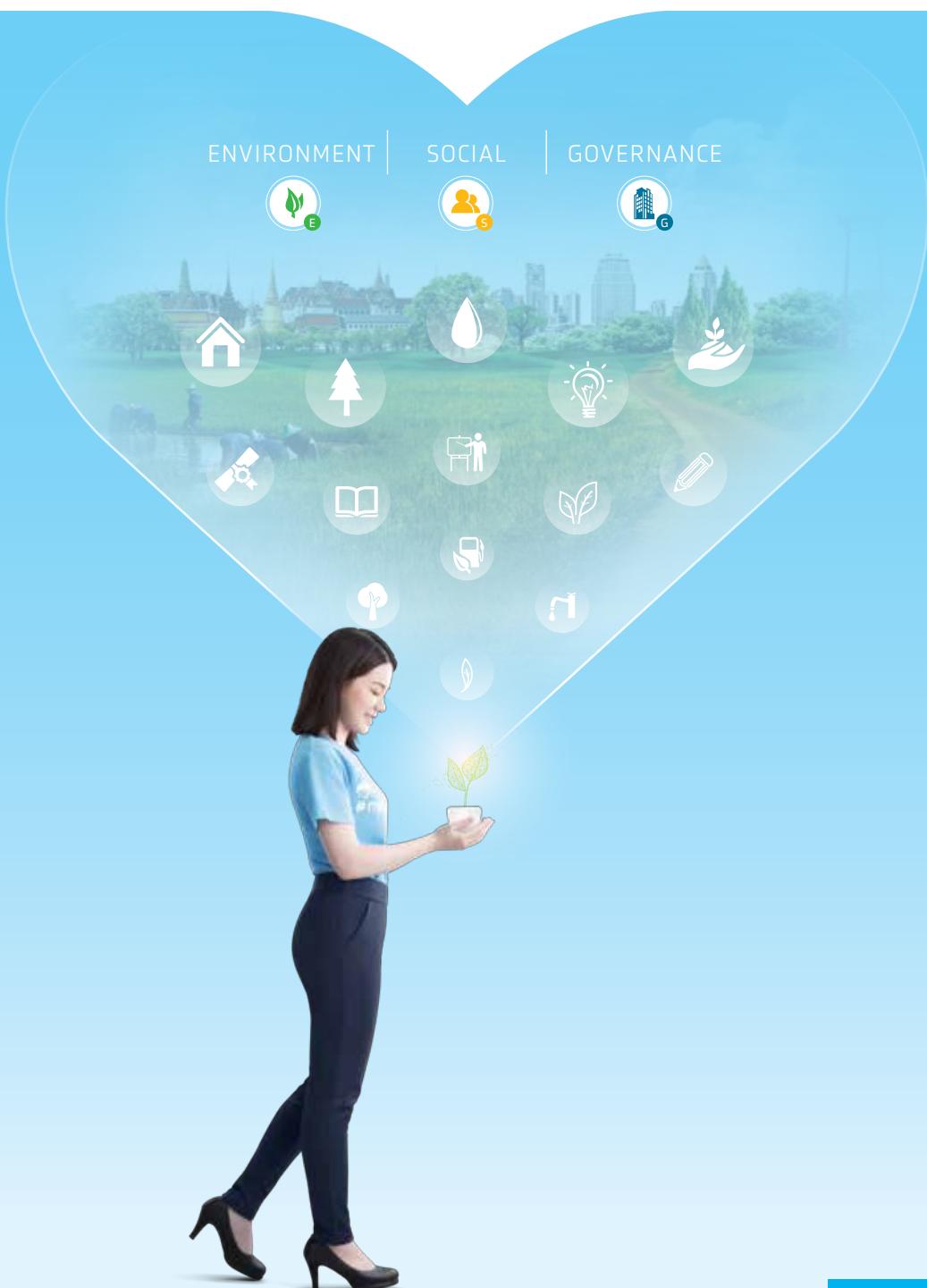


KRUNGTHAI LOVES COMMUNITIES

Alongside with Sustainability



KRUNGTHAI LOVES COMMUNITIES

Alongside with Sustainability

ENVIRONMENT

E



SOCIAL

S



GOVERNANCE

G



Krungthai Bank places importance on business operations within the framework on environmental, social and governance (ESG) criteria. The Bank aims to be a financial institution, which always stays side by side with Thai people and provides financial services to all levels of national citizen. Additionally, the Bank shall support Thai economy to grow steadily and being a tower of strength of the national economy.

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Message from the Chairman and the President



(Mr. Ekniti Nitithanprapas)

Chairman of the Board of Directors

(Mr. Payong Srivanich)

President

Amid the rapid technological advancement that has affected the ways of operating the business, especially in the banking and finance sector, the adaptation to accommodate for such changes have become necessities for the banks to grow sustainably. In this regards, Krungthai Bank has implemented the “3 Summits” strategy with the goal of generating stable and sustainable profits by 2021 through the growth of Krungthai Digital Banking. Under the “Growing Together” vision, the Bank has focuses on providing a wide range of financial services to people and being as a pillar of the national economy with the intention of achieving the country’s sustainable development goals and becoming the reliable supporter for customers and citizens. In 2019, the Bank’s operations are divided into 3 main dimensions as follows:

Environmental

The Bank still places importance on the business operation that has contributed to the preservation of environment. Under the Internal Digitization Project - Paperless Branch Project in 2019, e-Slip & e-Signature services were provided for every transaction at all branches in Bangkok and some branches in the metropolitan area. Office equipments were also changed for the efficient use of the Bank’s resources such as LED tubes, air-conditioners with EGAT label no.5 using R32 refrigerant as well as providing wastewater treatment before disposing into natural water resources.

In addition, the “Krungthai Loves Environment” Project was launched to effectively manage internal resources and create environmental benefits by means of installing a food waste processing machine to turn food waste from its canteen into soil used for various purposes i.e. giving it to schools near the Bank office’ location to grow vegetable garden and using for Bank’s landscapes decoration.

In order to respond to the government policy, the Bank has carried out the Juristic On-boarding Project to open an account for a juristic person customer. In this project, no hard copy document is required when contacting the government agencies so as to reduce paper usage.

Social

The Bank puts emphasis on the community development through the “Krungthai Love Community Project” to develop the communities’ financial literacy and improve the communities’ well-being through creating more value into their local products. With the collaboration from the Bank, the project shall strengthen a community through the implementation of financial literacy and financial products and services that satisfy community needs. The Bank also encourages the cultivation of community identity to become well-known among public, which leads to a sustainable community.

Furthermore, in 2019, the Bank continued to support for the driving of the national digital economy towards a cashless society by building a Digital Payment Platform that was further developed from National E-Payment. This was to increase opportunity to access financial services and promote income distribution to all sectors in the Thai society through the government welfare cards along the line with nationwide EDC machines and QR Code installation. The mobile application “Pao Tang” was also developed as an open banking platform to support the implementations of the “Chim Shop Chai” (Taste-Shop-Spend) campaign. This campaign not only helped stimulating the economy, but also set nationwide infrastructure of an e-Payment system that has been participated by large numbers of people, covering massive area of the country. Consequently, this campaign also empowered the effective and transparent payment system. Moreover, the Bank jointly worked with various sectors, for example, InnoSpace (Thailand) - collaboration between 12 public and private sectors to develop competitive capability of Thai Startups to become a unicorn and the National Digital Identity (NDID) - the project that 9 commercial banks have collaboratively developed a digital ID platform to verify customer identity in the transaction processes.

Internal Sustainability

Based on Krungthai Bank's strategy to become a role model organization for moral practice in 2020, the Bank has emphasized on driving organization with good governance principle and operating business with integrity, transparency, fairness, law and regulations as well as adhering to the responsibility towards society, environment and all stakeholders. Through carrying out the Sustainable Krungthai Initiative, the 3 strategic principles of the initiative have been proceeded, namely to Foster - fostering moral consciousness to employees and encourages them to comply with the regulations; to Prevent - having a duty to audit and prevent any wrongdoings caused by the operational risks and; to Change - upgrading the standard of internal legal process. In addition, the Bank also cultivated the organization culture of zero tolerance. In this regard, through running the Sustainable Krungthai Initiative, the Inside-out Blasting approach has been utilized in order to provide opportunities for executives and employees to jointly participate and brainstorm ideas under the concept "A problem to solve, A good deed to do". As a result, the projects under the Sustainable Krungthai Initiative are as follows:

1. QA Project "the One Unit, One Sustainable Plan" emphasizes on the Bank's determination to provide quality services and offer innovations that fulfill customer needs. Additionally, the Bank determines to become a zero tolerance organization.

2. Krungthai Compliance Champion Project encourages the internal business units to recognize and understand laws, rules, regulations and policies relevant to the Bank and to work systematically. It also aims to control, prevent, and/or manage the risks that may arise from non-compliance with laws, regulations, including the Bank's policies and practice guidelines.

To dealing with changes caused by technological disruption that has fueled fierce competition in the financial and banking industry as well as changing the consumer behaviors, the Bank has prepared all employees so that they can cope with the market and work in a digital era and be ready to fulfill the Bank's needs in becoming a Future Bank. To be precise, Up-skill & re-skill trainings were provided so that employees can have the skills necessary to drive the business in accordance with the Bank's strategic plan along with performing the talent management and retention. Moreover, the Bank also created the organization culture of Performance Driven Organization (PDO) in order to promote the remuneration that is in line with actual performance as well as employees and the organization's potential.

In conclusion, based on operations in the previous year, under the vision of "Growing Together", the Bank endeavors to grow sustainably with all sectors in the society. By adhering to the good governance under adaptation to the changing business environment and the good corporate governance, the Bank received several awards correspondingly. For example, the Bank achieved the CG scores of "Excellence" from the 2019 Corporate Governance Report of Thai Listed Companies (CGR) organized by the Thai Institute of Directors Association (IOD); received AA+ credit ratings of National Credit Ratings (Long Term) from Fitch Ratings; was granted with the Thailand Sustainability Investment 2019 award; and was being certified as a member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC). All awards reflect the Bank's determination as the key pillar of Thai economy that sustainably supports the development of the digital economy of Thailand afterwards.

(Mr. Ekniti Nitithanprapas)

Chairman of the Board of Directors

(Mr. Payong Srivanich)

President



Member of the Corporate Governance and Social Responsibility Committee



01 Prof.Dr. Kittipong Kittayarak

Chairman of the Corporate Governance and Social Responsibility Committee

02 Mr. Nontigorn Kanchanachitra

Member of the Corporate Governance and Social Responsibility Committee

04 Ms. Patricia Mongkhonvanit

Member of the Corporate Governance and Social Responsibility Committee

03 Mr. Vichai Assarasakorn

Member of the Corporate Governance and Social Responsibility Committee

05 Ms. Nitima Thepvanangkul

Member of the Corporate Governance and Social Responsibility Committee



Report of the Corporate Governance and Social Responsibility Committee

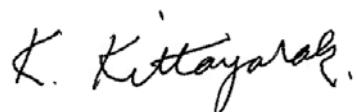
Krungthai Bank realized the importance of corporate governance (CG) and corporate social responsibility (CSR) with the purpose to achieve sustainable development concerning ESG principles - [Environmental, Social, and Governance](#) - for all stakeholders of the Bank as in accordance with the "Growing Together" vision. In this regard, the Bank's Board of Directors appointed the Corporate Governance and Social Responsibility Committee consisting of 5 Directors to determine schemes and monitor the CG and CSR operating result. In 2019, the Committee held 13 meetings in total.

Regarding the 2017-2021 corporate governance strategies of Krungthai Bank PCL, the Corporate Governance and Social Responsibility Committee has determined 2019 CG strategies under the Sustainable Krungthai Initiative through implementing the 3 principles - Foster, Prevent and Change. With the objective to elevate organization culture of zero tolerance, the Bank correspondingly adopted the "Inside-out Blasting" approach, which encouraged the executives and employees to participate in brainstorming ideas in order to improve the Bank's operation through "One Unit, One Sustainable Plan" initiative. Henceforth, such operation shall be progressed in line with the identity of the Bank.

Attributable to the deliberate operation in 2019, the Bank received the awards relating to the corporate governance and social responsibility as follows:

- Outstanding State-Owned Enterprise (SOE) Awards 2019 for Outstanding Disclosure and Transparency from the State Enterprise Policy Office (SEPO), Ministry of Finance
- Achieving Excellent CG score in the Corporate Governance Report of Thai Listed Companies (CGR) 2019 organized by Thai Institute of Directors Association (IOD)
- Best Social Impact Bank Thailand Award 2019 presented by CFI Journal
- Thailand Sustainability Investment Award 2019 from the Stock Exchange of Thailand
- TAB Digital Inclusive Awards 2019 from Thailand Association of the Blind
- Sustainability Disclosure Award 2019 from Thaipat Institute
- Certified as a member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC)

All the rewards and assessments the Bank received have reflected the effectiveness of good operation and we ensure that we will continually adhere to the professional standard straight on.



(Professor Dr. Kittipong Kittayarak)

Chairman of the Corporate Governance
and Social Responsibility Committee

Organizational Profile



At the present, the Bank's paid-up registered capital is amounted to
72,005,040,437.50 Baht



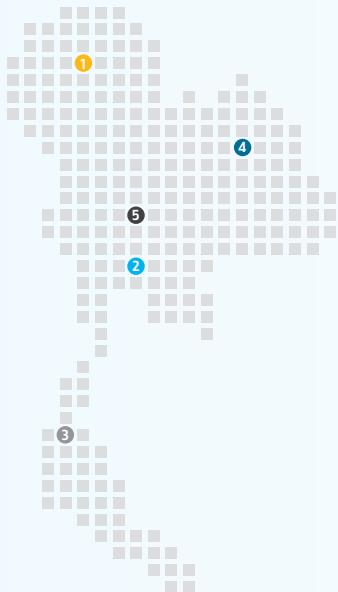
totaling
13,981,561,250 shares divided into

102-1, 102-5

Krunthai Bank PCL was established on March 14, 1966 as a financial institution in the category of commercial bank. In 1989, the Bank became the first state enterprise to list its shares in the Stock Exchange of Thailand and registered its transformation to public limited company in 1994. Ministry of Finance is a major shareholder through the Financial Institutions Development Fund (FIDF), holding the shares totaling to 55.05 percent. Presently, the Bank's logo was the light blue bird Vayupak.

At the present, the Bank's paid-up registered capital is amounted to 72,005,040,437.50 Baht, divided into 13,976,061,250 ordinary shares and 5,500,000 preferred shares, totaling 13,981,561,250 shares.

In 2019, the Bank issued 10-year subordinated debentures of Baht 24,000 million with an interest rate of 3.70% per annum, selling to institutional investors and high net worth investors. The purpose is to strengthen the capital fund and manage liquidity, including supporting business operations and business expansion.



102-6, 102-7

Since one of the Bank's mission is to develop economic system of the country, the Bank has developed products and services for people in all areas of the country to be able to access sources of financial fund and services.



The Bank operates a total of
1,066 branches nationwide



There are **74** business centers



There are overall **38** Service Points nationwide



There are **25** international business centers



There are **8,533** ATMs

The information as at 31 December 2019

1 Northern region

163 branches	319 branches	159 branches	205 branches	220 branches
6 Service Points	11 Service Points	6 Service Points	6 Service Points	9 Service Points
1,413 ATMs	2,249 ATMs	1,326 ATMs	2,006 ATMs	1,539 ATMs
13 Business Center	19 Business Centers	12 Business Centers	14 Business Centers	16 Business Centers
1 IBCs	15 IBCs	4 IBCs	3 IBCs	2 IBCs

2 Bangkok

3 Southern region

205 branches				
6 Service Points				
1,326 ATMs	2,006 ATMs	2,006 ATMs	2,006 ATMs	2,006 ATMs
12 Business Centers	14 Business Centers	14 Business Centers	14 Business Centers	14 Business Centers
4 IBCs	3 IBCs	3 IBCs	3 IBCs	3 IBCs

4 Northeastern region

205 branches				
6 Service Points				
2,006 ATMs				
14 Business Centers				
3 IBCs				

5 Central region

220 branches				
9 Service Points				
1,539 ATMs				
16 Business Centers				
2 IBCs				

102-3



Head office address (Nana Building):

35 Sukhumvit Road, Klong Toey Nua Subdistrict, Wattana District,
Bangkok 10110

Head office address (Sukhumvit Building):

10 Sukhumvit Road, Klong Toey Subdistrict, Klong Toey District,
Bangkok 10110



Registration Number:

0107537000882 (formerly Bor.Mor.Jor.335)

The Bank registered its transformation to public limited company on March 24, 1994.



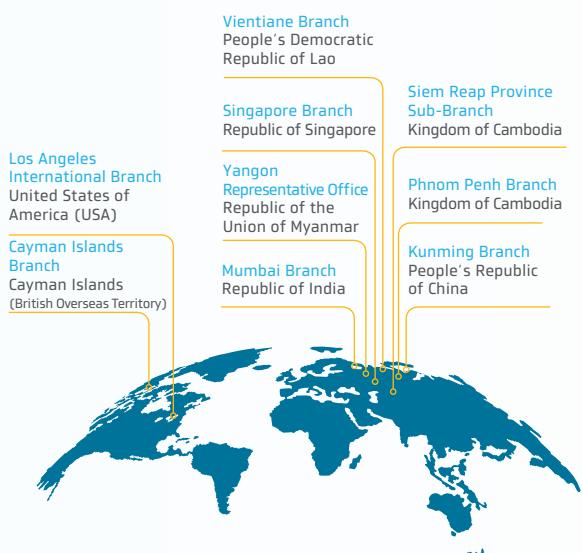
ordinary shares
13,976,061,250 shares



preferred shares
5,500,000 shares

102-4, 102-6, 102-7

There are 8 overseas branches in 7 countries and 1 representative office. The details are as follows:



*Note: Cayman Islands Branch has been established with the purpose to emphasis transactions in the manner of collecting fund from external sources. Yangon Representative office is responsible for taking care and facilitating customers with trade and investment between Thailand and Myanmar.

102-16

Vision

GROWING TOGETHER

The Bank is determined to take care of employees and develop their competencies in order to support the growth and wealth of customers, enhance the better quality to society and environment and generate outstanding and sustainable returns to shareholders.

Mission

- 1 Enhance employee competency skills and develop working system.
- 2 Constantly provide excellent service and valued recommendation to all customers.
- 3 Contribute to the development of the country's economy, society and environment.
- 4 Generate outstanding and sustainable returns to shareholders

102-10

Core Values

Fast

Be fast, prompt, innovative and meet customer needs



Simple

Be easy, convenient, modern and have customer insight



Assist

Be a friendly and warm assistant who is helpful and provides useful advice



Trust

Be trustable, firm, and a tower of strength of the country's economy



Tel:
0-2255-2222

**Krungthai
Call Center:**
0-2111-1111

Website:
www.krungthai.com

f **t** **i** **y**
Krungthai Care

Fax:
0-2255-9391-3

Complaint Center:
0-2208-8989

E-mail:
Call.CallCenter@ktb.co.th

102-2, 102-6, 102-7, 203-2

Product, Financial Services and Subsidiaries



In 2019, The Bank adhered to the customer centric principles by using data from the focus group methodology and from financial transactions data of the customers according to the economic segmentation and age segmentation through the data analysis process in order to know the customer needs in each age range and each income range of the customers for providing suitable products and services.

The Bank also developed digital financial products and services for convenience and conforming to customer behaviors, including operating its business according to the technological advancement as well as reducing its operating costs. The Bank has developed several digital products and services as follows:

1. KRUNGTHAI NEXT

the mobile application that provides series of the full-fledged financial services to satisfy modern lifestyle under the theme "Life's complete with one App" to suit all lifestyles covering basic transactions and other special services, for example domestic and international money transfers, money transfers via PromptPay, bill payment, purchasing goods and services through Thai Standard QR code, foreign currency exchange with most competitive rates via Krungthai Travel Card, online bond and equity trading service and self-service for mutual fund account opening and mutual fund trading. In 2019, the Bank developed additional functions as follows:

- **Cardless ATM** is a service that customers are able to withdraw cash via the Krungthai Next Mobile Application. Customers will receive withdrawal code via the application and can use it to withdraw cash from any Krungthai ATM without ATM card.
- **Krungthai Connexxt** s a service that provides notifications of financial transactions via the LINE Mobile Application for free. Customers are able to apply for a service via the Krungthai Next Mobile Application or the LINE Official Krungthai Connexxt.
- **Online Savings Account Opening without Passbook (Krungthai NEXT Savings)** Customers are able to open online savings account without minimum deposit and account maintenance fee.



■ **Verified by VISA service** is a VISA card application service for buying goods and services online. The service is to verify the cardholder's identity before making a transaction.

■ **Personal Accident Insurance and Travel Insurance Service** Customers are able to purchase travel insurance for themselves and a maximum number of up to 5 persons with immediate coverage.

■ **Credit Bureau Status Check Service (NCB)** Customers are able to submit a request for self check for credit information report anytime anywhere. Customers can choose to receive their electronic credit information report via their email within 3 business days from the request date.

■ **QR code payment service in Singapore** Customers are able to use the Krungthai NEXT Mobile Application to scan QR code at any stores that supports NETs, a electronic payment service provider.



102-2, 102-6, 102-7, 203-2

2. Pao Tang

is an application for general users that responds to cashless society policy. Without the need to carry a wallet, customers are able to make financial transactions: money transfer to an account of the same bank or different banks, money transfer via PromptPay, money top up, bill payment and scanning QR code for money transfer, payment, donation via the application as well as generating QR code for receiving money when registering PromptPay with the Bank. In 2019, Pao Tang was used as an open banking platform for the "Chim Shop Chai" campaign of the government to stimulate the country's economic system.

3. E-LG ON BLOCKCHAIN

is an electronic letter of guarantee service. Customers are able to request for letter of guarantee issuance through specified channels by the Bank such as branches, Krungthai Portal, Beneficiary Portal, etc. The system shall deliver the electronic letter of guarantee to the beneficiary directly. The process of letter of guarantee issuance is divided into 2 processes as follows:

- **Normal Process** When a customer requests to make a transaction related to the letter of guarantee through the channels specified by the Bank, the system shall send transaction request information related to the letter of guarantee to the Credit Department and/or relevant departments in order to proceed according to the letter of guarantee issuance process of the Bank. The system shall deliver the electronic letter of guarantee to the beneficiary.
- **Straight Through Process** When a customer requests a transaction related to letter of guarantee through the channels specified by the Bank, the system shall verify the condition according to the Straight Through Engine (credit verify, term and condition and risk parameter). After being verified by the Straight Through Engine, the system shall deliver an electronic letter of guarantee to the beneficiary.

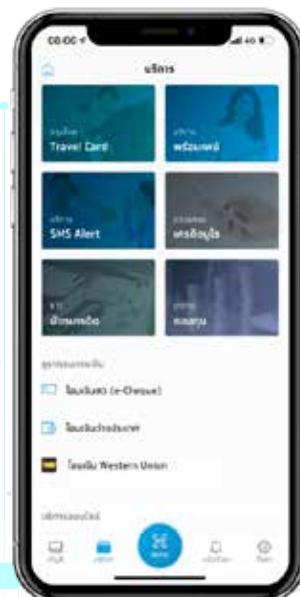
This service is the first service of Thailand Blockchain Community Initiative under the BCI (Thailand) Co., Ltd. which is a collaboration with 22 commercial banks and 9 large business groups in developing blockchain technology to enhance the country's business competitiveness.

4. KRUNGTHAI SMARTFX

is an online channel for foreign currency exchange. It is foreign currency trading with settlement no more than one year. Such transaction must be a foreign currency exchange for the purpose of payments for goods and services only. Customers can make daily transaction not exceeding the maximum limit specified by the Bank.

5. KRUNGTHAI CORPORATE ONLINE

is an internet banking service of the Bank for financial management, which facilitates corporate customers, government agencies and state-owned enterprises and individuals. In addition to information services, customers can also use 4 categories of financial management: transfer and payment services, collection services, liquidity management and information services. The Bank also developed online registration system to increase channel for applying for Krungthai Corporate Online service through electronic channel in the form of self-service.



102-2, 102-6, 102-7, 203-2

6. THUNG NGERN PRACHARAT MOBILE APPLICATION AND THUNG NGERN PLUS

The Bank complied with the policy of the Comptroller General's Department in developing and substituting mobile application for EDC machine in Blue Flag Shops participating in the project of the Ministry of Commerce to pay for goods and receive services from the government welfare cards, both welfare wallet and e-money wallet. This is to reduce machine and installation cost. The Bank also developed the functions of the Thung Ngern Pracharat Mobile Application to promote Chim Shop Chai domestic travel campaign and to register participating shops to receive payments of 1,000 Baht from the welfare wallet and G-Wallet of the Pao Tang Mobile Application.



9. MASTERCARD DEBIT AND MANGMOOM DEBIT CARD

The Bank in collaboration with the Mass Rapid Transit Authority of Thailand (MRTA) issued Mangmoom debit card to respond to the policy that focuses on the "Mass Transit" customers in the ecosystems. The Mangmoom debit card is a Mastercard debit card and can be used for withdrawing cash and purchasing goods and services in the domestic and international shops that accept Mastercard as well as being used as a public transportation card for the MRT Blue Line - Purple Line and other future Mangmoom card network.

7. MONEY CONNECT

is an online channel to offer securities subscription in order to facilitate investors so that they have not to travel to branches of the Bank and can flexibly make transactions. In the first phase, securities such as investment unit, real estate investment trust, infrastructure fund and corporate bond were offered. In 2019, there was an additional service for ordinary shares subscription. Securities subscription was improved for supporting customers who are above 60 years old and must not be vulnerable customers.

10. KRUNGTHAI LOGISTICS CARD

is the collaboration between Krungthai Bank, the Customs Department and 4 partner organizations - the Port Authority of Thailand, Thai Airways International Public Company Limited, WFS-PG Cargo Co., Ltd. and the Customs Broker and Transportation Association of Thailand - to facilitate shipping entrepreneurs to pay customs duties, fees and other incomes, covering all transactions in logistics, both import and export.



8. KRUNGTHAI TRAVEL CARD

supports the needs of customers who travel and spend money in foreign countries with 18 currencies exchange service. In 2019, the Bank added Krungthai Travel UPI Debit Card which was a travel card that the Bank jointly issued with the UnionPay International (Thailand), supporting CNY currency. Customers can make transactions via cards, QR code, barcode and Krungthai Exclusive Travel VISA Prepaid Card which is a card.

11. CUSTOMS TO HOME PROJECT

is collaboration between the Bank and the Thai Customs with the concept of developing the Customs to Home system in the international postal customs process in order to facilitate customers in declaring and paying tax for international post. The system supports customers who order goods via e-commerce to declare goods information and pay tax prior to the arrival of goods.

12. INTERNATIONAL MONEY TRANSFER SERVICE

The Bank has cooperated with the SWIFT which consisting of more than 3,500 banks as members around the world. The Bank has cooperated with the SWIFT in developing SWIFT Global Payment Innovation (SWIFT GPI) to increase the ability to compete of customers with the products that meet international standard and are convenient, fast and the safest way to do business with international partners. Moreover, there are consulting services available at more than 1,100 nationwide branches of the Bank, including the Krungthai NEXT Mobile Application and the Krungthai Corporate Online, through which customers are able to check their money transfer status and information immediately for 24 hours a day.

[102-2, 102-6, 102-7, 203-2](#)



In 2019, the Bank launched [Krungthai COMPASS](#), a research institution - like the Bank's brain - for analyzing macroeconomic and industrial business trends, both domestically and internationally for improving competitiveness amid changes in the age of technology disruption as well as suggesting methods or tools that can be applied to expand business and policy implementation which will be beneficial to customers, entrepreneurs, investors, and other sectors of Thai economy sustainably.

Krungthai COMPASS has conducted analyses of various economics and industries, such as Research Note which is an analysis that helps create a complete and comprehensive understanding of the current economic issues. Such analysis shall be regularly conducted and published to executives, employees and the public in order to keep up with the economic situations. Moreover, Krungthai COMPASS also conducted Economic Outlook and business analyses in order to publish and give advice to entrepreneurs and the public, which has already been published through various online channels of the Bank, including mass media by organizing a press conference

In addition, the Bank also offers credit products and services, and non-credit financial services from the Bank and its subsidiaries. The details are disclosed in the 2019 Annual Report on page 54-61 and the details about the Bank's subsidiaries are in the 2019 Annual Report on page 52

[102-13](#)

The Bank has joined as a member of organization and association regarding economy, society and business so as to set a guideline in operating business and to implement any operating standard to improve organization. The details are as follows:

INDUSTRY ASSOCIATION

- The Thai Bankers' Association
- ACI Thailand Club
- The Thai Bond Market Association
- Investment Banking Club, Association of Thai Securities Companies
- ICAS: Imaged Cheque Clearing and Archive System
- Thailand Banking Sector CERT (TB-CERT)
- Thailand Blockchain Community Initiative

NATIONAL ASSOCIATION

- CSR Club, Thai Listed Companies Association
- Thailand Business Council for Sustainable Development: TBCSD
- Anti-Corruption Organization of Thailand
- Thai Private Sector Collective Action Coalition Against Corruption

INTERNATIONAL ASSOCIATION

- International Swaps and Derivatives Association: ISDA



The Bank's Strategy of 2019

Entering the era of disruption, a period of rapid and intense changes in technology, competitors, government organizations and consumer behaviors causes the Bank to adjust itself to the situations in order to respond to the needs of customers and shareholders. The Bank has implemented its important strategies: accelerating business model adjustment, transforming technological system and improving work processes, including rebalancing loan portfolios by considering risk-adjusted return. The Bank also aims to strengthen its competitiveness, together with supporting the government in developing an efficient payment network system for sustainable growth from optimized profitability.



