands with ten leading brands in the motorcycle manufacturing market, i.e. Honda, Yamaha, Kawasaki, Suzuki, Vespa, GPX, Benelli, Stallions, Ryuka, and Lifan, to change taillights free of charge for small motorcycles (models not exceeding 150 cc.) whose taillights have burnt out. Riders brought their motorcycle to have the taillight bulb changed at the dealers of all ten brands totaling more than a thousand branches countrywide in May 2018.

The name of this project, LET'sponsible, sounds similar to the word 'Responsible' to convey the message that being responsible starts with yourself and viewpoint should be shared with your close ones, so LET's do it! The project continues into its fourth consecutive year and is accessible via the KrungsriAutoTV YouTube channel and the company's Facebook page.



Providing Financial Knowledge

In addition to improving customers' and entrepreneurs' financial literacy, Krungsri also puts its capabilities and financial expertise to good use through social contribution activities. In 2018, the Bank extended its program to multiple target groups who would benefit from the organization's provision of financial knowledge as follows:

2018

5,996 employees assisted the sessions in 2018, totaling 28,991 employees throughout the entire project.

2018

71 schools joined the sessions in 2018, totaling 339 schools of participation throughout the entire project.

2018

3,696 students attended the sessions in 2018, totaling 17,967 students throughout the entire project

Krungsri Financial Literacy – Simple to Learn

Krungsri continues for the fourth consecutive year its flagship CSR project which started in 2015 on the occasion of the Bank's 70th anniversary. The project's purpose is to give financial knowledge to students from the fourth to sixth grades countrywide under the concept 'Simple to Learn'.

- **Recording Income and Expenses is Fun!**
  In 2018, Krungsri adjusted the curriculum, stressing on teaching financial discipline and smart saving through a new game-based activity called 'Recording Income and Expenses is Fun!'. The objective is to instill in youths the habit of writing down their daily income and expenses so they recognize which expenses are necessary or not and save more money.

- **Krungsri Auto 'Simple to Learn' for Hearing Impaired Youth**
  Run by Krungsri Auto, the cirriculum of the 'Simple to Learn' has been adjusted to suit hearing impaired youths in five schools for the hearing impaired in Thailand. The objectives are to help the students overcome their learning obstacle and to extend financial learning opportunities to this group of children.

Krungsri Financial Literacy – Simple to Manage

Following the success of the 'Krungsri Financial Literacy – Simple to Learn' project, the Bank had an initiative to build on the project in order to share knowledge to students from the elementary level to the university level because they will be the key force driving the country in the future. Thus, the Krungsri financial literacy project for university students was rolled out under the concept 'Simple to Manage', aiming to provide the students with fundamental financial knowledge so they know how to choose the appropriate financial services, have financial discipline, know how to manage personal funds, and realize the importance of smart financial planning and risk management before starting their career. Equipped with financial knowledge, which can be compared to the bedrock of a stable life, the students will be able to manage their personal funds in the years to come.

In 2018, the Bank piloted the provision of financial knowledge to 156 university students from three institutions with the help of 11 Krungsri volunteers. The pilot project received highly positive feedback, so Krungsri aims to conduct this project continuously and expand the areas of operation in order to spread the success.

'Money Savvy Thai Youths' project

Krungsri and 15 member banks of the Thai Bankers' Association carried out a project to improve financial literacy by focusing on changing people's views about financial discipline. In the first phase of the project, the target group was the undergraduates of 10 institutions in Bangkok and perimeters. Last year, 11 Krungsri employees who were project trainers visited sites with trainers from the other financial institutions to share their knowledge with 620 students at three educational institutions.

'Life Rolls Onward: Extending Knowledge to Communities' project by NTL

Since its commencement in 2015, the project aims to create sustainable learning opportunities for the group of low-income earners throughout communities, group of merchants, group of factory workers, and even the group of Ngern Tid Lor employees who would like to reinforce their financial knowledge. In 2018, 15 sessions were arranged with 725 trainees and 416 employee volunteers joining the project.

'Hysa for Financial Consumer' and 'Hysa for Kids' projects by HKL

HKL organized learning sessions on personal and household finance for the bank's customers in Cambodia and also taught fundamental knowledge about money to elementary students. Throughout 2018, the participants included approximately 500 participating customers, 3,400 students, and 3,300 employee volunteers.

Furthermore, HKL arranged a seminar titled 'The Gateway to Success in Study and Works' in which business people and successful figures in life and work were invited to talk about their education and work experience to high school students from 10 schools in Kratie Province. The session saw 10 HKL employees volunteerd to hel run the seminar and 470 students attended.

'Krungsri Securities Student Internship Program' project by KSS

The purpose of this project is to provide knowledge about systematic investment in markets to university students who will one day become new players in the capital markets industry. Throughout the past 13 years, over 300 students joined the project.

Employees' Well-Being

'Employees' are one of the Bank's key stakeholders who create 'society within the organization'. It is the Bank's responsibility to adhere to the highest ethical standards and financial responsibilities, both of which are of equally great importance. As a result, Krungsri places importance on well-being of the employees, not only during their working hours but also the quality of life of themselves and their family. The Bank strives to develop employees' capacities to reach their highest potentials for the benefits of the organization and society and to treat all employees with fairness and equality.

Krungsri group's employees and staff
33,546 persons
6.34% increased

FTE
30,934 persons

Female FTE accounted for
64.81%
of the total FTE

Disabled employees
36 persons

Employment and Employees' Diversities

Krungsri recognizes fair hiring practices regardless of gender, race, religious beliefs, or other forms of diversity. Today, Krungsri employees are undoubtedly ready to embrace changes, learn about and understand global diversity, and open themselves to new cultural experiences.

In 2018, Krungsri Group's headcount was 33,546, increasing by 6.34 percent from the previous year. Out of this number, there were 30,934 permanent employees, increasing by 6.78 percent from the previous year. The proportion of female employees accounted for 64.81 percent of Krungsri's total employees and there was a total of 2,612 temporary employees, increasing by 1.48 percent from the previous year. In this regard, the numerical data related to employees of Krungsri classified by entity, gender, age, nationality, turnover rate, operating area, and other forms of diversity is as per the details on page 91-93.

Fair Treatment, Remuneration, and Benefits

Krungsri is determined to promote working conditions that suit all our people at all operating areas. Such practices not only comply with the labor and other related laws, but also nurture a culture of mutual respect, to which the Board of Directors, executives, and all other employees deem it is their duty to adhere.

The Bank provides proper benefits for employees as well as ensuring workplace safety and compliance with the laws, rules, and regulations relating to safety, hygiene, non-discriminatory working conditions. In addition, ensuring that the employee information is properly safeguarded is considered as key responsibility of the Bank's Board of Directors and executives in accordance with the Good Corporate Governance Principles.

Fair Remuneration and Employment

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.

Furthermore, the Bank laid down internationally acclaimed compensation and benefit structures for our employees in CLMV countries (Cambodia, Lao PDR, Myanmar, and Vietnam) to keep pace with the Bank's business expansion. This is to ensure that remuneration of our employees in overseas offices is in accordance with that of MUFG and maintain our competitive edge in the financial industry.

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.

Fair Employee Benefits

Krungsri employees[9] 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, online platform Krungsri People, and mobile application 'WE Connect'. 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. In 2018, the Bank arranged a vaccination program for four types of influenza: H1N1 (2009), H3N2 (2014), B/Brisbane and B/Phuket according to World Health Organization (WHO) standards to our employees (metropolitan and provincial) and their families at a special price.

- **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; the Social Security Fund; and the Funeral Assistance Association

[9] Permanent and contract employees of each company under Krungsri Group receive different employee benefits.

Work-Life Balance for Employees and Families

Facilities are made available at Krungsri's head office to improve employees' quality of life while at work, including places to enhance personal development and potential such as library; prayer rooms for Buddhists and Muslims; a child 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; and an infirmary where professional medics can administer primary care to the ill.

'Happy Heart Center' for psychological wellness was established with the purpose to provide psychological wellness consulting with experts for employees and families. This is 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. Moreover, the Bank has made medical devices available to handle extreme cases i.e. cardiac arrests such as the Automated External Defibrillator (AED).

Krungsri respects employees' personal lives and encourages them to achieve a work-life balance. Besides providing facilities, 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 realizes that the employees may have increased family responsibilities. We grant proper child allowances and maternity leaves not exceeding 90 days (including holidays) for each pregnancy. In addition, foreseeing the significance of family, the Bank adjusted procedures related to the maternity leave by extending period of maternity pay from 45 working days to 90 working days, which is above legal requirements. To date, most female employees have resumed work afterwards.

> "In addition, foreseeing the significance of family, the Bank adjusted procedures related to the maternity leave by extending period of maternity pay from 45 working days to 90 working days"

Return-to-work and Retention Rates after Maternity Leave of Female Employees

Maternity Leave Statistics	Number of Female Employees (Persons)		
	2016	2017	2018
Number of employees entitled to maternity leave	10,187	10,423	10,542
Number of employees having marital status	2,516	2,647	2,768
Number of employees taking maternity leave	319	318[1]	355
Number of employees returning to work after maternity leave	313	318[1]	352
Number of employees returning to work after maternity leave who were still employed twelve months after their return to work	261	303	305
Return-to-work Rate[2] of employees taking maternity leave	98.12	100.00	99.15
Retention Rate[3] of employees taking maternity leave	83.39	95.28[4]	86.65

Remarks: [1] The number of employees taking maternity leave was adjusted per the actual data as some of employees took the leave before the end of the year through to the beginning of the following year.
[2] Return-to-work Rate = (The number of employees returning to work after maternity leave/the number of employees taking maternity leave) x 100
[3] 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
[4] The figure was updated as per information's amendment.

(Information as of December 31, 2018)

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 68 out of 82 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 2018, 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 and distributed facemasks to our employees in key risk areas. 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.

Furthermore, the Bank cares about the retirement life of senior employees and, therefore, invites external guest speakers to give a lecture on the topic of happy retirement and savings to ensure that the employees can prepare themselves and adjust to the life after retirement.

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 representatives from employees and the Bank's representatives (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 in the Head Office. In this regard, the Bank gathered records of injuries, accidents, and illnesses of employees as per the following table:

Occupational Health and Safety

Reasons of Leave	2016		2017		2018	
	Male	Female	Male	Female	Male	Female
Injury	0	0	0	0	0	0
	0		0		0	
Lost Time Injury	0	0	0	0	0	0
	0		0		0	
Lost Day Injury	2	0	0	2	0	2
	2		2		2	
Occupational Decease	0	0	0	0	0	0
	0		0		0	

(Information as of December 31, 2018)

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 that is in compliance with related laws

Freedom of Association and Collective Bargaining

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. The Human Resources Group and the union discuss and share issues and concerns about the working environment and welfare, and to make recommendations for the benefit of employees and Krungsri. In this regard, the discussion between the Bank and the union is 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. Monthly Meetings are held at least once a month.

