



krungsri
กรุงศรี

A member of  MUFG
a global financial group



SUSTAINABILITY REPORT 2014

NEW KRUNGSRI

SERVING SOCIETY THROUGH SUSTAINABLE GROWTH

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MISSION, VISION AND CORE VALUES

MISSION

To be a leading regional financial institution with global reach, committed responsibly to meeting 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 customer's number one preferred financial group.

CORE VALUES

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

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

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

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

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

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



MESSAGE FROM THE CHAIRMAN, THE VICE-CHAIRMAN AND THE PRESIDENT AND CHIEF EXECUTIVE OFFICER



Veraphan Teepsuwan



Kanetsugu Mike



Noriaki Goto

The term sustainable development rose to prominence after it was referenced by the Brundtland Commission in its 1987 report entitled 'Our Common Future'. That report defines sustainable development as 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs.'

In recent years, the escalating frequency and impact of occurrences of economic crisis, social unrest and environmental degradation have prompted corporate citizens around the world to reassess their role and responsibility towards sustainable development. This reassessment takes into consideration how business endeavors can best be managed to ensure that profit is not made at the expense of present and future stability while at the same time maintaining the wellbeing of the economy, society and the environment.

At Krungsri, sustainability is an important foundation of our mission – 'to be a leading regional financial institution with global reach, committed responsibly to meeting the needs of our customers and serving society through sustainable growth.' It is our firm belief that our corporate strength and sustainability can only be achieved through sharing and giving back to our stakeholders and society. Therefore, our focus and priority is to nurture Krungsri staff with a sense of responsibility towards the prosperity and sustainability of society as a whole. This is reflected in both our Corporate Social Responsibility (CSR) initiatives and activities as well as through our normal business processes.

MESSAGE FROM THE CHAIRMAN, THE VICE-CHAIRMAN AND THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

As Thailand's fifth largest bank, we take our mission seriously to be a responsible financial service provider. In the pursuit of this role, we emphasize:

- **Economic sustainability:** aligning business strategies with the economic outlook and maintaining a well-balanced portfolio while serving as our customers' trusted business partner and financial advisor;
- **Social sustainability:** improving financial access and enhancing financial literacy among Thai people and engaging Krungsri staff in valued community development initiatives and CSR activities;
- **Environmental sustainability:** taking care to minimize the negative impact to our environment through implementation of green initiatives within our business and through our prudent support of customers' eco-friendly initiatives.

The Krungsri Board of Directors and Executive Officers are pleased to present the Group's first annual Sustainability Report, which describes our principles and activities relating to sustainable development in the three priority themes outlined above. Preparation of this Report has enabled Krungsri to identify key areas for improvement which will help us systematically set future sustainability goals, implement data collection initiatives, and monitor and assess sustainability performance with the ultimate objective of moving ever closer to fully achieving our mission.

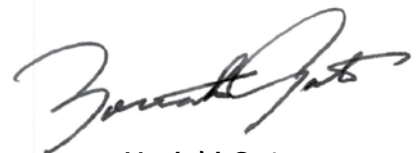
In 2015, we will be working hard to further promote these sustainability goals among Krungsri staff by engaging everyone in a shared responsibility of this endeavor. At the same time, we will reach out to stakeholders to better understand their needs and expectations of Krungsri in order to continually better ourselves as our customers' preferred financial service provider.



Veraphan Teepsuwan
Chairman



Kanetsugu Mike
Vice-Chairman



Noriaki Goto
President and
Chief Executive Officer

CORPORATE GOVERNANCE

Krungsri places utmost importance on the adherence to best corporate governance and practices as we recognize that **corporate governance is the fundamental of sustainable growth.**

CORPORATE GOVERNANCE POLICY

The Board of Directors is aware that good corporate governance principles are a vital foundation of sustainable organizational growth. Compliance with the principles will result in effective business operation based on correctness, transparency, equality and verifiability. This will, aside from creating confidence among shareholders, investors and all relevant stakeholders, add value to the Bank's business in the long run. Krungsri takes into account risks and liabilities to stakeholders and every related party, and at the same time supports sustainable development in the fields of economy, society and the environment.

The Board of Directors has stipulated Krungsri's 'Good Corporate Governance Principles' in writing. Their provisions cover shareholders' rights and their equitable treatment, information disclosure and transparency, accountability of the Board of Directors and Sub-Committees, internal control and audit systems, and philosophy of business engagement. In addition, the Principles state Krungsri's role to stakeholders, its vision and core values, moral and ethical behavior of its employees, and social responsibility. Furthermore, Krungsri stipulates that the Principles be reviewed on an annual basis, or immediately in case of any significant change. This is to ensure the appropriateness of the Principles to situations which may change at any time. (More details can be found in Annual Report 2014)

Apart from the abovementioned Principles, Krungsri has disseminated a document called 'The Spirit and The Letter' (S&L), outlining key principles of the Code of Conduct under applicable laws and good governance. The main purpose is to encourage transparency of Krungsri's business operation as well as its accountability to stakeholders. The matters that employees should know and practice, as well as matters that they should be aware of, are stated therein in writing. Punitive measures are also specified in case of violations. Apart from providing a manual to every employee, the Bank makes it available on its internal website. Activities are organized to promote knowledge and understanding of the issues, for example, the annual S&L Week.

GOVERNANCE STRUCTURE

Krungsri's Board of Director consists of 12 directors, i.e. five non-executive directors, four independent directors, and three executive directors. Three directors are female.

The roles and responsibilities of the Board of Directors and the management are clearly separated to ensure that the Bank's operations are carried out in compliance with the law and consistent with the business code of conduct and Good Corporate Governance Principles.

Currently, the Chairman of the Board is a different person from the President and Chief Executive Officer of Krungsri. The roles and duties of each position are clearly indicated.

The Chairman of the Board is not an independent director, but his performance of duties is independent from the management and the major shareholders, focusing mainly on the benefits of the Bank and its shareholders.

In compliance with Krungsri's good Corporate Governance, the Board of Directors shall have independence in making decisions for the maximum benefit of the Bank and its shareholders and shall perform duties with accountability, duty of care and duty of loyalty, monitor and follow up the progress of business operation to ensure compliance with laws, the Bank's objectives and Articles of Association, resolutions of the Board of Directors and the shareholders meetings and good corporate governance principles (duty of obedience).

There are 4 committees* supporting the Board of Directors:

- Audit Committee
- Nomination and Remuneration Committee
- Risk Management Committee
- Compliant Review Committee
- Credit Committee
- Executive Committee

CONFLICT OF INTEREST

Krungsri has policy to prevent any transactions that may lead to a conflict of interest and any use of inside information to seek unlawful benefits for themselves or others.

(More details can be found in Annual Report 2014)

ANTI-CORRUPTION POLICY AND PROGRAM

Krungsri is committed to operate our business with honesty, integrity, transparency and auditability in strict adherence to our anti-corruption policies and procedures.

The key principle of Krungsri's Anti-Corruption Policy and Program includes adopting a zero-tolerance approach to any direct or indirect forms of corruption or violations of anti-corruption principles laid down by the Board of Directors; establishing measures and operating procedures covering any act which may cause the risk of corruption; communicating and promoting practical implementation of the Anti-Corruption Program; providing training and knowledge dissemination related to anti-corruption; prohibiting giving and/or accepting of any forms of bribes, money or benefits which may cause the risk of corruption or considered as corrupt; constituting a whistle blowing channel; establishing accurate accounting record and document keeping; and establishing internal controls covering the examination and evaluation of the adequacy of the internal control systems conducted by the Audit Committee which are reported to the Board of Directors.



* As of January 5, 2015, there are 4 Committees supporting the Board of Directors: Audit Committee, Nomination and Remuneration Committee, Risk and Compliance Committee, Executive Committee

KRUNGSRI'S APPROACH TO SUSTAINABILITY

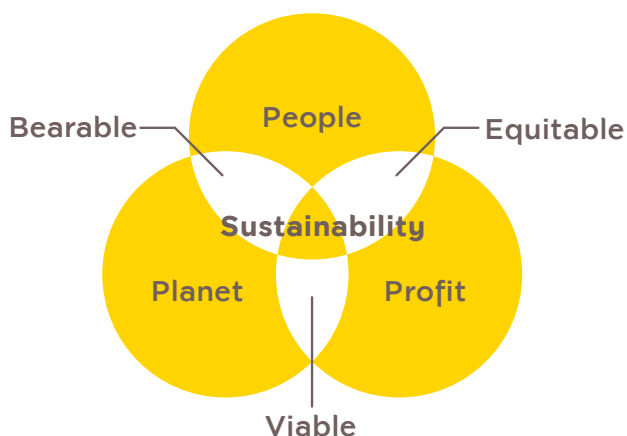
Corporates Social Responsibilities (CSR) is not a new concept. In the past, the way corporates approached CSR was through philanthropic efforts, driven by negative consequences of their actions on the wellbeing of economy, society and environment.

Most recently, with frequent reoccurrences of economic, social and environmental crises around the world, corporate citizens were forced to rethink their roles towards sustainability along with the concept of CSR that would best fit with their sustainability objectives. It is now commonly accepted that philanthropic efforts would be the most impactful when they are aligned with the social, economic and political trends most relevant to the corporate's business, regardless of what industry they are in. It is also increasingly expected that corporates:

- Demonstrate that they are thinking about what sustainability issues resonate the most for their business;
- Leverage core business strengths through corporate giving; and
- Build customer/stakeholder recognition and awareness of sustainability.

Sustainable development thus became the new focus for corporates.

Sustainability: People need to make profit without troubling planet



Nonetheless, the financial sector has been slow to respond to this new thinking, partly because of our role as financial intermediaries rather than producers who directly impact the real economy, society and environment. Nonetheless, studies have shown that there is a significant positive relationship between social responsibility and financial return and also a significant negative relationship between social responsibility and non-performing loan (NPL).¹ Thus, the benefits of commercial banks' efforts to ensure sustainable development actually return to them. As such, it can possibly be expected that commercial banks will increasingly align their thinking with the concept of sustainable development in the periods ahead.