In order to achieve the statement of direction, vision and mission, which focus on improving people's well-being and providing economic opportunities and greater access to financial services to people, including maintaining competitiveness as a leading commercial bank of the country, Krungthai Bank has continued to comply with the strategic plan "3 Summits". The Bank has set the goal to attain the sustainable growth from optimized profitability through the growth of Krungthai Digital Banking that is, partially, an extension of the Bank's role in building electronic infrastructure throughout the country formerly. During 2019, the "3 Summits" strategic plan has been carried out continuously; consequently, the development and extension on the results from the previous key projects in the previous year are as follows:

Summit 1: Strengthen foundation to prepare for the future

In a highly competitive environment and the era of technological disruption, which affect operations of various businesses and also change the customer behaviors, the Bank needs to develop technological capabilities at all times. Meanwhile, the Bank also carries out an improvement in processes to be effective, concise and in line with rapidly changing business context as well as developing employees to have sufficient potential to support business change. Therefore, the Bank has placed importance on the projects necessary to build a strong organizational foundation as follows:

Investment in system development and technology infrastructure reinforcement: The Bank will increase budget for technological investment from about billions of Baht in the past years to more than Baht 19,000 million during 2019-2023, for two consecutive years in 2019. A part of the budget will be used to develop Krungthai NEXT Mobile Application and additional invest in new technologies i.e. Blockchain, AI, Biometrics Verification, Data Analytics, Cybersecurity and Cloud Computing. In this regard, the Bank aims to improve the Bank's competitiveness, for instance,

increasing the number of Krungthai NEXT users and the capability to support transaction volume via electronic channels, developing e-KYC, adjusting operational processes in branches and types of branches by emphasizing digital services in order to reduce cost and increase customers' satisfaction. The Bank also places importance on security and customer data privacy with the intention to gain public trusts from customers when using our services.

Corporate Governance: The Bank gives importance to creating the organizational culture of "Zero Tolerance" by implementing the Sustainable Krungthai Initiative so that all business units in the Bank can perform their duties under good corporate governance, having integrity and accountability. This will lead Krungthai Bank to be a role model of moral organization. In 2019, the Bank extended the execution of the model projects resulting from brainstorming of the departments within the Bank through the former

important projects such as Krungthai Compliance Champion and Quality Assurance Project in which there is the "One Unit, One Sustainable Plan" activity.

Human Resources Development: The Bank has continuously provided trainings to develop employees' skills with the intention to accommodate to change of customer behavior, customer needs and technological advancement. Details are as follows:

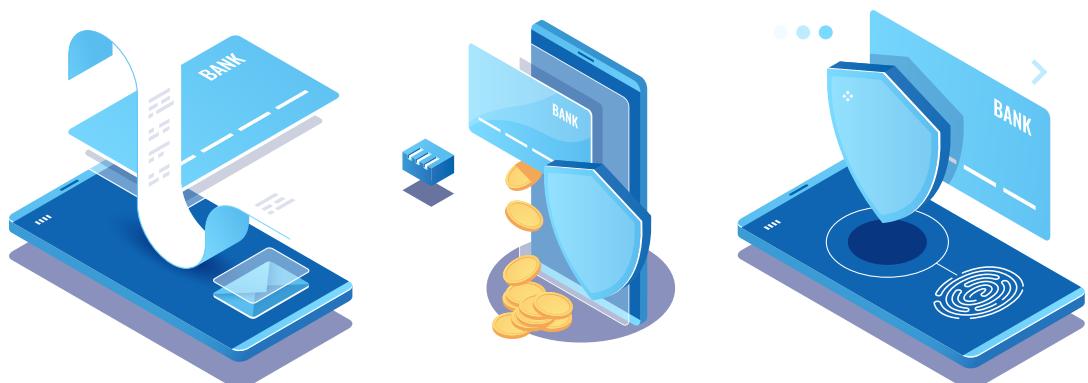
- Branch employees are trained to increase digital banking skills such as how to manage and create good experience in using digital channel for customers, basic knowledge and features of Krungthai NEXT, knowledge and understanding about Customer Journey, etc.
- The Bank has recruited employees who have digital skills through the Bank's alliances such as universities, government's scholarship students, etc.

Summit 2: Making appropriate profit and providing integrated services

In 2019, the Bank's loan growth was lower than expected due to slower-than-expected economic growth. It partly resulted from economic slowdown, trade war, new official regulations etc. The Bank has attached importance to continual growth in good quality loans, mainly derived from government agencies and state enterprises, retail customers and target industry groups due to business expansion through the government projects. The Bank laid stress on NPL control by providing more efficient NPL management and control systems such as debt management with new debt classification, selling debt and decrease in NPL new-entry rate etc.

The Bank also focused on maintaining coverage ratio to be at a good level. The Bank and its subsidiaries' coverage ratio continuously improved to more than 120%. Capital adequacy ratio was at a strong level compared to the requirements of the Bank of Thailand. Moreover, the Bank constantly assessed its capital adequacy ratio in the future so as to comply with official regulations and cover ability to take upcoming risks.

Overall, the Bank emphasized on creating sustainable growth from optimized profitability through the following operations:



Expanding customer base from government projects:

The Bank realized the importance of storing data for supporting digital banking. Therefore, the Bank has initiated processes, namely Data Acquisition, Data Foundation and Data Monetization through Data Analytics, which are the tools for analyzing customer needs and behaviors in order to develop products that really fulfill the customer needs. The examples are SME loan for Siam Global House, Krungthai SME loan and Blue Flag Shops, etc.

Developing service channels in terms of Omni-Channel:

The Bank adjusted service styles, added more service channels and improved service quality through branches, ATMs, Mobile Application, call center and banking agents. The purpose is to provide comprehensive and complete services and seamless experience to all customers anywhere and anytime.

In 2019, Krungthai Bank applied the customer experience concept - creating a good experience for customer - to adjusting branch style to meet the needs of the customers in 5 Ecosystems. Accordingly, such renovation focused on modern and beautiful decoration while maintaining characteristics of the professional financial institution. The new-style branches are available to services at ICONSIAM, Singha Complex, Thai Beverage Public Company Limited, Thammasat University Rangsit Center, Burapha University and Siriraj Hospital etc. At the new-style branches, the service providing shall be divided into 4 service zones to suit and respond to the customer needs. Details are as follows:

01 Self Service Zone: There are ATM Plus machines, where the deposit and withdrawal can be made.

02 Banking Transaction Zone: Providing financial transaction services.

03 Advisory Zone: Providing financial product advice and consultation.



04 Segment Zone: There are Precious Plus Lounge for Precious customers, Event Zone for financial workshops, Lifestyle Workshop Digital Learning Center available for Meet & Learn activities. This zone includes free Wi-Fi and Co-Working Space for young people to work lively and freely.

Furthermore, each branch has been differently designed to suit lifestyles of its customers. For example, the branch at Thammasat University Rangsit Center is designed under the concept "Krungthai Cube - Campus, Connect, Community" whereas the branch at Burapha University is decorated under the concept "Loft - Young, Digital, Connect" so as to deliver roomy, clear and proportioned free space.

Summit 3: Generating future business growth through Krungthai Future Banking

Targeting customers in 5 Ecosystems: Key strategy of the Bank is a business ecosystem that the Bank can build up from its strength, for example generating the infrastructure of the government's electronic payment system. The Bank has a wide range of customer base as well as having a good relationship with government and provincial customers. The Bank can also use big data to develop and support business. In 2019, the Bank set up 5 ecosystems as a main

target: Government, Payment, Health and Wellness, Education, and Mass Transit. Moreover, in the Bank's opinion, 5 ecosystems are strengths of the Bank; therefore, the Bank shall uphold and maintain, then connect them to other ecosystems in order to fulfill daily needs of the customers.

The important products and services related to 5 ecosystems in 2019 are as follows:

102-2



1. Government

- **National e-Payment Policy:** The Bank supports National e-Payment policy such as Krungthai QR Code via Pao Tung mobile application, which are installed in more than 500,000 shops in Thailand. The Bank has stressed importance of provincial vendors in fresh markets so that they can access financial services. Moreover, the Bank has supported MyPromptQR service that is a business-scan-consumer QR code payment system whereby the shops can receive payment by scanning QR code via applications.
- **Government Welfare Card:** The Bank joined with the Comptroller General's Department to develop Government Welfare Card and distributed more than 14.6 million cards to low-income earners and bedridden patients, aiming to reduce cost of living.
- **Blue Flag Shops and Thung Ngern Pracharat Mobile Application** to increase channels for Government Welfare Card usage: In 2019, the Bank installed more than 30,000 EDC machines at Blue Flag Shops and installed Thung Ngern Pracharat application at more than 50,000 Blue Flag Shops to support more than 3 million welfare cardholders.
- **Development of e-Payment Portal of Government:** The Bank has signed a Memorandum of Understanding with the Comptroller General's Department to develop e-Payment Portal of Government to increase channels of payments, income and other money for people and business sector via electronic channel. Such services shall provide more convenient and faster services. The aforementioned system is one stop service (National Single Window: NSW) for the remittance process of the government agencies. It covers transactions between government sector and business sector as well as government sector and public sector such as payment for fines, rental fees, certificate fees and license fees.



2. Payment

- **Krungthai Next the mobile application** that provides series of the full-fledged financial services to satisfy modern lifestyle under the theme "Life's complete with one App" to suit lifestyle covering basic transactions and other special services.
- **Krungthai Travel Card** is foreign exchange service with the best exchange rates.

Details of these 2 services are available in the Products and Financial Services.

- **Online Traffic Ticket Payment:** The Bank cooperated with the Royal Thai Police to develop a full-fledged online traffic ticket payment system by linking traffic ticket database of every police station and the Department of Land Transport together. This makes it easier for traffic police to view reports and various information that is necessary for issuing a traffic ticket. People can pay for traffic tickets via the Bank's channels: branches, ATMs and Krungthai NEXT application, including the Bank's Banking Agent.



3. Health and Wellness

- **Civil Servant Medical Benefit Scheme (CSMBS):** The Bank adjusted direct reimbursement of medical expenses for 5 million government officials and their families to making transactions through EDC machines with ID card. More than 5,600 EDC machines were installed at state hospitals and approximately 1,300 EDC machines at private hospitals nationwide.
- **Smart Hospital:** This project has been co-worked with both state and private hospitals participating in the Civil Servant Medical Benefit Scheme. Krungthai Bank is one-stop financial management service provider called Total Financial Solutions for Smart Hospital service such as financial management service via Krungthai Corporate Online, payment service via EDC machines, self-payment by debit card, credit card and QR code via Self-Payment Machine.



4. Education

- **The Student Loan Fund (SLF):** Krungthai Bank cooperated with SLF and signed the agreement to procure the Digital Student Loan Fund System (DSL) to meet the operations of the Fund, borrowers and guarantors in the form of paperless and digital ID. Until now, the SLF has granted loans to more than 5.64 million students with a credit line of approximate 607,000 million Baht.
- **Smart University Project:** The Bank has cooperated with universities countrywide in the Smart University Project with the intention of elevating the universities to become the smart and cashless universities. The Bank links educational information system with the Bank's e-payment system and provides one-stop financial management service through Krungthai Digital Platform such as smart card for students and university staff, EDC machine installation, QR code payment and development of university mobile application.



5. Mass Transit

- **Mangmoon Card:** The Bank cooperated with the Mass Rapid Transit Authority of Thailand (MRT) for issuing Mangmoon cards in September 2018. Presently, the card can be used on travelling via MRT Purple and Blue lines. The Bank plans for the card to be in use on all mass transit systems and extended to other MRT lines, the Airport Rail Link, Bangkok Mass Transit Authority (BMTA), and public buses under the common ticketing system later.
- **Cashless Bus Fares:** The Bank cooperated the Bangkok Mass Transit Authority (BMTA) to launch cashless services on more than 3,000 buses of the Bangkok Mass Transit Authority's (BMTA) in 129 routes via the EDC machine with electronic tickets including QR code scanning to pay for fares via mobile banking of any bank.

102-2, 103-2, 203-2

Digitalization Operation in 2019

According to the Thailand 4.0 Policy, Thai government is determined to reform the economic system to become digital economy in an attempt to develop the country's competitiveness and to push Thailand from being caught in the middle-income trap. Krungthai Bank, one of the main economic pillars, has a vital role to cooperatively implement the Thailand 4.0 policy. As stated in the Bank's 3 Summits strategy, the Bank plans to develop its business in the future through Krungthai Future Banking, which focus on creating 5 business Ecosystems (Government, Payment, Health and Wellness, Education and Mass Transit) based on the strengths from the electronic payment system infrastructure. In 2019, the Bank carried out several important projects as follows.

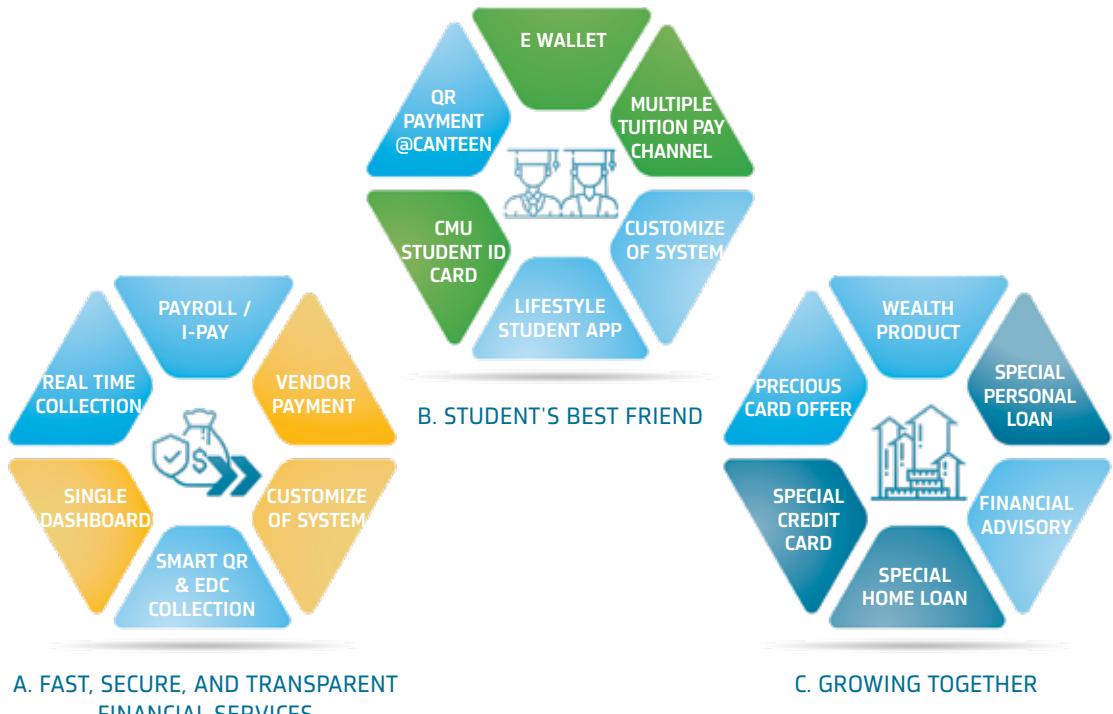
1. SMART UNIVERSITY PROJECT

University is a part of the 5 Ecosystems within the Bank's strategy, that is aligning with the government's National e-Payment and Thailand Cashless Society Policies.

In the present, the Bank has already offered traditional products and services to customers from the University group. Hence, to keep up with changing financial technology and to satisfy the needs of the customers, including being able to compete in the market with competitors, the Bank is required to have new solutions and products offered via new service channels while developing the non-financial products in order to be able to hastily respond changing customers' demands. However, the Bank also needs to maintain and expand its customer base in addition to support the cashless society policy; therefore, the educational institutions - as its target - shall become prototypical society whereas deploy the proactive policy of each university in leading to the Digital University.

The Bank initiated a cooperation with various universities to facilitate students through its innovation and modern technology presented in terms of new solution under the Smart University Project. Details of such products and services are as follows:

During 2019, the Bank signed the Smart University MOU with 14 universities thus far.



203-2

2. COOPERATION BETWEEN KRUNGTHAI BANK AND SHWE RURAL & URBAN DEVELOPMENT

Krungthai Bank collaborated with Shwe Rural & Urban Development Bank of the Republic of the Union of Myanmar in order to develop a system for outward remittance service from Thailand to the Republic of the Union of Myanmar. The Bank is currently in the process of developing mobile application for Shwe Bank to provide money transfer services for Burmese workers under the Asian Payment Gateway Project. Thus, the cash delivery service shall be added on subsequently.

3. COOPERATION IN INNOSPACE (THAILAND) PROJECT

InnoSpace (Thailand) Co., Ltd. - a joint venture between the educational institutions as well as public and private sectors from 12 organizations - has been established with 3 main objectives, namely: 1) promotion and development of entrepreneurship and innovations 2) invitation and recruitment of startups and innovations 3) venture capital investment management. The incubation and development of entrepreneurship will cover all levels and fields of targeted S-Curve industry, especially the development of agricultural

industry towards a bio economy which is the foundation of Thai economy, and the Deep Technology and Enabler Tech field such as Fintech in order to be a growth engine driving the country to be innovation-base, including enabling Thai startups to reach international stage.

In this regard, InnoSpace (Thailand) is considered as the Southeast Asia's first public-private joint venture company. It focuses on strengthening the ecosystem to build and develop startups from pre-seed level to be a unicorn of Thailand. Furthermore, InnoSpace (Thailand) also aspires to be National Startup Platform that fully supports and develops Thai startups, helps create more value, builds long-term competitiveness by relying on partners with technological services, modern tools and specific expertise that are ready to provide advice for Thai startups.

The Bank conducted studies and analyzed the benefits and opportunities for business expansion. Therefore, the Bank has signed a MOU for cooperation and partnership in investment, promotion and development for the innovation, entrepreneurs and start-up enterprises. Accordingly, the Board of Directors had approved the Bank's investment in InnoSpace (Thailand) Co., Ltd. with a joint investment limit of 50,000,000 Baht.

203-2

4. NEW SEGMENT-BASED BRANCH FORMATS PROJECT

New Segment-based Branch Formats Project mainly focused on providing services that met the needs of target customer groups. The project started by offering services with the help from technology to increase extra convenience, speed and security, in addition to providing financial advices from experienced and professional advisors. In addition, some branches were renovated to have a modern design, which was suitable for target customers. In 2019, the Bank had renovated 5 branches as follows: 1. Thammasat University, Rangsit Center Branch; 2. Singha Complex Branch; 3. ThaiBev Quarter Branch; 4. Krungthai Service Center for Siriraj Hospital Staffs and Precious Plus Customers; and 5. Krungthai PRECIOUS Service Center at ICONSIAM. Furthermore, the Bank implemented the e-Slip & e-Signature Project (Electronic signature by Wacom Technology) for every financial transactions conducted at all branches in Bangkok and some branches in Bangkok's vicinity. The implementation of e-Slip & e-Signature enabled the Bank to serve customers faster, increased customer's data security and reduced cost. It was expected that the e-Slip & e-Signature can reduce the Bank's cost by 43 million Baht per year.

5. MOU OF BLOCKCHAIN TECHNOLOGY PROJECT IN COLLABORATION WITH THE MINISTRY OF FINANCE

The Bank signed MOU for the cooperation to implement the Blockchain technology for architectural infrastructure upgrade in order to support the work and mission between 8 departments under the Ministry of Finance - the Office of the Permanent Secretary, the Treasury Department, the Comptroller General's Department, the Customs Department, the Excise Department, the Revenue Department, the State Enterprise Policy Office, the Public Debt Management Office, the Fiscal Policy Office. Blockchain technology helped in developing work system, government's revenue collection, funding sources finding, property management and tendering. In the first phase, the Bank participated in carrying out the projects as follows:



01 VAT REFUNDS FOR TOURISTS

via mobile application by using blockchain system to help increase transparency and security. The blockchain system also made the VAT refund process to be more secure, difficult to fake and auditable.



02 Government Procurement (e-GP)

which comprised 2 sub-projects. The first sub-project was the e-LG project, which was the issuance of electronic letter of guarantee for entrepreneurs via e-GP system. The second project was e-Credit Confirmation. The blockchain system of e-GP has taken part in collecting data of juristic persons and entrepreneurs while providing the Rating system of entrepreneurs, basing on their performance in working with the government agencies.



03 DLT Scripless Bond,

which helped boosting effectiveness to the government bonds issuance and sales, as well as securities depository for people with transparency and effectiveness.



04 Tax collection

of the Excise Department and the Customs Department. The Blockchain system helped centralize and digitize all types of documents related to goods stating from the ordering, production, import, export, until such goods reach recipients by using Digital Document system.



05 Government Welfare Card Scheme.

The Blockchain system was utilized to connect identity information from all sectors to increase the efficiency of welfare recipient registration.



06 Civil Servant Healthcare.

The Blockchain system helped link the information from the Ministry of Health and hospitals so as to be used in identity verification and healthcare rights redeeming.



07 Land valuation Appraisal

of the Treasury Department. The Blockchain system linked data from related departments in order to increase the efficiency in land valuation appraisal nationwide.

203-2

6. COOPERATION BETWEEN KRUNGTHAI BANK AND KING MONGKUT'S INSTITUTE OF TECHNOLOGY LADKRABANG (KMITL)

Krungthai Bank collaborated with the King Mongkut's Institute of Technology Ladkrabang (KMITL) on the research and innovation. Through knowledge exchange and activities arrangement, the cooperation stated by the opening of Creator Space (NEXT Lab) at True Digital Park in an attempt to be a space for creators and innovators to develop new generation of start-up innovation with 6 service functions — innovator relations, creative space, digital community, knowledge and techniques from partners, cooperation with the government, and financial support. The NEXT Lab provides the ready-to-use office spaces and the in-process Maker Space (Lab) area under construction. In this regard, Krungthai Innovation Lab applied various technologies and displayed innovations in the area. Moreover, Krungthai Bank and KMITL jointly developed University App - a mobile application for students and alumni of KMITL, with the intention of connecting daily life experiences with online financial services via Krungthai NEXT. Thus, the University App was expected to be available before academic year 2020.

7. NATIONAL DIGITAL IDENTITY PROJECT (NDID)

As the government had supported the development of the infrastructure of Know Your Customer (KYC) that the customers used in conducting transactions, it encouraged the initiation of National Digital ID Platform (NDID) as a national infrastructure. To be precise, NDID connected customer identity verification in transactions process of all sectors in the country. The Bank participated in the National Digital ID as a pilot group along with 9 other banks. However, the Bank was one of the key leaders in establishing the infrastructure of the National Digital ID system by setting standards, procedures and system implementation methods so that it can be used correctly, securely, effectively, and in consistent with the applicable laws. At present, the Bank has passed the NDID Platform connection testing and the application usage testing with other banks in the pilot group. The Bank is ready to participate in the NDID usage testing with real customers in Regulatory Sandbox under the supervision of the Bank of Thailand before the official implementation in 2020.



8. KRUNGTHAI SMART HEALTHCARE & WELLNESS PROJECT AND HEALTH CARE ECOSYSTEM IMPLEMENTATION

During 2018, the Bank created ecosystems to support cashless society through various projects, such as the government's payment system, Government Welfare Card scheme, social welfare payment and payment for low-income earners, the support on e-Payment of mass transportation system and the public health system thru creating the Health TMS Platform.

In 2019, the Bank further developed those projects, especially the public health system by starting the Krungthai Smart Healthcare & Wellness Project with Samut Prakan Hospital as a prototype. The Bank employed modern technology and adjusted to the hospital's management paradigm, which aims to be a Smart Hospital. This project was also regarded as the response to government policy at the same time by enhancing efficiency of service providing, providing convenience to users in all dimensions. Furthermore, it helped extending the cooperation between the Bank and the Ministry of Public Health to support and push forward the said project to a national health development strategy plan.

Through the collaboration between Krungthai Bank and Samut Prakan Hospital, there were startup groups as a driving force in bringing technology and innovation to help develop the system and adjust processes in the hospital. Accordingly, with further support from the hospital's personnel, the public and people can acquire access to and receive effective medical treatment, which resulted in the better behavior change in accessing treatment since the project had focused on the users or the people as the center of service providing.



9 KRUNGTHAI INNOVATION LAB (INNOVATION AND TECHNOLOGY CENTER)

Krungthai Bank launched Krungthai Innovation Lab in 2019, consisting of 4 significant cores namely; 1. Business Innovation; 2. Data Innovation; 3. Product & Process Innovation and 4. IT Innovation. Besides having specific team to supervise each core in the Lab, the Bank also renovated working environment to be convenient, modern and suitable for creating new innovations. To elaborate, the construction of Krungthai Innovation Lab aligned with the Bank's need for human resources development, work improvement processes, and modern skills instillation. The Bank's innovation lab also serves as a model in software development by using the Agile method, which focuses on delivering highly flexible software to enable the Bank to cope with business changes. In this regard, Krungthai Bank has been enabled to develop various technologies as follows:

- Face, Emotion, Gender Recognition and Object Detection: This became a prototype program that implemented In-house Deep Learning Models to predict gender, mood, age, and detect objects, including being able to recognize face images from existing databases. Face recognition technology was applied in the identity verification process for the Chim Shop Chai Campaign.

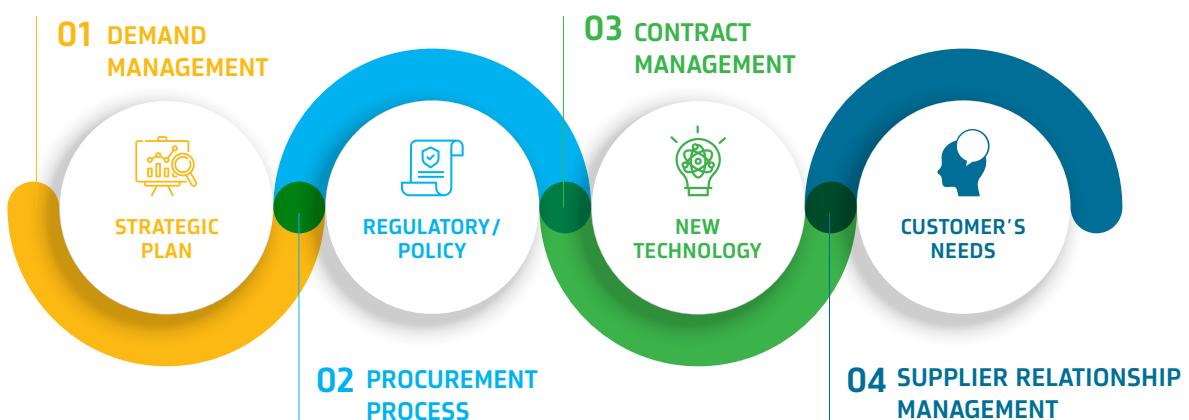
- Smart OCR: This is a system that can automatically read documents the Bank has received from customers, such as a copy of ID card, a copy of house registration document, bank statement. Smart OCR uses AI technology for verification and identification the customers' identity through e-KYC and Digital Lending. The Data Innovation team is ongoing to develop Smart OCR to reduce time in examination of retail business loan documents for the Loan Factory Group.
- Chatbot: This technology turned out to be new method for customers to communicate with the Bank. AI system communicates with customers and automatically provides the Bank's product information and initial solutions for 24 hours. Chatbot was open to the public in September through Krungthai Connex (LINE).
- Blockchain: This makes online transactions faster and more convenient. It helps save cost, increase security, and prevent identity fraud. Blockchain technology ensures users that data will not be modified and helps increase efficiency of audit. The Bank has used the Digital ID Platform - an electronic identification and verification system via Face Recognition - for accounts opening via the Krungthai NEXT application.

102-9

Supply Chain Management

Krung Thai Bank PCL intends to operate its business under the good corporate governance principles by having the Code of Conduct as an operation framework covering the transparency, integrity, anti-corruption, environment and social responsibility, including non-infringement of intellectual property rights. Business operation with social and environment development results in the satisfaction of all stakeholder groups as well as being an important tool for generating profits, good image and long-term stability.

The Bank's supply chain management reflects the connection between the Bank and its business partners. There is a resource management plan, resulting in response to consumers with the best quality of products/services for customers. The supply chain management proceeds according to supplier code of conduct under the 3 basic principles: 1. Integrity 2. Fairness 3. Responsible to Stakeholders, in compliance with the Code of Conduct of the Bank.