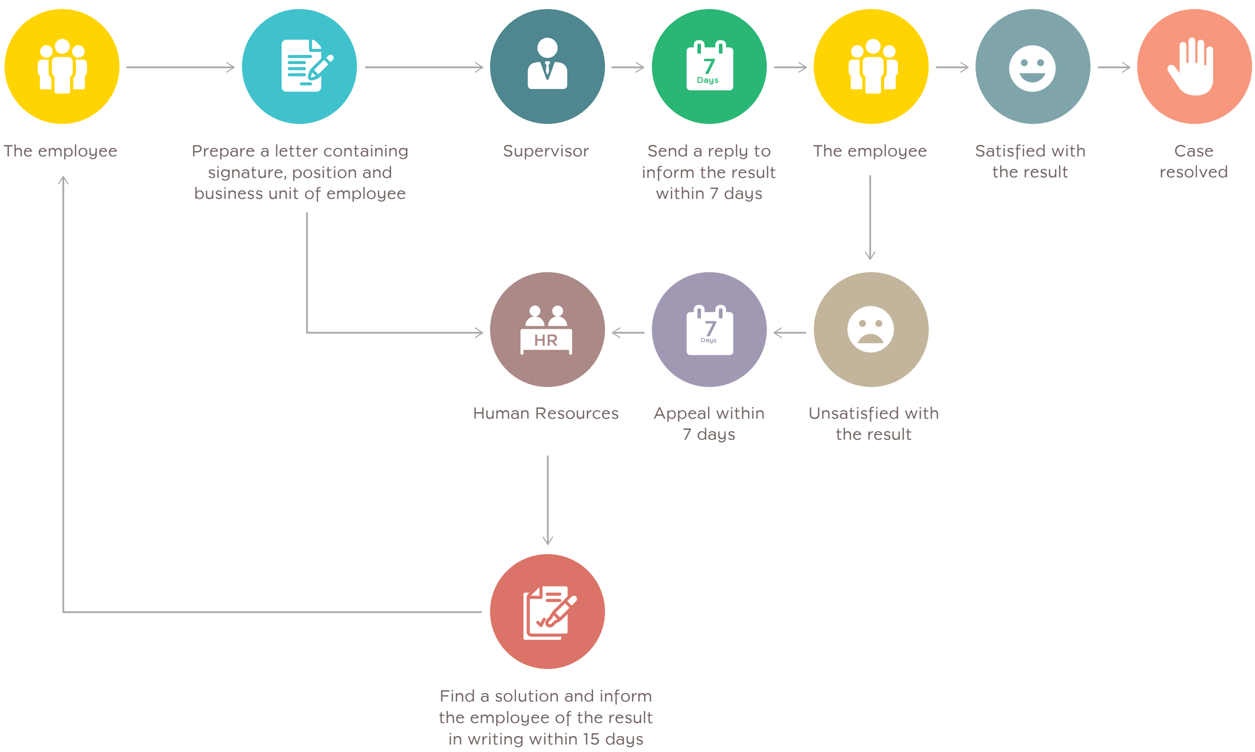
In 2018, the Bank and the union reached mutual agreements in various issues which subsequently become the Bank's policies namely; 1) working hours adjustment 2) maternity leave which is considered as an issue that impacts the Bank's employees occupational health and safety. In this connection, all of the Bank's employees (100 percent) are entitled to obtain such benefits after the agreements are reached.

Listening to Employees' Voices

Krungsri employees' feedback's is considered as a valuable asset because they are among our important stakeholders. As a result, various communication channels below were established, enabling employees to raise their concerns and file complaints.

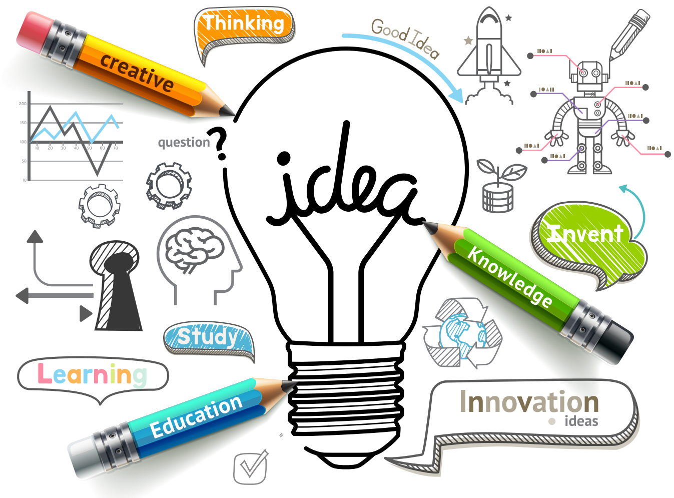
1. Communication channels for employment or work-related issues
2. Communication channels for behaviors, ethics, and integrity
   Contact: Employee Relations and Disciplinary Procedure Department
   12th Floor, Head Office, Tel. 0-2296-2000, Ext. 72834/72837
3. HR Service, 12th Floor, Head Office, Tel. 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. Whistleblowing channels

Channel for filing complaints regarding employment and work issues



Human Resources Development

Employees are also considered as key stakeholders and valuable resources of the Bank. They play vital roles in driving the organization towards business targets and the organization is unlikely to achieve stability if its employees lack development. The Bank's employees are also essential indicators of its directions and successes in the future.



Learning and Development Policy and Strategy

At Krungsri, we adopted several approaches to instill excellence into our employees such as Krungsri core values, leadership development, and professionalism improvement. We place a great emphasis on being good corporate citizens with the aim of supporting the organization's achievements and grooming employees for the organization's sustainable growth and the employees' own career advancement. We adhered to the concept of sustainability through four pillars and six strategies as detailed below:

4 Pillars Confidence in HR Excellence

1. Adherence to and demonstration of Krungsri core values
2. Leadership development
3. Professionalism improvement
4. Good corporate citizenship

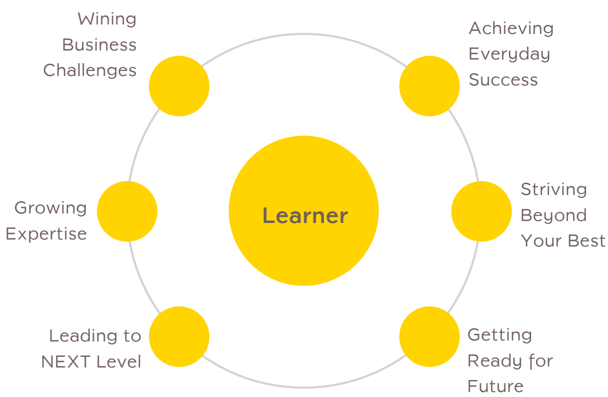
6 Strategies Committed to Achieving Success

1. Enhance capacities of the organization and employees
2. Develop talents and leaders continually
3. Increase employee's engagement
4. Promote self-enrichment culture
5. Improve effectiveness though technology
6. Unite to exchange knowledge

Learning Design Principles

Create learning excellence by focusing on learner-centric approach

1) Learning course is designed by taking into consideration challenges encountered by our officers.
2) Agile learning approaches are emphasized to attract new generations of employees by rendering digital learning platforms. The Bank always rolls out digital learning programs to promote accessibility where employees can register for any learning program of their choices anywhere, anytime, any device.
3) Learning capacity through collaboration is reinforced by promoting the 70-20-10 principle to ensure the Bank's investments in establishment of learning programs are worthwhile and effective.



1st principle: Adherence to and demonstration of Krungsri core values

Krungsri implements it core values through a series of learning and development programs. We drew up the annual training calendar, encompassing six core values namely Customer Centricity, Integrity, Team Spirit, Passion for Excellence, Making Innovative Changes, and Global Awareness. In 2018, a total of 8,724 employees participated in 192 training sessions from 84 courses under three main programs as detailed below:

- **Krungsri Stepping Stones:** The project aims at promoting Krungsri core values and the concept of 'Make Life Simple' and instilling innovative culture into the organization.
- **Krungsri Leadership:** The project focuses on developing and strengthening leadership in team management, change management, and business management
- **Krungsri Personal Effectiveness:** The project is to enhances capacities of employees to raise their level of their professionalism to deliver excellent services to customers.

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

Knowledge
- Customer Insight
- New Trends and Technology
- Business Acumen and Industry Knowledge

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

Krungsri places emphasis on human resource availability and aims at cultivating creativity among Krungsri's employees. They are encouraged to express their opinions and be opened to changes. Also, the Bank will turn the employees' opinions into concrete results. Therefore, Krungsri Learning and Development Program is designed and implemented by focusing on strengthening three aspects namely mindset, knowledge, and skills to continually support the cultivation of innovation culture.

To ensure that the Bank's employees are equipped with necessary knowledge and capability related to data science and data analytics, business data in particular, and increase capability of the organization in acquiring and applying various types of data for enhanced business effectiveness; in 2018, Krungsri rolled out 'Data Science Pathway' to improve data analytics science.

In a bid to deliver excellent a customer experience according to our core value 'Customer Centricity,' considered as the most essential component of our six core values, and develop human resource in relation to innovation and creativity as per the core value 'Making Innovative Changes', Krungsri established 'Customer Centricity Program' and 'Digital Learning Solution' in response to such core values. This will help create desirable attitudes and behaviors in order to fulfill our aspiration to be a customer-centric organization. Krungsri also focuses on fostering good relationship with employees in parallel with developing their IT capacities. As a result, we allowed our employees to access various types of learning channels both internally and externally, serving as a foundation for future growth. The details of courses available for junior and senior employees are as follows:

Customer Centricity Program

- Build Way Forward to Improve Customer Experience
- Way Forward to Improve Customer Experience
- Cross Functional Coordination and Cooperation
- CX Wow with Omotenashi

KRUNGSRI CX

Digital Learning Solution

Learning channels	Number of courses	Details of contents
Courses available in Krungsri Learning Companion (KLC)	38	• Krungsri Core Values • Specific knowledge related to Krungsri and the banking business • Courses related to corporate governance such as code of conduct, RPT, G&E, cyber security, and knowledge related to various types of licenses
Professionalism and smart business approaches by IRIS	38	• Promote professionalism and smart business approach • Promote basic knowledge for the future such as design thinking and working environment
Krungsri x SkillLane	More than 400 programs	• Courses are available in various subjects depending on employees' interest and efficiency.
Harvard ManageMentor Program	41	• Enhance leadership through integrated learning approaches 'Learn-Do-Think' • Knowledge warehouse containing multiple working contents and tips
Financial Literacy by Intuition	More than 400 programs	• Specific knowledge about the banking business • Promote knowledge about credit

2nd principle: Leadership development

- **Krungsri Leadership Competencies program** is a leadership development program for junior executives. The program aims at enhancing the leadership of such executives by implementing step-by-step approaches while learning contents are integrated with other courses and current operations of the officers to create applicative learning.
- **MUFG Talent Model project** is a leadership development program of MUFG with the integration of Krungsri core values. The project offers an opportunity to employees with potential and capability to step into the global arena.