For Krungsri, sustainability is a concept instilled in our mission – 'To be a leading regional financial institution with global reach, committed responsibly to meeting the needs of our customers and serving society through sustainable growth.' In our pursuit of being a responsible financial service provider, we emphasize on the following approaches to sustainable development.

Economic: To support the country's pursuit of sustainable economic growth and ensure the wellbeing of Thai population, Krungsri aims to play our role as a true financial solution provider for customers through aligning business strategies with economic outlook, maintaining a well-balanced portfolio in line with the economic structure and being our customers' business partner and financial advisor.

¹ Wu and Shen (2013) and Cornett, Erhemjamts, and Tehranian (2014)

Social: Krungsri places great effort on social development because we believe that a sustainable society requires, on top of employment, fair income distribution and equal opportunities. As a commercial bank, Krungsri chooses to play our part in being a responsible corporate citizen through the provision of financial access and financial literacy as well as involving our Krungsri people in community development initiatives and various CSR activities.

Environment: Like any other business, our activities can, to some extent, adversely affect the environment and natural resources. Therefore, Krungsri places great emphasis on various green initiatives, for example, energy reduction, water and paper consumption reduction and recycling of waste materials to help conserve the environment, save energy and reduce expenses.

To affirm our commitment to sustainable development, Krungsri has started to publish Sustainability Report for the first time this year. The report, covering the periods between January and December 2014, aims to provide information about Krungsri's operations and how we contribute towards long-term value creation for our customers and other stakeholders, through our efforts on the three aspects of sustainable development, namely economic, social and environmental sustainability.

This Report contains Standard Disclosures from the Global Reporting Initiatives (GRI) Sustainability Reporting Guidelines. Given that this is our first attempt at reporting, we realize that we do not fully meet the reporting standards. Nonetheless, we have taken great care in ensuring clarity and comprehensiveness of the report. In the years to follow, we hope to develop the report into a full-fledged and proper Sustainability Report in accordance with the requirements of the GRI's G4 standards.



STAKEHOLDER FOCUS AND CUSTOMER CENTRICITY

Sustainability requires understandings and efforts on all part. Thus, Krungsri's long-lasting relations with key stakeholders are the keystone of our business dealings. At the heart of our key stakeholders are our customers, followed by shareholders/investors, employees, competitors, creditors and suppliers, society and environment.

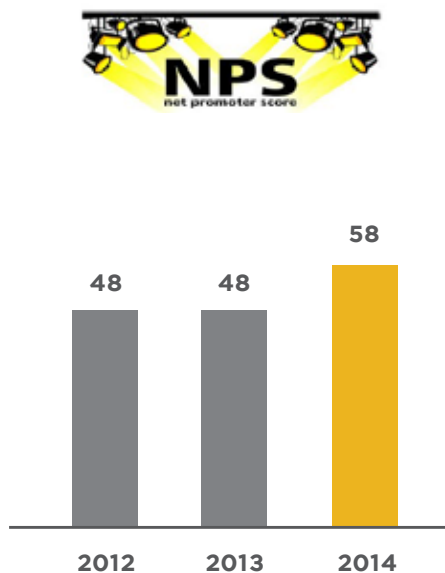
Stakeholder engagement

Stakeholders	Methods of engagement	Concerns	Responses
Customers' Segment - Retail - SMEs - Corporate	- Customer survey, focus group, market research - Call center - Training and seminars - Customer complaint resolution process - Social media	- Quality products at fair prices - Professional service - Equal treatment - Customer privacy	- Customer centricity as the foundation of our core values - Product innovation and service and process improvement - Comprehensive product information to facilitate appropriate decision making - Data security - Financial knowledge together with financial access
Shareholders/Investors	- Annual General Meeting - Annual report and other information updates - Results announcements - Investor meetings	- Steady and reliable performance - Satisfactory return on investment - Equal treatment - Well managed risk	- Proper dividend yield - Adherence to best corporate governance and practices and disclosure of information in a correct, complete, equitable and transparent manner - Prudent risk management
Employees	- Employee survey - Internal communication - Employee engagement activities - Training and development - HR service	- Competitive salary - Satisfactory welfare and benefits - Great workplace - Career development and advancement - Equal treatment	- Proper hiring policies and competitive compensation and benefit - Employee training and development - Workplace enhancement - Employee engagement activities - Employee complaint channel and protection

Stakeholders	Methods of engagement	Concerns	Responses
Other banks	- Membership in the Thai Bankers' Association, the Joint Standing Committee on Commerce, Industry and Banking - Inter-bank agreements and transactions	- Fair competition and treatment - No unlawful conduct to obtain competitors' information	- Compliance with related laws and regulations - Code of conduct for Krungsri employees - Anti-Corruption Policy and Program as certified by the Thai Institute of Directors Association (IOD)
Creditors, contractors and suppliers	- Seminars and events - Investor meetings	- Timely payment and strict compliance with terms and conditions	- Code of conduct for Krungsri employees - Proper procurement policy and practice
Society	- Community activities	- Responsible lending - Compliance with human right policies and anti-corruption practices - Participation in community development	- Bank-wide and branch-led CSR activities - Training for Krungsri employees
Environment	- Activities to conserve the environment and natural resources	- Compliance with related laws and regulations - Conservation of natural resources	- Various green initiatives to conserve the environment and natural resources - Bank-wide and branch-led CSR activities

CUSTOMER CENTRICITY

At Krungsri, 'Customer Centricity' is the foundation of our Core Values. It is a commitment that we make to our customers to deliver financial products and services to match their requirements. We put our customers first, understanding and anticipating their needs and expectations and responding with best solutions. Every customer is important to Krungsri and our customer engagement programs are tailored for each group's specific needs because we realize that each customer is different.



To help us serve customers better, we constantly measure and monitor customer satisfaction through a Customer Satisfaction Score, which tracks customer attraction and preference for Krungsri brand. In this regard, our Net Promoter Score (NPS) has been increasing since 2012, registering at 58 at the end of 2014, reflecting higher preference for Krungsri and likelihood of referrals.



This year, Krungsri brand was also the winner of 'Thailand's Corporate Brand Rising Star Award' for the financial sector. The Award was part of a joint research guided by the Faculty of Commerce and Accountancy, Chulalongkorn University in collaboration with Settrade.com Company Limited and Manager Online.

This research employs a corporate brand value assessment tool called 'Corporate Brand Success Valuation' by which measurable key factors that contribute to the creation of corporate value are taken into consideration. In so doing, financial, accounting and market information is used to compute brand value in figures. According to the research results, Krungsri brand shows the highest growth rate of 15.10% for the Thai commercial banking sector, reflecting accelerated recognition of Krungsri brand among customers.



PRIORITY THEMES

ECONOMIC

SUPPORTING SUSTAINABLE ECONOMIC GROWTH BY BEING A TRUE SOLUTION PROVIDER FOR CUSTOMERS

One of the most important lessons learned from past economic and financial crises is that a nation should no longer focus on economic development but rather sustainable economic development. While the ripple effects of the latest global economic crisis still persist, countries around the world are undertaking various structural reforms with the aim shifting away from growth towards sustainability. This also applies to all economic agents, individuals, corporates and institutions alike.

Krungsri fully recognizes and agrees with the need to realign our goals and strategies for this collective purpose. As we approach our 70th year of commitment to the Thai banking sector in 2015, we will continue to do our business in a way that promotes the wellbeing of Thailand and Thai people while ensuring satisfactory performance for our going concern.

Aligning business strategies with economic outlook

In 2014, the Thai banking industry witnessed a slowdown in the operating environment. The political situation that intensified at the beginning of the year caused sentiment to deteriorate, sending domestic demand that was already slowing to plunge deeper. Meanwhile, export recovery continued to be sluggish, owing to the still uncertain global economic prospect and lower competitiveness in certain domestic industries.

Difficulties in the operating environment prompted Krungsri to reassess our near-term growth strategy and prudence quickly became our focus. Against the backdrop of high household debt and uncertain economic prospect, risk management and compliance assumed top priorities. Ensuring business continuity for our customers was top priority and we worked with customers to maintain necessary liquidity, ensure repayment ability without over-stretching their finances, and provide financial advice to help them get through the difficult period and accumulate strength and knowledge to take advantage of the upcoming economic upturn.

Avoiding high risk businesses

Krungsri has an internal policy to discourage lending to some groups of customers designated as 'caution category' and 'prohibited category'. The caution category includes businesses whose transactions with the Bank may not cause apparent damage but can nevertheless put our reputation risk at stake. Examples include businesses that badly pollute the environments or induce negative impacts on local communities and society at large. Meanwhile, businesses in the prohibited category include:

- Illegal businesses, such as illegal drug dealing, non-licensed currency exchange operation, non-licensed arms-dealing, businesses identified under the Anti-Money Laundering and Combating the Financing of Terrorism Law
- Political parties, or businesses or persons who are clearly known would use the credit facility granted by the Bank in political activities
- Incompetent persons under writ of order, persons under order of control of property, or person declared bankrupt under the Bankruptcy Law
- Business that border on good morality, such as massage parlors and love hotels
- Customers and/or the related parties who are in the list of blocked persons verified from the information of SIDE Safe Watch system which is in line with the authority announced by the Bank that is 'KYC/CDD Loan' and 'Sanctioned Countries and Blocked Persons Policy'

Maintaining a well-balanced portfolio in line with the economic structure

Corporate Segment

Agriculture is Thailand's backbone economy. This year, Krungsri and Bank of Tokyo Mitsubishi UFJ (BTMU) Bangkok branch provided funding of **THB 20 billion** to the Bank of Agriculture and Agricultural Cooperatives (BAAC) to help repay farmers under the rice pledging scheme. The decision was based on our strong intention to support the government's priority to revitalize the grass-root economy and facilitate economic recovery process.