The Bank's Supply Chain Management is divided into 4 steps as follows:

01 DEMAND MANAGEMENT	02 PROCUREMENT PROCESS	03 CONTRACT MANAGEMENT	04 SUPPLIER RELATIONSHIP MANAGEMENT
To have materials or services ready to use for continuing business operations and have enough materials to deliver to customers. The Bank, therefore, requires material planning in advance, both planning and budget approval by considering the quality that is suitable for the standard price.	The Bank has established a strict procurement process in compliance with the regulations of the Bank, including the rules and regulations of the government agencies as well as specifying the period of time to procure materials and procure materials within specified time, leading to the effectiveness and efficiency of procurement.	The Bank monitors the operations of suppliers/counterparties to ensure that the procurement is in accordance with the contract and the TOR which is a part of the contract as well as having a performance assessment process of suppliers/partners by the inspection committee and/or related persons according to the specified form.	The management of the suppliers of the Bank places importance on the fairness and transparency. Therefore, the Bank requires its suppliers to register through the Bank's supplier registration system under the specified qualifications as well as creating a database for sustainable business operation management.

102-11, 102-12

Guideline to Operate Business Sustainably According to the International Standard

UN Sustainable Development Goals (SDGs)

As the government endorsed the United Nations Sustainable Development Goals (SDGs) which will be a new development agenda in the world for the next 15 years and will be included as part of the twelfth National Economic and Social Plan, Krungthai Bank as the country's

major financial institution, has adopted the Sustainable Development Goals as a framework of the organization in order to develop the country sustainably in the dimension of economy, society and environment. The business operations of the Bank has supported the 7 Sustainable Development Goals as follows:

SUSTAINABLE DEVELOPMENT GOALS



102-11, 102-12

The Bank placed emphasis on operating business sustainably under guidelines and standards of the national and international levels as follows:

Environmental Dimension 	Issue: Environment Operation Guideline ISO 26000 standard has been implemented as an environmental guideline, for instance: <ul style="list-style-type: none"> • Environmental-friendly operation i.e. Green Loan. • Launching the campaign to eliminate document safely under the project Shred 2 Share with the purpose of reducing a number of destroying trees. • Launching the campaign Green Meeting to reduce paper usage. • “Internal Digitization-Paperless Branch” Project to reduce paper usage of the Bank’s branches by 50% within 5 years. • Krungthai Loves Environment Project. 	
Social Dimension 	Issue: Human Rights Operation Guideline <ul style="list-style-type: none"> • Krungthai Bank operates business by adhering to domestic and international law as well as Universal Declaration of Human Rights or UDHR. • The Bank has specified the issue of Human Rights in the operation manual in the matter of hiring a staff member and appointing a position regulation. 	
Governance Dimension 	Issue: Labour Operation Guideline <ul style="list-style-type: none"> • The Bank takes care of its employees in complying with the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work. • The Bank has formulated the non-discrimination procedure in the matter of hiring a staff member and appointing a position regulation. • The Bank has announced its safety policy and operational goals. • The State Enterprise Labour Relations Act B.E. 2543 encourages the establishment of a labour union. • The Standard Qualifications of Directors and State Enterprise Employees Act B.E. 2518. • Children under 18 years old are not allowed to work. • Compliance to the Empowerment Of Persons With Disabilities Act, B.E. 2550, Section 35. 	 International Labour Organization
	Issue: Anti-Corruption Operation Guideline <ul style="list-style-type: none"> • Formulate zero-tolerance policy through “Sustainable Krungthai”, implemented throughout the organization. The Bank will not tolerate any form of corruption. • Announce the whistleblowing policy as a channel for reporting any wrongdoing. • Formulate the policy of Anti-Money Laundering and Combating the Financing of Terrorism: AMLCFT as in compliance with the Vienna Convention (1988) Financial Action Task Force (FATF). • The Bank jointly signed Memorandum of Understanding on National Anti-corruption Strategy Phase 3 (2017-2021) with the Office of the National Counter Corruption Commission, State Enterprise Policy Office (SEPO) and state enterprises. • The Bank jointly signed Memorandum of Understanding on driving the Bank to become a model of virtuous organization with Moral Promotion Center (Public Organization) under the Sustainable Krungthai Initiative. • Prepare an anti-corruption handbook to prevent giving/taking of the bribes and a handbook to prevent conflicts of interest in order to be guidelines for the Bank’s employees and executives. 	 

Operations in Economic Dimension

102-7



Net Profit
(Equity Holders of the Bank)
29,284 million Baht



Asset
3,012,216 million Baht



Deposits
2,155,865 million Baht

Increased by
2.8



Liability
2,663,890 million Baht



Shareholders
66,354



Total Loans

Wholesale
loan
650,267
million Baht

Retail loan
924,268
million Baht

Government and
state enterprise loan
182,986
million Baht

Other loan
375
million Baht

SMEs
loan
332,447
million Baht

102-7, 103-2, 103-3, 201-1, 201-4

ECONOMIC PERFORMANCE

Krungthai Bank is a commercial bank with the Ministry of Finance as a major shareholder through the Financial Institutions Development Fund (FIDF), holding the shares totaling to 55.05 percent. However, the Bank also maintains the status as a public limited company listed on the Stock Exchange of Thailand. As a result, the Bank has a major role in supporting governmental policies and projects as well as developing Thai economy and increasing employments. In details, the Bank supports Thailand 4.0 policy, Digital Economy for enhancing Thailand's competitiveness ability, Government Welfare Card Project, Pracharat Blue Flag Shops and Elderly Society Support, etc. Meanwhile, the Bank also aims to acquire a good business performance both from the Bank and its subsidiaries in order to generate utmost benefit for the shareholders. The Bank has been operating business with the good corporate governance as well as taking into account all stakeholders, which complies with the Bank's vision "Growing Together". Accordingly, the Bank truly wishes to sustainably grow together with all parts of Thai society. In this regard, the Bank has assigned the Corporate Governance and Social Responsibility Committee to set policies and monitor the operation results.

ECONOMIC VALUE GENERATED BY THE ORGANIZATION AND DIRECT DISTRIBUTION OF ECONOMIC VALUE SUSTAINABILITY PERFORMANCE DATA, KRUNGTHAI BANK, 2017-2019

Performance Data (The Bank's financial statements)	Amount (MTHB)		
	2017	2018	2019
Economic Performance			
Income	143,563.63	135,966.56	142,752.04
Operating cost	56,833.73	43,005.98	47,803.12
Employee expenses and benefits	22,490.45	24,111.44	25,903.03
Expenses for sources of finance	35,082.05	34,429.12	32,961.89
Tax expenses	7,698.44	9,092.27	9,379.84
Social and Environmental Expenses	192.45	227.13	378.46
- Donation to public charity/for public benefit	45.38	11.26	86.27
- Donation to educational/sport-related purpose	72.09	96.86	162.39
- Financial aid for local activities	22.30	50.23	36.47
- Financial aid for the benefits of the society	4.63	8.66	14.96
- Scholarship for outsider candidates	2.09	5.23	8.35
Association membership fee	45.96	54.89	70.02
Total Economic Value	21,312.47	25,100.62	26,325.70

Notes:

1. Since 2013, the Bank has employed Thai Accounting Standard No. 12 (Income tax) and No. 19 (Employee Benefits)
2. Operating cost data in expenses for sources of finance has been adjusted.
3. Accumulative economic value = income - (operating cost + employee expenses and benefits + sources of capital fund + tax + social and environmental expenses)

Krungthai Bank's income derives from operating business in accordance with the Bank's corporate governance principles, rules and regulations of the regulators such as Bank of Thailand, the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand, and State Enterprise Policy Office (SEPO).

KRUNGTHAI LOVES COMMUNITIES

Alongside with Sustainability



OPERATIONS IN ENVIRONMENTAL DIMENSION

The Bank certainly highlights on business operations that are environmentally friendly and focuses on efficient use of resources to get the utmost benefit.



Operations in Environmental Dimension

The Bank has determination to continually conserve natural resources and environment under the established Social and Environmental Responsibility Policy with objectives to prevent and control environmental impacts. In addition, the Bank also provides knowledge relating to environment to all levels of employees so that they can generate guideline in developing environmental products and services. Furthermore, the Bank endeavors to conduct environmental operations more efficiently, as a result; the Committee of Energy and Technology Conservation with the intention to support, control and monitor energy conservation operation, together with implementing new methods, technology or innovation in the process. The Committee has effectively and appropriately managed energy and technology usage in various aspects so as to generate utmost benefits for the Bank's business operation.

The main objectives are:



**01
TO PREVENT AND
CONTROL IMPACT ON
ENVIRONMENT**



**02
TO PROVIDE
KNOWLEDGE ABOUT
ENVIRONMENT TO
EMPLOYEES**



**03
TO SET GUIDELINES
FOR THE DEVELOPMENT
OF PRODUCTS AND
SERVICES**

103-2, 302-1

ENERGY MANAGEMENT (DMA-ENERGY)

The Bank focused on energy conservation, natural resources preservation and decreasing impact on environment. The Bank established a list of buildings under energy management control by the Energy Conservation Promotion Act B.E. 2535 (1992). Controlled buildings are Nana Nua building (Head office 1), Sukhumvit building (Head office 2), Suan Mali Branch building, Sri-Ayutthaya Road building, Piboonsongkram building and Krungthai Bank Training Center at Khao Yai. The Bank, as the coordinator, had contacted and arranged the visit of the advisors appointed by the Ministry of Energy to provide consultant and observe the progress of the operation. The Bank also conducted and collected reports as well as submitting request for approval in the case of appointment/removal of Ordinary Personnel Responsible for Energy in Building or Factory and Senior Ordinary Personnel Responsible for Energy in Building or Factory. The Bank also sent representatives to attend training programs arranged by the Ministry of Energy regularly.

Furthermore, the Bank has been carrying out projects concerning various aspects of environment. In 2019, the Bank's energy conservation projects include the followings:



302-1

1. THE BANK ENCOURAGED EMPLOYEES TO REALIZE THE IMPORTANCE OF ENERGY CONSERVATION.

In this regard, the Bank instilled employees' awareness relating to the value of energy and put emphasis on employee's involvement in changing the organization culture in terms of efficiently and sustainably use of energy.

2. "CHANGING LED LIGHT BULBS AND AIR CONDITIONERS" PROJECT

was carried out with the purpose to reduce the Bank's impact on environment and increase the efficiency of resource usage within the Bank.

2.1 Changing to use LED Light Bulbs will increase the efficiency of resource usage. The LED light bulb is better than the traditional light bulb as it is more efficient and its lumen is much higher. It also has longer life and its maintenance cost is lower. Moreover, the LED light bulb is durable, lightweight, small, easy to install and it does not require any additional accessories for installation. Therefore, the Bank had the policy to change from incandescent lightbulbs to T5 lightbulbs so as to reduce the electricity consumption. The details are as follows:

1. T5 lightbulb can reduce more electricity usage by 30% compared to T8 lightbulb and its luminous efficiency is higher than that of T8 lightbulb. Therefore, it can save more electricity at the same luminous efficiency.
2. T5 lightbulb has less impact on the environment because of smaller size, thus using less material and mercury compared to T8 lightbulb.
3. T5 lightbulb's lumen maintenance is 95% after 2,000 hours usage, higher than T8 lightbulb and T12 lightbulb.

2.2 Changing air conditioner by using air conditioner with EGAT Label No. 5 and R32 eco-friendly refrigerant, which cause less greenhouse gas destructions.

In the past years, the Bank changed 536 branches to use LED T5 lightbulbs and in 2019 the Bank changed 25 branches to use such lightbulbs as well. Accordingly, there are 561 branches with LED T5 lightbulbs in total. Moreover, the Bank also changed 114 branches to use inverter air conditioners for the purpose of effective electricity usage.



60+ EARTH HOUR PROJECT

was a collaboration project between Bangkok Metropolitan Administration, Foundation for Environmental Education for sustainable Development (Thailand) - FEED and WWF Thailand, along with over 7,000 cities around the world to turn off the light for one hour to reduce global warming. The Bank's representatives attended the project's meeting to acknowledge the policy and promote the project within the Bank, asking for employees' cooperation in turning off the light for one hour on the designated date and time, which was March 30th, 2019, between 20.30 and 21.30 hrs.

Besides, the Bank established energy control measures in alignment with the energy conservation policy. All executives and employees shall continually contribute to electricity saving by setting on/off time for lighting and air conditioner. The operation hours for lighting and air-conditioning was set during 7.30-12.00 hrs. and 13.00-17.00 hrs. in order to ensure efficient use of electricity and the organization's sustainability.



302-1, 305-2

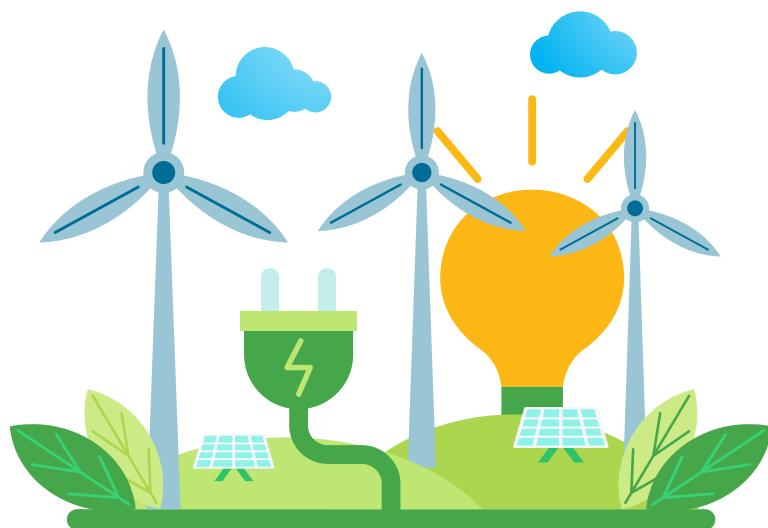
HEAD OFFICES' ELECTRICITY USAGE DURING 2017-2019

Unit	2017		2018		2019	
	KWh	GJ	KWh	GJ	KWh	GJ
Sukhumvit Building	5,405,000	19,458.00	5,493,000	19,774.80	5,553,000	19,980.80
Nana Nua Building	6,193,576	22,296.87	6,386,634	22,991.88	6,672,652	24,021.55
GHG Emissions :	6,751.53			6,915.13		
Total scope 2 Co ₂ emissions (TonCo ₂ eq)						

ELECTRICITY USAGE IN REGIONAL OFFICES AND BRANCHES NATIONWIDE IN 2017-2019

Region	Electricity Use in Regional Offices and Branches Nationwide					
	2017		2018		2019	
	KWh	GJ	KWh	GJ	KWh	GJ
Bangkok	79,096,370.00	284,746.93	36,711,797.19	132,162.47	31,940,997	114,987.59
Central	41,094,030.48	147,938.51	16,082,954	57,898.63	21,918,014	78,904.85
Northeastern	32,253,854.82	116,113.88	15,991,855	57,570.68	14,490,679	52,166.44
Southern	26,558,655.59	95,611.16	10,957,547	39,447.17	10,908,959	39,272.25
Northern	28,684,610.19	103,264.6	11,685,707	42,068.55	11,825,739	42,572.66
GHG Emissions :	120,894.91			53,221.32		
Total scope 2 Co ₂ emissions (TonCo ₂ eq)						

* Emission Factor (GloG) 1 K=KWh = 0.5986. The calculation is based on Thailand Grid Mix Electricity LCI Database B.E. 2557 (2014) and Sustainability Reporting Guideline: standard version.



103-2, 303-1

The Bank is aware of the importance of water resources management since water is one of the necessities for every life. In 2019, the Bank improved wastewater treatment pond and drain of Nakhon Phanom City Hall as well as improving wastewater treatment system (with Media structure) in the Bank's Training Center at Khao Yai in order to prevent pollution and waste caused by the business operation. Moreover, the Bank encouraged employees to use water more efficiently to generate the most benefits. Example of operation were as follows:

- 01** Sanitary wares were replaced by water- saving alternatives; for example, using touchless faucets to prevent unnecessary loss of water, using faucet spray heads in some areas to reduce water wasting and adjusting the water pressure of rinse spray hoses to a moderate level. These changes had been done during branch renovation.
- 02** Signs encouraging water saving were attached to wash basin areas and on the internal side of toilet doors and pantry doors in Nana Nua and Sukhumvit buildings as well as those in branches.
- 03** Waste water management is performed in accordance with Enhancement and Conservation of National Environmental Quality Act B.E. 2535 (1992) in 3 buildings, namely Nana Nua, Sukhumvit and Si Ayutthaya Road Building, as activities in the 3 buildings produce over 200 m³ from toilets, cleaning and others. The wastewater must be treated before disposing into water resources to ensure that the Bank meets the government's effluent standard.

TAP WATER USAGE IN THE TWO HEAD OFFICE BUILDINGS DURING 2017-2019

Unit m²

80,0000 -



103-2, 305-2

IMPACT OF CLIMATE CHANGE MANAGEMENT

GREENHOUSE GAS MANAGEMENT

In the present, the dust particles or “PM 2.5 dust” problem in Bangkok and its vicinity has become one of the main problems that is difficult to avoid. PM 2.5 dust particles are caused by pollution from traffic and transportation in large cities due to the increasing number of cars. The smoke caused by car exhausts, incomplete combustion, dust from industrial and construction sectors are the main roots of PM 2.5. PM 2.5 dust particles result in global warming (climate change), affecting the ecosystem and living creatures. The Bank realizes the importance of climate change mitigation. Therefore, as a corporation under GHG Protocol Scope 2 Guidance, corporations emitting greenhouse gas indirectly by using electricity as steam coal which is fossil fuel that emits greenhouse gas while being burnt during electricity generation, the Bank encourages the executives and employees to continuously reduce electricity usage.

Moreover, the Bank also took into account the impact of climate change. As a result, the Bank decided to manage risks caused by climate change by using R32 eco-friendly refrigerant. In addition, the Bank established the energy conservation guideline in order to raise environmental awareness among employees while on duty and to drive the organization to become an environmentally friendly business. The guideline, which shall be used bank-wide, were as follows:



ELECTRICITY

- Set air conditioner temperature at 25 °C - 26 °C.
- Reduce operation time for air conditioner at least 1 hour a day or only use air conditioner as needed for customer service and work.
- Place heat-generating appliances, e.g. water boiler, refrigerator, etc., outside air-conditioned room.
- Perform annual maintenance on air conditioners.
- Turn on the lights only where needed and turn off the lights as soon as they are no longer needed.
- Turn off and unplug electrical devices when they are not in used, e.g. printers, photocopiers, etc.
- Turn off computer monitor when not in used. Set the display to turn off if there is no activity for 15 minutes.
- Establish Energy Conservation Team in each business unit to oversee energy usage within the business unit.

ELEVATOR SYSTEM

- Press either up or down button. Do not press both buttons at once.
- Use stairs if you are going up/down one story. Encourage employees to use stairs instead of elevators.
- Consider shutting off elevators after working hours or during holidays.

GASOLINE

- Drive at constant speed. Do not drive faster than 90 km/hr.
- Perform routine car maintenance.
- Carpool if several people are traveling the same route. Always check the route before starting the journey.

PLUMBING SYSTEM

- Use water appropriately. Completely turn off the tap after you finish using the water.
- Check for leaks.

MISCELLANEOUS

- Use both sides of the paper.
- Avoid using non biodegradable packaging such as Styrofoam or plastic.
- Sort trash to reduce the process and energy required to dispose of the trash.

305-5

The Bank has been participating in "["Shred 2 Share: Safety for Information, Care for Society and Environment"](#)" together with over 64 alliances for the eleventh consecutive year. This campaign encourages employees to safely shred and recycle disposed documents using methods that meet international standards. In 2019, the Bank reduced the amount of paper used by 77.26 tons, CO₂ emission by 20.09 tons, coal used by 8.50 tons and water used by 3,863 m³. Throughout eleven years of participating in the project, the Bank reduced the total amount of paper used by 697.53 tons, CO₂ emission by 182.39 tons, coal used by 76.74 tons and water used by 31,060.86 m³. The Bank will continue to conserve environment by participating in Shred 2 Share Project in the next years and will report the result of its contribution in environmental conservation to executives and employees once a year.

Year	 Quantity of document (ton)	 CO ₂ emission reduction (ton)	 Coal use reduction (ton)	 Water use reduction (m ³)
2009	39.08	10.16	4.03	1,954
2010	54.72	14.23	6.02	2,737
2011	55.86	15.34	6.12	2,793
2012	62.13	16.38	6.93	3,150
2013	62.66	16.29	6.83	3,133
2014	69.94	18.18	7.69	3,496
2015	68.44	17.79	7.53	3,422
2016	86.55	22.50	9.52	4,328
2017	57.62	14.98	6.34	2,881
2018	63.27	16.45	6.96	3,163
2019	77.26	20.09	8.50	3,863
Total	697.53	182.39	76.74	31,060.86

The Bank's objective of continuous participation in Shred 2 Share Project is to incorporate in its business operation the benefits for society and environment by recycling disposed documents. Considering the Bank's document destruction together with the reduction of CO₂ emission, coal use and water use, it is found that the Bank has successfully reduced pollution, which is the cause of climate change. Additionally, some of the paper can be reused and the Bank has donated school equipment made from reused material to Border Patrol Police schools.

Several social and environmental responsibility projects carried out by the Bank include:

- Reviewing business continuity plan to ensure that it covers environmental changes such as natural disaster (flood). The Bank has categorized the severity of the incident and divided flood response plan into 3 phases by the level of severity and impacts, in order to ensure business continuity.
- Issuing environmental loans allowing the Bank to reduce the impacts on the environment. The details can be found under the topic of Environmental Products and Services.
- The Bank has been participating in TBCSD Green Meeting Project since 2007. It is organized by Thailand Business Council for Sustainable Development and Thailand Environment Institute. As a result, Krungthai Bank applies the Green Meetings guideline to meetings within the organization

301-1, 305-5

MATERIALS MANAGEMENT

The Bank realizes the importance of sustainable business operation to protect the environment and reduce environmental impact. All executives and employees have the same mission in conserving environment and managing energy usage for maximum benefits within the organization. The Bank initiated the following projects.



01 KRUNGTHAI LOVES ENVIRONMENT PROJECT

was an extended project of the Krungthai Young Enterprise Awards Project and Khung Bang Ka Chao Project. Its objective was to reduce impacts on the environment, reduce carbon footprint, and waste disposal cost within the organization. In this project, food waste is recycled into soil by a food recycling machine from Inno Waste Co., Ltd. at the Bank's cafeteria. Soil from food recycling was used in various purposes such as landscape decoration in the organization, donating to external organizations that are interested in it. This was considered as one of the Bank's CSR activities.

02 INTERNAL DIGITIZATION-PAPERLESS BRANCH PROJECT

aimed to reduce the amount of paper used at branches, which was one of the Bank's strategic plans approved by the Board of Directors in October 2017. The Bank's objective is to digitize branches' working process to reduce 50% of papers usage within 5 years. This project not only reduced costs, but also increased the effectiveness of branches' working process as well as providing impressive experience to employees and customers. The Project's operation procedure was divided into several phases. The Bank started to carry out this project in the beginning of 2018 and expected to achieve the target in 2020.

In addition, the Bank applied technology to help effective management via Krungthai NEXT Mobile Application as well as monitoring the progress of the projects and developing the projects to maximize effectiveness. The Bank also encouraged all executives and employees to save paper by using every piece of paper most beneficially. Although crucial material reported in this Sustainability Report is non-recyclable or not made of recycled materials, the Bank endeavored to reduce the use of resources necessary for the Bank's operations.



301-1

AMOUNT OF MATERIAL USAGE

Paper is considered as the crucial material for the Bank's operation. In 2019, the details of the Bank's paper usage (for slips) were as follows:

Type	Quantity/ Unit	Weight per unit (kg)	Total material used	
			Total unit	Total weight (kg)
Deposit slip	500 slips/pack	1.44	90,042.00	129,660.48
Withdraw slip	500 slips/pack	0.64	60,818.00	38,923.52
Bill payment slip for utility and fee payment	100 slips/pack	0.25	165,801.00	41,450.25
Deposit slip for passbook	500 slips/pack	0.90	34,980.00	31,482.00
Passbook (savings account)	1 Passbook	0.0134	4,331,600.00	58,043.44
Passbook (fixed deposit account)	1 Passbook	0.0136	51,800.00	704.48
Passbook (KTB ZEROTAX)	1 Passbook	0.0122	17,000.00	207.40
Total				300,471.57

Presently, making transactions via Krungthai NEXT has increased convenience and effectively reduced the amount of slips from making transaction at the counters or using ATMs. The deduction of the slip usage can be seen in the following table.

REDUCTION IN SLIP USE



Environmental Products and Services

102-11, 103-2, 201-2, 203-2

Krungthai Bank, as a financial institution, takes part in creating positive environmental impact through acting as the source of funds for private sectors and social entrepreneurs so that they can develop innovations to minimize the impacts from climate change and to preserve the environment.

No.	Environmental Products and Services	Objectives	Loan Approval Criteria
1	Environmental Loan	<p>As the manager of the Environmental Fund, the Bank carried out the Environmental Loan for Private Sector in collaboration with the Environmental Fund. The loan offered low interest rate (minimum 2-3 percent per annum) so as to encourage the Bank's customers in private sector to contribute to the environment conservation.</p> <p>In 2018, the Environmental Fund specified 3 project characteristics that the Bank can consider for loan approval by itself (without submitting for the consideration from the Environmental Fund Committee) to facilitate for smooth workflow as follows:</p> <ol style="list-style-type: none"> 1. Project of replacing machinery and equipment in the air pollution treatment system, wastewater treatment system or waste management in place of the existing machinery and equipment within the budget not exceeding to 50 million Baht. 2. Manure fermentation system installation for making fertilizer or soil nourishment with a productivity of not exceeding 20 tons/day. 3. Construction Project Specified for Wastewater Treatment System with treatment capacity not exceeding 100 cubic meters/day. 	<p>The Bank considers loan approval based on the Bank's regulations to entrepreneurs who work on constructing/improving/expanding wastewater treatment system, air pollution treatment or devices relating to the system, technical aspect of which has been considered by the Environmental Fund.</p>
2	Energy Efficiency Revolving Fund Loan by Financial Institutions	<p>The Bank and Department of Alternative Energy Development and Efficiency, Ministry of Energy aimed to encourage investment in energy conservation by offering loans to entrepreneurs who can sustainably conserve energy within their organization. At the present, the Bank proceeds phase 6th of the project (with additional credit limit).</p>	<p>The Bank considers loan approval based on the Bank's regulations to entrepreneurs who work on energy conservation project approved by the Environmental Fund.</p>



Environmental Loan
(Wastewater treatment capacity is
107,772.50 cubic meters per year)

1998 - Present



accumulative credit of
2,207.84
million Baht



Energy Efficiency Revolving Fund Loan
by Financial Institutions
(Reduce electric consumption by
15,358992.53 KWH/year and save electricity
charge by 59,874,503.37 Baht/year)

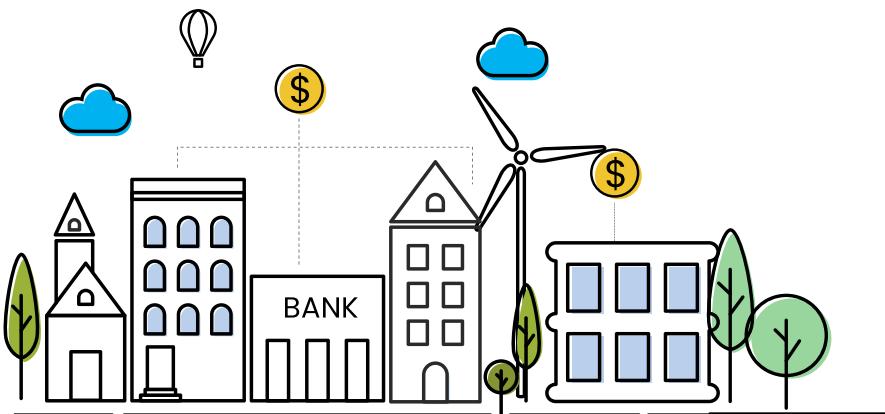
2003 - Present



accumulative credit of
325.23
million Baht

203-2

Furthermore, the Bank approved loans for supporting Renewable Energy Factory Entrepreneurs who has been producing renewable energy since 2016. The Bank approved loans of more than 23,000 million Baht to two types of renewable energy entrepreneurs, namely solar energy and biomass/waste energy.



"Krungthai Bank participated the OUR Khung Bang Kachao Project and did a volunteering activity in planting mango and banana trees on the pilot area of 2.4 Rai."



KRUNGTHAI LOVES COMMUNITIES

Alongside with Sustainability



OPERATIONS IN SOCIAL DIMENSION

The Bank recognizes the importance of sustainable human resources development: All employees are considered as a valuable asset that the Bank must develop and retain.