3rd principle: Professionalism improvement

We worked closely with the business units responsible for tailoring training programs based on employees' responsibilities such as training programs for officers in the Commercial & Investment Banking Group including training activities covering the knowledge development of relationship managers, senior relationship managers, and credit analysts; knowledge related to product, service, and distributing processes; credit underwriting skills; general business knowledge; and knowledge for license examination.

4th principle: Good corporate citizenship

Nurturing employees for good corporate citizenship for society and the organization is of equal importance. As a result, we strive to promote understanding and instill the concept of being a good citizen by emphasizing four dimensions namely employees, business, society, and environment.

In addition, in 2018, Krungsri cooperated with WWF – Thailand to organize training sessions regarding integrating ESG into business strategies for the Executive Committee and senior executives of Krungsri Group. Instilling ESG background and knowledge to the governing executives was considered to be a significant step for Krungsri in driving sustainability practices towards being a sustainable bank.

Employees

- Krungsri e-Orientation
- Krungsri Core Values
- The Spirit and The Letter (S&L)
- Market Conduct
- Gift and Entertainment (G&E)
- Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)

Business

- Corporate Governance (CG)
- COSO* Internal Control Framework
- IT Security Policy
- Related Party Transaction (RPT)
- License examination

Society

- Financial Literacy in School
- Celebrating Diversity in the Workplace

Environment

- Safety Happy Workshop
- Krungsri Earth Care

1st strategy:
Enhance capacities of the organization and employees

1. Krungsri jointly worked with business units under the concept 'our employees are our customers' to ensure that various training programs correspond with business needs, core values, leadership and operational capacities.
2. Cross-functional unit training programs were also held to enhance officers' skills and create mindsets on delivering good customer experience. The notable training programs include:-
   - **Customer Centricity program** is a training activity that places emphasis on team spirit across business units to achieve the ultimate goal – development of efficiency to deliver good customer experience.
   - **Design Sprint Workshop course** is a program focusing on cooperation with business units in relation to the design of services for target customers.

2nd strategy:
Develop talents and leaders continually

1. The objective of the course is to develop the leadership skills of potential executives. The course contents are designed in line with potential development plans and career succession plans.
   - **Blended learning solution program** through collaboration with Harvard Business Publishing consists of three courses namely TRANSCEND, TRANSFORM, and TRANSITION organized under the theme 'Leading in the age of digital disruption and moving our organization to the NEXT level'. TRANSCEND is for the heads of division, TRANSFORM is for the heads of department, and TRANSITION is for the heads of section.
2. Individual development plan for mid-level and senior executives
   - **'Krungsri Leadership Academy'**, an individual development plan for mid-level and senior executives of Krungsri Group
3. Promote future plans and career advancement for employees
   - **Branch Career Program:** The course has been improved since 2013 with the objective to provide clarification about conditions and career paths of branch officers. The course also serves as a prototype for developing and promoting transparency related to promotion.
   - **Wealth Management Academy:** The course focuses on development of Branch Wealth Officers and Krungsri Exclusive (RM) to ensure that they can become professional financial advisors.
   - **Retail Banking Academy Project** is aims developing future workforce. The Bank worked with two universities namely Phranakhon Rajabhat University and Rajamangala University of Technology Krungthep to train students who were studying in the fields of finance so that they can become skillful branch officers for the Retail Banking and Distribution Group after their graduation.

3rd strategy:
Increase employees' engagement

Krungsri creates suitable learning atmospheres by rolling out a number of activities through various channels. The essence of the learning courses can be applied to operations and help enhance the engagement of employees to ensure that they are exposed to opportunities to improve their performance. For example, we unveiled Branch Customer Experience Center, enabling our newly recruited branch officers to experience virtual branch environment. The Center does not only help create confidence but it also equips our officers with necessary skills in a brief period of time.

4th strategy:
Promote self-enrichment culture

Our employees are encouraged to improve their learning curve through different channels and platforms. As a result, branch employees can access learning materials anywhere anytime such as e-learning library; e-Journals/e-Books; scholarships; external learning institutes/websites; and employee exchange programs through collaboration with companies in MUFG Group.

5th strategy: Promote self-enrichment culture

Training processes are developed to ensure efficiency through application of cutting-edge technology in a bid to promote organization-wide learning cultures. Such development included the utilization of the learning management system or Krungsri Learning Companion (KLC), enabling employees to access learning resources through various platforms such as e-learning, e-book/e-journal and enroll in a workshop of their interests through their PCs and smartphones.

The KLC system also offers real-time data analysis to enable executives to assess and use the analysis results for efficient employee development planning.

6th strategy: Unite to exchange knowledge

Krungsri focuses on cooperation between business units of MUFG and those of Krungsri Group to exchange knowledge and wisdom as well as developing courses that are best fitted to employees via course sharing, instructor exchanging and co-developing e-learning practices.

Employee Training Statistics

By focusing of availability, variety, and accessibility of learning programs; employee training statistics can be summarized as follow:

99.44%
percent of employees completed the training programs

Average training hours
62.44
hours/person/year

Employee Training and Development Report	2014	2015	2016	2017	2018
Average training hours (hours/person/year)	57.43	58.79	64.06	60.66	62.44
Gender					
Male	53.57	52.19	59.86	57.96	63.17
Female	59.28	61.83	65.95	61.85	60.77
Age Range*					
Less than 30 years old	-	-	-	-	70.01
30-50 years old	-	-	-	-	61.33
More than 50 years old	-	-	-	-	59.02
Employee Level					
Officer 1-3	63.33	66.39	70.21	64.87	66.19
Officer 4-6	51.49	53.04	56.75	55.58	58.14
Executive level 7-8	59.46	59.98	68.67	64.16	67.56
Executive level 9 and above	52.38	48.04	59.95	59.41	57.82
- VP – SVP					56.43
- EVP and above (SMT included)					71.63

Remark * The training hour broken down by age was started monitoring in 2018.

(Information as of December 31, 2018)

Improve employees' quality of life through financial literacy activities

In addition to equipping our employees with hard and soft skills, Krungsri also leverages its strength as a financial service provider by launching life-long learning courses for our employees.

Krungsri Consumer, a subsidiary of Krungsri Group and Thailand's leader in the retail loan and credit card business, strives to establish itself as a financial service provider that is responsible for every social dimension. The company has continually initiated financial literacy programs for customers, university students, and the public. Realizing that the employees are also considered as key stakeholders and they need to gain financial knowledge similar to customers or other stakeholders, the company has been conducting financial disciplinary research since 2017.

The research findings help Krungsri Consumer identify the gap in promoting financial knowledge for employees and the company envisions that if the employees of Krungsri Group become role models with regard to financial discipline, they can share knowledge that is beneficial to the public. In 2018, Krungsri Consumer organized a financial literacy program to educate their employees under the name 'Smart Thinker, Smart Spender' project under the concept **'becoming rich through financial planning'**.

Smart Thinker, Smart Spender project: Becoming Rich through Financial Planning

Krungsri Consumer conducted a one-stop financial knowledge activity by establishing the **'Yoo Leaw Ruay' club** (club that builds wealth). During the initial stage, the club recruited 500 members with the objective to raise employees awareness of about the importance of financial stability. The members were inspired to find their motivation to be financially disciplined and think about additional sources of income that did not distract them from their full-time job. More importantly, the company also offered to help and ease difficulties of its employees with financial burdens by launching the 'My Buddy' project during August - December 2018 which enjoyed positive feedback from employees. Details are as follows:

Preparation of records of income and expense

This activity was organized during September – December 2018.

Feedback

- More than **600** employees participated in the activity.
- **86.87** percent of employees said that they would take part in the activity again in the future.
- **97.08** percent of employees said that the records of income and expense helped them in terms of financial planning.

Workshops to gain extra income

1) Yummy spicy salad dressing
2) Nail painting
3) Thai boat noodles
4) Smoothies
5) Clean-eating recipes
6) Makeup

Feedback

- A total of **118** employees participated in these workshops.
- **95.74** percent of employees said that they were interested to participate in the next workshops.

Employees' market fair

- The first market fair was held at KSPO with **29** employees' booths.
- The second market fair was held at Bangna Tower with **35** employees' booths.
- The third market fair was held at the Head Office, Rama III Road, with **32** employees' booths.

Feedback

- There were a total of **96** employees' booths.
- **96.61** percent of employees said that they were interested to join the next employee' market fair.

Financial planning activities

1) Sustainable financial planning for salarymen
2) Making money while enjoying your trip with advanced photography techniques
3) An intensive course of 2018 tax planning

Feedback

- A total of **130** employees participated in the activities.
- **91.84** percent of employees said that they were interested to participate in the next Money Talk activities.

My Buddy

0-2777-1101

Krungsri Consumer employees with financial problems can seek financial advice by calling 0-2777-1101. Krungsri Consumer's 'My Buddy' team was well-trained and selected to help employees accordingly. The team would listen to the problems, find respective solutions, and give financial advice to ensure that employees can solve their own problems in an efficient manner so that they can continue working happily.

Sharing of financial tips from the 'Yoo Leaw Ruay' club in WE Connect

15 articles about interesting financial tips were shared through the Bank's intranet, WE Connect.

Feedback

A total of **322** views were recorded for WE Connect.

Opinions of employees towards the 'Yoo Leaw Ruay' club

- The club can provide financial knowledge to the employees.

Very satisfactory 54.47%

Satisfactory 45.02%

- The club can inspire the employees in terms of financial planning.

Agree 99.33%

(The result is based on the survey results of 648 employees.)

SECTION

06

Good Corporate Governance

G which stands for 'Governance', is another dimension of sustainability which plays a vital role for the organization to undertake its business in line with ethical standards, while bringing optimal benefits for the company and stakeholders. Business activities of all business units are integrated by emphasizing on 'regulating' and 'overseeing' to ensure that the Bank's operations are responsibly carried out in adherence to the principles of good corporate governance as well as environmental and social facets. These components help the Bank establish itself as a trustworthy financial institution widely accepted and recognized by the general public.

Undertaking the business by adhering to principles of good corporate governance requires collaboration from all parties concerned to drive the organization toward its target. Krungsri has established supervisory guidelines, principles, and management practices encompassing processes, tools, and channels to supervise and review that all business units of the Bank are performing their duties in compliance with the principles of good governance. In addition, the aforementioned matters must be communicated to all employees at all levels, ranging from the top executives to officers at the operational level in an effort to promote good corporate governance within the organization.