Meanwhile, non-agricultural sectors are gaining importance as sources of growth. To provide inclusive support for all, Krungsri strives to ensure that our corporate portfolio mix is well diversified, covering sectors such as manufacturing, commerce, service, public utilities,



construction and real estate. Additionally, in aligning our efforts with the government's plan to stimulate investment in infrastructures in order to enhance the country's economic potential and competitiveness, this year, Krungsri allocated around **THB 76.5 billion** or 21% of total loan portfolio to infrastructure-related industries, namely, power, oil and gas, petrochemical and construction industries.

From 2015 onwards, we hope to be more active on this front, especially with a successful completion of the integration between BTMU Bangkok branch and Krungsri, which would strengthen our corporate business capabilities and equip us with a global network that would be crucial in helping the business of our corporate customers.



SME Segment

SMEs make up more than 95% of the total number of Thai businesses and account for approximately 80% of employment, thereby making SME development a part of the government's national agenda on income redistribution and social equality. Krungsri SME aims to support SMEs to grow sustainably by making it easy for them to access financial support and business opportunities through various activities and knowledge sharing initiatives.



Financial support is the bloodline of SMEs but unfortunately access to finance remains difficult for some due to lack of collateral and financial records. In line with the government's policy to support SMEs via the Thai Credit Guarantee Corporation (TCG), in August this year, Krungsri introduced SME loans under the three-times family (Ju-Jai loan, Tan-Jai loan, and Prom-Ka-Yai loan) employing TCG facilities. These loans were designed to help strengthen SME liquidity as well as support their future business expansions. So far, a total of THB 22.3 billion has been extended under this loan program, reaching a total number of 4,256 SMEs.



Speed and simplicity are keys in SME financing as SMEs do not possess strong financial connection or product knowledge like corporate clients. To cater for these needs, Krungsri SME implemented more efficient operational procedures, including more rapid credit underwriting. Krungsri One Scan system was introduced to streamline our business processes and credit approval systems, enabling us to decrease turnaround time and improve risk analytics.

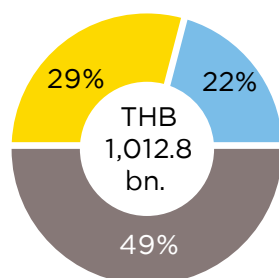


Retail Segment

Consumer finance is Krungsri's number one strength. While we strive to maintain our strong market share, we also take utmost care to be a responsible lender. Krungsri realizes that access to finance is important for wellbeing improvement but access must be promoted together with financial discipline or people will run into over-indebtedness.

Loan Portfolio breakdown
(as of December 31, 2014)

■ Corporate ■ SME ■ RETAIL



Housing is a basic need and thus mortgage loans generally constitute the largest part of people's debt. Krungsri aims to support people to own their homes by making mortgage applications hassle free and helping them mitigate default risks. An online channel was established to allow convenient access to product and service information, terms and conditions, installment calculators and an online application portal. Krungsri One Scan also enhances branch experience, allowing staff to easily check application status, thereby increasing the efficiency of credit approval process.

While auto loans are considered a part of consumer finance, up to one third of our customers are actually self-employed individuals, implying that their automobiles are also used for their business. Thus, auto loans are also a means to generate economic value. By ensuring a diversified and well-balanced portfolio, reaching both Bangkok and regional provinces while covering a range of automobiles such as cars, pick-up trucks and commercial vehicles, Krungsri Auto

takes pride in extending financial opportunities to all groups of customers equally. Moreover, to 'make life simple' for customers, we implemented a number of initiatives to enhance our services, for example, more touch-points to ease access, flexible accelerated repayment feature (Car for Cash Poh) to help reduce interest payments, and used car website to connect sellers and buyers with online loan application feature.



Personal loans and credit card loans are important sources of finance for day-to-day and extraordinary expenditures. With our commitment to being a responsible lender, Krungsri adopts a thorough credit assessment and prudent credit risk management policies in processing customers' loan and credit card applications. A variety of products are offered to suit customers' specific needs.

This year's economic slowdown coupled with high household debt led to some concerns over customers' debt servicing ability. As a preventive measure, Krungsri also tightened our underwriting standards and increased the frequency of monitoring Credit Bureau information. To assist customers through this difficult period, we stepped up our efforts in monitoring signals of irregular repayment behavior and providing advice to customers on loan restructuring and debt management, when necessary.

Being our customers' business partner and financial advisor

'Customer Centricity' is the centerpiece of Krungsri Core Values. On top of providing quality financial products at reasonable prices, we are committed to building long-lasting relationships with customers. It is our goal to provide customers with an integrated solution to meet their needs, including products, service, knowledge and experience. At Krungsri, we believe in empowering our customers, enabling them to turn access to finance into real economic benefits.

For corporate customers, different financial consultancy services were offered to meet the needs of different industries, spanning over areas as capital restructuring, fund raising, business expansion and merger and acquisition (M&A).



For SME customers, a range of capacity building initiatives were conducted. In August 2014, a business matching event was held to help SME customers expand their businesses by providing them with opportunities to introduce their products to leading corporates. An online business matching platform www.krungsri.com/BusinessMatchingOnline was also launched to help SMEs build connections, with an appointment making function to facilitate further discussions. Open House activities were also organized in which SMEs were invited to visit leading corporates for knowledge sharing and networking. Finally, SME clinic was another channel where Krungsri provided professional consultation to customers seeking advice on product development.



For individual customers, Krungsri introduced a new Plan Your Money financial consultancy service for middle-mass customers to provide access to a comprehensive but easy to understand financial planning and investment advice, to help them manage their financial future, build a portfolio to suit their lifestyles, and accumulate wealth. The service is available through Krungsri Call Center – simply dial 1572 and select 5. Customers may also visit our Plan Your Money corners at branches in key office buildings.



Additionally, to assist customers to prepare for the upcoming AEC, Krungsri Auto Smart Finance project was initiated since 2009, providing highly effective tailor-made courses to promote financial management and financial literacy in all sectors. In 2014, 'Krungsri Auto Smart Finance: To Leverage Your Opportunity to AEC Market' was launched in Udon Thani and Prachinburi to help small local entrepreneurs manage their finances and prepare for future challenges that they may face. To date, a total of 2,650 trainees have participated and benefitted from our Smart Finance courses.

SOCIAL

NURTURING THE SOCIETY BY BEING A RESPONSIBLE CORPORATE CITIZEN

At Krungsri, we place great effort on social development because we believe that a sustainable society requires, on top of employment, fair income distribution and equal opportunities. As a commercial bank, Krungsri chooses to play our part in being a responsible corporate citizen through the provision of financial access and financial literacy. Financial access is a means to foster economic activities. Nonetheless, access to finance is still limited for some population, for example, people in remote areas, self-employed, and those with low income. In addition, not only do people need access to suitable financial products and services, they also need financial knowledge and skills in order to make everyday life financial decisions.

Promoting financial access among the underserved population

Krungsri Microfinance

CFG Services Co., Ltd. (CFGS) or Srisawad Ngern Tid Lor, a subsidiary of Krungsri, is our main vehicle to promote financial access among the underserved population, namely those with low and/or irregular income, lack of access, financial history and education. We believe that by facilitating these people with access to formal financial services, we can help reduce and even eliminate their reliance on illegal loan sharks, thereby relieving them from excruciatingly high interest burden not to mention forceful debt collection methods. With our microfinance services, these people will also learn about financial discipline and financial management as well as start to build a good credit history to prepare for wider and deeper financial access in the future.

CFGS financial access highlights

- 323 branches nationwide, covering 74 provinces, mostly in the community areas
- Transparent pricing
- Secured personal loans using vehicles as collaterals and newly introduced unsecured personal loans program to wet-market traders who had previously limited access to formal banking services and were especially vulnerable to loan sharks

- Unique risk assessment tailored to match specific characteristics of the unbanked population
 - Specific factors that banks tend to overlook are analyzed, for example, family situation and behavior through the conduct of in-depth face-to-face interviews
- Typical criteria for loan analysis are still in place e.g. credit bureau check, customers' debt servicing ability, income and cash flows. The wet-market program does not require loan collateral but takes into consideration the goods that vendors sell. The method aids in loan analysis, while customers learn about income, margins, profits and losses. When customers manage to make regular loan installments, we help them build their credit history because every financial record is report to National Credit Bureau (NCB).
- Other products include:
 - Loans for Thai farmers to purchase tractors. The program is designed to accommodate their seasonal cash flows. Such 'flexible installment' loans feature monthly, semi-annual and annual installment options, making it easier for farmers to invest in equipment that will help generate higher crop yields and reduce labor input costs.
 - Truck refinancing product 'Ngern Sip Lor' to serve owner operators to raise working capital, liquidity, and create opportunities for business growth.
 - 'Ngern Tid Lor Broker', an affordable and ready-to-go, easy-to-claim personal accident (PA) insurance and automotive insurance for financial protection to every customer

CFGS: How we work THE BEST of both worlds

To bring the under-banked into this financial environment we combine the effective solutions of informal lending and the security of banking together as one. We offer loans in as fast as 30 minutes on the same assets that they would take to informal lenders and provide them with a loan that not only fulfills their financial needs but also provides affordable repayment plans, transparency (contracts & receipts), easy access (through branch networks), responsible lending, compliance to regulation and that all important peace of mind. It also means that our customers can begin to establish a credit history (through our membership with the National Credit Bureau), giving them the potential to migrate to a wider range of products and services from larger financial institutions such as Krungsri, our parent company.

Who are the 'under-banked'?