1 NO
POVERTY



8 DECENT WORK AND
ECONOMIC GROWTH



4 QUALITY
EDUCATION



10 REDUCED
INEQUALITIES

Operations in Social Dimension

103-2

The Bank has confidence that “human resources” is the most important resource of the organization and a significant factor that helps the Bank achieve the strategic goal of becoming a future bank. Therefore, the Bank has had a human resource management plan to respond to changes caused by technological disruption, changing customer behaviors and intensive business competition and to be able to efficiently support the government policies as a state-owned bank.

The Bank has stipulated both short-term and long-term HR strategies that aim to build and develop personnel in the organization to be good and smart. The main strategy has 5 aspects: 1. Workforce Management 2. Up-skilling & Re-skilling Employees 3. Talent Management 4. Performance Driven Organization and 5. Driving Sustainable Krungthai Project.

Strategy	Goal	Operation
	1. Workforce Management Workforce Management that is appropriate, effective and complies with business needs.	<ul style="list-style-type: none"> Review workforce plan to match business plan and the policy of driving the Bank to become a future bank by considering business suitability and human right principles.
	2. Up-skill & Re-skill Employees have sufficient and appropriate skills for driving business and the future banking strategy of the Bank.	<ul style="list-style-type: none"> Develop employees under the concept “excellent work, skillful man, proficient in technology” by reviewing employees’ competency: Core Competencies, Technical Competencies and Management Competencies, including Leadership Development Framework in order to comply with the policy of becoming a future bank. Moreover, the Bank has assessed competencies of employees throughout the organization to find out strengths and opportunities for development. The Bank has used the results of assessment to formulate guidelines for development in various forms, but focusing on coaching & feedback and rotation. Give importance to Up-skill and Re-skill employees who are affected by digital banking by developing their performance and potential to be able to have career growth according to their career path. Give importance to leadership development of heads at all levels (first level, middle level and top executive level) because heads are an important factor in enhancing employees’ engagement and performance. This will lead the Bank to a culture of performance driven organization (PDO) that retains a smart and good employee, and create firm and sustainable growth of the Bank further. Encourage employees to have life-long learning by focusing on providing a variety of learning platforms such as E-learning and Knowledge Management (KM) Website etc.

103-2

Strategy	Goal	Operation
	3. Talent Management The Bank is able to attract, manage and retain talent personnel most efficiently.	<ul style="list-style-type: none"> • Improve external channels for potential recruitment by using online channels and carrying out special projects, including creating partnership networks. • Focus on assigning special projects to talent employees to show their potential based on their aptitudes and interests, including providing an opportunity for job rotation both within the bank and between the Bank's subsidiaries (secondment) to exchange their knowledge. • Promote preparation for IDP to become the Bank's successor and for further growth according to career path.
	4. PDO (Performance Driven Organization) Creating PDO culture to enhance performance of the Bank and provide appropriate compensation to employees.	<ul style="list-style-type: none"> • Provide knowledge about guidelines on performance management according to the PDO guideline of the Bank to all employees. • Promote providing appropriate compensation that is in line with actual performance: the harder you work, the more compensation you receive, and vice versa. This will give support to employees who fully perform their duties.
	5. Sustainable Krungthai Create a moral organization and drive the zero tolerance culture in the organization.	<ul style="list-style-type: none"> • Implement the Sustainable Krungthai Project that is one of success factors in building a good and smart employee. This project will help employees participate in brainstorming ideas about "a problem to solve, a good deed to do" with the Inside-out Blasting process in order to enhance the work process more efficiently, zero-tolerance culture, and driving a role model of the Bank for moral practice.

102-7, 102-8, 405-1

In 2019, Krungthai Bank had 21,133 employees in total, classified by gender, type of employment, working location and position level as follows:

2019

Krungthai Bank had
21,133
employees in total

	Amount of Employee			2017			2018			2019		
	Classified by Employment Type	Classified by Employee Level (person)	Male (person)	Female (person)	Total	Male (person)	Female (person)	Total	Male (person)	Female (person)	Total	
Full-time Employee	Permanent Employee	Top Executive Level	49	24	73	50	29	79	56	27	83	
		First and Middle Level	1,561	1,732	3,293	1,498	1,694	3,192	1,446	1,643	3,089	
		Officer	5,179	13,872	19,051	4,938	13,397	8,335	4,774	13,025	17,799	
	Total		6,789	15,628	22,417	6,486	15,120	21,606	6,276	14,695	20,971	
	Temporary Employee	Contract for Service*	106	21	127	103	36	139	77	33	110	
		Outbound**	2	14	16	2	17	19	26	26	52	
Total			108	35	143	105	53	158	103	59	162	
Total			6,897	15,663	22,560	6,591	15,173	21,764	6,379	14,754	21,133	

*Temporary employee: all employees except Call Center receptionists

**Other Employees: Employees who work as a Call Center receptionist, a field verification officer and a field collection officer



Rights to Association and Collective Bargaining

102-41, 103-2, 103-3, 407-1

2022 Operational Goal (Long term)

Labour dispute is zero.

2019 Operational Goal

Labour dispute is zero.

2019 Performance

Labour dispute is zero.

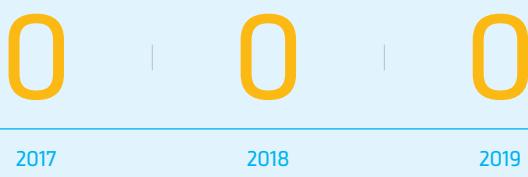
The Bank gives rights to, freedom of association and collective bargaining, which are considered as basic rights to protect an employee from being taken advantage by an employer in compliance with the State Enterprise Labour Relations Act, the State Enterprise Employees' Qualifications Act, the Act for the Establishment of and Procedure for Labour Court, the State Enterprise Labour Relations Commission on minimum standards of working conditions in public enterprise, Civil and Commercial Code (Clause 575-586: Hire of Services) and State Enterprise Labor Relations by means of appointing the Relation Affairs Committee. One of the committee members is appointed as the Chairman. The committee comprises 9 the management of the Bank and 9 employees' representatives (representatives of the Labour Union). The meetings of the committee shall be held at least once a month.

Moreover, the Bank has the Krungthai Bank State Enterprise Labour Union being the employee representative to negotiate with the management. The union was established in 1975 according to Labour Relations Act B.E. 2518 (1975). Presently, there are 17,776 members in the Union throughout the country, accounting for 84 percent of total employees.

In 2019, The Relation Affairs Committee held 12 meetings, 47 cases in total in the manner of a joint consultation committee. The committee primarily focused on the organization's benefits. The committee discussed, concluded and imposed corrective actions to resolve all of them under the laws applied to the Bank, adhered to justice and fairness, and had no discrimination against race, religion, gender and friendship. It resulted in the Bank's good labour relations. No filing a claim from the Labour Union. The data during 2017-2019 is shown in the table below:

Negotiation with the Labour Union

- Number of negotiations
- Number of solved negotiations
- Number of negotiations in process



Furthermore, the Bank provides various channels for employees to voice their opinions as follows:



E-Mail hr.care@ktb.co.th/we.lovektb@ktb.co.th
hr_hotline@ktb.co.th

The Discipline and Employee Relation Department is the center in receiving suggestions and complaints, providing advice and recommendations to employees and cooperating with other units involved in the issue in order to strengthen the bond between the Bank and employees.

Human Resources Operations

103-2, 103-3

2022 Operational Goal (Long term)

Develop employees at all levels to have work processes in the form of extreme digitalization and enable them to use information and technology to create value in their work.

2019 Operational Goal

Focus on developments that respond to digital banking policy of the Bank and 5 ecosystems of the country.

2019 Performance

The Bank has developed employees in various aspects to prepare for supporting digital banking policy and 5 ecosystems by providing training courses, for example, Reimagining Your Business for the Digital Age by The Harvard Business School Association of Thailand, FinTech: Related Laws and Regulations, e-Court, GFMIS on KTB Corporate Online Platform.

The Bank's Operation on Human Rights

The Bank has policy on fair appointment and employment, non-discrimination and providing equal and transparent opportunity to effective and efficient employees. The guideline is as below:

1. In Staff Regulation on Appointment and Employment of the Bank's Employees, no criteria or conditions of employment discrimination or discrimination are specified, but equal opportunity of employment and qualifications are provided in accordance with qualifications of public enterprise employees. The Bank also has transparent recruitment by job advertisements and considers qualifications, knowledge, competencies, determination and positive attitude. In this regard, the committee is appointed to recruit and select the candidates to work with the Bank.

2. For job advertisements, the Bank respects human rights and provides gender equality for job application, including providing a special job position for the disabled. The Bank also gives importance to the disabled by formulating policies and guidelines on promoting and improving life quality of the disabled such as employment, career development fund and any help, including subsidizing as prescribed by law.

Furthermore, the Bank complies with Empowerment Of Persons With Disabilities Act, B.E. 2550 (2007), Clause 33 by employing one disabled person, Clause 34 by contributing to Fund for Empowerment of Persons with Disabilities for

compensation for employment of 26 employees and Clause 35 by hiring 194 disabled persons from The Thai Red Cross Society and related agencies (as the proportion of employees as of 1 October of every year)

Employee Engagement (103-1)



My Krungthai My home
Best Place to Work,
Best Digital Bank



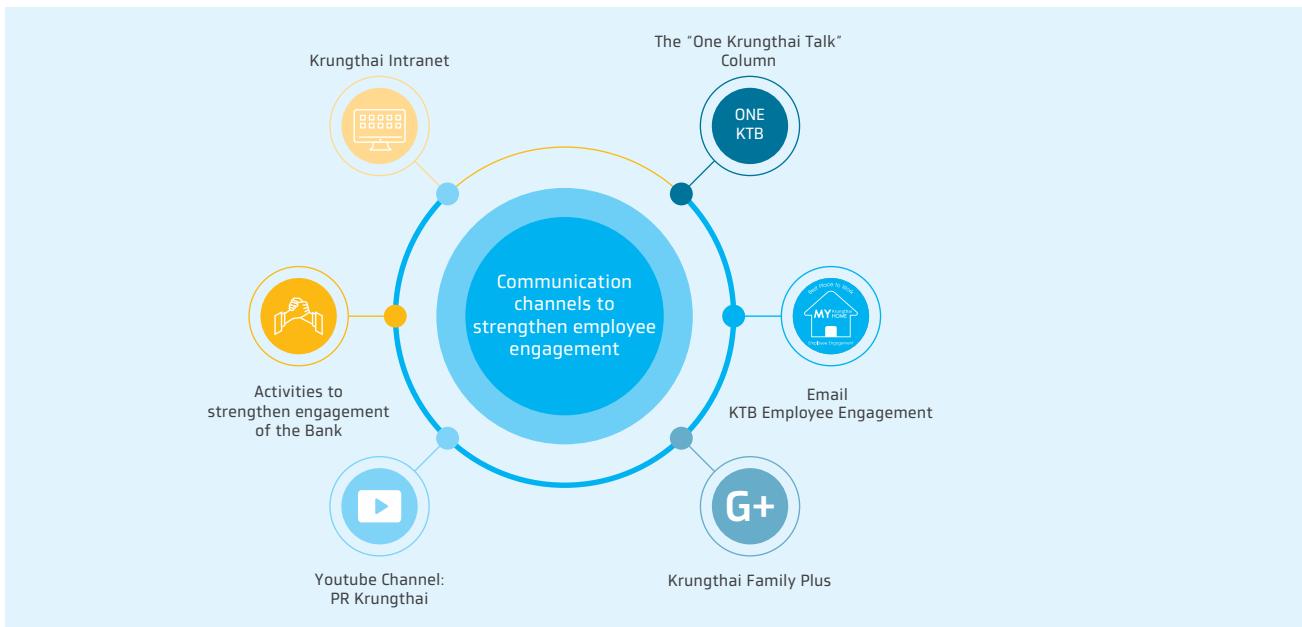
The Bank has given importance to taking care of employees because it has considered that employees are important persons as seen in the Bank's vision "Growing Together". This vision defines the first "You" as employees. The Bank also increases employee engagement and drives the Bank to be a performance driven organization that leads good results for the Bank's business operations.

103-2

Strengthening Engagement

The result of the employee engagement survey will be analyzed and linked to business results. This leads to planning for improving, modifying, strengthening and enhancing engagement of all over the Bank, each business unit and each different employee group to improve the quality of working life as employees need. In 2019, the Bank launched Krungthai Employee Engagement Project to encourage all business units of the Bank to strengthen employee engagement and make

it concrete, including carrying out the activities to raise awareness of love and pride in the Bank and building praise culture. The Bank also created various communication channels to stimulate employees' participation, information exchange and giving opinions as well as being able to make good connections between employees, business units and nationwide business units.



103-3

Level of Employee Engagement to the Bank

The Bank has focused on building engagement and commitment between employees and the Bank seriously by conducting the employee engagement survey twice a year via Google Form throughout the Bank. Even though they are not in the office, employees can take part in the survey anywhere, anytime via Smart Device. Through the survey, the Bank will know about work expectations and level of employee engagement. The Bank's research central department sets standardized evaluation processes and indicators to ensure that the survey results reflect the actual situation.

In 2019, 98.48 percent of employees took part in the survey with the survey results of the whole Bank of 4.52. It has shown that all Krungthai employees are ready to devote their energy and spirit to sustainable goals of the Bank.

In 2019,

98.84%
of employees took
part in the survey



★★★★★
The survey
result of
the whole Bank of

4.52

103-2
Talent attraction and retention



In present, the Bank shall recruit a new employee, if necessary, in order to support digital banking policy. The current employees are retained and reskilled to respond to current situations and have capability to work so that the Bank can achieve its goal as specified in the strategic plan.

The Bank attracts outsiders who have knowledge, outstanding ability to work in the Bank through Management Trainee Project (MT), Abroad Scholarship for Master's Degree Programs. Furthermore, the Bank has increased channels for recruiting outsiders with ability related digital banking: Data Scientist/Data Analytics by cooperating with government agencies to recruit potential employers from their scholarship students to work with the Bank so that they will jointly develop innovations for business operations and financial services to support the Bank's operations aimed at digital banking. When working with the Bank, they will be assigned project-based jobs and agile working will be applied to them. The Bank will also consider appropriate remuneration in line with skills, knowledge, ability and experience by reference to market rates as well as adjusting the organization to be more agile and suitable for operations in the current situation.

For high potential employee retention, the Bank has studied information in Best

Practice of national and international leading organizations, including analyzing internal information in order to provide a guideline to take care of those employees properly and accurately. The guideline on retention of high potential employees is divided into 2 aspects: financial and non-financial. In the financial aspect, the Bank has conducted compensation review and market adjustment in order that its employees receive the remuneration in line with market rate. Meanwhile, in the non-financial aspect, the Bank has provided each employee a career path to suit their performance and potential. In addition, the Bank has made a rotation plan in order that employees can rotate to do challenging jobs and improve their skills, knowledge and various experiences. Moreover, the Bank has made an individual development plan to prepare high potential employees to become successors.

The Bank has a guideline to attract outsiders who have knowledge, outstanding ability and high potential in Top Notch group to work with the Bank through the following projects:

1. Scholarships for a Master's Degree abroad at world class universities: the bank focuses on scholarship for the fields of study that drive the organization towards digital banking such as Data Science & Analytics, Computer Science, AI & Machine Learning, Cyber Security.

2. Management Trainee (MT) Project: this project focuses on persons who have had experience in IT, credit, money market and capital market to attract high potential personnel to work with the Bank.

3. Employment of scholarship students of Development and Promotion of Science and Technology Talents (DPST) program and the National Science and Technology Development Agency (NSTDA) to repay the scholarships with the Bank continuously: The Bank has run this project since 2016. These personnel have skills in Data Science & Data Analytics, which are skills that the Bank needs for supporting digital banking.

Furthermore, in 2019, the Bank provided new channels to attract high potential personnel by granting scholarships for its employees to study domestic and abroad in digital banking like scholarship to study abroad for outsiders. These scholarships are considered as reskilling employees.

Apart from attracting high potential through the mentioned projects, the Bank will consider business units or

challenging work and project-based work for employees. The Bank will consider appropriate remuneration in line with skills, knowledge, ability and experience by reference to market rates. When working with the Bank, the Bank will take care of and develop these high potential employees through an individual development plan and retention program.

Talent Retention

For high potential employee retention, the Bank has studied information in Best Practice of national and international leading organizations, including analyzing internal information in order to provide a guideline to take care of those employees properly and accurately. In 2019, the Bank started to create a monitoring form to be a tool to control various factors that will retain employees by providing both career path and compensation. The results of the monitoring form will be communicated and discussed with business units by HR Group to find ways to retain each employee in the future.

The current guideline on retention of high potential employees is divided into financial and non-financial as follows:

Quality of Work: The Bank has assigned important challenging work or projects to high potential employees in order to constantly develop employee potential such as Krungthai Next project, State welfare Card Project and Chim, Shop, Chai Project etc.

Future Growth: The Bank has taken care of high potential employees' career path through monitoring form to monitor the career path of each employee whether they are at the right place for performance and potential or not. If not, HR Group will discuss with business units to find a solution.

Reward: The Bank takes care of salary and salary structure of each high potential employee to be appropriate in line with market rate and their job value.

Work-Life Balance: The Bank has provided welfare benefits to employees and their family (their spouse and children). The Bank has also adjusted the working environment, especially business units relating to innovation to be modern and encourage creativity for generating new products.

Inspiration: The Bank has focused on conducting activities that give inspiration to employees: employees' participation in important work/activities of the Bank, arranging an activity for the Bank's scholarship students to have a chance to dine with the management so that such students can get policies from the management directly. In 2019, the Bank adjusted the dining activity with the management to be informal and relaxed, including creating atmosphere to encourage 2-way communication. This is an opportunity for the scholarship students to express their opinions about issues related to the Bank.

Such above guideline is to prepare high potential employees for becoming successors, including taking care of and developing their potential continuously in order that they can be an important force of the Bank in driving towards becoming a digital banking.

401-1

Number and ratio of new and terminated employees classified by age, gender and region

Employee Information	2017		2018		2019	
	New Employee (person)	Terminated Employee (person)	New Employee (person)	Terminated Employee (person)	New Employee (person)	Terminated Employee (person)
Number of Employees Classified by Gender						
Male	285	234	287	594	386	417
Percentage	3.85	3.16	4.35	9.01	6.05	6.54
Female	595	542	367	854	456	678
Percentage	3.63	3.31	2.42	5.63	3.09	4.60
Total	880	776	654	1,448	842	1,095
Number of Employees Classified by Age Range						
Age < 30	572	437	233	303	294	162
Percentage	8.33	6.37	5.35	6.95	12.17	6.71
Age 30 - 50	305	297	415	521	532	516
Percentage	2.71	2.64	3.41	4.29	3.98	3.86
Age > 50	3	42	6	624	16	417
Percentage	0.05	0.74	0.11	11.89	0.30	7.81
Total	880	776	654	1,448	842	1,095
Number of Employees Classified by Working						
Central Branches (in Bangkok and Perimeters)	638	480	606	850	802	629
Percentage	5.45	4.10	5.47	7.67	7.28	5.71
Domestic Branches	242	296	48	598	40	464
Percentage	2.01	2.46	0.45	5.60	0.40	4.59
Overseas Branches	0	0	0	0	0	2
Percentage	0	0	0	0	0	13.33
Total	880	776	654	1,448	842	1,095
Ratio of New Employees to Terminated Employees	1.13	1.00	0.45	1.00	0.77	1.00

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Employee Welfare and Benefits

The Bank's welfare and benefits have been provided to all working locations: headquarters, business centers, regional offices and branches, including the Bank's workspaces in metropolitan and regional areas. The detail of welfares is as below:

Remunerations and Welfares of Krungthai Bank's Employee Classified by Types	Permanent Employee	Contract Employee	Temporary Employee	Outbound
Economic Dimension				
Salary	•	•	•	•
Living expense	•	•	•	•
Overtime payment	•	•	-	-
Welfare borrowing	•	•	•	-
Welfare loan for housing	•	•	•	-
Additional loan for welfare loan for housing	•	•	•	-
Welfare loan for automobile or motorcycle	•	•	•	-
Welfare loan for computer	•	•	•	-
Special welfare loan	•	•	•	-
Subsidy for employees whose working location is on island	•	•	-	-
Life Safety and Security				
Subsidy for infirmity/death from working	•	•	•	•
Compensation for injuries, illness, infirmity or death from working	•	•	•	•
Compensation for infirmity not due to work	•	•	•	•
Fund for social cremation	•	•	•	•
Cremation	•	•	-	-
Provident Fund	•	•	-	-
Subsidy for child education	•	•	•	•
Subsidy for child	•	•	•	•
Subsidy for disaster or force majeure	•	•	•	•
Friend for friend club	•	•	•	•
Motivation				
Car allowance	•	•	-	-
Business unit allowance	•	•	-	-
Special remuneration for gratuity	•	•	-	-
Special remuneration for long working tenure	•	•	-	-
Special remuneration for working in 3 Southern Border	•	•	•	•
Remuneration for the branch that opens 7 days a week	•	•	-	-
Uniform	•	•	-	-

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Remunerations and Welfares of Krungthai Bank's Employee Classified by Types	Permanent Employee	Contract Employee	Temporary Employee	Outbound
Health, sanitation and work environment				
Medical and dental expense welfare	•	•	-	•
Annual medical checkup	•	•	-	•
KTB Fitness Center	•	•	•	•
Recreations				
Welfare staff house	•	•	•	•
Meditation	•	•	•	•
Sport and entertainment	•	•	•	•
Other facilities				
KTB Cooperative Co., Ltd.	•	•	•	•
Services e.g. service for obtaining Royal insignia address change and facilities for staff	•	•	•	•
Welfare canteen	•	•	•	•

Remark :

- Permanent employee means the employee who is appointed the status of the Bank's employee.
- Contract employee means the employee who has an employment contract from the Bank for a certain period of time.
- Temporary employee means the employee who is employed to work for the Bank temporarily and get welfare as in the above table.
- Outbound means the employee who works as a Call Center receptionist.

401-3

With effective human resources management, the Bank became the employees' second home. This has been reflected in 2019 that all employees returned to work after the end of leave for taking care for their children (classified by gender) as follows:

Case of Leave

Case of Leave	Male	Female	Total
Number of employees who are eligible to take a parental leave	6,379	14,754	21,133
Number of employees who have parental leave	80	33	113
Number of employees who return to work after the parental leave	77	31	108
The return rate and retention rate of employees who return to work after the end of the leave	96.25%	93.94%	95.58%
Number of employees who return to work after the parental leave and continue working for one year (Comparing 2018 to 2019)	*67	**16	83

* In 2018, 70 male employees took a paternity leave to help their wife look after their newborns and 67 of them returned to work until December 31, 2018 (3 of them resigned).

**In 2018, 18 female employees took parental leave and 16 of them returned to work until December 31, 2018 (2 of them resigned).

Remarks:

- Parental leave is leave provided to care for newborns after maternity leave.
- Paternity Leave is leave provided to help wife care for their newborns.

Training and Education

"Employees" are the key factor in driving the Bank to become a sustainable organization. Therefore, the Bank puts emphasis on continuous employee development based on fair treatment to employees, provides a career path and collaborative working environment and encourages them to practice skills and increase knowledge by themselves anywhere and anytime.

103-2

Strategic Plan

With the determination to develop employee capabilities in corresponding to the Bank's strategy, in 2018, the main focus has been placed on getting ready to become KTB Digital Banking under the concept of "excellent work, skillful man, proficient in technology" by means of training process in connection with the strategic plans and other factors including the Groups' strategy, competency, job description, career path, training need, training road map, etc. Staff have been divided into two major groups, namely executives and employees. The Bank has continually provided trainings for employees as well as annually reviewed the human resources development process in an attempt to be in compliance and associated and service, credit, leadership, etc. via different training channels as internal and external classroom training, E-Learning, video Conference, on the

job training (OJT), case study & workshop etc. Moreover, the importance has also been placed on experience-based training whereby top executives are involved in creating a learning-organization atmosphere incessantly by being an internal trainer to employees directly for sustainable human development. This shall help build up the coaching culture focusing on top executives' development of professional and standard coaching skill in order to unlock their potential and generate their motivation in working. In addition, to create learning organization culture, the Bank has given an opportunity to subsidiaries' employees to be trained together with the Bank's employees.

Apart from the abovementioned training, in order to provide an effective personnel and leader development process, the Bank has designed courses and contents that emphasize interactive learning by integrating training content with games or simulating various situations so that employees get involved in learning and can practice in real situations. The examples are Hackathon course and Consultative Selling Skill course, in which the participants can offer products to their customers in real situations; Strategic Planning and Development course and Coaching course etc.



103-2

Operational Measures

Amid many challenges from advanced technology and intense competition raised by both domestic bank and non-bank business, the Bank has put importance on developing its employees based on their core competency, technical competency and management competency by analyzing and specifying development areas. The development areas will be used to set human resource development plans to close competency gaps. Moreover, The Bank aims to achieve the goal to be digital banking in accordance with rules and regulations of regulators. Therefore, Krungthai Academy as a main business unit for personnel and leader development has considered various

factors for planning - organizational needs to develop executives and employees, the Bank's strategic plan, policies of executives and Groups and individual needs together with competency, competency scope, strategic challenges and short-term and long-term action plans. Such factors are collected and analyzed to formulate human resource development plans that cover all necessary dimensions to the Bank's business operations amid fierce competition as well as aiming at upskilling of employees and reskilling of rotated employees to perform their duties with sustainable effectiveness and efficiency. In 2019, the Bank has focused on 4 dimensions in development as follows:

403-2

Strengthen Foundation



The Bank has placed importance on building basic skills necessary for work, covering skills necessary to perform duties and other skills that sustainably support sustainable and efficient work for the organization, including various matters that affect the bank's business operations. According to zero tolerance policy, the Bank initiated a project to define identity and create desirable behavior to provide knowledge and guidelines for establishing plans in line with the identity of the organization in order to use as a model

and guidelines for administration and operations of business units. Market Conduct course was provided to give knowledge about supervision of treating customers fairly that is in accordance with the basic rights of customers who use financial services. In addition to moral and ethical operations, as a financial institution, the Bank has given importance to knowledge about new International Financial Reporting Standards (IFRS9) because it affects the Bank's operations. Therefore, courses such as Preparation for Supporting IFRS9 for Executives course and Knowledge about IFRS9 are provided.

404-2

Leadership

The Bank has promoted the development of executives' skills and enhancement of employees' performance so that they are ready and capable to elevate the employees' performance. From management competency analysis, in 2019, the Bank focused on building inspiration, strategic orientation and coaching culture by providing both internal and external training courses to executives from well-known international institutes such as Harvard Business School and Cornell University. All executives will have a chance to exchange ideas and perspectives with experienced instructors such as Harvard Management Program: Leader Solution, Digital Transformation and Change Management in Banking Industry for KTB and Professional Coach Certification Program etc.



404-2

Up-skilling & Re-skilling

The Bank determines the skills necessary for human resource development in accordance with the Bank's policies as follows:



- Future Bank: To prepare employees to understand and utilize information and new technologies to support digital banking, for example Statistic Data Analysis with SAS Enterprise Guide course, Data Science Pathway course, Data Science Pathway (RapidMiner and Phyton) course, Design Thinking & Hackathon for Digitization Legal Process course and Agile Way of Working course under the Krungthai Yes We Can Project.

- Retail: To prepare employees to change the form/process to support becoming a digital banking, for example How to be A Successful Migrator course, KTB Financial Planner course, e-Court course, NEXT course via E-learning, Super Heroes Program (for CRM) course or Unlock Your Mind To Be A Hero course.



- Credit & Core Business: To prepare employees for customer experience management so that customers are offered services beyond expectation and have engagement with the Bank in the digital age effectively, for example Lending Innovation course, AI , Machine Learning & Big Data for Financial Institutions course, Pre & Post Sale Knowledge (Credit Analysis) course, Using Robotic Process Automation (RPA) with UiPath course, IFRS9 / TFRS9 course, Workshop for brainstorming, finding business opportunities in the northeast market, Fraud Risk in Financial Institutions course, Credit Derivative course, The Ultimate Dealmaker course and A Guide to Become A Trusted Solution Provider.

- Cyber Awareness: To raise awareness about cyber for employees, which will help secure operations/using technology, for example Cyber Risks and Change in the age of Thailand 4.0 course, All-in-One Cyber security course, Cybersecurity Managing Risk in the Information Age course, DPA Protection Assessment course, Personal Data Protection Act B.E. 2562 (2019) course and IT Governance & Cyber Resilience Program (ITG) course.

- Data-Driven Organization: To develop personnel from various Groups to become a data scientist with information technology and data analytic skills, which are in line with data-driven policy to drive the organization; Employees are trained to be able to further develop the Bank's data to apply to strategic planning and to make a decision on the issues related to the Bank's operations.