Good Corporate Governance Principles

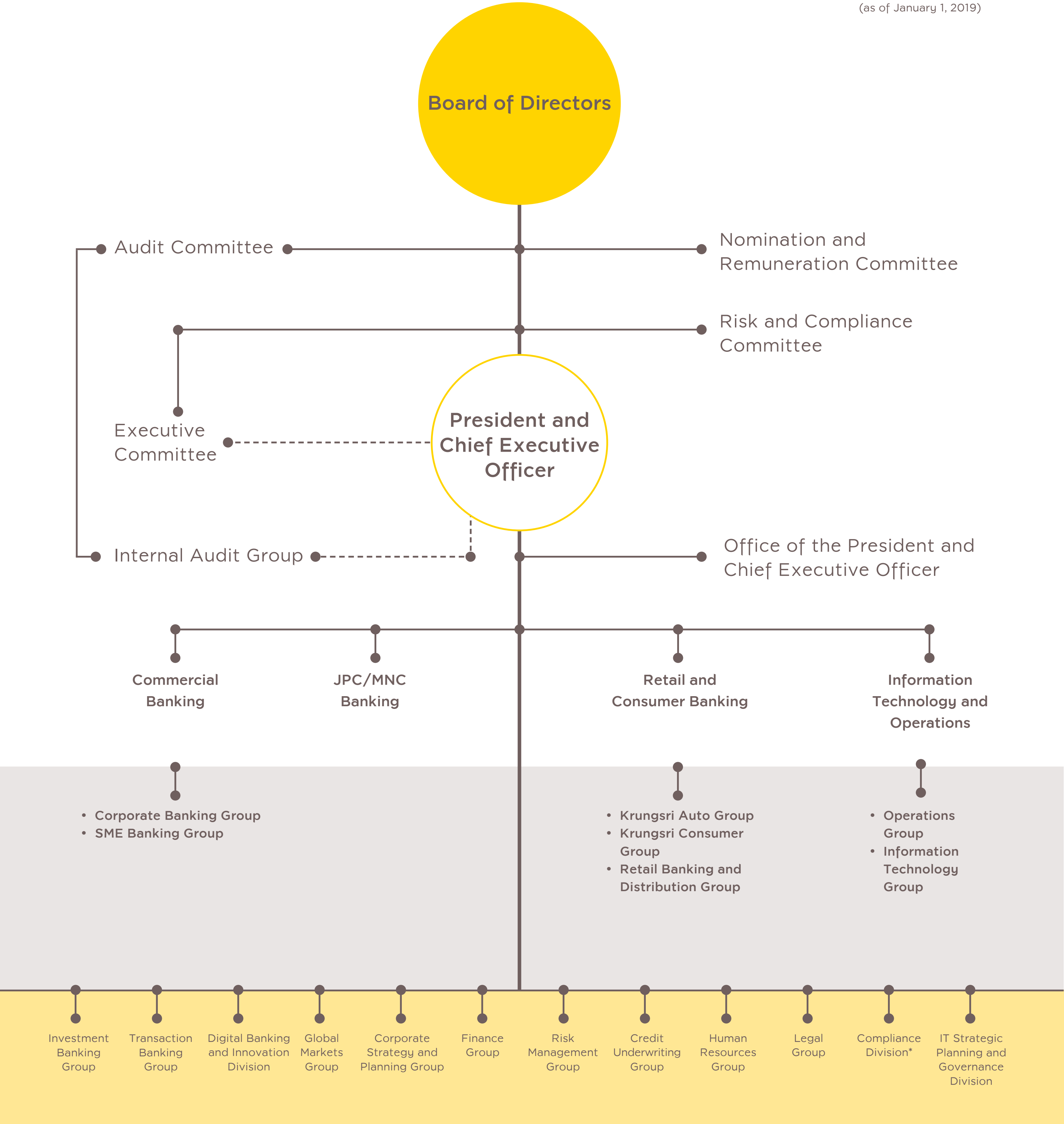
The Board of Directors established **'Good Corporate Governance Principles'** (the Principles) in writing, covering various dimensions namely the shareholders' rights and equitable treatment of shareholders; information disclosure and transparency; composition and qualifications of the Board of Directors; roles and responsibilities of the Chairman, the Board of Directors, and the committees reporting to the Board of Directors as well as those of the President and Chief Executive Officer and executives; internal control and internal audit systems; and Krungsri Group's business philosophies and roles towards the stakeholders. The Principles also mention about Krungsri's missions, visions and core values, employees' code of conduct and their compliance. In addition, it is 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 accordance with dynamic circumstances, Krungsri's organizational structure, operating environment, and relevant regulations.

The Principles are formulated in accordance with the Corporate Governance Code of the Securities and Exchange Commission (CG Code), the guidelines of the Banking Industry Code of Conduct, and the ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard) and approved by the Board of Directors to uplift the Bank's operational 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.

In 2018, the Board of Directors has reviewed the 2018 good corporate governance principles and is of the opinion that the overall principles currently implemented are appropriate, up-to-date, as well as in line with the rules of regulators and relevant authorities. In this regard, some amendments have been made to the retirement of the directors and a statement in the topic of Krungsri core values. Based on the review of Krungsri's operations according to various governance principles, it was found that, in overall, the Bank's business undertakings are in line with such principles. However, there are some sensitive and complicated practices where the Board of Directors considers that the compliance with the practices be put off to allow the Bank to take into account possible impacts. The Bank has also stipulated different measures and guidelines to oversee the operations in such particular topics.

Organization Structure

(as of January 1, 2019)

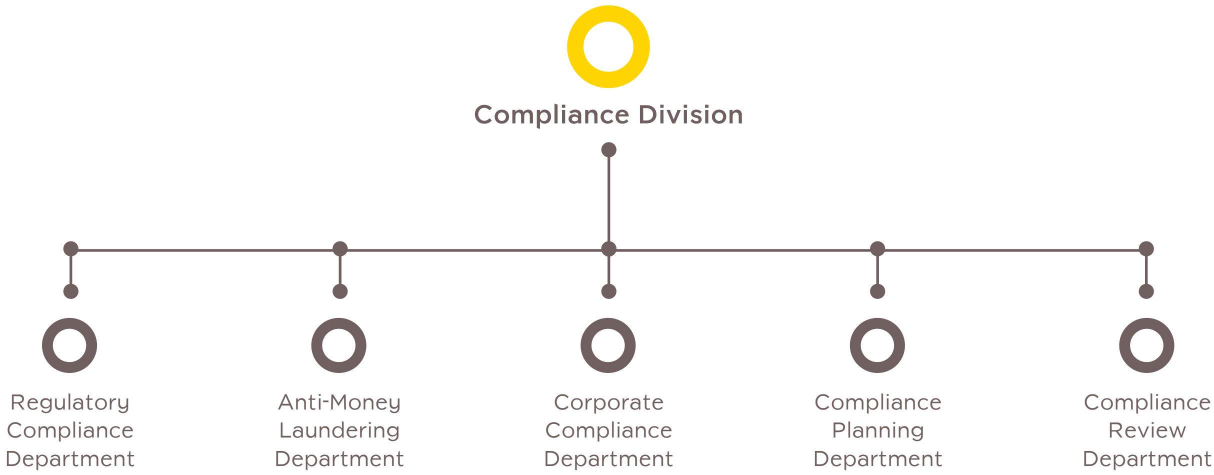


* Compliance Division reported directly to the Risk and Compliance Committee.

Implementation of corporate governance principles in accordance with regulations

The Compliance Division is responsible for compliance duties and overseeing the Bank's operations in line with applicable laws and requirements according to good governance principles and ethical practices. The Division functions independently from the management to ensure the checks and balances and reports directly to the Risk and Compliance Committee and the Bank's Board of Directors, respectively. This is to establish the check and balance practice in the organization.

In 2018, the Compliance Division has reorganized its management structure where its three departments are increased to five departments for greater compliance efficiency as detailed below:



In this connection, the **preventive** and **monitoring measures** are still considered as the Bank's core strategies applied by the Bank to supervise its operations. The actions taken are as follows:

- Preventive measures
  - Disseminated knowledge about laws and regulatory requirements to the Bank's employees
  - Established a proactive compliance culture in the organization through learning courses and communicated such culture to the employees and managements through various channels such as the Bank's intranet (WE Connect)
- Monitoring measures
  1. Performed the compliance risk assessment, covering risks in different dimensions
  2. Reviewed operational processes by employing various auditing methods to manage risks in a comprehensive and appropriate manner such as the use of compliance checklist, off-site testing, on-site testing, and other measures
  3. Reporting to the Bank's Board of Directors through various committees and senior management on a monthly basis

Risk and Internal Control Assessment

Internal Control

Krungsri recognizes the importance of internal control and has adopted the Three Lines of Defense model — an international governance standard involving general business units, compliance supervision business units, and internal audit business units. The three business sections collaborate through work processes and controls applicable to each line of defense to ensure that the Bank adheres to good governance and applies effective internal control principles based on the Committee of Sponsoring Organizations (COSO). The framework consists of five key attributes namely; control environment, risk assessment, control activities, information and communication, and monitoring.

Factors and Risk Management

The Bank has adopted MUFG policies and procedures to improve our capabilities in identifying, assessing, mitigating, and monitoring risks within an acceptable risk appetite. This collaboration across all business units has led to more efficient risk management processes. The Bank has established risk management and controls with three lines of defense, separating roles, responsibilities, and accountability for decision-making to achieve better governance and risk management as well as the stability of the organization.

The Bank has identified important risks on an annual basis — regulatory risks and material risks arising from external and internal factors. Krungsri also established risk monitoring and control processes to ensure that these risks are effectively managed within acceptable limits.

The Risk Management Group applied an integrated approach to manage four main types of risk: **1) credit risk;** referring to credit policy; credit risk management policies; credit rating policies; and responsible credit underwriting policies. Two business units are responsible for overseeing and managing credit risks of corporate and retail customers, respectively; **2) market risk** including the risks of interest rates, foreign exchange rates, equities, and commodity prices, **3) liquidity risk**, and **4) operational risk** including political crises, pandemics, flooding, and other environmental impacts, frauds, and cyber threats.

In this regard, Krungsri Group recognizes the importance of business continuity management to ensure that if disruptions or crises occur anywhere across Krungsri Group, key products and customer services are still available or the Bank's systems can be recovered within a reasonable period. Key risks and threats are periodically assessed and reviewed by senior managements from a business-continuity perspective, including political crises, pandemics, technology disruptions, flooding, and other environmental impacts.

Four Main Risk Management

1 Credit Risk

2 Market Risk

3 Liquidity Risk

4 Operational Risk

The Bank conducts the 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). 'Corruption' is also included among the issues for assessment. Each business unit is to designate a compliance champion to further 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 Indicators (KPIs) of the compliance champion to ensure all risks are reported in a timely manner so that the Bank can be more prudent in operations.

Anti-corruption

Credibility, transparency, and verifiability are essential attributes of trusted financial institutions. Corruption and lack of transparency, on the other hand, will increase operating costs and impact the reputation of the organization.

Krungsri continues to place a great emphasis on prevention and elimination of corruption in all forms. **The Fraud Management Committee** was established to formulate and propose policies to the Executive Committee for consideration and approval as well as reviewing 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 under 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 and anti-corruption.

Krungsri Group was certified as a member of Thailand's Private Sector Collective Action Coalition Against Corruption on 8 October 2013 and received CAC Recertification on 9 March 2017. This confirms our determination to prioritize countering all forms of corruption and bribery in accordance with our written Anti-Corruption and Anti-Bribery Policy and Program which serve as business practices for measurable sustainability. Krungsri Group's directors, executives, and employees must sign and observe a binding agreement to adhere to our anti-corruption efforts, with disciplinary action for employees who violate these provisions.