The 'under-banked' refers to lower income Thais whose income is irregular and lacks any proof or record; they are often cash-strapped micro entrepreneurs, self-employed or day-to-day laborers with no credit history. This makes it near impossible for them to apply for loans from banks. To get money for their needs, they rely on informal lenders to loan cash for their assets such as cars, motorbikes and gold. Informal lenders include: pawn shops, gold shops, shop house moneylenders and loan sharks – all of which charge extremely high interest rates and provide little to no security. It is risky, unreliable and can often leave the customer in a worse off situation than they originally were.

We want to bring the under-banked into a safer, more legitimate and accountable financial environment.

From tragedy to triumph: the story of Jae Uan

Jae Uan is the owner of a popular fried oyster stall in Siriraj market. Her story is one of ballooning debts, loan sharks and daily repayments far exceeding her profits. Before CFGS began to work with Jae Uan, her debts had accumulated to **THB 1.7 million**, with daily payments of THB 31,200 to 15 different informal lenders. The revenues she made each day were used entirely to pay off her debts, often not earning enough in a single day to fulfill her installments. Her debt was spiraling out of control.

CFGS was able to consolidate Jae Uan's loans and restructure her balance sheet. Along with a loan from SME Bank, CFGS refinanced her pickup truck and loaned her enough money to pay off the loan sharks.

Jae Uan now earns more than THB 30,000 per day, with new daily installments of only THB 1,500 to CFGS. She now has savings in a bank account, insurance for herself and her children, and the freedom to enjoy her profits without the burden of loan sharks and negative balance sheets.

Since our work with Jae Uan, CFGS now has over 300 customers in Siriraj market alone.



Our diligent pursuit of being a responsible banker was recognized in our winning of the Bank of the Year – Financial Inclusion 2012 Award from the Banker, the world-renowned banking magazine published by the Financial Times Group. The honor recognized CFGS for unsecured loans for wet market traders, enabling them access to revolving loans with fair interest rates and transparent arrangement, and motorcycles for cash, a loan aimed at lower-income earners who own motorcycles.



Easing access with smart locations and channels

At the general level, Krungsri aims to deliver financial products and services to meet the needs of each customer group, conveniently and effectively. Apart from ensuring high quality, fair and transparent products and services, we also focus on improving and developing our access channels to keep up with the trend in customers' behavior and lifestyle, for example, at domestic and overseas branches, Krungsri Exclusive banking centers, currency exchange centers and Western Union centers. We also render services through online and mobile channels, telesales units and commission sales.

Channels	2012	2013	2014
Branches	601	610	644*
- Bangkok and vicinities	272	272	282
- Regional	329	338	362
ATMs	4,278	4,730	5,101
- Bangkok and vicinities	2,129	2,261	2,404
- Regional	2,149	2,469	2,697

*Note: 616 Krungsri branches and 28 Krungsri Auto branches

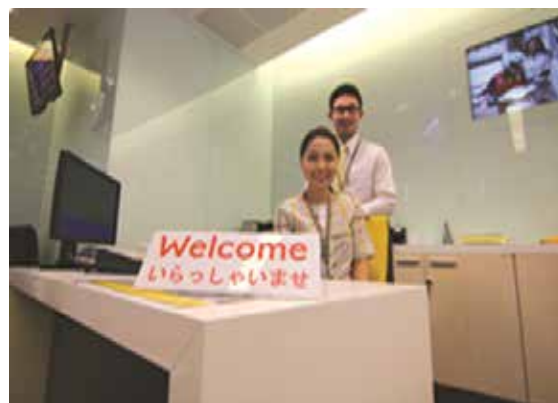
We introduced the branch rationalization concept which reviews how to leverage existing branch locations, where possible, instead of investing in new outlets. This focuses on locations which best serve our customers in terms of convenience and meeting their lifestyle needs. Thus, we also closed, relocated and expanded existing branches to efficiently deliver the best possible service to customers and support future growth. We also standardized our branch layout to reinforce the Krungsri brand and enhance the customer experience with a relaxed atmosphere and simplified transaction processes.



Technology is increasingly utilized at branches to provide convenience and save transaction time. Our innovative in-branch digital queuing system or 'Simple Q', removes the need to fill in forms for most transactions with a simple swipe of a customer's ATM card or passbook. Customers then select the required transaction and the system then puts them in the queue while retrieving all relevant account information from our system which only requires the customer to sign the appropriate documents.

One-Scan/SmartFlow is a system for loan requests which has been designed to enhance better workflow and faster approval for customers. This technology significantly reduces both the number of processes and the time required to approve a loan as well as helps reduce printing and paper usage at Head Office and branches nationwide.

In addition, we piloted our Japanese Service Desk in two branches (Siam Paragon and Thonglor Vasu) to better serve Japanese customers and added Japanese language to all Krungsri ATMs nationwide.



Enhancing financial access through digital content

It is our commitment to develop new innovations that effectively respond to the demands and lifestyles of customers. Our digital banking strategy 'Bring the Bank Home' aims to enhance customers' banking experience through an online service that they can access anytime, anywhere through our mobile application, web banking and tablet banking. Apart from offering hassle-free and convenient service, 'Bring Bank Home' also promotes energy saving and paper usage, contributing towards Krungsri's goal to reduce our carbon footprint.

This year, Krungsri also launched our new www.krungsri.com website, which was redesigned to meet changing consumer behavior and technology usage. Our 'digital content' strategy



aims at adding more value to Krungsri website and increasing usage by improving the quality of information provided. Compared to other types of content, the amount of financial information available in the digital world is still rather limited and most of the time, difficult for an average consumer to grasp. For Krungsri, this is the gap we would like to fulfill for our customers.

Via www.krungsri.com, customers can access an array of digital content resource about business and finance through 'Krungsri GURU'. The content is provided by well-known businesspeople and writers as well as a number of renowned bloggers, emphasizing on building knowledge and understanding, through advice on different topics on which the individual writers are experts. In this way, the new www.krungsri.com and Krungsri GURU will meet the needs and interests of a wide range of users seeking finance and investment knowledge and advice.



Empowering the underserved through financial literacy

In addition to expanding financial access to underserved segment, providing them with fair and transparent practices, Krungsri also emphasizes on their financial management skills and abilities in the long-run. We believe educating them about debt management and financial discipline is key to ensuring that people are able to turn financial access opportunities into income and savings, thereby uplifting their wellbeing in a sustainable manner.

Through CFGS, Krungsri promotes financial literacy through financial education program for clients, which offers six modules, such as savings methodologies, loan management, and business and cost analysis. The program's objective is to help clients improve their financial decision-making, become better money managers and improve their quality of life. In 2014, 11 training sessions were held at various locations in Bangkok whereby a total of 150 participants attended.



For other customers such as corporate, SME and other retail clients, Krungsri also has in place, various financial consultancy and financial knowledge enhancement channels to serve their specific needs.



Giving back to the community through bank-wide and branch-led CSR initiatives



Recognizing that our community and social development initiatives are long-term efforts, in 2014, Krungsri launched the 'Krungsri The Heart of Giving' Project, focused on education and community engagement, to illustrate its sustainable development activities, and also provided support to other social contribution activities arranged by other organizations as shown in the table below.

List of Social Contribution Support for Activities run by other Organizations in 2014

Item	Description	Amount of Donation (THB)
1*	CD, CD cases and cash donation for media recording for the blind	41,337.00
2*	Cash and supplies donation made to Rangers at Ingkayut Borihan Military Camp, Pattani Province	188,074.52
3	14th Charity Walk for Health by Thai Red Cross Society	20,000.00
4	Supporting financial literacy programme by The Thai Bankers' Association	210,600.00
5*	First aid kit sale, in support for Thai Red Cross Society	120,000.00
6*	Handmade fabric flower, Gaew Galaya sale, in support of the disabled on the occasion of 48th Annual Disabled Day	23,000.00
7*	Save the environment cloth bag sale, in support of Thai Red Cross Society	60,000.00
8*	Handmade fabric flower, zinnia sale, in support of the Foundation for the Welfare of the Mentally Retarded of Thailand, on the occasion of 52nd Compassion Day for the Mentally Retarded	53,842.00
9	Donation to the Neuroscience Centre for Research and Development, Chulalongkorn Hospital	500,000.00
10*	Handmade fabric flowers sold in support of the National Council on Social Welfare of Thailand under the Royal Patronage, on the occasion of Mother's Day	35,125.00
11	Donation made to Operation Smile Thailand	150,000.00
12	Donation made to Prince Mahidol Award Foundation	100,000.00
13	Donation made to Thai Cycling Association	200,000.00
14	Donation made to Thai Red Cross Fair	10,000.00
15	Thai Red Cross Lottery sell, in support for the National Council of Women of Thailand	100,000.00
16	Donation made to the 14th Khun Anand Panyarachun Charity Golf Invitation for Special Olympics Thailand	30,000.00
17	Donation made for the purchase of equipment for traffic patrol police of Bang Phong Phang Police Station	34,200.00

Item	Description	Amount of Donation (THB)
18	Providing free mobile mammogram service for low income women at risk in collaboration with Thanyarak Foundation under the Royal Patronage	550,000.00
19	Donation made to Department of Labour and Welfare for Annual Golf Tournament	35,000.00
20	Donation made to Fine Arts Department for the project of conservation and exhibition of outdoor antiques (190 items) at the Chao Sam Phraya National Museum, Phra Nakhon Si Ayudhya.	2,000,000.00
Total Amount of Donation		4,461,178.52

* List of social contribution supported by employees donation

Under CSR Focus, Krungsri initiated the following CSR activities.

Youth education is a driving force of sustainable social and economic growth. Access to basic education is a fundamental human right. As such, Krungsri implements a number of projects to support the education of underprivileged youths. Since 1985, Krungsri has provided the following scholarships.