404-2

Digital Banking

Amid intense competition in digital technology in the present, the Bank has aimed at creating necessary skills for becoming digital banking. Employees were trained in digital mindset & digital literacy skill and Digital skill necessary to the operations, as well as the ability to create new innovations for the organization to satisfy needs of various customer groups in the digital age more, including 5 Ecosystems. To be able to run the business according to the current change, the bank has given knowledge to employees on Agile Way of Working together with Design Thinking in order to be able to be applied to the operations. The Bank organized the Hackathon for Compliance Innovation and Mindset course for employees selected by the Group. In this course, they brainstormed creativity to improve work processes based on the Market Conduct principles, which can be applied to work in real life. In addition, the Bank has aimed to create awareness and knowledge about cyber security for employees at all levels to support the continuously increasing rate of financial transactions via digital system and facilitate customers to use the Bank's services conveniently and securely. The Bank provided training courses on awareness and knowledge concerning cyber security to employees at all levels, from the management level to employee level through classroom on E-Learning and E-mail. In 2019, the Bank initiated Data Protection Assessment (DPA) project, in which DPA Champion was selected to be trained on important bank information protection and then distributed to other employees in the Bank, together with Personal Data Protection Act, B.E. 2562 (2019) (PDPA). Moreover, there are courses that promote IT proficiency to be able to support current technology and technology that is coming in the future, including cloud computing and Mobile technology, for example CompTIA Project+ course, CompTIA Advanced Security Practitioner+ (CASP+) course and ATDD with Robot Framework course.

The Bank has given importance to sustainable human resources development. All employees in the Bank are considered as valuable assets that the Bank has to develop and retain. Many employees have worked in the Bank for a long time. They have gained experience, knowledge, skills and proficiency in specific matters of the Bank that can be provided to other colleagues within the Bank through Knowledge Management, KM Agent, Knowledge Sharing of retired employees in order that colleagues will gain such knowledge and advice that are beneficial to their operations to achieve the goal. Therefore, the Bank has initiated the Train the Trainer Project to develop internal professional instructors with knowledge and skills that are necessary to transfer knowledge to their colleagues. In 2019, the Bank has courses on Train the Trainer such as Identification and Desirable Behavior Creation course, Situational Leadership Course, Crucial Conversation Course and The 7 Habits of Highly Effective People Course.



The Bank has focused on employees' self-learning by providing knowledge through knowledge management and E-learning to promote self-learning culture where staff can learn anywhere and anytime. In 2019, The bank has increased the number of courses in the E-Learning channel so that employees can learn more, especially courses about the Bank's core competencies, for example Google Application: Google Drive Course, Perception and Understanding the Bank's Strategic Plans Course, Procure to Pay (Phase 1) System Course and Cyber Security course etc. The Bank focused on developing personnel to be content creator for courses through Digital Learning.

To evaluate efficiency and effectiveness of training, the Bank evaluates and follows up development and learning effectiveness of trained employees and leaders to meet the course objectives. The result of evaluation and follow-up will be applied for need analysis and training plan development.

404-1

In 2019, trained executives and employees classified by gender and type of employees are as follows:

Employee Training Information	2017	2018	2019
Average Training Hour (hrs./person/year)	75.56	72.15	73.30
Total Training Hour (hrs.)	1,693,776	1,591,923	1,507,459
Classified by Gender (hrs./person/year)			
Male	66.10	56.18	77.41
Female	79.66	63.69	71.55
Classified by Type of Employee (hrs./person/year)			
Employee	72.33	56.18	97.38
Executive	93.82	63.69	65.36

Training for Employee	Training (course)			Number of Batch (Batch)			Trained Employee (person)		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
Internal Learning	414	395	399	1,362	1,331	1,097	94,683	99,674	74,479
External Learning	205	207	235	219	239	246	787	1,692	738
E-Learning	11	40	40	67	370	213	11,423	33,448	342,624

Employee Performance Appraisal

The Bank has systematic and continuous performance management to encourage employees to reach goals of the Bank, department and individual as follows:

1) Planning to determine performance indicators. goals and criteria used in the evaluation must be clear and comply with directions of the Bank's strategies. Key performance indicators are used as a tool to set employees' work goals by having mutual agreement between supervisors and subordinates in order that employees can improve their performance.

2) Monitoring, suggestion and coaching & feedback: supervisors can monitor their subordinates' performance whether their performance progresses or subordinates reach their goal in line with KPI. Moreover, supervisors are required

to develop subordinates in order to encourage subordinates to work better by providing suggestions and coaching & feedback.

3) Performance appraisal is to measure job accomplishment compared with specified goals.

4) The link between results of the assessment has been used to consider financial and non-monetary rewards in order to motivate employees who have good performance and determination to work according to pay for performance principle to drive the organization to be a performance driven organization.



404-3

Information	Percentage of Employees		
	2017	2018	2019
Performance Appraisal (%)			
Percentage of Employees received performance appraisal	100	100	100
Classified by Gender (%)			
Male	100	100	100
Female	100	100	100
Classified by Type of Employee (%)			
Employee	100	100	100
Executive	100	100	100

Remuneration Management

Policy on Executives' Remuneration Management

The Bank has formulated policies on fair, reasonable and competitive compensation of executives to motivate executives to perform their duties in compliance with the Bank's objectives and goals as well as benefits in the long term. The Nomination and Remuneration Committee reviewed executives' compensation according to the following factors:

1. Appropriateness of compa-ratio, short-term and long-term performance
2. Suitability and alignment with the position and the responsibilities of executives
3. Financial status of the Bank and compensation rate that can be compared to the Bank's industry peers.

Executives' compensation consists of salary and wages, benefits as prescribed in law and benefits according to employment conditions.

Employees' Remuneration

For employees' compensation, the Bank has implemented the "Performance Driven Organization" (PDO) policy. Employees will receive compensation in line with their performance. Moreover, The Bank ensures that employees' salary and benefits are appropriate to their position and responsibilities, compared to the Bank's peers. The Bank also provides various welfare that can meet employees' needs appropriately and considers increasing special adjustment during the year to high potential employees.

The Bank pay bonus in line with the last year's performance of employees to encourage employees to continue their work determinedly and retain efficient employees to work with the Bank.

Occupational Health and Safety in Workplace

103-2, 103-3

2022 Operational Goal (Long term)

- Build safety culture in the organization
- Zero Accident
- The Bank as a second home

2019 Operational Goal

- Occupational health and safety case that is punished or fined by government agencies = 0
- Total Recordable Injuries Rate (TRIR) ≤ 1.00
- Lost Time Injuries Frequency Rate (LTIFR) = 0
- Occupational illness rate = 0

2019 Performance

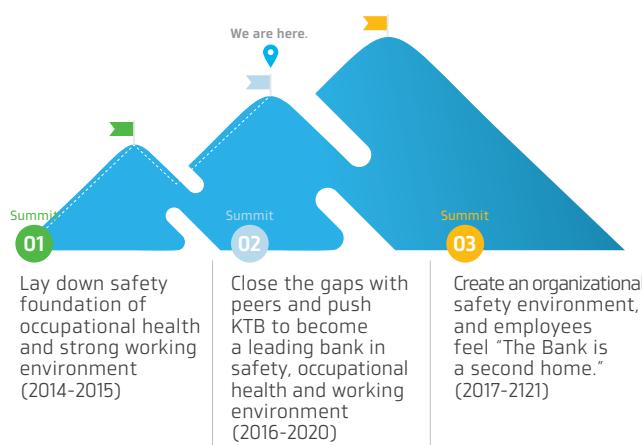
- Meet a target
- Occupational health and safety case that is punished or fined by government agencies = 0
- Total Recordable Injuries Rate (TRIR) = 0.09
- Lost Time Injuries Frequency Rate (LTIFR) = 0
- Occupational illness rate = 0

Krungthai Bank PCL recognized the importance of health and safety in working of the employees and related persons, including a working environment in which there is no danger and risks. Therefore, the Bank has set occupational health and safety operation goals, policy, vision and mission as the

framework and guidelines for the occupational health and safety management process. The Bank has also adhered to compliance with laws and safety standards, resulting in leading to creation of "Safety culture of the organization" and making employees feel that "The Bank is the second home".

Safety Summit

Safety Summit has 3 steps.



Safety Culture



- The Bank complies with law and standard on safety/not to be punished or fined by government agencies.
- Create good image of the Bank and present that the Bank gives importance of safety.



- Executives and employees have safety awareness.
- Executives and employees perform their duties with safety/ Zero Accident.

Compliance with Safety Thailand

In addition, to achieve the goal "The Bank is the second home", the Bank implemented the Krungthai Safety Together Project covering operations of 3 Summits. The scope of the operations are law, knowledge and workplace that focus on taking care of employees' health and create appropriate, safe, risk free work environments in order to enhance efficiency in working and create a good quality of life to all employees. The project has 4 missions as follows:

1. Give knowledge and build realization of safety to personnel within the whole organization.
2. Evaluate and control hazards that may affect personnel and customer's health

3. Keep work environment safe and appropriate
4. Promote good personnel health in physical, mental, emotional and social aspects. This project is conducted under 6 Safety Value, namely:



403-4

Agreement on Health and Safety Covering Labour Union Agreement

The Bank's health and safety operation has followed the State Enterprise Labour Relations Act, B.E. 2543 (A.D. 2000) and Occupational Safety, Health and Environment ACT B.E. 2554 (A.D. 2011). The Bank formulated health and safety benefits, for example, organizing annual health check and compensation for disability/death as a result of a work-related injury or diseases, making workplace to have safety, installing more CCTVs, providing safety equipment for car such as bulletproof film, Safety glass, safety bag, backrest pad in three Southern Border Provinces and adjacent areas.

The Krungthai Bank State Enterprise Labour Union performs as a center to receive employees' complaints about health and safety and the problems shall be raised at the Labour Relations Committee. Moreover, the Bank provided air purifiers for the buildings where the employees suffer from particulate matter (PM) pollution.

Examples of Health and Safety laws that the Bank adopts



- Occupational Safety, Health and Environment Act B.E. 2554 (A.D. 2011)
- Ministerial Regulation on the Prescribing of Standard for Administration and Management of Occupational Safety, Health and Environment B.E. 2549 (A.D. 2006)



- Ministerial Regulations: The Standard for Administration and Management of Occupational Safety, Health and Environment (No. 2) B.E. 2553 (A.D. 2010)
- Ministerial Regulation: The Standard for Administration and Management of Occupational Safety, Health and Environment in relation to Fire Prevention and Control, B.E. 2555 (A.D. 2012)
- Ministerial Regulation: The Standard for Administration and Management of Occupational Safety, Health and Environment in Relation to Heat, Light and Noise B.E. 2559 (A.D. 2016)
- Ministerial Regulation: The Standard for Administration, Management and Performance of Occupational Safety, Health and Work Environment in Relation to Electricity B.E. 2558 (A.D. 2015)
- Notification of the Department of Labour Protection and Welfare: The Standard of Lighting Intensity
- Notification of the Department of Labour Protection and Welfare: Criteria, Measure Methods and Analysis of working conditions in Relation to Level of Heat, Light and Noise, Including Duration and Types of Operations

The Bank has promoted the transfer of policies into various departments. There is a standardized system throughout the organization, both the regional headquarters and branches, through KTB - SSHE (KTB - Safety, Security,

Health and Environment). Each business unit has different actions according to the potential risks in each workplace or the working environment in order to create a suitable and safe working environment without risk. Occupational health and safety division is a center to coordinate with various business units of the Bank and drive systematic safety operations by reporting occupational health and safety performance to all Group Heads who are in the Environmental Management for Employees' Welfare Committee quarterly.

KTB-SSHE is the operating system for overseeing safety, security, health and environment of the whole Bank with each department being in charge of their respective operations as below:

- Discipline and Employee Relation Department
- General Services and Security Department
- Premises & Property Management Department
- Medical Department

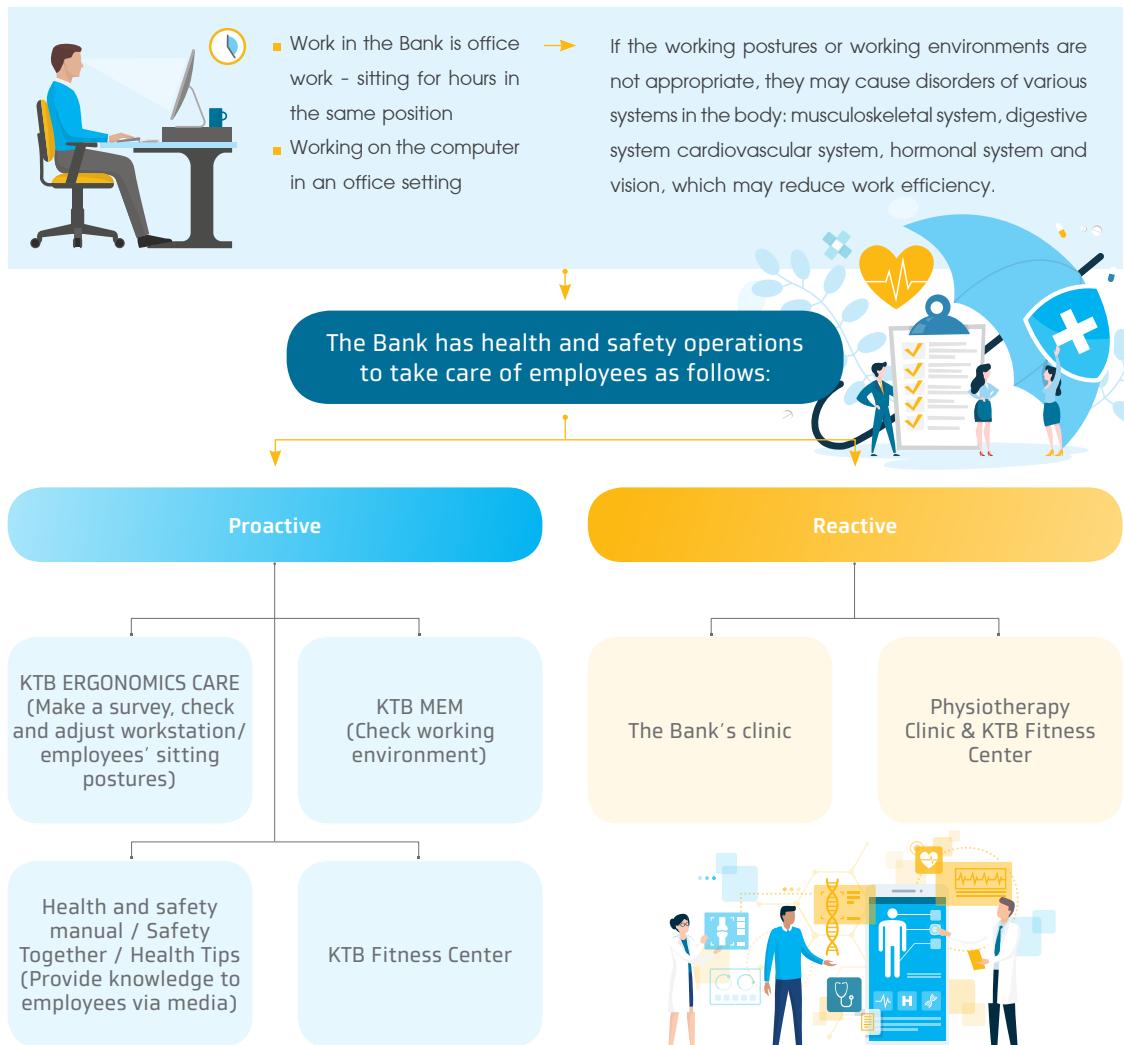
Environmental Management for Employees' Welfare Committee

KTB-SSHE

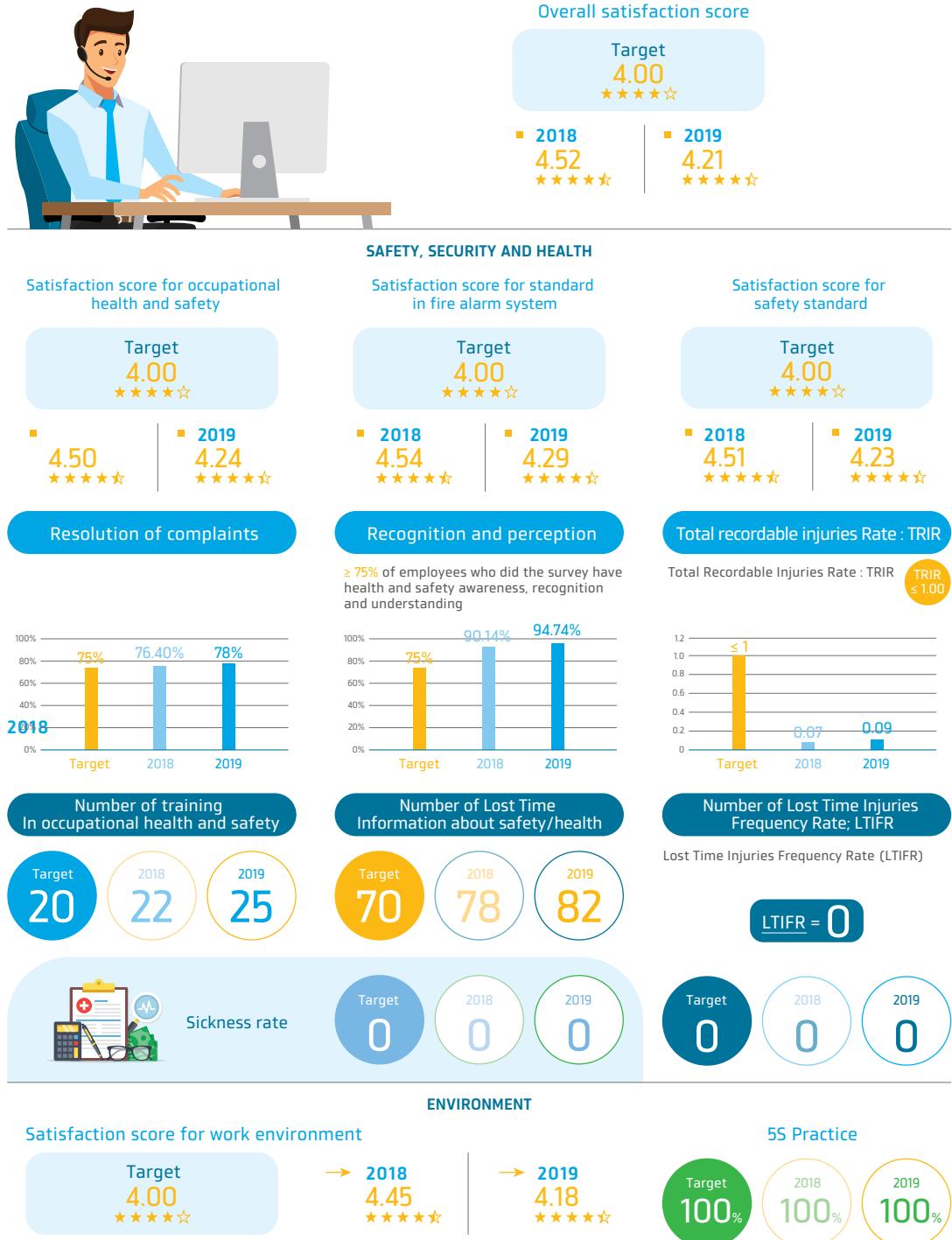
- | | |
|----------|-------------|
| Safety | Health |
| Security | Environment |

Hold a meeting to make occupational health and safety plan

In 2019, the Bank also placed importance on office syndrome



The Bank has a clear set of targets for health and safety operations, resulting in satisfactory performance in 2019.



403-1

Structure of the Bank's Occupational Health and Safety Management

Person/Work Team	Responsibilities
President	The President announces and delivers safety policy to all employees in all groups of the Bank so that they all perform safety operations together. The President also ensures that agencies in the private and public sector acknowledge that the executives have strong determination to care and uplift the quality of life of employees, especially to care for a working environment that is safe and appropriate for working. Additionally, the President aims to present a positive image and become the leader in safety in the workplace to all employees.
21 Environmental Management for Employees' Welfare Committee (0.1%) 	The Environmental Management for Employees' Welfare Committee has been assigned by the Managing Directors of every group to perform duty in reviewing the Bank's occupational health and safety management system and communicating safety operation to all employees in every group. (The meetings of the committee were held quarterly.)
KTB - SSHE (KTB - Safety, Security, Health and Environment)	KTB - SSHE (KTB - Safety, Security, Health and Environment) is the operating system for overseeing safety, security, health and environment of the whole Bank with each department being in charge of their respective operations. The committee consists of the Discipline and Employee Relation Department, Premises & Property Management Department, General Services and Security Department and Medical Department. KTB-SSHE has been operated based on providing equal occupational health and safety treatment to all staff with the same standards throughout the organization.
Occupational Safety, Health, and Environment Committee  75 committees 459 persons	The Bank appointed the Occupational Safety, Health, and Environment Committee for each building. The committees consist of the representatives of employers being the Bank's staff in the management level, and other representatives of employees being the Bank's staff in the operational level. The ratio of them and number of members comply with applicable law, so that employees' safety and sanitation in each building nationwide is under control and supervision. (The meetings of the committee were held monthly.)
Safety Officers from the Management and Supervisor Level  1,425 Safety officers from the Management level (6.74%)  1,791 Safety officers from supervisor level (8.74%)	In 2017-2019, the Bank provided training courses and assigned the safety officers in the management level and supervisor level to encourage, promote and monitor safety operation in compliance with KTB-SSHE plan as well as overseeing employees to follow the safety regulation and guideline. The Bank also promoted and supported safety activities.
Employee	Employees have a duty to participate in safety, occupational health and work environment activities, and give opinions on improving a safe work environment to reach the goal of the Bank's operation on safety, occupational health and environment.

** Note: There are 21,133 Employees of Krungthai Bank PCL in December.

Numbers and ratio of accidents at work in 2018 classified by location and gender

403-2

Total Recordable Injuries Rate covering work-related first aid and injuries resulting in death

Indicator	Headquarters (departments, business offices, regional offices)			Nationwide Branches			Cash Inventory Management, Centers Mint Inventory Management Centers			The three Southern Border Provinces and adjacent areas			Total		
	F	M	Total	F	M	Total	F	M	Total	F	M	Total	F	M	Total
1. Number of persons injured at work (person)	2	2	4	0	0	0	0	0	0	0	0	0	2	2	4
2. Number of accidents resulting in working day lost (person)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Total Recordable Injuries Rate: TRIR: 1,000,000 working hours	0.045	0.045	0.09	0	0	0	0	0	0	0	0	0	0.045	0.045	0.09
4. Lost Time Injuries Frequency Rate: LTIFR: 1,000,000 working hours	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

- Rate of injury resulting in working day lost or sick leave, but no deaths (IR) was zero.

- Occupational diseases rate (ODR) was zero.



403-3

The Bank used criteria for data record, accident statistics report and guideline according to applicable law. The Bank categorized risks at work as follows:

Process of Reporting an Incident



The Bank classified risks that employees face according to workplace as follows:

Workplace	Risk Factors
Headquarters (Departments/Business offices/Regional offices)	Accident from work Physical danger ex. lighting, temperature Chemical danger ex. Carbon powder Ergonomics danger
Domestic branches	Physical danger ex. lighting, temperature Chemical danger ex. carbon powder Ergonomics danger Crime ex. plunder and robbery
Cash Inventory Management Centers Mint Inventory Management Centers	Accident from work Physical danger ex. lighting Chemical danger ex. dust Biological danger ex. fungus
The three Southern Border Provinces and adjacent areas	Physical danger ex. lighting Chemical danger ex. dust Ergonomics danger Terrorism

103-2

Cyber Security

Presently, technology and digital systems play more roles in a daily life and business operations as they deliver more convenience and effectiveness to people and the working process. On the other hand, cyber security threats also tend to increase rapidly. Such threats cause direct and indirect impacts such as computer virus threat, threat of ransom software and internet fraud threat, including threat of hacking important data.

The Bank has been aware of dangers of such cyber threats that are considered as a risk factor in preserving the bank's business stability and image, including maintaining the confidence in using services of customers. The Bank has adopted the framework of ISO/IEC 27001:2013 (ISMS: Information Security Management Systems) and important systems for both financial transactions and computer center to be used as a guideline for information security management system and cyber security maturity assessment according to NIST Cybersecurity Framework of the United States in order to ensure that the banking system is ready to detect cyber

threats, prevent and respond to attacks quickly according to international standards. Moreover, the Bank has used services of FS-ISAC (Financial Services - Information Sharing and Analysis Center) to receive cyber threat intelligence of attacks against global financial institutions in order to prevent the Bank's systems before being attacked. The Bank has also conducted various activities to enhance its cybersecurity, for example annual IT system audits from international experts in assessing the risks caused by vulnerabilities of information systems as well as investing in, developing and increasing capabilities of information security technology in order to ensure that the bank's information system has efficiency and security at the international standard level.

Besides cybersecurity system development, the Bank has implemented various projects to prevent and crack down on cyber threats, which complies with the Cybersecurity Act, the Personal Data Protection Act and the regulations of the Bank of Thailand., for example:



IT Security Awareness Project: To create awareness for employees through online channels and provide training on information technology security of the Bank to let employees know and be ready to deal with cyber threats in various ways such as Email, Website, Mobile.



Data Protection Assessment (DPA) Project: To assess important data of each business unit of the Bank; employees will gain knowledge and understanding of information classification correctly, appropriately and safely and prevent leakage of important information that may have a negative effect to the Bank's reputation and customer.



Network Access Control (NAC) Project: To prevent external computers from connecting to the internal server of the Bank in order to mitigate risks of accessing important data of the Bank without permission.

Cyber Security Culture

For promoting cyber security culture, the Bank has had IT Security Awareness Project to create awareness for employees through online channels and provide training on information technology security of the Bank to let employees know and be ready to deal with cyber threats through various channels, online and offline, including providing an annual test to deal with threats to employees.



■ Examples of online media published via internal Email to employees



■ Examples of training in information security for the Bank's employees



■ Examples of E-learning about cyber security awareness for employees



Customer Privacy

The Bank is aware of the importance of keeping the customer's personal information confidential and retaining customer's privacy. The Bank shall try its best to protect customer's personal information in accordance with the Bank's regulation on maintaining confidential information. In this regard, the Bank has an information security process and policy in compliance with the rules set by Bank of Thailand, Ministry of Digital Economy and Society and ISO 27001:2013 standards in order to use as a guideline on risk management and information security.

Furthermore, the Bank has disseminated information about storage of personal information and ways to prevent cyber-attacks through various channels so that customers have recognized the importance of storage of their personal information without disclosure of ID number/ID code and password to other persons and used social media with safety. Disclosure of customers' personal data will be conducted under the laws strictly.

In the supervision of the Bank's security, the Bank has received certificate of safety which complies with the

requirements of ISO 27001:2013 (ISMS: Information Security Management Systems) for trade finance, trade online, Bahtnet and ICAS systems, Information Security Policy and Procedure and the Bank's Information Security Standard which complies with the requirements of ISO 27001:2013 and PCI-DSS (Payment Card Industry Data Security Standard) as the following topics:

1. Organization of Information Security
2. Information Asset Classification and Protection
3. Personnel Security
4. Physical and Environmental Security
5. Computer Operation Management
6. Logical Rights Management
7. System Management and Development
8. Software Management
9. Computer Network Security
10. Communication Security
11. Incident Management
12. Business Continuity Plan
13. Policy Compliance

Customer Care

103-2, 103-3

2019 Operational Goal

To be able to respond to at least 95% of complaints of customers via social media within 2 hours.

2019 Performance

The Bank can respond to 96.11% of complaints of customers via social media within 2 hours.