The Whistleblowing Program

The Whistleblowing Program is a tool used by Krungsri to support its operation in accordance with the principle of good governance. The program allows employees to file complaints if they find or suspect any wrongdoing that violates the rules or guidelines stipulated by the Bank. The complaints will be followed up and verified and the rectification guidelines of such issues are to be reported to senior management and various committees. 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.

In this regard, since 3 January 2018 onwards, changes were made to the Krungsri Whistleblowing Program including a direct reach to the Mitsubishi UFJ Financial Group, Inc (MUFG), the Bank's parent company. Submission of the complaint through the whistleblowing channel via email or postal mail can be made in either English or Japanese as follows:

Ombudsperson

- Tel. 0-2296-0000 ext. 85588, 83901
- PO box 169 Yan Nawa, Bangkok 10210
- www.onekrungsriportal.net/legal&compliance/ombudscorner

Branch Operational Risk Management Department (Branch Compliance)

- Tel. 0-2296-0000 ext. 83456 followed by 1 or 2

Human Resources Group

- HR Hotline tel. 0-2296-0000 ext. 85577

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

MUFG Hotline

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 and 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 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:

Section 1

Regulatory excellence
- Regulatory excellence

Section 2

Working with customers & suppliers
- Improper payments
- Supplier relationships
- International trade controls
- Anti-money laundering
- Privacy

Section 3

Government business
- Working with governments

Section 4

Competing globally
- Complying with competition laws

Section 5

In the Krungsri community
- Fair employment
- Environment, health & safety
- Security & crisis management

Section 6

Protecting Krungsri assets
- Intellectual property
- Controllership
- Conflicts of interest
- Insider trading & stock tipping

Additionally, it is Krungsri employees' duty to obtain a sound understanding and acknowledgement 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's 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 part of an effort to maintain the standards and code of conduct for commercial banks as well as promoting trust in the Thai commercial banking business among customers, one of our key stakeholers.

1. Code of Conduct
2. Roles of Directors and Executives
3. Service Standard
4. Employees and Working Environment
5. Commitment to Customers
6. Conflict of Interest
7. Information Management

Promotion of Good Governance

In order to promote corporate governance to ensure that the Bank's operations are carried out in a prudent manner and to mitigate risks related to frauds, data security, cyberthreats, as well as business and administration; the Bank prepared and regularly publicized advertising materials regarding such matters through various channels to ensure that good governance issues are communicated to the Bank's employees efficiently and adequately.

In 2018, Krungsri adopted more proactive strategies to communicate such contents through various channels such as communication via email from relevant departments, Krungsri's website under the topic of corporate governance, activities to promote understanding among employees, e-learning courses through Krungsri Learning Companion (KLC). In this regard, the Bank's management and all employees are required to complete all compulsory courses related to risk, fraud, and exercising of caution regarding such matters.

Good Corporate Governance Compulsory Training Programs

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

A new e-learning compulsory course, the Related Party Transaction (RPT), was formulated in 2018 and is one of six compulsory courses related to the support and promotion of good governance. The scope of the course coves complicated contents associated with various business units of the Bank. In this regard, all employees and managements are required to complete the courses according to the stipulated time frame.

In this connection, the Bank also launched a number of learning courses and activities including baht speculation preventive measures, the credit data business operation act, internal and external training programs, workshops, and compliance-on-tour activity in response to the needs of each business units where the contents are adjusted to be in accordance with the nature of their works. This was to comprehensively promote understanding about various regulations among the Bank's officers.

In addition, Krungsri actively participated in anti-corruption activities to raise awareness of the management and employees as well as encouraging them to adhere to ethical standards, transparency, and verifiability deemed as crucial elements in preventing and combating corruption. In September 2018, Krungsri Group's management and employees, in collaboration with the Thai Bankers' Association; Thai Institute of Directors; and numerous leading organizations in Thailand,

united to demonstrate commitments to curb corruption by participating in '2018 Thailand's Anti-Corruption Day' organized under the theme 'Khon Thai Roo Soo Khong' (translated as 'Thais stands firmly against corruption') at the BITEC Bangna exhibition center and 'the International Anti-Corruption Day' organized under the theme 'Zero Tolerance'. The moves were aimed to declare the Bank's stance and to join force with the general public to drive, create, and expand anti-corruption networks contributing to benefits of the country as a whole. Such activities are deemed as a participation of the Bank in anti-corruption events at the national level.

Promoting Corporate Governance and Risk Management

To promote good governance at every organizational level, the Bank encourages the senior management with governance authority such as the Board of Directors and the senior management team to complete sufficient training programs 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 reinforce its operational transparency.

More information regarding corporate governance such as the composition, qualifications, roles, duties, and responsibilities of the Board of Directors, including conflict of interest, internal control, and risk management is available in Krungsri's Annual Report 2018 and Annual Registration Statement (Form 56-1).

Board of Directors

In 2018, the Bank's Board of Directors completed both external and internal training programs on an average of 10.50 hours/person/year as detailed below:

Internal training programs/seminars

- 'IT security trend update'
- 'Krungsri Executive Forum: Leading Organization & People in Digital Age 2018'
- 'Future customer experience in financial and banking services'

External training programs/seminars (organized by the Thai Institute of Directors)

- IOD National Director Conference 2018 on 'Rising Above Disruptions: A Call for Action'
- 'Board Nomination and Compensation Program'
- 'Strategic Board Master Class Retreat'
- 'Risk Management Program for Corporate Leaders'
- 'IT Governance and Cyber Resilience Program'
- 'Risk Management Program for Corporate Leaders'

Supply Chain Management

Krungsri Group's core businesses involve not only delivery of financial services and products to our customers, but also needs to rely on relevant business activities that can support the Bank's core operations. Krungsri is associated with the aforementioned business activities through collaboration with product/service suppliers or 'vendors' or 'suppliers' of the Bank and companies in its group. In this connection, the vendors/suppliers play vital roles in terms of arrangement and provision of resources to ensure continuity of the Bank's businesses and successes.

The Bank's vendors/suppliers are those associated with products and core services of the organization, comprising vendors/suppliers responsible for providing basic infrastructures for financial services, vendors/suppliers with digital know-how in response to financial technology trends, and vendors/suppliers being business consultants, etc. In addition, there are also vendors/suppliers that are not directly relevant to the Bank's core products and services but they facilitate services to make the Bank's business operations more comprehensive and complete such as those offering services related to marketing campaigns and logistics. Krungsri offers equal treatment of all vendors/suppliers to ensure equity and fairness.

Policies and Practices

Krungsri has established **'Supplier Relationship Policy'** as a guideline to promote governance and ensure that vendors/suppliers are treated and managed in a prudent manner and not against laws, other internal policies, and practices of the Bank. The Policy helps foster relationship between Krungsri and vendors/suppliers so that the business activities can be carried out in an effective and fair manner. The Bank expects that the vendors/suppliers acknowledge and comply with the Policy as well.

Krungsri significantly placed importance on engaging business activities with the vendors/suppliers that are not associated with money laundering and terrorism where all vendors/suppliers are subject to go through the Know Your Customer (KYC) process. Krungsri takes cautious approaches in making transactions that possibly lead to any conflict of interest by establishing clear criteria and regulations on selection of service providers (vendors/suppliers) who may have connections with the Bank's directors and senior managements (Related Party Transactions (RPT). Furthermore, in case of outsourced service providers, the Bank performed supplier risk assessment to verify possible impact against business continuity such as security print.

Krungsri strives to ensure that the vendors/suppliers selection process is fairly undertaken to offer equal opportunity to all candidates. The Bank fully supports the application of e-Auction to ensure transparency and has established the auction process to prevent monopoly. During the auction, a group of individuals, experts, and specialists from the relevant departments are assigned to jointly consider the qualifications of candidates and the Bank's business units are required to appraise the vendors/suppliers subsequent to the task delivery according to the supplier evaluation from or any condition stated in the service agreement. Moreover, the vendors/suppliers are allowed to submit their complaints through whistleblowing channels to prevent and resolve unfairness issues that they encounter.

Performance

Each year, the Bank will communicate with its vendors/suppliers about the policies on refraining from receiving and giving gifts and entertainments during New Year by employing different communication strategies. At the end of 2018, the Bank communicated with all vendors/suppliers (100 percent) to ensure that they acknowledged the policies and practices. During the 2019 New Year it was found that there was no record about receiving and giving gifts and entertainments and there were no complaints submitted through the Bank's whistleblowing channels.

Moreover, Krungsri places importance on seller development and after-sale development. We integrated an expansion of products and services to our branches efficiently (via financial machines such as ATM, EDC, SSB, etc.) for maximum customer satisfaction.

In the technology dimension, Krungsri invested in Oracle Finance application to inhance the speed and accuracy of issuing purchase order slips (PO) and transferring expenses for purchased products and services within time frames, thus gaining the confidence of vendors/suppliers in having a 'Partnering Relationship' with Krungsri.

Krungsri firmly believes that the fair treatment of vendors/suppliers can not only help the Bank obtain diverse and appropriate vendors/suppliers to support its business undertakings, but also offer equal opportunities to both large and small corporations to continue and grow their business in a sustainable manner.

Cybersecurity

The banking landscape has been transformed as a result of innovations and IT advancements. Therefore, we are actively focusing on developing platforms to fully support the digital banking businesses such as artificial intelligence (AI), machine learning (ML), and blockchain as well as 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 customer experience.

While organizations and customers are reaping the benefits of cutting-edge and digital-based operations, cyberthreats have emerged and adapted to keep pace with the changing of technology and innovations. In the recent years, cyberthreats have been causing a substantial degree of damages in every corner of the world. Krungsri, as a financial service provider, is committed to improving customers' experience through state-of-the-art and responsible innovations, while staying alert to such risks. In 2018, the Bank implemented intensive measures in an effort to strengthen 'cybersecurity'.


bsi.

Certificate of Registration

INFORMATION SECURITY MANAGEMENT SYSTEM - ISO/IEC 27001:2013

This is to certify that: Bank of Ayudhya Public Company Limited, 1222 Rama III Road, Bang Phongphang, Yan Nawa, Bangkok 10120 Thailand

Holds Certificate Number: IS 703482

and operates an Information Security Management System which complies with the requirements of ISO/IEC 27001:2013 for the following scope:

Information Security Management System applies to operations, services, IT infrastructures and systems that are connecting with Bank of Thailand Automated High-Value Transfer Network (BAHTNET) and Imaged Cheque Clearing and Archive System (ICAS) in accordance with the announcements of Bank of Thailand. This is in accordance with the Statement of Applicability version 1.3 dated 21 September 2018.