Occasion	Scholarship (Total)	Period	Target group
National Youth Day	450 (THB 2,237,000)	1985 – present	Children under the care of Baan Mahamek Home for Boys with good academic performance.
Bank's Anniversary	399 (THB 1,995,000)	2009 – present	Underprivileged children and youth from foster homes and foundations including: • The Foundation for the Welfare of the Crippled Under Royal Patronage • Pakkret Home for Children with Disabilities • Foundation for The Blind in Thailand under the Royal Patronage • Setsatian School for the Deaf under the Royal Patronage • Maharaj Home for Boys • Rajvithi Home for Girls • Foundation for Slum Child Care
National Children's Day	252 (THB 310,000)	2010 – present	Underprivileged youths from schools under the jurisdiction of the Bangkok Metropolitan Administration

Financial Literacy: Besides providing scholarships for underprivileged youths, Krungsri is participating in the 'Saving for Changes project', which ran from January 2014 to March 2015. This is a joint project between the CSR Club of the Thai Bankers' Association, and National Council for Child and Youth Development under the Royal Patronage of HRH Princess Maha Chakri Sirindhorn, with the following objectives:

- To grow student leaders' capability to promote financial discipline among youths and the public
- To pool cooperation from financial institutions, educational institutions and the private sector to promote financial discipline among youths
- To analyze situations and successes of the above-mentioned experiments and develop prototype lessons to advocate approaches for efficient work leading to youths' financial discipline promotion, with students serving as leaders
- To ensure participating youths are financially disciplined and have a good attitude for earning a living, accumulating wealth, spending sensibly and managing risk — all of which are fundamental to having a secure future.



Expanding Horizon: Krungsri has initiated the 'Krungsri Taking Kids to the Movies' for underprivileged children in collaboration with Krungsri IMAX theatre. This program aims to provide the opportunity for 200 underprivileged children each time to experience the world of knowledge outside the classroom. Since 2009, more than 2,000 children have participated the program.

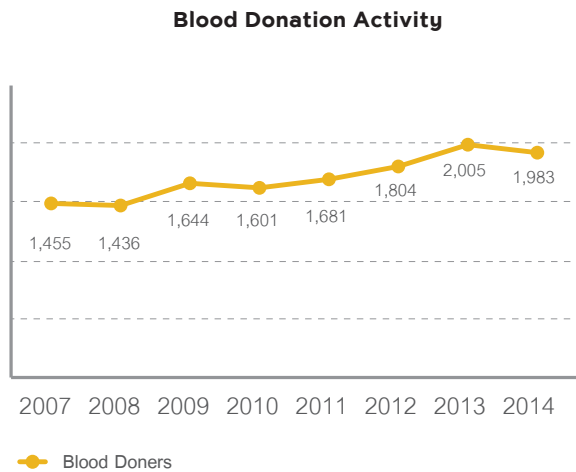
Thai Heritage: An appreciation of Thai history (ethnicity, art and culture) is a prerequisite for sustainable social development. As such, Krungsri supports the preservation and conservation of national art and culture. Below are related on-going activities:

- Krungsri Chronicles: This short nightly national-TV documentary narrates Thai historical, art and cultural heritage through historic events in Thailand. The program first aired in 1985.
- Participation in the promotion and conservation of archeological sites and antiques in Phra Nakhon Si Ayutthaya, in collaboration with the Fine Arts Department in art and culture

Preservation and Conservation of National Art and Culture Support

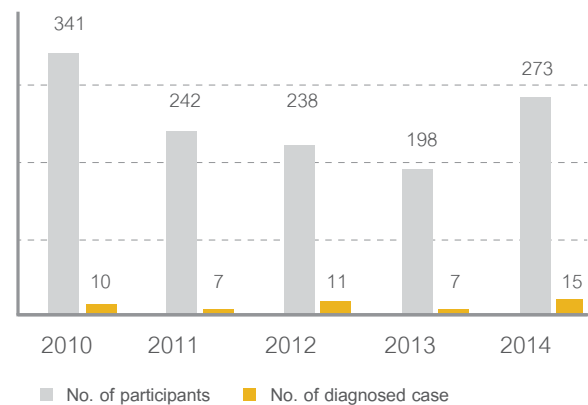
2011	2012	2013	2014
THB 3,000,000 for a phase-1 project to preserve inscriptions at archeological sites in the Phra Nakhon Si Ayudhya Historical Park in collaboration with the Fine Arts Department (23 sites, 138 inscriptions)	THB 100,000 for supporting the Office of Archeology, Fine Arts Department	THB 4,060,000 for renovation project of histological site in Ayudhya Province in collaboration with the Fine Arts Department	THB 2,000,000 for project to conserve and exhibit outdoor antiques (190 items) at the Chao Sam Phraya National Museum, Phra Nakhon Si Ayudhya.
THB 900,000 for a renovation project of Wat Sam Pleum Pagoda, Ayudhya Province		THB 1,992,000 for a phase-2 project to preserve inscriptions at archeological sites in the Phra Nakhon Si Ayudhya Historical Park in collaboration with the Fine Arts Department (14 sites, 87 inscriptions)	

Blood donation drives: Krungsri organizes regular employee blood donation drives with the Thai Red Cross Society since 2007, during which time 104 drives have been held with the number of donors.



Breast cancer awareness: Breast cancer is a leading cause of death among Thai women. Fortunately, it can be detected with a mammogram, which costs THB 2,000–3,000 per time with the fee not covered by the National Health Security Office. Krungsri, in cooperation with the Thanyarak Foundation under the Patronage of the Princess Mother, provides a free mobile mammogram service for low-income women at risk. Since 2010, Krungsri has provided a free mobile mammogram service for a total of 1,292 low-income women in our neighborhood areas. To this end, THB 3.05 million has been donated to the Thanyarak Foundation.

Krungsri Breast Cancer Awareness Project



In addition, Krungsri has sponsored THB 100,000 each year for the Prince Mahidol Award Foundation under the Royal Patronage to support medical research.

Moreover, Krungsri has supported Thai Red Cross Society activities, such as Diplomatic Red Cross Bazaar, Charity Walk for Health by Thai Red Cross Society, and Red Cross Concert by The Royal Thai Navy.



Social Contribution Support for Activities run by Thai Red Cross Society

2010	2011	2012	2013	2014
THB 20,000 for supporting 10th Charity Walk for Health by Thai Red Cross Society	THB 20,000 for supporting 11th Charity Walk for Health by Thai Red Cross Society	THB 20,000 for supporting 12th Charity Walk for Health by Thai Red Cross Society	THB 20,000 for supporting 13th Charity Walk for Health by Thai Red Cross Society	THB 20,000 for supporting 14th Charity Walk for Health by Thai Red Cross Society
THB 10,000 for supporting 42nd Diplomat Red Cross Bazaar	THB 10,000 for supporting 43rd Diplomat Red Cross Bazaar	THB 10,000 for supporting 44th Diplomat Red Cross Bazaar	THB 10,000 for supporting 45th Diplomat Red Cross Bazaar	THB 10,000 for supporting 46th Diplomat Red Cross Bazaar
THB 10,000 for supporting The Annual Red Cross Fair	THB 10,000 for supporting The Annual Red Cross Fair	THB 10,000 for supporting The Annual Red Cross Fair	THB 10,000 for supporting The Annual Red Cross Fair	THB 10,000 for supporting The Annual Red Cross Fair
THB 10,000 for supporting Red Cross Lottery by The Thai Army Wives Association			THB 100,000 for supporting Red Cross Concert by The Royal Thai Navy	THB 100,000 for supporting Red Cross Concert by The Royal Thai Navy
				THB 100,000 for supporting Thai Red Cross Lottery by The National Council of Women of Thailand

Disaster support: Krungsri has initiated 'Krungsri disaster support' in order to help natural disaster victims, such as flood victims and cold weather victims in Thailand. In addition, Krungsri has also extended the support for disaster relief in other countries.

Krungsri Natural Disaster Support

2010	2011	2012	2013	2014
THB 360,000 donation for flood victims in Thailand	THB 55,000 donation for flood victims in Thailand	THB 1,258,197 donation for flood victims in Thailand	THB 100,000 donation for Thai Red Cross Society for earthquake victims in the Philippines	2,000 blankets donation for cold weather victims in Northern and North Eastern Thailand
1,000 blankets donation for cold weather victims in Northern Thailand	1,800 blankets donation for cold weather victims in Northern Thailand	1,700 blankets donation for cold weather victims in Northern Thailand	300 blankets donation for cold weather victims in Northern Thailand	
THB 100,000 donation for Thai Red Cross Society for Cyclone Phet victims in Pakistan				
THB 138,000 donation for Thai Red Cross Society for earthquake victims in Haiti				

KRUNGSRI 'THE HEART OF GIVING'



**YOUR DONATION
CAN MAKE A MIRACLE**

Branch highlight: Branches unite for the greater good

The missions of Krungsri are not only to provide excellent and simplified financial services to customers but also to take responsibility for society. Corporate social responsibility is a duty that we all at Krungsri strive to fulfill. This year, over 6,000 people from branches nationwide participated in the volunteer project 'Branches Unite for the Greater Good' to return benefits to society.

This project was initiated with the aim to build and strengthen relationships among branch employees through a combination of annual team engagement activities and corporate social responsibility projects according to the Bank's policy to provide benefits for and maintain good relationships with communities as well as promote the Bank's commitment towards corporate social responsibility.

A total of 38 CSR activities were organized during August – November this year. Such activities can be divided into 4 categories, namely youth and education development, environmental development, community development and social contribution, and support for underprivileged people. All of these activities ultimately reinforce our aim to provide sustainable benefits to communities.

More than half of the CSR activities done by staff in Bangkok and provincial branches are related to youth and education development. We believe that offering educational opportunities is a kind of endless giving which brings sustainable benefits to the country. Accordingly, branch employees have visited and offered support to underprivileged children in more than 20 schools in remote and poor areas countrywide. Financial support such as scholarships and physical support in forms of, for example, library/classroom renovations, school landscape improvement, and free lunch offering as well as participation in recreational activities with children were provided. Watching those who are the country's future smiling and laughing was something priceless and made branch staff feel so happy that we forget all about our exhaustion.