The Bank's policies have emphasized the importance of customers, response to complaints management to all customer groups via all channels. Nowadays, society has entered the digital age. Customers can access information through all channels, especially social media that the Bank has given the importance to. The Bank has a department that is responsible for social voice analytic. Its scope of work is used for analyzing data of Krungthai Bank and its competitors both directly and indirectly related to finance and bank groups to find insight of consumers and competitors in the market that will be used to develop communication

with the target groups according to various objectives such as promoting the organization image, marketing and utilizing information for service development. It also determines keywords related to Krungthai Bank and competitors in the Social Listening tool in order to capture the information that consumers are talking on social media and online channels in the system as follows:

- Facebook (Public Page Facebook), Twitter, Web, Instagram
- Online News
- Famous Website where the content referred to Krungthai Bank

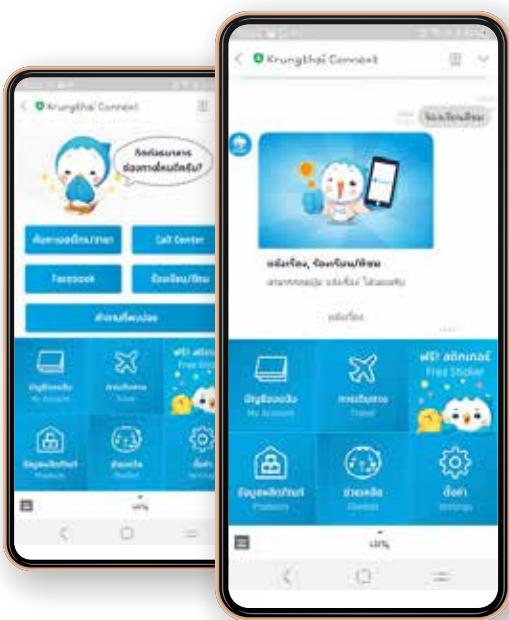


SOCIAL VOICE ANALYTIC

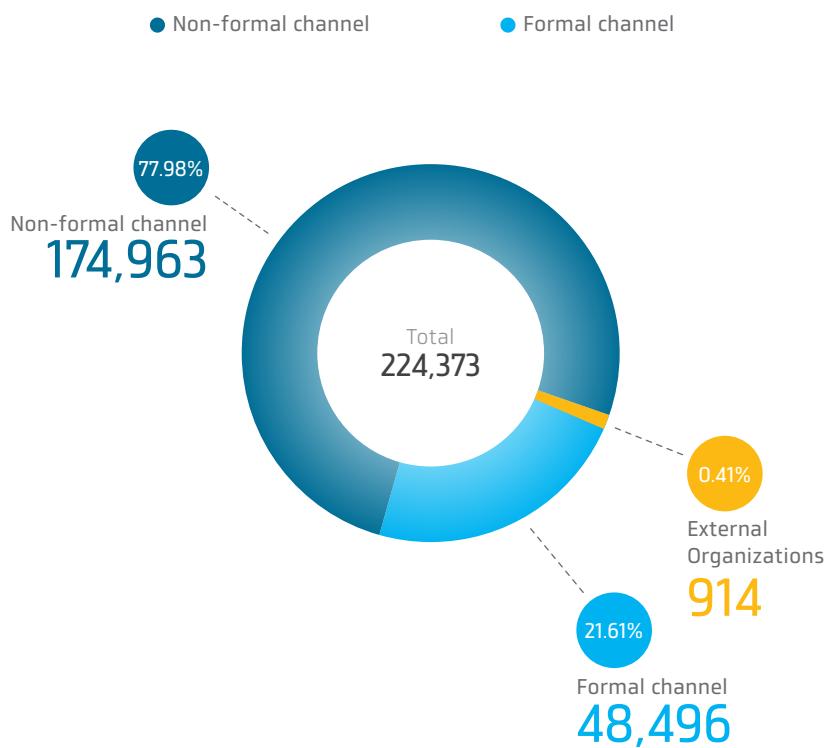


- Handling customers' problems with using products and services
- Customer Complaint Department

Customer Complaint Department will manage customers' problems with using products and services, including providing information and help to customers in various aspects via social media 7 days a week, without holidays between 07.00-24.00 hrs. and via nonsocial media during business hours. In September 2019, the Bank added chatbot feature on Krungthai Connex to provide information about products and services and facilitate notifications from customers.



In 2019, there were a total of 224,373 issues that customers notified via the feedback systems, classified into 3 channels: 174,963 issues via a non-formal channel (77.98%), 48,496 issues via a formal channel (21.61%) and 914 issues via external organizations (0.41%).



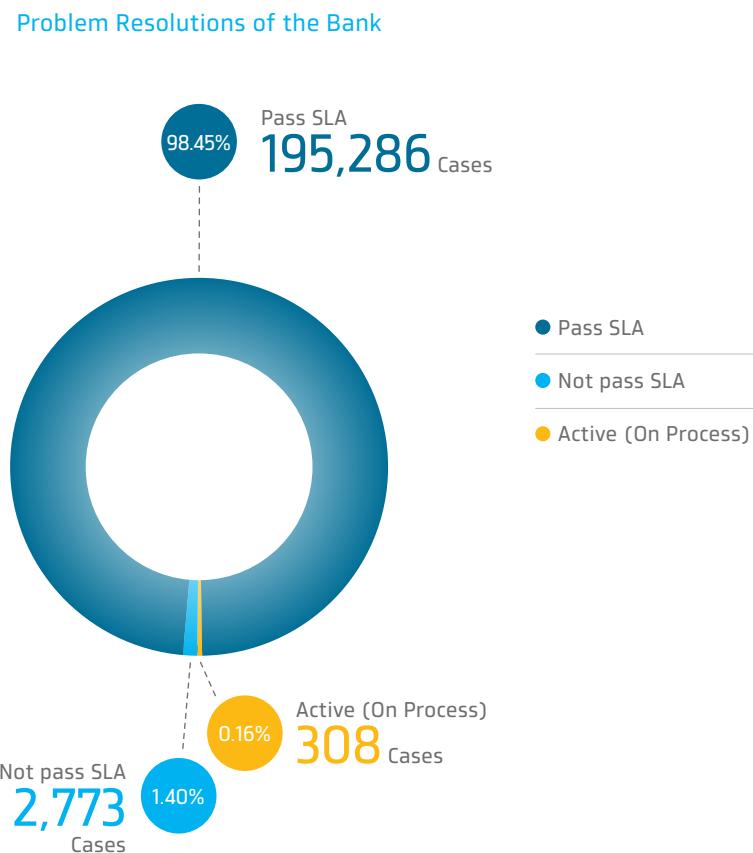
Facebook	169,300
Pantip	3,671
Twitter	1,984
Other websites	8
Branch	26,258
Head Offices	9,224
www.krungthai.com	4,319
0 2111 1111	2,913
Krungthai Connex	2,727
complaint.center@ktb.co.th	2,081
Telephone	379
Office of the President	269
0 2109 2345	91
contact.center@ktb.co.th	90
Find by oneself	79
Letter	64
Fax	2
Office of the Prime Minister	329
KTC	175
KT-AXA	153
Bank of Thailand	114
Other organizations	74
Ministry of Finance	29
KTBGS	15
Office of Insurance Commission	12
Damrong Dharma Center	10
KTAM	2
KPI	1

Comparison Table of Number of Customer Issues classified by Categories in 2017-2019

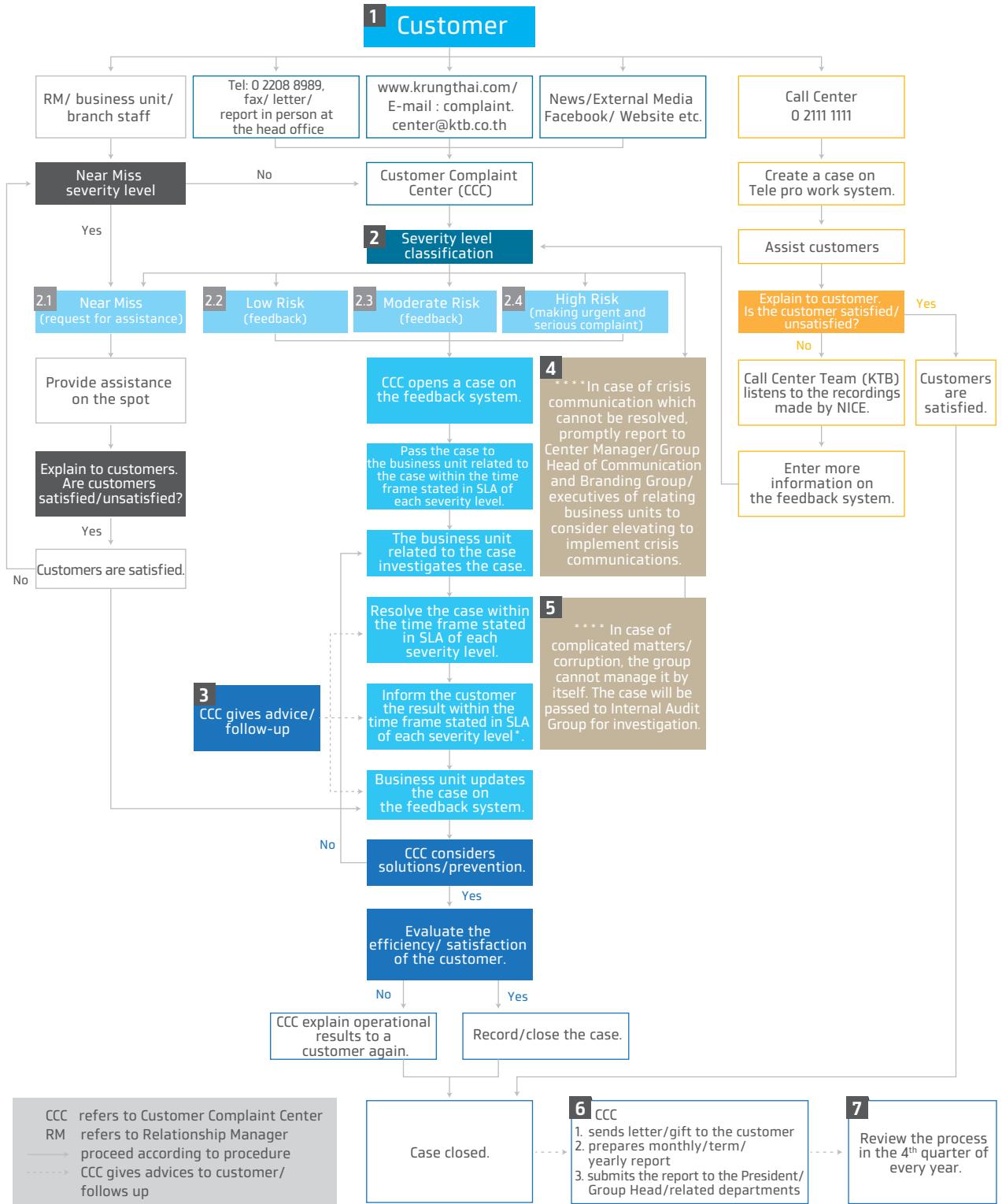
Category	2017 (%)	2018 (%)	2019 (%)
Request for assistance	88.25	82.38	85.04
Suggestion	5.60	1.84	0.99
Complaints	4.96	14.93	13.62
Compliment	1.16	0.80	0.32
Informing (starting from 2016)	0.03	0.05	0.03
Total	100	100	100

Problem Resolutions of the Bank

The Bank is able to resolve problems in accordance with the specified criteria (SLA), representing 98.45% of the number of issues that the Customer Complaint Department managed.



Complaint Channels and Handling Process of Krung Thai Bank PCL.



For complaint procedure, if customers complain through RM/branch staff/business unit, a staff who receives a complaint will consider and classify it according to the fact as defined by using the abovementioned factors affecting the Bank. If the problem solution has been completed, the staff will record information in the feedback system according to normal processes. But if it has high risk, a complaint will enter the urgent problem resolution process. In July 2019,

the Bank increased complaints channel through the Bank's subsidiaries where customers can submit complaints about the service provided by the Bank's employees involved in the sales process and other general services. The companies will have a recording process and send information via Email to the Bank and the Customer Complaint Department will manage it.



406-1

Non-Discrimination

The Bank prioritizes non-discrimination and operates according to the Human Rights Principles. The Bank treats all groups of stakeholders equally. For employees, the Bank's criteria for recruiting candidates and promotion are based solely on qualifications relating to job description and regardless of nationality, race, gender or any other type of discrimination. Similar to providing service to all customers, the Bank uses queue ticketing to serve customers on a first-come-first-serve basis.

In 2019, six complaints about discrimination was submitted. The case involved the discrimination mostly are providing services at a counter: a branch staff asked for identification document and services provided to government officials, business groups, and individual customers are not the same. The Bank completed the corrective actions. Head of the

department investigated the facts and telephoned the customer to apologize for the incident along with explaining the process of requesting proof of identity in a transaction in front of the counter and crashes that occurred. In case of discrimination against providing services to each customer group, the branch knew the problem and clarified it to the customer as well as increasing additional channels to manage the queue within the branch in order to support all groups of customers equally and not let customers wait for services for too long.

From operations to improve service quality, resulting in 2019 that the Bank was able to create engagement with its customers at the level of 8.56 points out of a full 10 points, which is more than the points in 2018 that the Bank received 8.02 points. This survey was taken part by 33,264 users via telephone interviews.

103-2, 103-3

Financial Literacy

2020 Operational Goal

The Bank provided financial literacy to students in 6 universities.

2019 Operational Goal

The Bank met the goal.

As the Bank sees the importance of the financial problems that people are still experiencing, having financial literacy skills will help people to be immune to spending and can prevent themselves from financial threats that may arise. In this regard, the Bank has carried out the Financial Literacy Project to provide financial literacy that is a special skill of the Bank as a financial institution. This project aims to provide financial literacy to the general public and the Bank's employees and focuses on promoting youth who are the future of the country to realize the importance of savings and financial discipline, which will have a positive effect on the overall development of the country.

The Bank has run the Financial Literacy Project since 2018 according to the financial literacy plan which is one of the 5-year strategy of the Bank, aiming to provide financial literacy to new generations through various activities to create

awareness and understanding as well as leading to change of financial behavior. The Bank has also realized the importance of good financial management of Thai people and aimed for a stable society.

In 2019, the Bank transferred knowledge of financial literacy to new generations for the continuously stable society by focusing on students in the universities in Bangkok and other provinces in order to cultivate and lay a foundation of knowledge and understanding of money management for financial planning preparation for starting to work. The Bank provided financial literacy to students in 6 universities: Khon Kaen University, Burapha University, Phuket Rajabhat University, University of Phayao, Walailak University and Nakhon Pathom Rajabhat University through the activity financial literacy with Nong Wayu, including Walailak University and Nakhon Pathom Rajabhat University, which were held in 2020.

Financial Literacy via the Bank's Website (www.krungthai.com)

in the column of Financial Partner which provides financial literacy in the form of infographics to be easy to understand. It is divided into various categories: savings, house, insurance, personal loan, financial planning and retirement planning.

In 2019, there were 28 topics in the column



Financial Literacy via Fan page KTB CARE

(<http://www.facebook.com/krungthaibank>)

In 2019, the Bank continued to provide financial literacy via online channels because it is a communication channel whereby information can be accessed by a lot of people. In 2019, the Bank published 38 contents that are infused with financial literacy. There were a total reach of 3,471,494 users and engagements of 149,874 times (likes, comments and shares).

Training and Seminar on financial literacy for customers

The Bank has placed importance on providing services to customers with corporate governance so that customers' business is able to grow sustainably and customers have financial tools that help manage business, reduce costs and expand the business continuously. Therefore, the Bank has developed financial products that meet customers' needs and continuously provided seminars on financial literacy. In 2019, there were 63 financial seminars and financial product presentations, with 9,317 participants in attendance.

Examples of financial seminar

Course/Seminar Name	Objective	Participant (person)
Seminar on SME tax directions for 2019	To provide knowledge about correct accounting and creating actual financial statements to be submitted to the Revenue Department in order to prepare for requesting credit according to the credit guidelines of financial institutions, whereby the financial statements submitted to the Revenue Department by the juristic person will be considered for credit approval. The seminars were organized in Nakhon Pathom, Chiang Mai, Hat Yai and Songkhla and Bangkok, totaling 4 seminars.	1,355
Financial planning for the future of Burapha University employees "How to make money grow"	To enable customers who participate in the activity gain knowledge and understanding about management of revenue, expenses, debts, saving and investment to achieve financial goals, including risk prevention.	100
Financial knowledge enhancement activity for Ramathibodi Hospital	To enable customers who participate in the activity gain knowledge and understanding about management of revenue, expenses, debts, saving and investment to achieve financial goals, including risk prevention.	100
Activities for enhance knowledge and understanding about finance for personnel of The Federation of Thai Industries	To enable customers who participate in the activity gain knowledge and understanding about management of revenue, expenses, debts, saving and investment to achieve financial goals, including risk prevention.	100

Krungthai Loves Communities throughout Thailand Project

Under the Bank's vision of Growing Together for, Krungthai Bank desires to grow sustainably with all sectors in the society. Therefore, the Bank has linked ESG (Environmental, Social and Governance) to the Sustainable Development Goals (SDGs) in terms of business operation framework to help reduce poverty, and develop economy and quality of life in communities.

One of the Bank's missions is to build a sustainability society in accordance with the CSR operation guideline under 3 key strategies, consisting of:

1. STRENGTHEN FOUNDATION

building careers for communities

2. GO LOCAL BASED SOLUTIONS

fully enhancing products and services of communities through effective marketing operations

3. GROW LOCAL

Aiming to create sustainability for communities by providing funds

The Bank, therefore, initiated the Krungthai Loves Communities Throughout Thailand Project in 2019 in accordance with the three-strategic plan. The Bank sees the importance of strengthening communities by adhering to self-reliance principle, avoiding dependency on others, focusing on potential, resources, wisdom, way of life, culture and environment in the local area. The project is carried out in accordance with National Economic Development Plan with respect to building a strong community by applying the Philosophy of Sufficiency Economy to obtain balance

and inner strength. In this project, community members jointly set the guidelines and community development activities.

The Bank was able to use its strengths in financial knowledge, products and services to fulfil the needs of communities through operations of branches in each area. The Bank also collaborated with partners that had expertise in various fields to improve the quality of life in communities regarding management, local tourism, products, culture, marketing and financial knowledge.

STRATEGY

EXECUTION PLAN



In 2019, the Bank selected the target communities from participation of branches in presenting the communities around its area. In total, there were 7 selected communities throughout Thailand, which were [Baan Suan Durian Community in Songkhla Province](#), [Baan Laem Community in Suphanburi Province](#), [Baan Sanuan Nok Community in Buriram Province](#), [Baan Mae Kampong Community in Chiang Mai Province](#), [Baan Kok Krai Community in Phang Nga Province](#), [Baan Duea Community in Nong Khai Province](#), and [Tha Ma-O Community in Lampang Province](#). The Bank visited the communities to jointly discuss and set goals for development together.

As for the outcome of the project, it has been found that people in the communities are aware of various resources in their community by means of good management and cooperation in the communities. It has also indicated that communities became well-known and local products were developed to create value and sold via e-commerce channels. Tourism standards were also implemented as a guideline for community development and financial technology were applied to respond to the cashless society. From the said achievements, the Bank has planned to conduct the project to create broader impacts and to further build sustainable communities.

Furthermore, under the concept of the Krungthai Loves Communities Project, the Bank also conducted other projects, for example, the Krungthai Loves SME Project which develops Thai SMEs' digital capabilities, the Krungthai Business Ethics Initiative (White Seedlings) Project which supports the youth in terms of marketing for communities, and Krungthai Loves Art Project which develops Thai artists to succeed internationally. Apart from those, there were the Krungthai Loves Environment Project which encourages people to be aware of the importance of the environment, and recycling to reduce pollution and waste disposal budget, the Krungthai Loves Khung Bangkachao Project which helps increase green spaces in communities, encourages the youth to realize the importance of the environment and support them with good educational opportunities. Lastly, there were Krungthai Loves Smart University Project which encourages young people to be aware of the importance of financial planning for a stable future, and Krungthai Loves Employees Project that encourages employees to realize the importance of financial planning as well as planning for post-retirement life.



CSR Projects of Krungthai Bank

1 OUR Khung BangKachao Project

Krungthai Bank was 1 of 34 organizations participating in the Oasis Urbanization Regeneration Khung BangKachao Project (OUR Khung BangKachao). On 5 June 2019, about 105 Krungthai employees participated in planting trees on the pilot area of 2.4 Rai out of 11.05 Rai, sponsored by Krungthai Bank. This project was well collaborated between the Bank, villagers and schools in the area under the initiative of Krungthai Loves Communities Project. In addition, the Bank also promoted, supported and developed education, arts and other dimensions of the schools in BangKachao area, namely Wat Rat Rangsan School, Wat Pa Ked School, Wat Bang Kra Sob School and Wat Kan Lad School by means of educating financial literacy, English language, including drawing on walls and school buildings in order to renovate the school landscape as well as being a medium of instruction for children.



2 Krungthai Business Ethics Initiative (White Seedlings) Project

In 2019, the Bank organized the project in the form of marketing activities to promote the community with digital marketing. There were 346 applicant teams participating to win Her Royal Highness Princess Maha Chakri Sirindhorn's cup. At present, the participating projects are currently in the process of actual operation and the final round of the competition was scheduled to be in March 2020.



3 Krungthai Young Enterprise Awards Project

The Bank organized the project with the intention to develop the potential of creative SME entrepreneurs who are capable to promote and jointly develop the country's economy. With this purpose, the Bank had organized a business model contest under the concept of Digital SME.

In 2019, there were 731 SMEs participating in the project. The winner of the Top Digital SME 2019 shall be awarded 1 million Baht for expanding its business. As a result, the winner is Tiptaweesub Company Limited, which proposed the business model that connects agricultural product suppliers altogether with the "Sod Jak Thai" (Freshness from Thailand) platform in order to distribute agricultural products to merchandisers.



In 2019
there were
731
SMEs participating
in the project



4 The 4th Krunghai Art Awards Project

Krunghai Art Awards Project was organized to promote and support the creation of fine arts to step forward to the international level. In this regard, theme of the artworks shows the story and content of being Thai and moral society.

In 2019, there were 309 interested artists participating in the contest. The Bank organized central and provincial exhibitions at Central Department Stores for 5 art activities in total.



In 2019
there were
309 interested
artists participating
in the contest

6 The Support to Friends in Need (of "PA") Volunteers Foundation, Thai Red Cross Society

The Bank has supported the operations of the foundation by providing survival bags, performing volunteer work, giving donations and public relations for foundation activities through various channels of the Bank as well as organizing exhibition booths at the "2019 Friends in Need (of "PA")" activity under the "Krunghai Loves Communities" initiative. In addition, the Bank had donated 11,000 bottles of Nong Vayu drinking water among with providing public relations to obtain donations with the aim of helping the victims of the tropical storm Pabuk and tropical storm Podul. Moreover, the Bank's staff also volunteered to pack survival bags and helped being the Red Cross volunteers.



5 Krunghai Loves Smart Universities Project

Since Krunghai Bank is a financial institution, therefore; Krunghai Loves Smart University Project was aimed to provide a financial education through encouraging the youth to realize the importance of savings and have the financial discipline. In 2019, 4 activities were organized at Khon Kaen University, Burapha University and Phuket Rajabhat University with a total of 1,216 participants.



In 2019

1,216

participants
participated
this activity



7 Krunghai Loves Education Project: To support the scholarship in the Krunghai Weaving Dream for University Graduates Project

Under the Krunghai Weaving Dream Schools: Good School near Home Project, the Bank provided scholarships for students, who were well-behaved, having the highest GPA during high school and can pass the university entrance examination to study at the leading state universities as specified by the Bank. The Bank provided scholarships for such students until they are graduated with a bachelor's degree (normal program). Each school shall receive 1 scholarship with 50,000-Baht per year until graduating bachelor's degree. In 2019, the Bank has provided 234 scholarships, totaling to 11,700,000 Baht.

8 Krunghai Loves Sports Project: To support Thailand Boxing Association

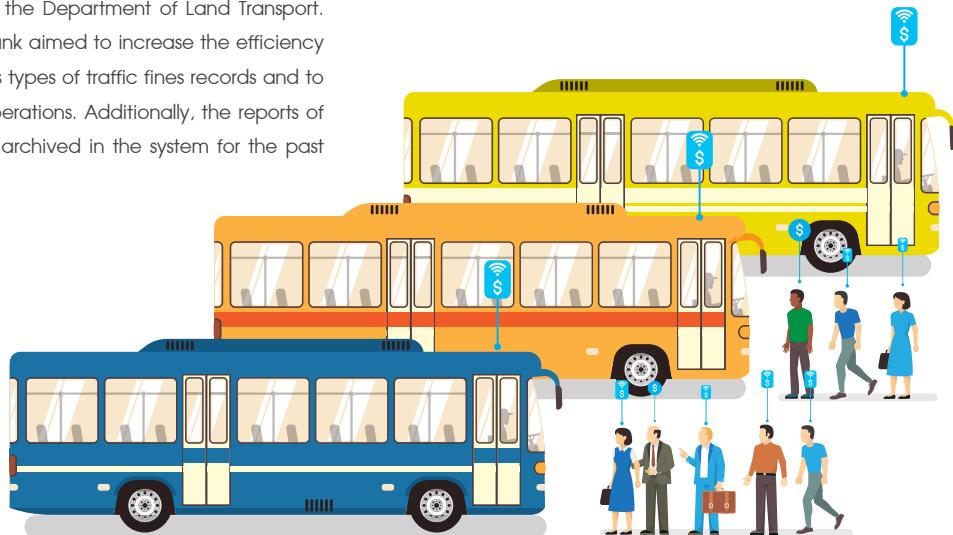
Krunghai Bank has implemented the government's policy in supporting the 1 state-owned enterprise and 1 sport association campaign. The Bank has been supporting Thailand Boxing Association since 2006. According to the current MOU, the Bank shall provide the Thailand Boxing Association with 15 million Baht from 2016-2019 annually. Thus, this MOU will end in the year 2019.

Operations in Supporting Government Policy

203-2

In 2019, Krungthai Bank accomplished several operations to support government policies in an attempt to drive Thai economy and improve well-being of Thai people. Regarding to this, the Bank helped Thai people gain simple access to a wide range of financial services and reduce inequality in Thai society. During the past year, the Bank operated as follows:

- **For the Digital Business Cooperation Project for Energy Entrepreneurs.** Krungthai Bank supported the Provincial Electricity Authority in the development of "PEA Care & Service" feature as well as providing financial solutions for customers who wanted to use electronic system inspection and equipment maintenance service. The services were part of the PEA HERO Platform, which offered the one-stop, convenient and fast service for customers on the Digital Platform. Customers can also receive services that comply with standards as well as being reliable and certified by PEA.
- **Through 'Recovery Measure for SME Customers Affected by the Flood in 2019'.** Krungthai Bank helped and rehabilitated SME entrepreneurs who had been affected by the event by increasing loan limit up to 10 million Baht for business rehabilitation. Moreover, the Bank also set interest rate starting at 4% per year and reduced interest rate up to 1% (The measure ended on 30 June 2019).
- **Krungthai Bank had initiated Online Fine Payment Project** and began the second phase of the project in 2019. By doing so, the Bank developed the Police Ticket Management System (PTM) - a complete online ticket management system, by implementing the technology to link the ticket information in the network from all police stations with that of the Department of Land Transport. In this regard, the Bank aimed to increase the efficiency of managing various types of traffic fines records and to facilitate police's operations. Additionally, the reports of traffic fines shall be archived in the system for the past 90-day.
- **Krungthai Bank appointed the Thailand Post Co., Ltd. as a banking agent.** The Bank's customers are able to conduct financial transactions such as deposit, withdraw, payment/top-up by depositing into payment agency account through Krungthai Bank's account at 1,000 post offices across the country with a maximum limit of 50,000 Baht per transaction and total 100,000 Baht per day. For convenience purpose, customers do not need to bring a bankbook. There is a fee of 10 Baht per transaction.
- **Krungthai Bank had cooperated with Bangkok Mass Transit Authority (BMTA)** in launching cashless fare payment service on the air-conditioned buses No. 510, which is the first bus in Thailand with such service. The service helped upgrade bus transportation into digital transportation so as to support Smart City Development Plan in the future. All BMTA buses will change to the cashless fare payment system subsequently. The air-conditioned buses No. 510 had piloted such system for 2 months, starting on 9 April 2019.



203-2

- **The Bank collaborated with the Office of the Judiciary** in the development of digital court system (e-Court) to improve and expand the system of submitting pleadings and documents by electronic media (e-Filing) for trial courts nationwide, trial courts for specialized cases, and special courts. The e-Court and e-Filing system also increased the capacity to provide additional services such as filing criminal charges, requesting for arrest warrants or search warrants, storing and photocopying of court sentences via electronic system, including fee payment via credit or debit cards, bank counters, ATM, website, and the Krungthai NEXT application.

- **Total Solutions for SMEs Project was a project of the Department of Business Development**, Ministry of Commerce with purpose to assist entrepreneurs to have access to technology or innovation necessary for managing full-fledged business conveniently, quickly and appropriately. The Department of Business Development facilitated to archive 3 parts of related SMEs business management programs: Office Software, Point of Sale Software (POS) and Cloud Accounting Software. All 3 programs can link the entire system from product sales/management to accounting and financial statements. The connection of the entire system helps SMEs entrepreneurs meet their business needs. In this respect, the qualifications of entrepreneurs who will receive the support of the Total Solutions for SMEs Project is juristic person that has submitted the latest financial statement with a total income of not more than 5 million Baht and new juristic person with registered capital not over 1 million Baht. Thus, the SMEs entrepreneur who was interested in participating in the project can register on www.dbd.go.th the website of the Department of Business Development. As for Krungthai Bank, one of the partners in the project, introduced loan products, which are Krungthai SMEs One Account Loan, Small Business Loan and Krungthai sSME Start-up & Innovation Loan.