For and on behalf of BSI:

Chris Cheung, Head of Compliance & Risk - Asia Pacific

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...making excellence a habit.™

Management Approach

By taking cybersecurity into account, Krungsri organized its first 'Town Hall Cybersecurity Meeting' in 2018 to raise awareness among employees and to underline the importance of such matter. All of the Bank's employees are encouraged to help prevent cyberthreats encountered by the employees, customers, and the Bank.

In 2018, the Bank has conducted four rounds of enterprise-wide phishing tests in an effort to assess the risks that the Bank's data may be attacked and suffer possible damages. In this regard, the Bank set a target to reduce the risk of phishing attack to zero.

To enhance confidence in maintaining IT security according to the CIA Security Traid consisting of data confidentiality, integrity, and availability in terms of products and services, Krungsri took relevant actions and adopted the concept of best practices applicable to various projects such as advanced anti-malware, cybersecurity monitoring process, phishing simulation tests, compliance with the SWIFT customer security framework, compliance with ISO/IEC 27001: Information Security Management Systems (ISMS). The Bank was also certified regarding two operations namely the Bank of Thailand Automated High-value Transfer Network (BATHNET) and the Imaged Cheque Clearing and Archive System (ICAS) according to the requirements of the Bank of Thailand for maximum security in the cyber world.

The Bank continues to pursue the development and enhancement of its IT capacities to prevent cyberthreats and cope with risks that may arise in a timely manner.

Engagement in Sustainability Practices of Senior Management

The crucial role of the senior executives of Krungsri Group is to participate in activities to achieve the organization's sustainability. Therefore, the Board of Directors and the Executive Committee helped to establish the 'Environmental Disclosure Statement' and the 'Human Rights Disclosure Statement' which will come into effect in 2019. The statements clearly echo Krungsri's stance on sustainability and indicates the Bank's strong intention to put a remarkable amount of effort into these matters. The Bank is also set to declare such statements for acknowledgement of all employees and the senior executives of the Bank and subsidiaries who shall comply with these statements and integrate them into operations.

In this regard, the Corporate Social Responsibility (CSR) Committee continued to play a major role in driving and overseeing the sustainability practices of Krungsri Group. The President and Chief Executive Officer, who is also a member of the Bank's Executive Committee, is the Chairman of the CSR Committee, while another member of the Bank's Executive Committee (Chief Financial Officer) holds the position of a member of the CSR Committee. This underlines the committed participation of the Bank's Board of Directors in setting up business directions covering environmental, social, and governance dimensions.

The CSR Committee consists of executives from the Bank's various business units and subsidiaries for integrated operations. As Krungsri is playing a major role as a leader in markets such as microfinance, retail loans such as credit card and personal loan, and auto loans, executives from Krungsri Auto, Krungsri Consumer, and Krungsri microfinance business were therefore appointed as members of the CSR Committee.

In 2018, a total of four CSR Committee meetings were organized in line with the regulations of the CSR Committee, stipulating that at least one meeting shall be held in each quarter. This is to ensure that the follow-up and overseeing processes are conducted effectively so that the operations can guide the Bank toward sustainable development.

CSR 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 Affairs Division**
   Member
   (Ms. Mingkwan Pattanawong)

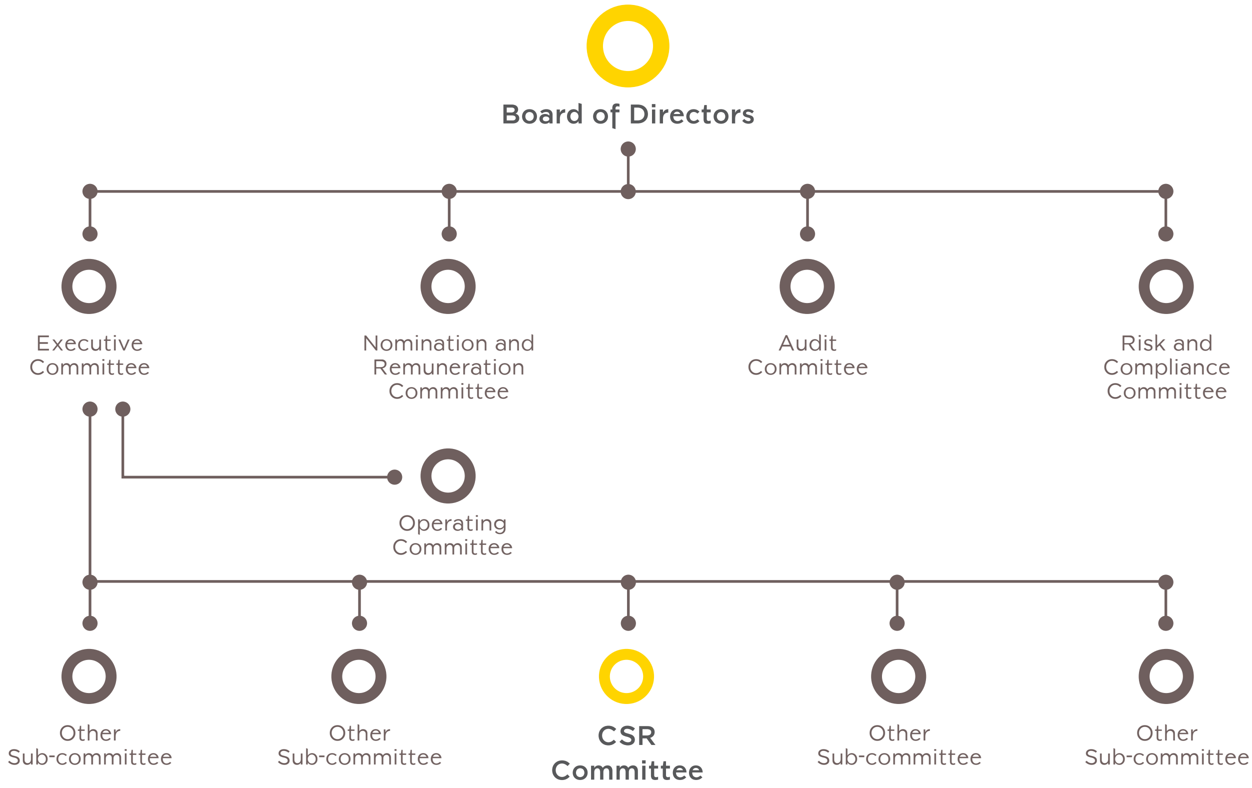
7. **SVP, Head of Krungsri Auto Communications and Public Affairs Department**
   Member
   (Ms. Siriporn Suparuchatakarn)

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 Environmental, Social and Governance Division**
    Secretary
    (Mr. Poonsit Wongthawatchai)

Remark: * Members holding a directorship position on the Board of Directors



The Executive Committee, the CSR Committee as well as other senior managements also had an opportunity to share knowledge and visions in seminar sessions organized by WWF – Thailand in 2018. The sessions were arranged on the ground of executives' intention to clearly understand the foundation of ESG and its integration, so that they could direct Krungsri's performance towards being a sustainable bank.

The knowledge was shared via an introductory session in 'Intergrating ESG into Business Practices', arranged two times for two different audiences; the executive committee and senior management team, and the senior management and working team, with 51 attendees.

Attention from senior executives represented their sincerity in practicing business operations on the ground of sustainable development. It was also a good opportunity for executives to exchange visions among each other to drive Krungsri's sustainability strategic framework in the future.

Beside formulation of policies and implementation thereof, the Board of Directors, the Executive Committee, and senior executives of Krungsri Group took part in various initiatives, decision-making processes, and regularly collaborated to contribute as "Krungsri volunteers" in a number of CSR activities, bringing forth positive energy and inspiration for employees to be a person of social conscience.

Numerical Data on Sustainability Performance

Social Dimension

Channels of Financial Access

Channels of Services \ Area	2016		2017		2018	
	Bangkok and vicinity	Provincial	Bangkok and vicinity	Provincial	Bangkok and vicinity	Provincial
Krungsri Branches	298	397	299	401	298	405
	695		**700**		**703**	
ATMs	2,815	3,435	2,914	3,638	2,966	3,736
	5,635		**6,552**		**6,702***	
Krungsri Exclusive	22	10	27	12	30	12
	32		**39**		**42**	
The Krungsri Advisory	-	-	-	-	2	0
	-		**-**		**2**	
Foreign Exchange Booths	23	72	21	71	23	67
	95		**92**		**90**	
Krungsri Business Centers	**55**		**64**		**62**	
Krungsri Auto Dealers	3,800	5,600	4,000	6,400	3,345	6,211
	9,400		**10,400**		**9,556**	
First Choice and Dealers	**18,786**		**21,415**		**22,738**	
First Choice Branches	**144**		**153**		**150**	
Microfinance Branches (NTL)	139	342	190	403	139	674
	481		**593**		**813**	
Microfinance Branches (HKL)	**153**		**168**		**178**	

Remark * Includes a Self Service Banking (SSB) and a Bill Payment Machine (BPM)

Employment Data

2018's Krungsri Headcount (persons)

Company / Type of Contract	Full-time Employee (FTE)[1]			Temporary Employee[2]			Total
	Male	Female	Total	Male	Female	Total	
Bank of Ayudhya	4,592	10,542	15,134	51	235	286	15,420
Krungsri Consumer [3] • Credit card, personal loan and sales financing • Collection service • Life insurance • Non-life insurance	1,250	4,215	5,465		-	525	5,990
Krungsri Microfinance							
• Ngern Tid Lor	1,520	2,866	4,386		-	545	4,931
• Hattha Kaksekar Limited	2,488	988	3,476		-	126	3,602
Krungsri Auto							
• Ayudhya Capital Auto Lease Plc.	677	971	1,648		-	13	1,661
• Krungsri Leasing Services Co., Ltd.	81	101	182		-	62	244
Krungsri Service	9	4	13		-	953	966
Krungsri Securities	131	165	296		-	30	326
Krungsri Asset Management	64	114	178		-	46	224
Krungsri AMC	41	40	81		-	20	101
Krungsri Leasing	32	41	73		-	6	79
Krungsri Factoring	2	-	2		-	-	2
Krungsri Finnovate	-	-	-		-	-	-
Krungsri Group	10,887	20,047	30,934		-	2,612	33,546

Remark
[1] FTE includes 'secondee' form the BTMU, Japan
[2] Temporary Employee according to the GRI's definition
[3] Details of Krungsri Consumer's subsidiaries locates on page 16

Operational Change Statistics[1] (persons)