With regard to environmental development activities, branch employees helped build a total of four check dams in Ratchaburi province. Even though the weather was extremely hot, hundreds of branch staff never gave up. They put their hard efforts in fastening bundles of bamboo sticks and filling up the dams with rocks. They also jointly donated equipment for constructing fire barriers such as hoes and sprinklers to officers at natural parks. Additionally, over 160 Krungsri people working in southern branches went to Donsuk District, Surat Thani province, to plant around 350 mangrove trees with the purpose of restoring and preserving the ecosystem to provide long-term benefits to communities.

As for community development and social contribution activities, people in the northern branches dedicated their time after work to oversee a project to build 50 tooth brushing sinks for children in Rachanuban School, Nan province. Toothbrushes, funded by branch staff, were also donated.



Furthermore, they volunteered to support the Prosthesis Foundation in Chiang Mai province by encouraging customers and people in the community to donate soda can caps in boxes displayed at all northern branches. Aluminum caps totaling 311 kilograms were collected within less than two months and were used to buy pure aluminum to make 50 prosthesis pieces, which gave a new life to disabled persons. As for people in Chonburi branches, they participated in the city cleaning program by joining a caravan to collect garbage from Bang Saen and Pattaya beaches, notwithstanding the sunlight.

Another activity conducted by branch employees was to offer help to underprivileged people at the shelter for homeless people in Saraburi and Nakhonsithammarat provinces as well as in SOS Children Foundation of Thailand under the Royal Patronage of H.M. the Queen, Phuket province. Free meal offering and recreational activities were held to give underprivileged people encouragement and moral support. Donations of money and necessary supplies were also part of this activity.



Krungsri 'Simple to Share' CSR campaign

'Krungsri Simple to Share' is an annual campaign that started in 2011. Initiated and endorsed by Her Royal Highness Princess Maha Chakri Sirindhorn, it provides much needed support to the underprivileged children studying in Thailand's border patrol police (BPP) schools that are located in isolated vicinities. BPP schools provide education opportunities for both Thai and stateless children who do not have identification papers to enroll in normal state schools. The campaign extends this support by focusing their on improving their quality of life, health, and education.

'Krungsri Simple to Share' has already reached out to a total of 178 BPP schools nationwide and 124 schools in remote areas, carrying out various activities from building libraries to donating stationaries and sports equipment. Last December, Krungsri volunteers were joined by four contestants from Thailand's popular television singing competition Academy Fantasia to visit Border Patrol Police Ban Ton Mamuang School in Kanchanaburi's Sai Yok District to build the teachers' houses, as well as donate stationaries, sports equipment, and other daily necessities to maintain the community's multipurpose area.

Head of Marketing and Branding Group Mr. Dan Harsono, said, "Many organizations tend to separate CSR from their business objectives, but we believe that our business objectives influence the way we approach CSR, and vice versa."

"The concept behind 'Krungsri Simple to Share' is simple – to put smiles on the students' faces. We want to give our customers and members of the general public the chance to share our happiness in embarking on activities like these."

Krungsri customers can take part in Simple to Share projects by turning their Krungsri Yellow Points into cash donation to various projects and charitable causes of their choice. The process is the same as normal point redemption in which customers visit our website or contact our call center.



THE CONCEPT BEHIND 'KRUNGSRI SIMPLE TO SHARE'



IS SIMPLY TO PUT SMILES
ON THE STUDENTS'
FACES



ENVIRONMENTAL GIVING BACK TO THE PLANET BY REDUCING OUR CARBON FOOTPRINT

Krungsri recognizes critical issues relating to how business activities can adversely affect the environment and natural resources as well as the atmosphere, soil, water, forests, wildlife and energy supply. Therefore, the Bank sets the same energy reduction goals for Head Office, branches, and Krungsri Group companies, and constantly investigates data to identify recyclable alternative-energy sources that help conserve the environment, save energy and reduce expenses.

Throughout 2014 we focused on increasing the efficiency of our processes and systems and initiated projects under the so-called Green Initiatives as follows.

Measures relating to electricity consumption

- Set the time for switching on/off lights, computers, air conditioners and other electrical appliances to sync with operating hours
- Arrange light control switch boards based on physical locations to allow separate lighting.
- Use energy-saving equipment and light bulbs that meet ISO standards such as LED light bulbs, T5 fluorescent tubes and electronic ballasts
- Check illuminance at the work sites to consider adding/removing light bulbs to achieve the proper illuminance standard (the illuminance standard for office lighting is approximately 500 lux)
- Clean light bulbs at least once per year in order to maintain proper light intensity standard.
- Set air conditioning temperature to 25°C or higher and use digital thermostats to ensure precise control of temperature
- Use refrigerant for air conditioning units that does not destroy the atmosphere
- Set idle time for multifunction devices (MFD) to activate the power saving mode
- Procure personal computers and laptops which meet quality standards and are functionally suitable for use such as computers with Intel Core i3 processor which requires less power, compared to more powerful CPUs
- Determine and deploy suitable screen brightness settings (standard setting)
- Establish maintenance routines and manuals for electrical appliances and systems
- Encourage the use of stairs instead of elevators, especially when going up or down one floor
- Encourage employees to keep curtains closed to block out the heat



Energy consumption (kWh)	2012	2013	2014
Head Office	19,078,000	19,733,000	20,029,000
Krungsri Total Revenues (THB million)	89,575	98,931	101,846

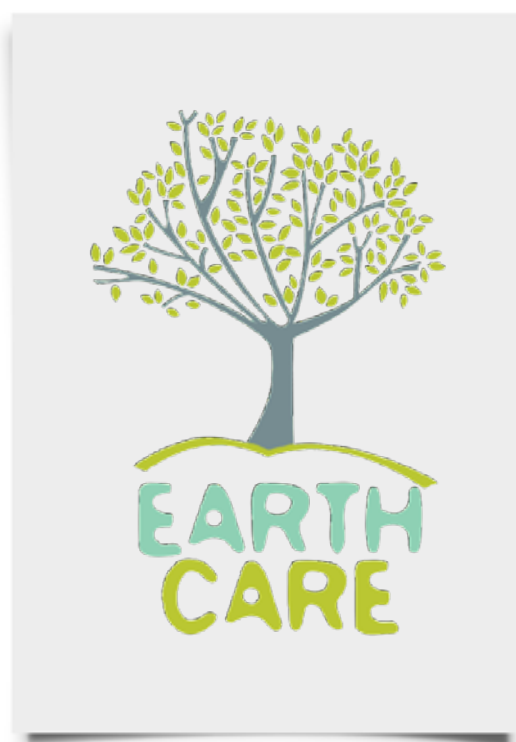
Measures relating to water consumption

- Recycle used water inside the buildings through standard water treatment process in order to reuse treated water for specific types of activities and adopt waste-water recycling for the air-conditioning system, which allows us to save about 10 percent in water bills
- Use water-saving and environmentally-friendly sanitary wares and tools such as water-saving toilets and water-saving faucets (manual and automatic faucets)
- Check leaks in water pipes or faucets on a daily basis
- Promote proper use of water and not to leave water running to minimize water wastage

Water consumption (m ³)	2012	2013	2014
Head Office	175,074	170,221	155,745
Krungsri Total Revenues (THB million)	89,575	98,931	101,846

Measures relating to paper usage

- Adopt automation and digitization in an effort to become a paperless office and enhance productivity and efficiency, for example:
 - Enterprise Content Management (ECM) – digital imaging technology to help minimize repeated and redundant operating processes and data management control
 - One Scan/SmartFlow – system for loan requests to reduce the number of processes and time required to approve a loan as well as paper usage associated with printing and fax communication
 - Simple Q system for branches nationwide – an electronic queuing system to reduce the volume of tickets and slips printed out
 - Share Point system – a centralized data storage to reduce use of other storage media such as CD
- Minimize the procurement of laser printers and replace existing printers with multifunction devices (MFD) to view, scan and store data in soft files instead of hard copies
- Reduce quantity of paper used in printing and fax communication by switching to the One Scan system and using multifunction devices (MFD)
- Encourage employees to minimize paper usage via sending and receiving information via electronic means, checking drafts and edit documents on soft copies before producing hard copies, and using both sides of paper or duplexing
- Use credit card envelopes made from recycled paper and printed with environmentally friendly ink



Measures relating to garbage disposal

- Reduce use of equipment, products or food containers made of foam and adopt the 3 Rs (Reduce, Reuse and Recycle) principle
- Use sorted recycling bins and sort garbage before disposal
- Collect and deliver used paper for repulping and recycling processes
- Promote usage of reusable and safe containers made of, for example, glass or specific types of metal or plastic materials

Krungsri has joined the 'Shred2Share' campaign by InfoZafe for the fifth consecutive year. The campaign urges staff to drop off used documents in special boxes so that they can be shredded and recycled. In 2014, Krungsri deposited 235.70 tons of paper, reducing carbon dioxide in paper production by 61 tons, coal consumption by 26 tons, and water consumption by 11,784 m³. Krungsri will continue to participate in environmental conservation projects, 'Shred2Share' campaign by InfoZafe in the years to come.

Amount of paper deposited to 'shred2share' campaign												2014
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
23.39	35.56	24.83	21.88	21.57	8.75	40.46	12.07	12.61	13.37	9.11	12.10	235.70 Tons

Measures relating to fuel consumption

- Educate employees on smart fuel consumption and reduction of carbon emission as well as encourage them to:
 - Turn off engines when loading/unloading or waiting for passengers to reduce pollution and save fuel
 - Avoid overloading to promote fuel efficiency and enhance engine performance
 - Use vehicles only when necessary and study routes in advance in order to save time and fuel
 - Obey speed limit and drive at less than 100 kilometers per hour to save fuel and ensure safety
 - Use alternative fuels
- Implement a carpooling program to provide transportation service for employees at certain assembly points during rush hours



Krungsri Ploenchit Tower Project

This year, Krungsri undertook a project to construct a new building 'Krungsri Ploenchit Tower Office Building' on the site of our former Head Office on Ploenchit Road. The project is part of our LEED (Leadership in Energy & Environmental Design), a universally accepted scoring system for a buildings' environmental friendliness from the USGBC (US Green Building Council), which ensures standardization of efforts to maximize our use of resources. The project is designed to showcase innovations and international-standard design which focuses on efficient water and energy usage, control of environmental parameters inside the building and choice of construction materials. The building is scheduled for completion in 2017.