- **Krungthai Bank developed and provided the Digital Student Loan Fund System (DSL)** in the form of Paperless and digital ID in response to the Student Loan Fund's operation, borrowers and guarantors. The DSL fund system linked data with government and private sectors for verification; therefore, the system management provided by the Bank is fast and secure as well as in accordance with the National e-Payment Policy. In this

regard, this project was signed the Integrity Pact on anti-corruption in government procurement.

- 'Krungthai Processed Agricultural Business Loan' supported full funding for SMEs entrepreneurs in processed agricultural product manufacturing or distributing business. The entrepreneurs can borrow up to 1.5 times of their collateral with minimum interest rate of 4% per year and the total credit limit of more than 1 billion Baht.

- **Krungthai Bank provided Supply Chain Loan**, which is loan for businesses that sell goods to companies that had cooperated with the Bank, in order to increase liquidity for the business after delivering products. The borrowers shall receive money before payment is due, so that it will allow the business to continue uninterruptedly. Supply Chain Loans are as follows:



All types of loans for franchise-owners of 7-Eleven convenient store to support entrepreneurs, who have the license to manage 7-Eleven stores from CP All Plc.



Loans for distributors of LPG filling plants and PTTOR's LPG shops: the granted loans aimed to be short-term working capital for distributors of LPG filling plants and LPG shops.



Loans for franchise-owners of PTTOR station: the granted loans aimed to be working capital for gas station franchise-owners and/or PTTOR lubricant oil distributors as well as for the expansion or construction of gas stations.

203-2

- **Krungthai SMEs Long Love Loan**, which is a loan granted to old and new SMEs (size M) entrepreneur customers who need working capital or want to expand the business, for instance, investing/repairing/improving fixed assets or supporting Permanent Trading Asset or credit refinancing from other financial institutions.
- **Krungthai One Account SMEs Loan**, which is a low interest loan granted to juristic person customers using revenue statements for loan applications and juristic person customers requesting loan to conduct business on behalf of an individual.
- **The Bank grant loans for Government and State Enterprise Partners**. The entrepreneurs tendering jobs from government organizations and/or state enterprises shall get loans with special interest and low collateral.

Accordingly, the Bank shall quickly issue a letter of guarantee for submitting the tendering and/or guaranteed contract and supported entrepreneurs to have sufficient working capital since the beginning of the project until the end of construction.

- **Krungthai Tourism and Related Business Loan** is grant to support capital for business operation, expansion, rotation, and refinance for tourism and related businesses entrepreneurs.
- **Krungthai Loan for Production Efficiency Increase by Robotics and Automation** is granted for SMEs entrepreneurs for investing/repairing/improving robots on their working systems and related equipment or automation.

"CHIM SHOP CHAI" (EAT-SHOP-SPEND) DOMESTIC TOURISM STIMULUS SCHEME



Krungthai Bank has participated in and provided applications for the government's economic stimulus scheme "Chim Shop Chai". The Bank developed the "Pao Tang" mobile application as a way for the government to grant funds for the people who had registered for the scheme, resulting in circulation of national economy. Pao Tang application also served as a way for goods and services payment for participating entrepreneurs, most of which are SME and community-based shops. In addition, the Bank developed an application "Thung Ngern" for merchants to receive payments to support all 3 phases of Chim Shop Chai Scheme.

From the implementation of the Chim Shop Chai Scheme, there are 160,000 new shop owners across the country who participated in the scheme and installed the Thung Ngern application (Application period between 28 August - 31 December 2019). When combine the number of new shop owners with more than 80,000 Pracharat Blue Flag. From 27 September 2019 to 1 January 2020, there are more than 11.8 million participants in 3 phases of the scheme with a total spending of 26,981.9 million Baht.

KRUNGTHAI LOVES COMMUNITIES

Alongside with Sustainability



OPERATIONS RELATED TO GOVERNANCE

The Bank adheres to business operations based on integrity, transparency, fairness and compliance with rules and regulations as well as having responsibility for society, environment and all groups of stakeholders in an attempt to create an organizational culture of zero tolerance.



16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS

Governance and Corporate Governance (CG) Culture Creation

102-16, 102-18, 103-2, 103-3

2022 Operational Goal (Long term)

To drive the Bank to become a model of moral organization

2019 Operational Goal

1. To receive a 5-star rating on the Corporate Governance Report Evaluation of Thai Listed Companies from Thai Institute of Directors
2. To receive more than 85 points of evaluation result of perception, understanding and implementation of corporate governance and risk management

2019 Performance

1. The Bank received a 5-star rating on the Corporate Governance Report Evaluation of Thai Listed Companies from Thai Institute of Directors
2. The evaluation result of perception, understanding and implementation of corporate governance and risk management was at 89.8 points

Krungthai Bank adheres to and comply with the principles of Good Governance and Anti-Corruption. As a result, the Bank operates its business on a basis of honesty, integrity, transparency, fairness as well as complying with regulations and laws together with being responsible for society, environment, all groups of stakeholders, the Board of Directors, executives, employees and financial conglomerate of the Bank. The Bank believes that operating business with ethics, is an important foundation for the Bank to grow steadily and sustainably as well as becoming Public Trust Bank for everyone.

With the strong determination, the Bank's corporate governance guideline has been formulated as CARPETS for the Bank's executives and employees to adhere to. 'CARPETS' consists of the following details:



However, the Bank consistently raises awareness of corporate governance to all employees through internal activities and other communication channels such as CG TIMES - a newsletter publishing easy-to-digest and up-to-date news articles relating to good corporate governance through the Bank's intranet. Moreover, the Bank has established a good corporate governance structure by appointing committees to ensure that the Bank's operation is in line with its objectives and that the operation is monitored and overseen more closely while the committees are reported about the progress regularly.

The Board of Directors is aware of its duty for the utmost benefit of the Bank and shareholders. The duty and responsibility of Board of Directors and the management have been separated obviously. The Board of Directors is responsible for formulating policy and monitoring any Bank's system to be in accordance with law and integrity. Additionally, so as to prove that their roles are transparently counterbalance, the Chairman of the Board of Director, Chairman of the Board of Executive Directors and President shall not be the same person.

There are 12 members of the Board of Directors, which is suitable with the size of the organization and they can perform their duties effectively as well as behaving appropriate balance of power. As of December 31, 2019,

there are 11 members of the Board of Directors with 1 vacant position, which is under the recruitment process. Therefore, the Board of Directors presently consist of 1 Executive Director and 10 Non-Executive Directors. Regarding to the present Bank's Board of Directors, 5 Directors are Independent Directors, which is 45.45% of the total numbers of the Directors. In this regard, it shaped the ratio of Independent Directors of the Bank to exceed the requirement from the Securities and Exchange Commission (SEC) stating that at least one third of the Board of Directors must be the Independent Directors and it must not be less than 3 Independent Directors. Details of the Bank's management structure and other sub-committee are prescribed in the Annual Report 2019 of Krungthai Bank on page 82-98.



102-16, 102-18

Creation of Organization Culture and Compliance with Ethics

The Bank regularly encouraged instilling the awareness of being compliance with good corporate governance guideline to staffs widely through internal activities and several communicative channels. For example, the Bank broadcasts CG knowledge, which was updated and easy to understand, provides training program about CG for high-level executive, orientation program, E-Learning, including communicating via Intranet, CG Times, the Sustainable Krungthai Initiative (Krungthai Kunnatham) and exhibition booth, etc.

With the purpose to drive Krungthai Bank to become the model of moral bank, Chairman of the Board of Directors, the Board of Directors, President, Group Heads and the Bank's employees "declared the intention" to perform duties morally to become the sustainable Krungthai and lead the

organization to become the Sustainable Krungthai Initiative, while building up the zero tolerance culture.

Formerly, the Bank operated to elevate the corporate governance standard across the organization and achieve tangible success in 2018. The Bank has encouraged the activities and projects to be in line with governance strategy plan 2017-2021 for Krungthai Bank PCL as well as corresponding with Thailand's Master Plan on national anti-corruption phase 3 (2017-2021) and the Bank's strategy to become model of moral Bank. Accordingly, the Bank endeavor to create zero-tolerance culture under the Sustainable Krungthai Initiative (Krungthai Kunnatham) operation.

Krungthai Bank PCL Corporate Governance Strategy 2017-2021 comprises 5 mains strategies as follows:

1st STRATEGY

Create an organizational culture which does not tolerate any form of corruption (Zero Tolerance)

2nd STRATEGY

Elevate the intent of anti-corruption morality

3rd STRATEGY

Develop proactive corruption prevention systems

4th STRATEGY

Promote corruption suppression process standard

5th STRATEGY

Improve the Bank's score on Integrity and Transparency Assessment: ITA

102-16

Sustainable Krungthai Initiative (Krungthai Kunnatham) Operation Guidelines in 2019

Krungthai Bank adheres to operates its business on a basis of honesty, integrity, transparency, fairness as well as complying with regulations and laws, together with being responsible for society, environment and all groups of stakeholders. The Bank believes that operating business with ethics, is an important foundation for the Bank to grow steadily and sustainably as well as becoming Public Trust Bank for everyone. The Board of Directors, executives, all employees and financial conglomerate of the Bank adhere to and comply with the principles of Good Governance and Anti-Corruption, in addition to taking into account their important role in corporate governance. The Bank then is capable to create organization culture, that is compliance with ethics and operational guidelines of the Sustainable Krungthai Initiative as follows:

01 CREATION OF ORGANIZATION CULTURE AND COMPLIANCE WITH ETHICS

With the purpose to drive Krungthai Bank to become the model of moral bank, Chairman of the Board of Directors, the Board of Directors, President, Group Heads and the Bank's employees "declared the intention" to perform duties morally to become the sustainable Krungthai and lead the organization to become the Sustainable Krungthai Initiative, while building up the zero tolerance culture. The Bank operated to elevate corporate governance standard across the organization. The Bank upgraded projects and activities in line with corporate governance strategy plan 2017-2021 for Krungthai Bank PCL as well as corresponding with Thailand's Master Plan on national anti-corruption phase 3 (2017-2021) and the Bank's strategy to become model of moral Bank. Accordingly, the Bank endeavor to create zero-tolerance culture under the Sustainable Krungthai Initiative (Krungthai Kunnatham) operation. Besides, the Bank regularly encouraged instilling the awareness of being compliance with good corporate governance guideline to staffs widely through internal activities and several communicative channels. For example, the Bank broadcasts CG knowledge, which was updated and easy to understand, provides training program about CG for high-level executive, orientation program, E-Learning, including communicating via Intranet, CG Times, the Sustainable Krungthai Initiative (Krungthai Kunnatham) and exhibition booth, etc.

02 SUSTAINABLE KRUNGTHAI INITIATIVE GUIDELINES

The Bank complies with the Sustainable Krungthai Initiative (Krungthai Kunnatham) for upgrading the zero-tolerance culture with Inside-out Blasting approach. The objective is to create participation from executives and employees in brainstorming through the concept "a problem to solve, a good deed to do", aiming to improve moral standard and create good value and consciousness in accordance with good corporate governance policy and perform duties with honesty, integrity, transparently, verifiability and not to violate laws and regulations in order to drive the Bank to be the model of moral organization in line with international standard. In addition, it creates a good image for the bank as a financial institution that people have trust, which could lead to financial growth. Sustainable Krungthai Initiative (Krungthai Kunnatham) focuses on Three Lines of Defense policy, including First Line of Defense - every employee and chief collaboratively create good working processes under morality; Second Lines of Defense - Risk Management and Compliance and Legal Units; and Third Lines of Defenses - internal and external audit units and Compliance and Legal and Audit Committees can regulate to build trust. Driving the Sustainable Krungthai Initiative (Krungthai Kunnatham) is not the responsibility of any committee or any executive but it is the responsibility of all employees to follow by and adhere to with the purpose of operating and driving the Bank to be the model of moral organization as well as achieving Public Trust.

102-16

The Bank established goals and the 3 principles-Foster, Prevent and Change as follows:

3 Strategies to be Moral Organization

Foster

The Bank fosters moral consciousness into employees and encourages them to comply with the regulations of the Bank and external auditor, enhance the work effectiveness as well as encouraging employees to participate in the organization development.

To foster awareness, the Bank starts with promoting Top Executives roles in leading the organization into a better way and being a role model for employees. Moreover, the Bank focuses on encouraging, developing and supporting employees to participate in activities together with praising employees who join in the project. Finally, the Bank aims to create collaborative network of all employees.

Prevent

To prevent, is the act of verifying and preventing any offense caused by the risks related to operations, resulting in development of corruption prevention guideline, developing proactive corruption prevention mechanism together with enforcing regulations and measures in terms of policy, system and operation to coordinate with every unit related to corporate governance.

Change

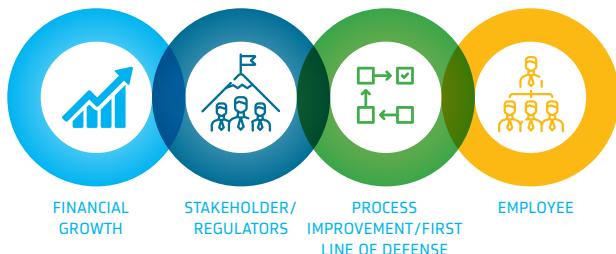
The Bank upgrades the standard relating to the process of suppressing internal offense and corruption by quickly carried out legal action both for civil and criminal case along with considering disciplinary action. The internal processes of the Bank have been effectively integrated i.e. audit process and legal process.

Besides the 3 principles - Foster, Prevent and Change, the Bank also initiated "One Unit, One Sustainable Plan" scheme in order to drive the Bank to be the model of moral bank.

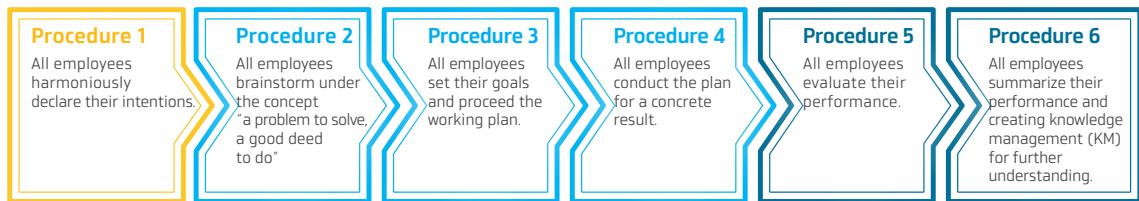


One Unit, One Sustainable Plan

One Unit, One Sustainable Plan is another activity aiming at the participation from employees in creating moral working process. This activity is the extension from the existing working process in general. Employees can analyze the implementation of new working process under the Inside-out Blasting approach and analyze the cause of problems (a problem to solve/a good deed to do) as well as extracting it into working plan corresponding with good deeds for successful and effective performance (moral quality). Thus, it must be conducted in line with the 4 goals: 1) Financial Growth, 2) Stakeholder/Regulators, 3) Process Improvement/First Line of Defense and 4) Employees by using technology to support operational process improvements.



Under this project, there are six procedures of plan development as follows:



Sustainable Krungthai Initiative (Krungthai Kunnatham) Activities

- The Bank cooperated with Krungthai Bank State Enterprise Labour Union to organize a talk session "Roles of the Executives in Supervise the Employees Discipline" for all departments of the Bank.
- The Bank supported collaboration of executives and employees in complying with the KTB CG in Process, together with the encouragement of role model executives demonstrating honest culture and strong determination for Anti-Corruption of the Bank. The Bank also supported its financial conglomerate that the Bank hold 100% of its shares to comply with the corporate governance in order to achieve success and sustainable growth.
- The Bank established fair and transparent operating guidelines according to the Integrity & Transparency Assessment: ITA in order that all employees can comply with and adhere to as well as establishing transparency in business operation.
- The Bank held communication and public relations activities of corporate governance in order to educate employees and network associations of the Bank by focusing on technology usage via communication channels such as the public relations of video, a broadcast of corporate governance implementation of the committee and executives communicating through digital signage system, which is internal communication and external corporate governance exhibition, etc.
- The Bank conducted the employees survey about the acknowledgement, understanding and the implementation in the issues related to the corporate governance, anti-corruption policy and code of conduct. The result from the survey shall be used for improvement and development of the operation in next year.
- Market Conduct Compliance are listed as follows:



Anti-Corruption

103-2, 103-3, 205-2

2019 Operational Goal

Being as a Member of Collective Action Coalition & Against Corruption (CAC)

2019 Performance

Being certified as a Member

The Bank operates its business with the principles against fraud in all form, along with anti-bribery and anti-corruption, which are considered illegal. With the Zero Tolerance principle, the Bank shall not tolerate all kinds of misconduct and stipulate this principle in the Bank's Code of Conduct. The Bank has announced the Anti-Corruption and Bribery Policy for determining the operational guidelines in anti-corruption and anti-bribery. In 2019, the Bank has revised the new policy and the new policy is enforced from January 10, 2019 onwards so as to be in compliance with the Organic Act on Counter Corruption B.E. 2561 and the Notification of the Anti-Corruption Cooperation Committee: The Minimum Standard of Anti-Corruption Policies and Guidelines for Procurement Provided by Entrepreneurs according to the Clause 19 of the Government Procurement and Supplies Management Act B.E. 2560. Operational Guidelines are summarized as follows:

- 01** All employees of the Bank and its subsidiaries must not involve with bribery and corruption whether directly or indirectly. All employees shall not solicit, procure or accept bribes for personal benefit or the Bank's benefit. Furthermore, employees shall not propose to give, promise to give or give bribe to the government officers or other private sector officers in order to persuade them to do or not to do or to delay doing, which are unlawful.
- 02** Business operation and procurement process of the Bank are required to be transparent, honest, verifiable as well as being under the relevant laws and regulations before bidding, during bidding and after the completion of procurement contract. Employees of the Bank and those who are involving with the business operation of the Bank shall not give, offer or promise to give bribe or persuade the government officers directly or indirectly, which are the benefit of bidding or concession in the bidding for



the government agencies, in which it brings advantage and some benefits in the procurement process or contract compliance or for protecting any other interest that is inappropriate according to the Code of Conduct.

03 When an act that is considered as bribery and corruption is found, such person is required to report to supervisor, relevant department or to the Whistle Blowing channel immediately.

205-2

Communication and Training

To communicate and promulgate knowledge as well as creating awareness among employees about the appropriate operation relevant to laws and regulations, the Bank communicates via CLMG POST email in the topic of Anti Bribery and Corruption. The content of the email is presented in the form of a short article about anti-bribery and corruption at least one article per month. Moreover, the training on the topic "Prevention of Bribery or Other Benefits Considered to Be Corruption" is provided to all employees in Head Offices and in all regional offices, including employees of the Bank's subsidiaries with the intention to promote knowledge and understanding and raise awareness about the said issue throughout the year constantly.

In 2019, the Bank provided internal and external training programs related to the anticorruption issues to the executives and employees as follows:

2019 Training



Example of Training Programs in 2019

Internal Trainings

Prevention of Bribery or Other Benefits Considered to Be Corruption

Review Principles of Condition Inspection Report and Asset Valuation

Knowledge in Law, Credit Policy, Operational Rules and Building up a Culture that Does Not Tolerate Corruptions Sustainably (Zero Tolerance)

Government Procurement and Supplies Management Act B.E. 2560, Related to Design and Construction

The BOT's Policy Regarding Appraisal Guarantee and Properties for Sale acquired through Debt Repayment and Loan Collateral

Compliance Guidelines on The Bank's Procurement Regulations for Branches and Regional Office

Declaration of Assets and Liabilities of the State Officials to the National Anti-Corruption Commission

Procurement Problems and Solutions According to The Government Procurement Act and Regulations B.E. 2560

Standard of Information Transmission Practices for Bangkok Interbank Offered Rate (BIBOR) Preparation

The Anti-Money Laundering and the Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing (AML/CTPF)

Personal Data Protection Act, B.E. 2562 (2019)

External Trainings

The Anti-Money Laundering and the Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing (AML/CTPF) (2019)

New Thai Financial Reporting Standards (TFRS) for 2019 and 2020

Electronic Transactions Law

Data Privacy Law and The Impact of EU General Data Protection Regulation (GDPR)

Compliance Officer

AML Risk Assessment Workshop

FinTech: Related Laws and Regulations

Procurement Problems and Solutions According to The Government Procurement Act and Regulations B.E. 2560

Personal Data Protection Act, B.E. 2562 (2019): Procedures and Guidelines

AML Risk Based Approach Workshop

Personal Data Protection Act, B.E. 2562 (2019): Procedures and Guidelines

Whistle Blowing:

The Bank urged stakeholders to report any wrongdoing through various channels. Anyone finds any wrongdoing, including corruption, illegal acts, the Bank's or regulator's regulation violation, conducted by Directors, Executives, staffs, employees or the Bank's subsidiaries, the whistle blowing can be made via any channel provided by the Bank. Additionally, the whistleblower can directly send an email to the Chairman of the Board of Directors at whistleblowing@ktb.co.th. In this regard, the information of the whistleblower will be kept confidential and protected during and after the investigation process.

"The Bank's and the affiliates' personnel must not involve in giving or taking bribe and corruption acts, whether directly or indirectly"

Risk Management

103-2, 103-3, 205-1

2022

Operational Goal (Long term)

To support the strategy and business operation of the Bank including sustainable business growth (Risk & Return Optimization), including complying with regulation

2019

Operational Goal

1. To improve credit approval process for better efficiency (Tightening process while controlling the risk to be as same as the current level/ lower level)
2. To manage NPL to be less than the risk tolerance level

2019

Performance

1. To Improve the credit process by using Risk Assets Acceptance Criteria (RAAC) in 14 Bank's targeted industries
2. The Bank's NPL is lower than risk tolerance as of December 2019

The Bank has obviously determined the structure, policy and framework for risk management to envelop all aspects of risk management in compliance with the frameworks prescribed by the Bank of Thailand (BOT) and the State Enterprise Performance Appraisal (SEPA). Thus, the Bank has adopted the framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), which is the framework specifying the structure of integrated risk management (Enterprise Risk Management: ERM) under the international standard. Its main principle is to connect risk management process with strategic planning and business opportunities of the Bank in order to help integrating the administration and managing risks for the whole organization. Risk Appetite and Risk Tolerance are determined in terms of both quantitative and qualitative aspects through determining as a specific value or as a range depending on the Key Risk Indicators used and the suitability in order that the Bank can achieve its objectives and goals. Risk Appetite of the Bank covers significant risk in compliance with the Internal Capital Adequacy Assessment Process (ICAAP) according to the BOT's Basel Standards, which covers significant risks such as Credit Risk, Credit Concentration Risk, Market Risk, Banking Book Interest Rate Risk, Operational Risk, Liquidity Risk, Strategic Risk and Reputation Risk. This also comprises the sufficient capital maintenance for supporting risks according to the Basel Standards in both normal situation and stress event (Stress Test). Accordingly, the said risk management policies and strategies will sustainably add more value to the organization, the shareholders and the stakeholders.



Fraud Risk Assessment

Financial Crime and Fraud Management Department of the Risk Management Group operates the Bank's Financial Crime and Fraud Management by devising strategy, policy and process to prevent corruption and errors as well as analyzing the cause and trend for creating prevention, alert methods and reducing risk/damage arising from corruption, or preventing recurrent corruption. The Financial Crime and Fraud Management Department conducts fraud monitoring to stop the damage to customers, alert the customer, investigate the facts and offenders in addition to magnifying an outcome by investigating related parties, related internal and external agencies. The Financial Crime and Fraud Management also considers curing the customers in case that the customers are defrauded by

third parties while coordinating to deliver the evidence documents to the related agencies for prosecution of frauds or criminals. There are procedure review and improvement according to the current situation annually.

The Bank requires all departments to manage their internal risks i.e. conducting Risk Control Self-Assessment (RCSA) and determining KRI for monitoring risks. The Bank has announced the Anti-Bribery and Corruption Policy and the Whistle Blowing Policy for preventing and suppressing corruption. Therefore, it can be assured that the Bank provides guidelines for controlling assessing and monitoring the risks arising from frauds and corruption of employees that may affect the business operation of the Bank.



Fostering a Culture of Risk Management

The Bank has established the Risk Governance Structure according to the 3 Lines of Defense principle, covering from the level of the Board of Directors, the management, to the level of Business Units (BUs), which consisting of all employees reflecting the organizational structure. The Bank has elevated the risk management by assigning the Risk Oversight Committee (ROC) to drive and supervise the risk to be in compliance with the policy and be at the Risk Appetite level. The Bank adheres to the good and international risk management principles according to the COSO and Prudent Banking framework as well as determining the procedures, guidelines and tools for using in risk management and early warning as follows:



3 Lines of Defense

1 The Role of The Board of Directors (BOD) in Creating a Culture of Risk Management

- 1.1 Determine the Risk Management Policy/Framework.
- 1.2 Determine approval authority/risk limit of the Risk Appetite and Risk Tolerance.
- 1.3 Create an atmosphere or environment that is conducive to clear risk management as well as communicating to all levels of employees. The Bank emphasizes Risk Culture creation through the operations as follows:
 - 1.3.1 Set “FAST” as the core values, regarding as the DNA of all employees. It is aimed at raising awareness, understanding, appropriate behavior and participation from all employees. The manual has been conducted regarding to the core values and organizational culture creation in an attempt to build up the risk management culture among employees.
 - 1.3.2 Assign the Risk Oversight Committee (ROC) - a subcommittee that drives and supervises the
- 1.3.3 Establish Krungthai Sustainable Initiative (Krungthai Kunnatham) which covers the implementation of the Code of conduct, Zero Tolerance Culture and Anti-Bribery and Corruption Policy as the Bank’s business operation principles for transparency, reliability and without conflict of interest.
- 1.3.4 Establish the Whistle Blowing channel (Whistle Blowing Policy) as well as appointing the Governance Risk and Compliance (GRC) at the management level and the Governance Risk and Compliance Team to closely follow up the result after being notified. Aside from being a declaration of seriousness and attention of risk supervision, it creates public trust.



2 Guidelines for Promotion of Risk Management Culture

- 2.1 It is required to have good tools for effective risk management as well as periodic test of risk assessment tools to ensure the accuracy of risk assessment.
- 2.2 It is required to developed appropriate tools for assessing risk of each group of customers such as Credit Rating/Credit Scoring and improving operational regulations and guidelines related to credits to be in standard level.
- 2.3 It is required to implement RCSA, KRI, Loss Data tools so that all business units are able to use for operational risk assessment and management with an intention of risk concern in all levels of employees and appropriate internal control.
- 2.4 It is required to have the Key Risk Indicator (KRI) that covers all risk factors and risk causes with the purpose of monitoring risk management performance to be at the risk appetite level and to meet the specified goals.
- 2.5 It is required to provide stress testing to ensure that the Bank has sufficient capital fund in both normal situation and stress event.
- 2.6 It is required to provide the monitor system for risk assessment and report the risk via the Risk Dashboard monthly to the relevant committee as well as managing risk to be at the risk appetite level.

Guidelines for Operational Risk Mitigation and the Bank's Operation to Mitigate Risk

The Bank has determined Key Risk Indicator (KRI) as a goal for risk management. The Bank has determined Risk Appetite Level and Risk Tolerance Level as well as managing risk to be at the Risk Appetite level. When the Key Risk Indicator level exceeds the Risk Appetite level, the Bank shall proceed according to the determined action plan. The Bank shall perform risk monitor system, the risk assessment and risk monthly reporting via risk dashboard to the relevant committees. In addition, the Bank shall manage risk to be at the Risk Appetite Level in order to evaluate whether the risk control performance is efficient. If such risk control is not efficient, there shall be discussion and development of risk control guidelines as well as regularly reporting the risk management performance to the Risk Oversight Committee (ROC). Prevention guidelines for reducing risk are as follows:



1. METHODOLOGY

The Bank continuously monitor and assess the impact of changes in the environment and competition. There are measurement and monitoring process for risk management performance via different tools with the intention of monitoring and controlling risk to be at the Risk Appetite level and to meet the specified goal.



2. INFRASTRUCTURE

The Bank has procedures, systems and tools for monitoring and alerting both at portfolio level and at individual level.



3. RISK QUALITY MANAGEMENT

The Bank adheres to the PDCA principles (Plan Do Check Act) so that the risk management has been developing continuously. In this regard, the Bank has specified the existing risks in order to plan an appropriate risk management focusing on Risk Prevention and Loss Prevention Management, together with monitoring the risk management performance for improving current procedures and tools. Moreover, the Bank also provides continuous training to all employees (Continuous Improvement) to ensure for better risk management.



4. GOVERNANCE RISK COMPLIANCE INTEGRATION

The Bank focuses on integration of risk management, corporate governance and internal audit by establishing two levels of the Governance Risk and Compliance Committee (GRC) as follows:

4.1 The management level of Governance Risk and Compliance Committee (GRC) shall implement the matter in which the Board of Executives Directors, the Board of Directors and the relevant committees have ordered the management to proceed and/or the matter that the President has ordered. Their responsibilities also include scrutinizing and giving opinions on credit and credit process improvement as well as matters related to audit and inspection results from all regulators such as BOT, SEC, SOA, NACC, AMLO, etc.