Diversity criteria / Change by year		New Hires						Terminated Employees[2]					
		2016		2017		2018		2016		2017		2018	
		No.	%[3]	No.	%[3]	No.	%[3]	No.	%[3]	No.	%[3]	No.	%[3]
Total		14,775	100.00	15,019	100.00	15,134	100.00	14,775	100.00	15,019	100.100	15,134	100.00
Change		2,576	17.43	2,037	13.56	1,987	13.13	2,576	17.43	1,797	11.96	1,888	12.48
Gender	Male	682	4.62	568	3.78	547	3.61	511	3.46	565	3.76	553	3.65
	Female	1,894	12.82	1,469	9.78	1,440	9.51	1,213	8.21	1,232	8.20	1,335	8.82
Age Range	< 30	1,377	9.32	1,076	7.16	995	6.57	669	4.53	668	4.45	619	4.09
	30 – 50	1,188	8.04	949	6.32	980	6.48	946	6.40	1,008	6.71	1,129	7.46
	> 50	11	0.07	12	0.08	12	0.08	109	0.74	121	0.81	140	0.93
Opetational Area	Head Office	1,248	8.45	900	5.99	901	5.95	764	5.17	701	4.67	779	5.15
	BKK and vicinity	772	5.23	594	3.95	531	3.51	533	3.61	567	3.78	533	3.52
	Provincial	556	3.76	543	3.62	549	3.63	427	2.89	529	3.52	570	3.77
	Overseas	-	0.00	-	0.00	6	0.04	-	0.00	-	0.00	6	0.04

Remark
[1] Only FTE of the Bank of Ayudhya
[2] Data includes 'voluntary attrition' which comprises of a transfer within Krungsri Group, early retirement and 'involuntary attrition' as well as retired employee.
[3] Percentage of the total employee of each year

Gender Diversities of Employees[1] (persons)

2016

Gender / Employee Level		Board of Directors[2]	Executive level 10 and above	Management level 9-10	Middle Management Level 7-8	Officer 4-6	Officer 1-3	Total[3]
Total		12	14,775					
Male	No.	9	53	373	819	2,017	1,326	4,588
	% of male employees		1.16	8.13	17.85	43.96	28.90	100.00
	% of employee level	75.00	60.92	51.10	41.96	34.13	21.75	
Female	No.	3	34	357	1,133	3,892	4,771	10,187
	% of female employees		0.33	3.50	11.12	38.21	46.83	100.00
	% of employee level	25.00	39.08	48.90	58.04	65.87	78.25	

2017

Gender / Employee Level		Board of Directors[2]	Executive level 10 and above	Management level 9-10	Middle Management Level 7-8	Officer 4-6	Officer 1-3	Total[3]
Total		12	15,019					
Male	No.	9	55	412	846	2,018	1,265	4,596
	% of male employees		1.20	8.96	18.41	43.91	27.52	100.00
	% of employee level	75.00	63.22	50.93	40.34	32.94	21.44	
Female	No.	3	32	397	1,251	4,108	4,635	10,423
	% of female employees		0.31	3.81	12.00	39.41	44.47	100.00
	% of employee level	25.00	36.78	49.07	59.66	67.06	78.56	

2018

Gender / Employee Level		Board of Directors[2]	Executive level 10 and above	Management level 9-10	Middle Management Level 7-8	Officer 4-6	Officer 1-3	Total[3]
Total		12	15,134					
Male	No.	8	59	432	856	2,074	1,171	4,592
	% of male employees		1.28	9.41	18.64	45.17	25.50	100.00
	% of employee level	66.67	62.11	50.59	40.42	32.37	20.69	
Female	No.	4	36	422	1,262	4,334	4,488	10,542
	% of female employees		0.34	4.00	11.97	41.11	42.57	100.00
	% of employee level	33.33	37.89	49.41	59.58	67.63	79.31	

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

ความหลากหลายอื่นๆ ของพนักงาน[1] (คน)

Criteria of Diversities	Employee Level	2016 Board of Directors[2]	2016 Executive level 10 and above	2016 Management level 9-10	2016 Middle Management Level 7-8	2016 Officer 4-6	2016 Officer 1-3	2016 Total[3]	2017 Board of Directors[2]	2017 Executive level 10 and above	2017 Management level 9-10	2017 Middle Management Level 7-8	2017 Officer 4-6	2017 Officer 1-3	2017 Total[3]	2018 Board of Directors[2]	2018 Executive level 10 and above	2018 Management level 9-10	2018 Middle Management Level 7-8	2018 Officer 4-6	2018 Officer 1-3	2018 Total[3]
Total		12	14,775						12	15,019						12	15,134					
Age range	< 30	-	-	1	1	176	2,763	2,941	-	-	1	4	180	2,534	2,719	-	-	2	7	167	2,316	2,492
	30 – 50	2	50	486	1,324	4,740	3,283	9,883	2	46	515	1,354	4,829	3,312	10,056	2	44	531	1,296	4,951	3,287	10,109
	> 50	10	37	243	627	993	51	1,951	10	41	293	739	1,117	54	2,244	10	51	321	815	1,290	56	2,533
Race	Thai	8	-					14,695	8	-					14,943	8	-					15,058
	Japanese	4	-					66	4	-					62	4	-					63
	Chinese	-	-					9	-	-					9	-	-					8
	Indian	-	-					2	-	-					2	-	-					2
	French	-	-					1	-	-					1	-	-					1
	Indonesian	-	-					1	-	-					1	-	-					1
	Taiwanese	-	-					1	-	-					-	-	-					-
	Vietnam	-	-					-	-	-					1	-	-					1
Operational ares				Male		Female					Male		Female					Male			Female	
	Head Office	12		2,980		4,596		7,576	12		3,224		5,542		8,766	12		3,271			5,617	8,888
	BKK and vicinity	-		749		2,564		3,313	-		449		1,759		2,208	-		419			1,744	2,163
	Provincial	-		853		3,023		3,876	-		915		3,116		4,031	-		894			3,175	4,069
	Overseas	-		6		4		10	-		8		6		14	-		8			6	14

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

Economic Performance

Direct Economic Performance

Unit: Million Baht

Direct Economic Value Generated	**149,134**	**100.00%**
Total operating revenue excluding interest expense (Revenue)	149,134	100.00%
Direct Economic Value Distributed	**93,482**	**62.68%**
Operating cost such as directors' remuneration and expenses relating to buildings, premises, and other equipment (operation cost)	22,665	15.20%
Deferred tax income/expense	9	0.01%
Employee expenses	26,287	17.63%
Dividends to shareholders and interest expense (payment to providers of capital)	38,055	25.52%
Duty tax and income tax excluding deferred tax income/expense (payment to government)	6,458	4.33%
Donation to charitable organizarions and community development investments through financial literacy and service activities*	8	0.01%
Economic Value Retained	**55,652**	**37.32%**

Remark * Bank of Ayudhya Pcl.

(Information as of December 31, 2018)

External Assurance Report

Independent Assurance Statement

To Bank of Ayudhya PCL on the Sustainability Report 2018

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 2018.

Criteria for report preparation

- The Global Reporting Initiative (GRI) Sustainability Reporting Standards: 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 Standards 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 2018 of Krungsri for the year ended 31 December 2018.

Limitation

The assurance engagement checks only the draft layout format.

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 2018 of Krungsri.
- Analyzed information on performance provided in the Sustainability Report 2018 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 Sustainability Reporting Standards 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 Sustainability Reporting Standards, we conclude that Krungsri has followed Reporting Principle ,Standard Disclosures and GRI G4 financial Services Sector 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 2018 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 topics, SDGs and content disclosures in its report.

Responsiveness: Krungsri demonstrates its intensive response through 'The Krungsri's 4 CSR Pillars' framework that reflects ESG performances in each material topics against their commitment. However, Krungsri should determine targets and timeline with S.M.A.R.T. concept (Specific, Measurable, Achievable, Relevant, and Time Bound).

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

- In General Disclosure, it shall clearly indicate organization's supply chain.
- The management approach and its components shall be provided on the Materials and Water topics.
- Performance Disclosure on Materials shall include percentage of recycled input materials used.
- Performance Disclosure on Energy shall include source of the conversion factors used.
- Performance Disclosure on Effluents and Waste shall include total weight of hazardous waste/non-hazardous waste with a breakdown by the following disposal methods.
- Performance Disclosure on Employment shall include benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees.
- Performance Disclosure on Occupational Health and Safety shall indicate 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 shall 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 FY2018, we did not provide any services to Krungsri that could conflict with the independence of this work.

For Thaipat Institute

By Vorranut Piantam

Bangkok
13 March 2019

AA1000
Licensed Assurance Provider

Content Index

GRI Standard		Source	Omission / Additional Information	Relation to SDGs
Organizational Profile				
102-1	Name of the organization	SD: Cover, p.12		
102-2	Activities, brands, products, and services	SD: p.11-12,16-17		
102-3	Location of headquarters	SD: p.12		
102-4	Location of operations	SD: p.12		
102-5	Ownership and legal form	SD: p.12		
102-6	Markets served	SD: p.16-17		
102-7	Scale of the organization	SD: p.12 AR: p.22		
102-8	Information on employees and other workers	SD: p.91-93		SDG 8
102-9	Supply chain	SD: p.84		
102-10	Significant changes to the organization and its supply chain	SD: p.9, 36		
102-11	Precautionary Principle or approach	SD: p.80-81		
102-12	External initiatives	SD: p.26-27		
102-13	Membership of associations	SD: p.26-27		
Strategy				
102-14	Statement from senior decision-maker	SD: p.8-9		
102-15	Key impacts, risks, and opportunities	SD: p.9, 25, 39, 51-52		
Ethics and integrity				
102-16	Values, principles, standards, and norms of behavior	SD: p.6-7, 14		SDG 16
102-17	Mechanisms for advice and concerns about ethics	SD: p.83		SDG 16
Governance				
102-18	Governance structure	SD: p.78		
102-20	Executive-level responsibility for economic, environmental, and social topics	SD: p.88-89		
Stakeholder engagement				
102-40	List of stakeholder groups	SD: p.28		
102-41	Collective bargaining agreements	SD: p.66		SDG 8
102-42	Identifying and selecting stakeholders	SD: p.28		
102-43	Approach to stakeholder engagement	SD: p.28-31		
102-44	Key topics and concerns raised	SD: p.28-31		
Reporting Practice				
102-45	Entities included in the consolidated financial statements	SD: p.16-17		
102-46	Defining report content and topic Boundaries	SD: p.33-35		
102-47	List of material topics	SD: p.34		
102-48	Restatements of information	SD: p.96	No restatement	
102-49	Changes in reporting	SD: p.36	From GRI to GRI Standard	
102-50	Reporting period	SD: p.33		
102-51	Date of most recent report	SD: p.33		
102-52	Reporting cycle	SD: p.33		
102-53	Contact point for questions regarding the report	SD: p.37		
102-54	Claims of reporting in accordance with the GRI Standards	SD: p.33		
102-55	GRI content index	SD: p.96-99		
102-56	External assurance	SD: p.94-95		