Keeping it green with Green Surroundings

To create a green recreational area in our Head Office, Krungsri modified areas into green landscapes and created mini-parks in front of the Head Office and in the 8th floor 'Oasis Area' (the employee canteen). These internal green zones are aimed at reducing the concentration of carbon dioxide in common areas and help employees relax and recharge.

Along with routine energy-saving efforts across the Bank, Krungsri also raised awareness of the need to switch off of lights in areas where no one is working, turn off taps, reduce the use of Styrofoam tools and products, improve office housekeeping, and tidy away crockery and cutlery after meals under the '5S' principles, namely SEIRI (clearing up), SEITON (organizing), SEISO (cleaning), SEIKETSU (standardizing) and SHITSUKE (training & discipline). A Krungsri Bicycle Club was also set up to increase employees' usage of bicycles.

Krungsri Green CSR initiatives

While perennial floods in various regions are regarded as natural disasters, one cannot overlook physical causes such a shrinking forest coverage and degraded forest quality, which trigger widespread damage and inevitably harm to the national economy.

As a corporate citizen, Krungsri sponsors projects to restore ecological equilibrium by cooperating with assorted entities and agencies in preserving streams and erecting weirs to minimize the impact from floods and climate change. As well as creating environmental conservation awareness among Krungsri people, Krungsri therefore has continuously initiated voluntary projects in order to preserve water resources, such as:



Water Resources Preservation Voluntary Projects

2010	2011	2012	2013	2014
Mangrove Plantation, Chonburi Province	Mangrove Plantation with Royal Thai Army, Bang Khuntian District, Bangkok	Mangrove Plantation, Chonburi Province	Mangrove Plantation, Chonburi Province	Check Dam Building with Siam City Cement Pcl, Petchburi Province
Check Dam Building in Doi Tung Development Project, Chiang Rai Province	Check Dam Building in Doi Tung Development Project, Chiang Rai Province	Check Dam Building in Doi Tung Development Project, Chiang Rai Province	Check Dam Building with Siam City Cement Pcl, Saraburi Province	Check Dam Building in Doi Tung Development Project, Chiang Rai Province
			Check Dam Building in Doi Tung Development Project, Chiang Rai Province	

Recently in December 2014, Krungsri Management team led around 170 people from Krungsri Group and Krungsri Auto dealers to volunteer in the Upstream Check Dam Building Activity at Doi Tung Development Project in Chiang Rai Province in order to help carry out a Royal Project. This activity has been held continually since 2009. For 2014, which is the 7th time, the volunteers showed their spirit in constructing 20 check dams in the area of Ban Samakkhi Kao, adding up the total number of check dams built by Krungsri Group volunteers to 90 check dams altogether.



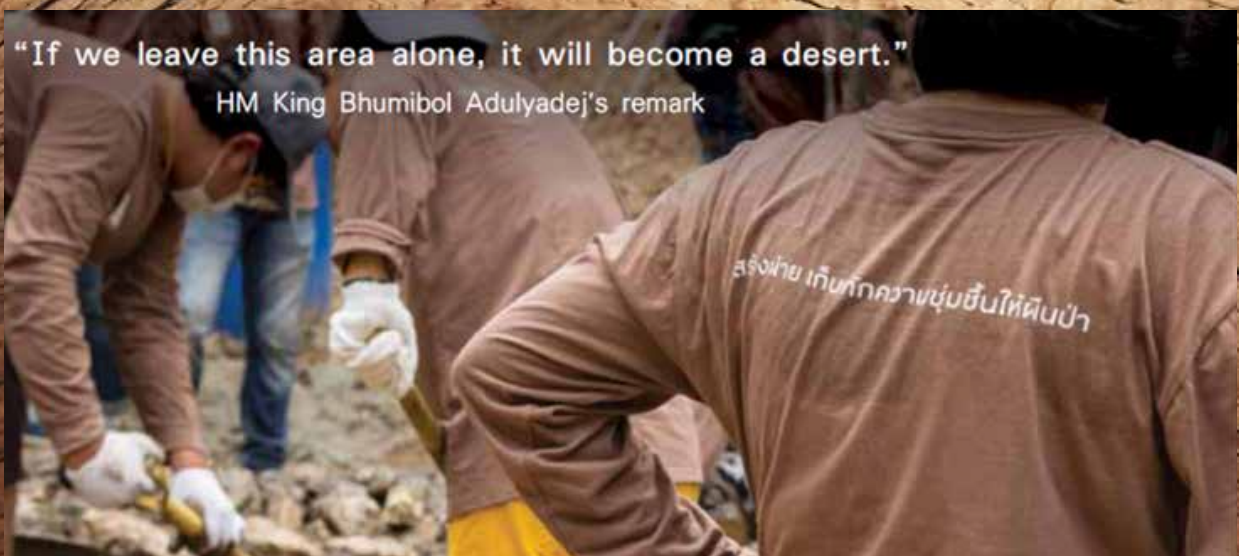
Moreover, during 2009 - 2014, Krungsri has been supporting more than THB 6 million to Mae Fah Luang Foundation Under Royal Patronage for the construction of over 3,000 check dams in the Doi Tung Development Project area which provide benefits of sustainable management of water resources for consumption and agricultural purposes, as well as maintaining moisture in the forest and preventing forest fires for the locals in 29 villages.



CHECK DAM,
THE MEANS
TO PRESERVE
WATER
SOURCES...

"If we leave this area alone, it will become a desert."

HM King Bhumibol Adulyadej's remark



AND MAINTAIN MOISTURE
IN THE FOREST

ETHICAL AND DYNAMIC WORKPLACE

Personal and professional development of Krungsri staff is a priority. Employees are the very essence of the Bank, which is why we provide benefits and working conditions that exceed legal requirements and help ensure that working at Krungsri always remains an enriching experience.

Universal principles of human rights are enshrined in Krungsri brand values and we are committed to observing laws related to freedom of association, privacy, fair wages and working hours, and preventing discrimination in the workplace. Furthermore, we have defined practical guidelines on fair hiring, which not only comply with labor laws, but also promote a culture of respect for others.

All Krungsri directors, executives and employees must respect and observe human rights principles while refraining from supporting businesses that violate human rights. This is a key tenet of corporate governance which also requires the Group to institute proper welfare for employees, offer a safe working environment, comply with laws and regulations on the environment, hygiene, and safety, establish a discrimination-free workplace and protect employee information.

Staff Recruitment and Employee Benefits

Krungsri's criteria and practical guidelines not only comply with labor and hiring laws, they define the following hiring policy:

- Consider educational qualifications, work experience, personal skills, and other work-related criteria regardless of nationality, skin color, religious belief, race, gender, age, disability, stage of pregnancy, sexual inclination, veteran status or other qualifications protected by law.

- Provide fair and competitive compensation with comparisons made against other banks and leading companies, Krungsri's criteria and outcomes from annual pay surveys conducted by leading national human resource consultants.
- Offer welfare schemes in line with employees' needs, including annual vacations, life assurance and health insurance, provident fund and an employee scholarship program.

Besides providing suitable working conditions, Krungsri has instituted other welfare schemes to pre-empt employees' need and help them maintain peace of mind while doing their jobs. These include:

- Subsidies for child tuition; death of employee, their spouse or parents; disaster relief; phone bills; and others
- Medical care for annual health check-ups, group health insurance and group accident insurance.
- Welfare loans, including household expense subsidy loan, assistance welfare loan, assistance housing loan, education loan, disaster or other accident loan, and motorcycle or car loan.

These welfare schemes were publicized to all employees through the employee manual and the 'Krungsri People' online system so staff are fully aware of their benefits.

At the end of 2014, Krungsri Group's headcount was 23,136 with the following hiring types.

Group	Employee	Contractor	Outsource
Bank of Ayudhya	12,490	2	194
Subsidiaries	8,266	1,500	684
Total	20,756	1,502	878

For Bank employees, breakdowns in terms of gender, age, employee level, educational qualifications and area are as follows.

Bank of Ayudhya	Gender		Age			
	Male	Female	20-29	30-39	40-49	>50
Head Office	2,469	3,519	646	2,392	2,028	922
Metropolitan	729	2,235	672	1,202	866	224
Provincial	833	2,705	1,231	1,096	921	290
Total	4,031	8,459	2,549	4,690	3,815	1,436

Bank of Ayudhya	Position		Educational qualifications			
	Executives	Staff	Doctoral	Master's	Bachelor's	Below bachelor's
Head Office	568	5,420	9	2,091	3,717	171
Metropolitan	25	2,939	0	397	2,545	22
Provincial	25	3,513	1	431	3,062	44
Total	618	11,872	10	2,919	9,324	237

Career Development

Career development helps employees fulfill their potential while enhancing their motivation. This year, Krungsri organized learning activities under the 'Learning Compass: Leading you to a brighter future' concept to publicize training courses designed to aid employees' development of skills, knowledge, and competence, including recommendations on emerging channels and learning tools.

The key goal is to communicate Individual Development Plans, for which 'Learning Passports' have been issued to compile skills and knowledge sets that employees can then master. The passport contains simple forms for defining one's own development plan.

In addition, Krungsri e-Journal provides a novel approach to learning, enabling employees to search for and download electronic journals that they can freely use as sources of knowledge and information.