4.2 The Governance Risk and Compliance working group is responsible for establishing integration and management connection of corporate governance, risk management and compliance as well as determining explicit management procedures. The working group shall execute the implementation of any issues related to the corporate governance to be consistent with the GRC guidelines in order to ensure that the GRC compliance is efficient and effective at the operational level.



5. OPERATIONAL RISK MANAGEMENT

The Bank provides procedures or method in encouraging all levels of employees to realize their roles, duties and responsibilities in managing risk that may arise from themselves (Ownership of Risk). In this regard, the Bank requires all Groups to have their own Risk Owner, while the Operational Risk Officer (ORO) is responsible for overseeing operational risk and reporting loss data to the Operation Risk Management Department. The Bank also requires each department to conduct the Risk Control Self-Assessment every year.

Guidelines on Responsible Lending

Responsible Lending is an approach in operating banking business for tangible and efficient sustainable banking by creating a corporate culture that focuses on long-term growth rather than short-term returns. This approach has taken into consideration the risk in various aspects, including environmental, social and governance (ESG) feature. Primarily, the Bank shall consider matters of ESG risk management for lending. For examples, the Bank shall determine Responsible Lending Strategy and establish guidelines for managing credit portfolios that contain risk of ESG. The Bank shall analyze both positive and negative impacts or the impact on the stakeholders arising from lending or the customers of the Bank, and consider all aspects covering ESG issues beyond those required by law because the impact on some matters has not been defined by law in order to support the concrete ESG implementations.



ESG (Environment, Social & Governance) Risk Management

consists of 3 aspects as follows:

01 Policy Responsible Lending Strategy will be set by establishing a guideline on credit portfolio with ESG risk management that adheres to the principle of analysis on both positive and negative impacts or the impacts toward the stakeholders that may occur from the Bank's credit granting or from the customers of the Bank. The Bank shall also take into account ESG issues that cover beyond those required by the law, as there are some issues that are not applicable by any legal measures. In addition, the Bank shall specify specific industry to focus on or provide support to with the purpose of encouraging ESG operation.

02 Compliance The Bank will strictly comply with Responsible Lending Strategy, credit policy, and credit granting process.

03 Information Disclosure Information shall be disclosed publicly in the Bank's Annual Report and Sustainability Report or on the Bank's website. The key information to be disclosed are the commitment of the Board of Directors and the President to support the implementation of the Sustainable Banking Guideline, including information related to credit policy and credit granting process regarding ESG criteria. In addition, the Bank shall communicate the Responsible Lending Strategy to both internal and external stakeholders. However, the internal communication will mainly focus on providing knowledge to both executives and employees in a wide range relating to ESG concepts.

The Bank uses ESG risk as factors of credit approval. The Bank shall primarily focus on corporate customers that are affected, determines industries with ESG impact and establishes impact screening tools. As a result, the relevant agencies are able to jointly consider tools by comparing different factors affecting ESG such as emissions, mass usage of nonrenewable resources, child labour, illegal workers, etc.

Digital and Cyber Risk Management

The Bank focuses on a supervision of Information Technology Risk. At the present, the Bank encourages the use of information technology on the Bank's business operation, causing the system or the operation of the Bank to get affected by Cyber Risk, IT Operation Risk and IT Project Delivery Risk. The Bank established the IT Risk Management Department and determined the IT Risk Management Policy which is approved by the Board of Directors. The policy is required to be in compliance with the Regulations on IT Risk specified by the Bank of Thailand. The policy framework is also required to be "safe, accurate, ready for using and ready for cyber threats according to the Bank's business expansion in the role of future banking by managing existing risks to be at a low risk level".

IT Risk Management Policy of the Bank is established as guidelines for all departments to adhere to under the same framework and under 3 major principles as follows:



IT departments and relevant departments are required to assess and control risks according to the manual of risk management as the Risk Owner, and establish the Risk Treatment Action in order to ensure the Risk Appetite Level as well as reporting risk assessment results and risk management progress to the Risk Oversight Committee and other related or assigned committees. Thus, their duties are covering information technology management as follows:

- 01** IT Master Plan Establishment
- 02** Information Technology Asset Management
- 03** Information Technology Security
- 04** System Procurement and Development in Compliance with The Business Needs and Strategic Objectives of the Bank
- 05** IT Incident and Problem Management
- 06** IT Contingency Plan
- 07** IT Project Management

Emerging Risk

Due to fast change and advancement of technological innovation in digital economy age together with disruptive technology in the economy, business and new lifestyle, all have promptly resulted in market and product impact. In addition, there are many sources of financial service providers at the present, such as non-bank financial service provider and new financial technology business called Fin Tech (Financial Technology) that have joined in the market, especially for electronic payment transactions. As a result, more parties have stirred up fierce competition among banking businesses. Technology also makes operational cost lower, causing in less fee received. Thus, these have been considered as crucial challenges as well as the strategic risk for the Bank. To be specific, the Bank's business must be adjusted in accordance with digital trend since the number of customers using digital banking are continuously increasing, especially for internet banking and mobile banking which are easy, convenient, fast and can be done anywhere or anytime without going to the branch. Therefore, the Bank announces the intention of becoming invisible banking by focusing on providing services and innovations that meet the needs of the targeting customers in 5 Ecosystems, namely Government, Payment, Health and Wellness, Education and Mass Transit.

With the strong determination of becoming digital banking, the Bank has to confront with 3 aspects of Cyber Risk, which are Security, Integrity and Availability. The Bank elevates and focuses on supervision of information technology risk as a major policy of the Bank. Furthermore, the Bank places importance on Cyber Security and Data Privacy by establishing continuous development and monitoring plan.



Management Plan of Emerging Risks

The Bank prepares risk management plan for supporting digital trend and changes in consumer behavior by using Strategic Risk Plan. To become digital banking, the Bank has proceeded as follows:



1.1 The Bank established Branch Channel Strategy and Machine Strategy

for supporting branch closures/modifications. The Bank considered suitable manpower for each branch whereas employees are transferred to new jobs that are the most beneficial to the Bank. Additionally, there were some modifying on branches and placing machines in some services as deemed appropriate.

1.2 The Bank established corresponding HR Strategic Plan

for modifying the organization and developing potential of employees. In more details, the Bank provided clear refunction and reskill plans for all employees so that they can accommodate and support the Bank's business direction in the future.

1.3 The Bank has developed Krungthai Next Mobile Application

to be an invisible banking platform under "Life's complete with one App" concept. Transactions made via krungthai Next Mobile Application are the same as transactions made at the branch. The Bank constantly provides new products or services on Krungthai Next Mobile Application.

1.4 The Bank created new business opportunities

for increasing its income as well as supporting National e-Payment Policy by means of using cards instead of cash such as e-Wallet, Government Welfare Card. Thus, the Bank developed Krungthai Travel Card for spending in foreign currency from 7 currencies to 11 currencies.

1.5 The Bank established the Innovation Lab

for developing and implementing innovations with the Bank's business operations. The structure of the Lab consists of 4 key elements which are 1) Business Innovation, 2) Data Innovation, 3) Product & Process Innovation and 4) IT Innovation. The Bank provided exhibition area displaying the Bank's financial technology innovations in the headquarter building. The Innovation Lab was established with the purpose of creating and developing technologies including various banking products on digital channels while trying to understand the customer behavior and customer needs. In this regard, the Bank aimed at using digital technology to create the processes that effectively respond to customer needs as well as corresponding to the cashless society in the near future.

Sustainability Reporting Guidelines

103-1, 102-50, 102-51, 102-52, 102-54

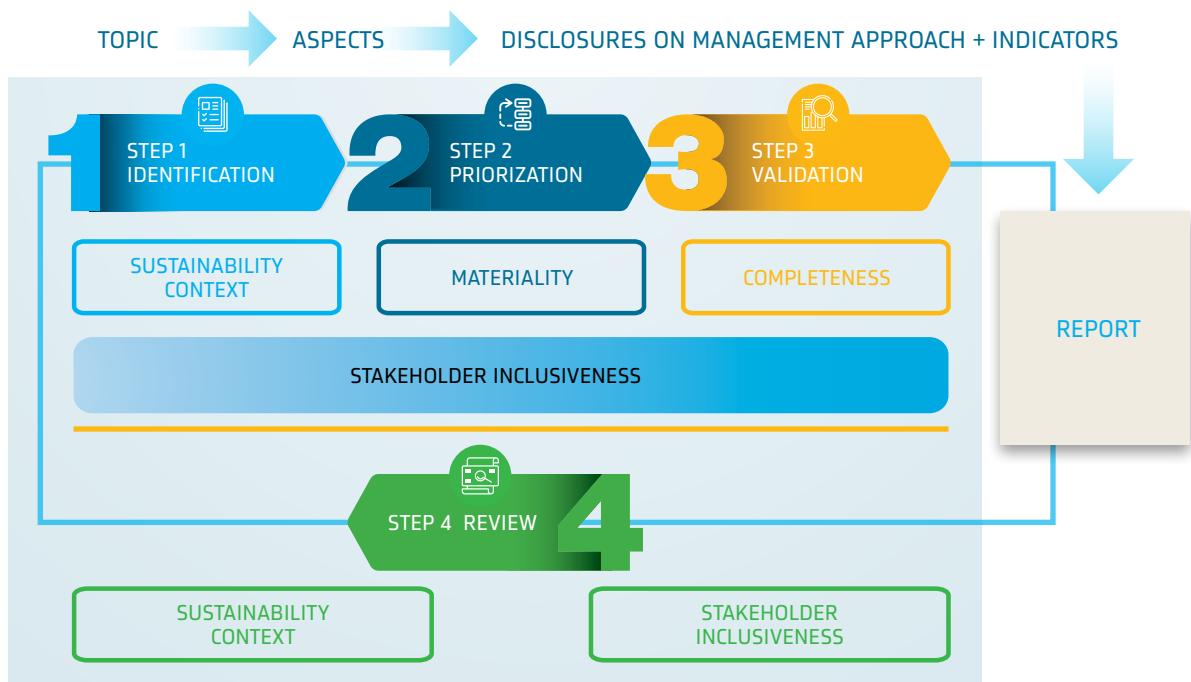
Krungthai Bank provides Sustainability Report to disclose its operation in sustainability to stakeholders annually since 2006. The latest issue in 2018, the Bank met with the standard of Global Reporting Initiative Guidelines: Standards version as a framework for disclosing its operating information in core level, covering the Bank's sustainable operation during January 1 - December 31, 2019.

102-46

Identifying material aspects and boundaries



The Bank defines core issues concerning the organization's sustainability strategy and the stakeholders' expectation. With this regard, the GRI Guidelines: Standards version have been applied to the process. The first step is "identification", to identify sustainability issues that are important to the Bank's operation. The second step is "prioritization", to prioritize the factors that have influences on the sustainable operation of the Bank and all stakeholder. Accordingly, the Bank has compiled the result from the survey in 2018, including the suggestions from stakeholders and meetings with departments within the Bank in order to prioritize the issues according to their importance toward the Bank's operation and observes whether they have changed. The third step is "validation", to validate the correctness and completeness of the information. The last step is "review", to prepare for next year's report in accordance with GRI Standards. The details of each step are as follows:



102-46, 103-1



1. Identification

In 2019, the Bank identified issues that are crucial to the organization's sustainability context in three dimensions, which are economic, social and environmental dimensions, as well as the issues that have the influences on the inclusive decision making of the stakeholders (stakeholder inclusiveness). The identification was based on data gathered during 2018 as the foundation. The Bank then considered whether there was any significant change in two particular parts, namely internal information (organization's target) and external information (stakeholders).

Internal Information (Organization's target)

The Bank held the meetings between business units within the organization that worked and coordinated with all stakeholders to consider on the crucial issues of the Bank that was surveyed in 2018 whether there was any change.

Non-Bank Information (Stakeholders)

Since the sustainable growth of the Bank must base on the value creation in collaboration with its stakeholders; therefore, their expectations and needs shall be an input factor that enables the organization to grow sustainably and stable in digital disruption era. In this regard, the information was gathered from various sources including seminars, customer satisfaction survey, trade partner evaluation form, state enterprise performance appraisal (SEPA), conference with regulatory agencies, and quality of life survey for those participating in CSR projects, shareholder satisfaction factors,

sustainability operation standards, integrity and transparency assessment for government agency and corporate sustainability assessment, etc.



2. Prioritization

After identifying the core issues that have significant effects to the Bank and the stakeholders, the Bank prioritized the issues in accordance with GRI Standards in order to conduct materiality test. To be precise, the Bank compared the score from 2018 and 2017 as well as collected data through the meeting with departments in charge of sustainability operation and the representatives of employees whose work concerns all the stakeholders. Moreover, the Bank also considered other factors, namely organization's strategies and value, government policies, digital disruption, and significant issues concerned by the stakeholders. The Bank prioritized those factors based on two core criteria leading to the identification of the material aspects in Materiality Matrix table, comprising two axes as X and Y. In particulars, the X-axis conveys level of influence on stakeholder's assessment and decision and the, Y-axis demonstrates significant level of economic, social and environmental impacts on the organization

As a consequence, the Bank prioritized 12 issues that affected the organization's sustainability operation from the point of view of the Bank and its stakeholders as follows:

MATERIALITY MATRIX



102-45, 102-46, 103-1

In 2019, the Bank stipulated and prioritized the same significant issues that have impact on the organization's sustainability operation as those of 2018. However, the Bank has excluded the topic "Communication and Access to the Bank's Information" but reported it as part of "Customer Service", which covers the operations of the Bank in all dimensions relating to its customers. In addition, "Climate Change Impact Management" was reported as part of "Environmental Operations", which is the main issue of the Bank's environmental management report.

Thus, the scope of information disclosure in each aspect is specified according to affected areas (or expected-to-affect areas) as follows:

- **Aspect boundary within organization consists of Krungthai Bank PCL and its six subsidiaries (KTB Group).** Namely KTB Law Co., Ltd., KTB General Service Co., Ltd., Krungthai Asset Management PCL., Krungthai Computer Services Co., Ltd., KTB Leasing Co., Ltd., and KTB Advisory Co., Ltd.
- **Aspect boundary outside organization consists of customers society, shareholders, trade partners and regulatory agencies**

Sustainable Topics according to GRI Aspect Guidelines(102-47)	Report Aspect Boundary										Topics proposed in the report	
	Within Organization (103-1) (KTB/KTB Group)						Outside Organization (103-1)					
	KTB LAW	KTB GS	KTAM	KTB CS	KTBL	KTBA	Shareholder	Customer	Partner	Society	Regulatory Agency	
1. Compliance and Corporate Governance Culture	✓	✓	✓	✓	✓	✓		✓				Operations in Governance Dimension
2. Anti-Corruption	✓	✓	✓	✓	✓	✓		✓				Operations in Governance Dimension
3. Risk Management	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	Operations in Governance Dimension
4. Environmental Operation	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Operations in Environmental Dimension
5. Economic Operation Performance	✓	✓	✓	✓	✓	✓					✓	Operations in Economic Dimension
6. Digital Operation	✓	✓	✓	✓	✓	✓			✓			Organizational Profile
7. Providing Financial literacy to Society	✓	✓	✓	✓	✓	✓		✓	✓	✓		Operations in Social Dimension
8. Occupational Health and Safety in Workplace	✓	✓	✓	✓	✓	✓				✓		Operations in Social Dimension
9. Human Resource Operation	✓	✓	✓	✓	✓	✓				✓		Operations in Social Dimension
10. Rights to Unionize and Negotiate	✓	✓	✓	✓	✓	✓				✓		Operations in Social Dimension
11. Customer Services	✓	✓	✓	✓	✓	✓				✓		Operations in Social Dimension
12. Cyber Security	✓	✓	✓	✓	✓	✓						Operations in Social Dimension

102-46, 103-1

**3. Validation**

Validation is the process of ensuring the completeness of the information reported in scope and aspect boundary with the purpose to create the balance of the Bank's sustainability operations and prospective impacts before reporting to the stakeholders.

**4. Review**

Review is the last process after the Sustainability Report has been disclosed to the stakeholders. The Bank shall review the main issues whether they remain essential to the Bank based on the feedback received from the stakeholders, which will be analyzed before preparing the next year's Sustainability Report.

102-42

Analysis of Stakeholders and Impact

The Bank has taken into account the importance of all stakeholders both inside and outside the organization on their roles that directly and indirectly affects the Bank's operation in terms of economy, society and environment. Based on primary information and secondary information, the Bank aims to ensure the appropriate, fair, and effective treatment to shareholders, customers, employees, regulatory agencies, society and trade partners. Stakeholders treatment has been specified as part of good corporate governance policy and code of conduct of the Bank, which were disclosed to the public via several media channels. However, the sustainable growth must be obtained from mutual benefit creation, which meets the expectation of all groups of stakeholders. In 2019, the Bank operated as follows:

 Employees	(102-40)	Process (102-43)	<ul style="list-style-type: none"> Open to suggestions, problems and complaints from employees through three channels; direct e-mail to the executives, HR Care and HR Hotline Employee engagement survey Performance appraisal Employee trainings and development Meetings and seminars with employees Fraud report through Whistle Blowing
		Frequency (102-43)	<ul style="list-style-type: none"> Open for suggestions throughout the year Employee engagement survey Performance appraisal once a year
		Need (102-44)	<ul style="list-style-type: none"> Income, benefits, and welfares Inspiration for working Interesting and valuable work Work-life balance Opportunity to learn and career advancement Recognition Environment and work facilities
		Guideline (102-44)	<ul style="list-style-type: none"> Treat employees fairly and appropriately Create an environment for employees to participate in offering useful feedback Provide engagement activities for employees Encourage good health and well-being of the employees by providing facilities and activities Provide training plans for employees and develop their career path Ensure safe and hygienic work environment for employees

 Customers	(102-40)	Process (102-43)	<ul style="list-style-type: none"> Customer satisfaction and organization image survey Meet with customers to offer financial products and services Communicate via online media Customer engagement survey Provide channels for customer complaints Interview customers to find out their pain point or opportunity to develop products or improve processes Arrange seminars to provide knowledge about finance and business for customers
		Frequency (102-43)	<ul style="list-style-type: none"> Satisfaction and organization image survey 2 times Customer engagement survey throughout the year Customer complaint service survey throughout the year Customer interview once or twice a year Meet with customers throughout the year Communicate via online media when new product or service is launched
		Need (102-44)	<ul style="list-style-type: none"> Ensure customers' privacy Financial products and services which meet the need of each group of customers Receive proper services and handle complaints effectively Regularly participate in activities/being aware of news and knowledge of products of the Bank Effectively fix customer complaints Communicate with customers to get correct and beneficial information, including open to suggestions
		Guideline (102-44)	<ul style="list-style-type: none"> Develop and offer products and services that meet the need of each group of customers Provide services with willingness and give customers the opportunity to evaluate the service providing of the employees Improve procedures to be fast and meet the need of customers Fix complaints as specified by SLA Deliver news and product information to customers via SMS/e-mail Publicize loan products via online advertisement to target groups Register for those interested in the products on the SME.KTB.CO.TH website



 Society	Process (102-43)	<ul style="list-style-type: none"> Open for opinion from community through various social activities conducted by the Bank, including performance evaluation
	Frequency (102-43)	<ul style="list-style-type: none"> Open for suggestions from general public in every activity throughout the year
	Need (102-44)	<ul style="list-style-type: none"> Create better society in which communities are managed, have financial literacy, and have quality products and services that meets the standards
	Guideline (102-44)	<ul style="list-style-type: none"> The Bank has conducted field study in communities to find out the needs as follows: <ol style="list-style-type: none"> Trainings Field studies Work with specialist to establish a development plan Arrange activities for development and active learning Assess the result
 shareholder	Process (102-43)	<ul style="list-style-type: none"> Arrange Annual Generating Meeting to inform stakeholders of the Bank's strategies and respond to inquiries Arrange shareholder road show Hold one-on-one meeting and conference call Arrange meeting of fund analysts and fund managers of domestic institutions Stakeholders and investors road show
	Frequency (102-43)	<ul style="list-style-type: none"> Arrange Annual Generating Meeting once a year Arrange shareholder road show once a year Hold one-on-one interview throughout the year Meet with shareholders and investors throughout the year Arrange meeting of fund analysts and fund managers every quarter
	Need (102-44)	<ul style="list-style-type: none"> Create sustainably returns for stakeholders
	Guideline (102-44)	<ul style="list-style-type: none"> Appropriate dividend payment Strictly conduct business in accordance with good governance principle and code of conduct of the Bank
 Trade Partners	Process (102-43)	<ul style="list-style-type: none"> Arrange meetings, trainings, seminars, and other activities to build relation Open for suggestions, problems and complaints throughout the year
	Frequency (102-43)	<ul style="list-style-type: none"> Arrange training for system repair trade partner of the Bank once a year
	Need (102-44)	<ul style="list-style-type: none"> A clear procurement policy of the Bank Cooperation and coordination to archive goals Fair, transparent, and auditable procurement
	Guideline (102-44)	<ul style="list-style-type: none"> Stipulate clear procurement regulations and policy which gives complete information Process a fair, transparent and auditable procurement Perform in accordance with trade conditions and agreement Do not accept any gift, present, personal or group invitation for which the trade partner is financially responsible

 Regulatory agencies	Process (102-43)	<ul style="list-style-type: none"> Meeting to acknowledge policies and regulatory guidelines Receiving audit from regulatory agencies Prepare a report for regulatory agencies, and receive feedback
	Frequency (102-43)	<ul style="list-style-type: none"> Throughout the year according to time frame of each business unit
	Need (102-44)	<ul style="list-style-type: none"> Effective management Security of the Bank's work system Transparency of the organization and its work system
	Guideline (102-44)	<ul style="list-style-type: none"> Adhere to assessment principles of the Bank, both the form of self-evaluation and criteria of award evaluation in various fields to improve the process to be efficient Code of conduct for fair and transparent business operation Strictly comply to the Bank's regulations Propose suggestions, observations, feedback from regulatory agencies to fix and improve work process to align with international standard

102-53

Contact for more information about the report

If you have any questions regarding this report, please contact Corporate Social Responsibility Department, Communication and Branding Group, Krungthai Bank PLC, Head Office, Building 1, 14th floor, 35 Sukhumvit Road, Klong Toey Nua Subdistrict, Wattana District, Bangkok 10110, Thailand. Tel. 0-2208-4461-2.



Awards of Honor 2019

National Awards

1 Outstanding State-Owned Enterprise (SOE) Award

For the fourth consecutive year since 2016, the Bank received the Outstanding State-Owned Enterprise (SOE) Awards 2019 for Outstanding Disclosure and Transparency from the State Enterprise Policy Office (SEPO). The award reflected the Bank's determination to manage the organization with transparency, integrity along with providing report and information disclosure by taking into account the responsibility for all stakeholders, which is in accordance with the international standard of good corporate governance.



2 TAB Digital Inclusive Awards 2019



The Bank received the TAB Digital Inclusive Awards 2019 from Thailand Association of the Blind as the Krungthai NEXT application has been voted by the blind for being the mobile banking application that helped the blind to securely make financial transactions via a mobile phone conveniently like other ordinary people.

3 Thailand Sustainability Investment Award 2019



The Bank received the Thailand Sustainability Investment Award 2019 from the Stock Exchange of Thailand resulting from the sustainable business operation by taking into the consideration environmental, social and governance (ESG) criteria. This was an alternative for investors who prefer investing according to the sustainable investment concept while taking the analysis of the organization's financial information to generate the long-term continuous returns.

4 Best Deal of the Year Award

The Bank received the Best Deal of the Year Award at the SET Awards 2019 presented by the Stock Exchange of Thailand, as the Bank was a financial advisor for the initial public offering of the Thailand Future Fund (TFFIF).

5 Outstanding Deal of the Year Awards

The Bank received the Outstanding Deal of the Year Awards at the SET Awards 2019 presented by the Stock Exchange of Thailand, as the Bank was a financial advisor and an underwriter of the Thailand Future Fund (TFFIF).

6 Sustainability Disclosure Award 2019

The Bank received the Sustainability Disclosure Award 2019 from ThaiPat Institute. This award was granted to the listed company that conducted a sustainability report to disclose its operations regarding the ESG (Environmental, Social and Governance) principles with the complete and reliable content presented in the interesting presentation and being beneficial to all stakeholders.

7 Best Bond Award 2019

The Bank received the Best Bond Award from The Thai Bond Market Association as an underwriter of the Globalpower Synergy PLC (1/2019)

International Awards

1 Best Social Impact Thailand Award 2019

The Bank received the Best Social Impact Thailand Award 2019 for three consecutive years from the Capital Finance International (CFI) magazine, England. The Bank was praised as the financial institution that played important role in steering the nation's economy through the development of the financial innovation that reached all groups of people as well as supported the government policies such as e-tax Project, Smart City Project and Government Welfare Card Scheme.

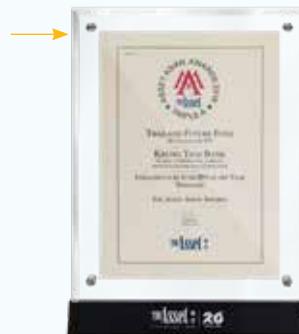


2 Best Thailand Deal and Best Laos Deal Award



The Bank received Best Thailand Deal and Best Laos Deal Award as the underwriter of the Thailand Future Fund (TFFIF) and the debentures of EDL-Generation Public Company (EDL-GEN), at the FinanceAsia Achievement Award 2018 organized by the FinanceAsia Magazine, Asia's leading investment and finance magazine.

3 The Asset Triple A Country Awards 2019 for Infrastructure Fund IPO of the Year



The Bank received the Asset Triple A Country Awards 2019 for Infrastructure Fund IPO of the Year as a financial advisor and an underwriter of the Thailand Future Fund (TFFIF), from the Asset Magazine, the leading financial business magazine in the Asia Pacific region.

4

Best Local Currency Bond Deal in Thailand Award 2019



The Bank is awarded Best Local Currency Bond Deal in Thailand Award 2019 as an underwriter for the deal of issuing and offering senior unsecured bond of Minor International Public Company Limited with total issuance and offering price of 33,000 million Baht, presented by Alpha Southeast Asia, a leading international organization.

5

Best Refinancing Deal in Southeast Asia Award 2019



The Bank is awarded Best Refinancing Deal in Southeast Asia Award 2019 as an underwriter for the deal of issuing and offering senior unsecured bond of Thai Beverage Public Company Limited with total issuance and offering price of 53,000 million Baht, presented by Alpha Southeast Asia, a leading international organization.

6

Best REIT PPO in Thailand



The Bank received this award as an underwriter of offering investment units for previous investment unit holders who had rights of a mutual fund of the Digital Telecommunications Infrastructure Fund. In addition, money from this fundraising will be used to invest in further asset of this fund.

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Reader Feedback Questionnaire

1. Basic personal information

Gender Male Female

Age Below 30 30-50 Over 50

Occupation Please specify _____

2. Please state from whose point of view are you reading this report?

Customer Employee Co-Investor Shareholder/Investor

Research unit Educational institution Government unit Media

Others (Please specify) _____

3. Please specify from which source have you seen Krung Thai Bank's Sustainability Report?

The Bank's website and social media accounts The Bank's office/ branch

Seminar/ lecture Annual general meeting

Others (Please specify) _____

4. What is your purpose of reading this Sustainability Report?

To familiarize yourself with the Bank

To research information for decision-making for investment purpose

To study about projects that benefit society and environment

To research or study operation in sustainability

Others (Please specify) _____

5. What is your opinion on the following:

The completeness of the report's content High Medium Low

The appearance of report design High Medium Low

The noteworthiness of the content High Medium Low

Your level of satisfaction High Medium Low

6. Which module of Sustainability Report do you think is the most useful for you?

Organizational Profile Operations in Governance Dimension

Operations in Social Dimension Operations in Environmental Dimension

7. Which module of Sustainability Report do you think is the least useful for you?

Organizational Profile Operations in Governance Dimension

Operations in Social Dimension Operations in Environmental Dimension

8. How do you feel about the Bank's sustainable development operations after reading this Sustainability Report?

9. Which other sustainable development operations do you think the Bank should do in addition of its current operations?

10. Do you have any opinion/recommendation for this Sustainability Report? Please specify.

Your feedback on this Sustainability Report
will be taken into account when improving and adjusting future sustainability reports.
The Bank highly appreciates your cooperation.

BUSINESS REPLY MAIL

**Corporate Social
Responsibility Department**

Krung Thai Bank PCL.
P.O. Box 44 Hua Lamphong
Bangkok 10331

ใบอนุญาตเลขที่ ป.น.(ก) /3782 ค.ส.หัวลำโพง
ลักษณะสั่งในประทศไม้ต้องเนื้อตราช้าประชันยก



This Sustainability Report is printed on green card and green offset paper, eco-friendly uncoated paper which is composed of eco fiber. This environmentally friendly paper eliminates the use of virgin fiber in the papermaking process but still maintains the same quality as that of virgin fiber. This report is also printed with the environmentally friendly soy ink.



KRUNGTHAI LOVES COMMUNITIES

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