Material Topics

GRI Standard			Source	Omission / Additional Information	Relation to SDGs
Economic Performance					
GRI 103 Management Approach	103-1	Explanation of the material topic and its boundary	SD: p.15, 51-53		SDG 8
	103-2	The management approach and its components	SD: p.15, 51-53		
	103-3	Evaluation of the management approach	SD: p.15, 51-53		
GRI 201 Economic Performance	201-1	Direct economic value generated and distributed	SD: p.53, 93		
Indirect Ecomomic Impacts					
GRI 103 Management Approach	103-1	Explanation of the material topic and its boundary	SD: p.54-57		SDG 8, 9, 11
	103-2	The management approach and its components	SD: p.54-57		
	103-3	Evaluation of the management approach	SD: p.54-57		
GRI 203 Indirect Economic Impact	203-1	Infrastructure investments and services supported	SD: p.48, 54-57		
	203-2	Significant indirect economic impacts	SD: p.54-57		
Anti-corruption					
GRI 103 Management Approach	103-1	Explanation of the material topic and its boundary	SD: p.81-83		SDG 16
	103-2	The management approach and its components	SD: p.81-83		
	103-3	Evaluation of the management approach	SD: p.81-83		
GRI 205 Anti-corruption	205-1	Operations assessed for risks related to corruption	SD: p.81		
	205-2	Communication and training about anti-corruption policies and procedures	SD: p.81, 86-87		
Materials					
GRI 103 Management Approach	103-1	Explanation of the material topic and its boundary	SD: p.42		SDG 8, 12
	103-2	The management approach and its components	SD: p.42-45		
	103-3	Evaluation of the management approach	SD: p.43-45		
GRI 301 Materials	301-1	Materials used by weight or volume	SD: p.43-45		
	301-2	Recycled input materials used	SD: p.44		
Energy					
GRI 103 Management Approach	103-1	Explanation of the material topic and its boundary	SD: p.42		SDG 7, 12, 13
	103-2	The management approach and its components	SD: p.42-43		
	103-3	Evaluation of the management approach	SD: p.42-43		
GRI 302 Energy	302-1	Energy consumption within the organization	SD: p.43		
	302-2	Energy consumption outside of the organization	SD: p.43		
	302-3	Energy intensity	SD: p.43		
	302-4	Reduction of energy consumption	SD: p.42		
	302-5	Reduction in energy requirements of products and services	SD: p.46-47		
Water					
GRI 103 Management Approach	103-1	Explanation of the material topic and its boundary	SD: p.44		SDG 6, 12
	103-2	The management approach and its components	SD: p.44		
	103-3	Evaluation of the management approach	SD: p.44		
GRI 303 Water	303-1	Water withdrawal by source	SD: p.98	100% water supplied by the MWA	
	303-3	Water recycled and reused	SD: p.98	10% of wastewater is reused in the cooling tower	

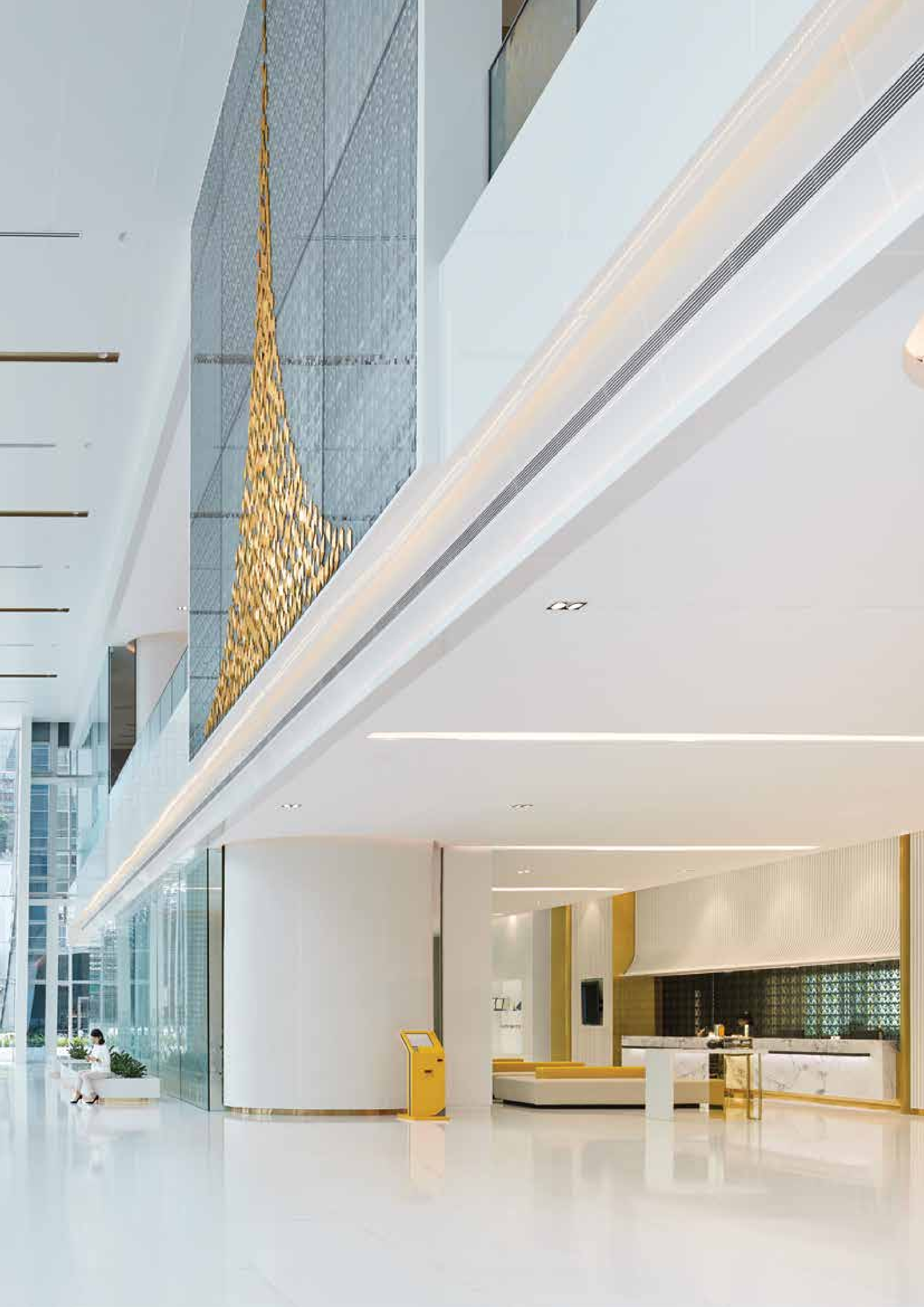
GRI Standard			Source	Omission / Additional Information	Relation to SDGs
Emission					
GRI 103 Management Approach	103-1	Explanation of the material topic and its boundary	SD: p.39		SDG 3, 12, 13
	103-2	The management approach and its components	SD: p.39-40		
	103-3	Evaluation of the management approach	SD: p.39-40		
GRI 305 Emission	305-1	Direct (Scope 1) GHG emissions	SD: p.40		
	305-2	Energy indirect (Scope 2) GHG emissions	SD: p.40		
	305-3	Other indirect (Scope 3) GHG emissions	SD: p.40		
	305-4	GHG emissions intensity	SD: p.40		
	305-5	Reduction of GHG emissions	SD: p.39		
Effluents and Waste					
GRI 103 Management Approach	103-1	Explanation of the material topic and its boundary	SD: p.45		SDG 6
	103-2	The management approach and its components	SD: p.45		
	103-3	Evaluation of the management approach	SD: p.45		
GRI 306 Effluents and Waste	306-2	Waste by type and disposal method	SD: p.45		
Employment					
GRI 103 Management Approach	103-1	Explanation of the material topic and its boundary	SD: p.62		SDG 5, 8
	103-2	The management approach and its components	SD: p.62-63		
	103-3	Evaluation of the management approach	SD: p.62-63		
GRI 401 Employment	401-1	New employee hires and employee turnover	SD: p.92-93		
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	SD: p63-64		
	401-3	Parental leave	SD: p.65		
Occupational Health and Safety					
GRI 103 Management Approach	103-1	Explanation of the material topic and its boundary	SD: p.65		SDG 3, 5, 8
	103-2	The management approach and its components	SD: p.65		
	103-3	Evaluation of the management approach	SD: p.65		
GRI 103 Occupational Health and Safety	403-2	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	SD: p.66		
	403-3	Workers with high incidence or high risk of diseases related to their occupation	SD: p.65		
	403-4	Health and safety topics covered in formal agreements with trade unions	SD: p.66		
Training and Education					
GRI 103 Management Approach	103-1	Explanation of the material topic and its boundary	SD: p.68		SDG 4, 5, 8
	103-2	The management approach and its components	SD: p.68-73		
	103-3	Evaluation of the management approach	SD: p.73		
GRI 404: Training and Education	404-1	Average hours of training per year per employee	SD: p.73		
	404-2	Programs for upgrading employee skills and transition assistance programs	SD: p.71, 75		
Diversity and Equal Opportunity					
GRI 103 Management Approach	103-1	Explanation of the material topic and its boundary	SD: p.62		SDG 5, 10
	103-2	The management approach and its components	SD: p.62		
	103-3	Evaluation of the management approach	SD: p.62		
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	SD: p.92-93		

GRI Standard			Source	Omission / Additional Information	Relation to SDGs
Local Communities					
GRI 103 Management Approach	103-1	Explanation of the material topic and its boundary	SD: p.51, 53, 56		SDG 11
	103-2	The management approach and its components	SD: p.52-53		
	103-3	Evaluation of the management approach	SD: p.53		
GRI 413 Local communities	413-2	Operations with significant actual and potential negative impacts on local communities	SD: p.53-56		
G4 Financial Service	FS 13	Assess point in low-populated or economically disadvantaged area by type	SD: p.90		
Customer Privacy					
GRI 103 Management Approach	103-1	Explanation of the material topic and its boundary	SD: p.57-58		SDG 16
	103-2	The management approach and its components	SD: p.57-58		
	103-3	Evaluation of the management approach	SD: p.57-58		
GRI 418 Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	SD: p.58		
Product Portfolio					
G4 Financial Service	DMA	Policies with specific environmental and social components applied to business lines	SD: p.51-52		SDG 1, 8, 9, 10, 11
	DMA	Procedures for assessing and screening environmental and social risks in business lines	SD: p.51-52		
	FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	SD: p.53		
	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	SD: p.53		
	FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	SD: p.48		

Source: GRI Standard 2016, GRI G4 Financial Service Sector Disclosure 2008

Sustainable Development Goals 2030

SDG 1: No poverty
SDG 2: Zero Hunger
SDG 3: Good Health and Well-being
SDG 4: Quality Education
SDG 5: Gender Equality
SDG 6: Clean Water and Sanitation
SDG 7: Affordable and Clean Energy
SDG 8: Decent Work and Economic Growth
SDG 9: Industry, Innovation and Infrastructure
SDG 10: Reduced Inequality
SDG 11: Sustainable Cities and Communities
SDG 12: Responsible Consumption and Production
SDG 13: Climate Action
SDG 14: Life Below Water
SDG 15: Life on Land
SDG 16: Peace, Justice and Strong Institutions
SDG 17: Partnerships for the Goals



Questionnaire on 2018 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)

....

....

....

3.2 Other suggestions and comments

....

....

....

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: krungsriESG@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.

Scan QR Code
for Questionaire on 2018
Krungsri Sustainability Development Report

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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