'iLearn' platform is an Individual Development Plan that facilitates each employee to contribute to their own career development and advancement plan. Open communication between managers and team members helps establish development needs and expectations regarding career advancement.

Another essential factor in development of our people is the fostering of a high sense of social consciousness to lead to sustainable growth with the concept of 'Alignment with Good Citizenship'. We believe that in addition to commitment to



business success, Krungsri also exhibits social responsibility through creating decent people and citizens. As a result, the Human Resources Group has developed learning programs which promote ethical standards and regulatory compliance as well as provided knowledge and carried out activities related to sustainable organization development to demonstrate responsibility of good citizens which is a key to success and achievement of the Bank's ultimate goals.

This year's courses relied on the learning group structure from 2013, namely:

- Krungsri Stepping Stones, designed to support core values and align employee behavior with the corporate culture.
- Krungsri Leadership, designed to support leadership development.
- Krungsri Personal Effectiveness, designed to support diverse skill development.

Additional skills development courses included: Diversity to Synergy, Different Gen Towards the Same Goal, Cross-Cultural Management, Japanese Management Style, and Japanese Manner Service to improve job competency and groom employees for service on the world stage.



2014 employee training highlights:

12,306 employees attended 1,109 courses in 3,407 sessions.

12,013 employees attended 253 e-Learning courses.

185 Learning and development activities such as knowledge sharing within department or among departments.

Average 57.69 learning hours per employee or 9.61 Training Manday (1 day = 6 hours)

In 2014, Krungsri implemented job rotations and transfers between functions and entities both locally and internationally to give employees a hands-on opportunity which is the most efficient learning environment. We also encouraged global networking through 'Rotation Programs'. Last but not least, another indispensable strategy is 'New Experience and Cultures' or preparation for new work experience and different cultures through learning programs which have been developed to encourage employees to embrace changes as well as open up to new experiences and working environments with cultural diversity, which will eventually lead to harmonious collaboration.

Employee Engagement

Krungsri uses different types of communication tools to facilitate employee engagement. To reach out to all employees across Thailand, the Bank uses Intranet, email, SMS, and town hall meetings. We have a weekly electronic newsletter 'Around Krungsri' and a bi-monthly magazine 'Krungsri Life' to communicate with employees regularly on group-wide policies, news and achievements as well as staff

activities. As Krungsri recently became a strategic subsidiary of the Mitsubishi UFJ Financial Group (MUFG), we have introduced more global content to our communications, aiming to promote greater global awareness among our staff. The goal of Krungsri Internal Communications is to ensure that employees are informed of what they need to know when they need to know it, with particular attention being paid to the relevance, accuracy, timeliness and understandability of the information.

Processes are in place to improve the quality of life for employees through regular feedback sessions where the Group fields comments from employee representatives and organized employee groups and decides how it can achieve suggested working experience improvements. 'Voice of Krungsri' employee surveys are staged annually to gather feedback from staff on how we can improve the workplace and create the best working environment for all. Krungsri also opened for the suggestions and feedback from the workplace employee welfare committee at Head Office, which is collected from employees' views on welfare development, activities and policies suitable for employees for the Bank's consideration.

Krungsri holds regular meetings between Human Resources Group and the Krungsri Labor Union Committee to share problems and recommendations helpful to employees and the Group alike and to forge good labor relations across the Group. The labor union is another channel of communication between employees and Krungsri. Problems are resolved by both parties. Both parties exercise respect and acknowledge each other's rights and duties under the Labor Relations Act of 1975, with a common aspiration: organizational development to achieve growth and compete efficiently.



Employee complaints process and protective measures

Krungsri has instituted a process for filing grievances and complaints that enables employees to raise issues and report concerns about business integrity or unfair treatment: through supervisors, Human Resources Group or an ombudsperson. Employees can file a grievance anonymously if they wish. Those receiving the complaints must compile facts and report the findings back to them (if names are given) under measures designed to protect grievance-filers and those cooperating in the investigation. No retaliatory action against these parties is permitted, with any such violations subject to the highest level of disciplinary action. This rule is published in Krungsri's corporate governance principles.

Work Safety and Working Environment

Krungsri complies with the Health, Occupational Safety, and Workplace Environment Act of 2011, and related laws and regulations concerning Environment, Health & Safety (EHS) and establishes and maintains safe working environments, including identifying and reporting incidents and preventing injuries in the workplace. We respect employees' rights to privacy by collecting, storing and transferring private information (to safe storage) in a secure manner and only provide such information to external parties when legally required to do so.

Krungsri's investigation process is transparent, which makes the deliberation process prudent and fair. Those that face disciplinary actions but feel they are unfairly treated may appeal the decisions via Human Resources.



Work-life balance

We value the work-life balance of employees and support their health by making available well-equipped exercise rooms which are manned by qualified trainers. Other recreational activities provided by Krungsri include aerobics and yoga classes, while child-care centers make it easier for employees with young families to look after their children, especially during school breaks.

In recognition of effective collaboration between Krungsri and employee representatives, Krungsri being recognized as the only Thai company and one of just 36 organizations around the world to be awarded the **Gallup Great Work Place Award**, the second consecutive year we have been conferred the accolade. This milestone not only represents our continued success in creating a highly engaged and empowering workplace, it also raises the bar for us meaning we have to work harder to further increase the capacity of our team.



KRUNGSRI PROFILE



Krungsri (Bank of Ayudhya PCL and its business units) is the fifth-largest financial group in Thailand in terms of assets, loans and deposits, with 70 years of history in the country. Krungsri is a strategic member of the Mitsubishi UFJ Financial Group (MUFG), Japan's largest financial group and one of the world's largest financial organizations. Krungsri constantly strives to provide for the ever-changing needs of our broad customer

base by offering a comprehensive range of universal banking products and services to key target groups: commercial banking (Thai, Japanese, multi-national corporates, and SMEs) and retail customers through 644 branches (616 are Banking Branches and 28 are Auto Business Branches) and over 22,300 service outlets nationwide. We also provide related financial services through our subsidiaries and associated companies, which include wealth management, credit cards, non-life insurance, asset management, securities trading, auto hire purchase, equipment leasing, factoring, micro-finance and installment loans. As of December 31, 2014, Krungsri Group had a total registered capital of THB 75,741 million and THB 60,741 million in paid-up capital.

Krungsri is strongly committed to the highest level of integrity in conducting its business. All Krungsri Group companies have been awarded accreditation from the Private Sector Collective Action Coalition Against Corruption (CAC) in collaboration with industry peers and stakeholders on a zero tolerance approach to corruption.

LIST OF GRI STANDARD DISCLOSURES

Standard Disclosure	Disclosure Requirements	AR	SR
STRATEGY AND ANALYSIS			
G4-1	a. Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	12-15	4-5
ORGANIZATIONAL PROFILE			
G4-3	a. Report the name of the organization.	1	1
G4-4	a. Report the primary brands, products, and services.	32-79	-
G4-5	a. Report the location of the organization's headquarters.	271	47
G4-6	a. Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	279	-
G4-7	a. Report the nature of ownership and legal form.	273	-
G4-8	a. Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	32-79	-
G4-9	a. Report the scale of the organization, including: • Total number of employees • Total number of operations • Net sales (for private sector organizations) or net revenues (for public sector organizations) • Total capitalization broken down in terms of debt and equity (for private sector organizations) • Quantity of products or services provided	188-191, 272, 279	40, 44
G4-10	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	159	40
G4-11	a. Report the percentage of total employees covered by collective bargaining agreements.	n.a.	n.a.
G4-12	a. Describe the organization's supply chain.	n.a.	n.a.
G4-13	a. Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: • Changes in the location of, or changes in, operations, including facility openings, closings, and expansions • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) • Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination	32-79	-
G4-14	a. Report whether and how the precautionary approach or principle is addressed by the organization.	-	8-9
G4-15	a. List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	156-168	10-38
G4-16	a. List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: • Holds a position on the governance body • Participates in projects or committees • Provides substantive funding beyond routine membership dues • Views membership as strategic This refers primarily to memberships maintained at the organizational level.	32	-
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report. The organization can report on this Standard Disclosure by referencing the information in publicly available consolidated financial statements or equivalent documents.	183-195	-
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries.	169-182	-
G4-19	b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	-	-
G4-20	a. List all the material Aspects identified in the process for defining report content. b. For each material Aspect, report the Aspect Boundary within the organization, as follows: • Report whether the Aspect is material within the organization • If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: – The list of entities or groups of entities included in G4-17 for which the Aspect is not material or – The list of entities or groups of entities included in G4-17 for which the Aspects is material • Report any specific limitation regarding the Aspect Boundary within the organization	n.a.	n.a.
G4-21	a. For each material Aspect, report the Aspect Boundary outside the organization, as follows: • Report whether the Aspect is material outside of the organization • If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified • Report any specific limitation regarding the Aspect Boundary outside the organization	n.a.	n.a.
G4-22	a. Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	171	n.a.
G4-23	a. Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	-	n.a.
STAKEHOLDER ENGAGEMENT			
G4-24	a. Provide a list of stakeholder groups engaged by the organization.	97-100	-
G4-25	a. Report the basis for identification and selection of stakeholders with whom to engage.	97-100	-
G4-26	a. Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	101	-
G4-27	a. Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	94-96	-
REPORT PROFILE			
G4-28	a. Reporting period (such as fiscal or calendar year) for information provided.	1, 169-182	1
G4-29	a. Date of most recent previous report (if any).	169-182	-
G4-30	a. Reporting cycle (such as annual, biennial).	1	1
G4-31	a. Provide the contact point for questions regarding the report or its contents.	292	46
G4-32	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option. c. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.	n.a.	n.a.
G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	n.a.	n.a.
GOVERNANCE			
G4-34	a. Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	112-126	6-7
ETHICS AND INTEGRITY			
G4-56	a. Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	5, 20-21	3

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