



**krungsri**  
กรุงศรี

A member of  **MUFG**  
a global financial group



# BANKING WITH PURPOSE

FORM 56-1 ONE REPORT 2022





# BANKING WITH PURPOSE

The spirit of 'banking with purpose' is firmly embedded in every single step of our journey to business success as a Domestic Systemically Important Bank (D-SIB) and a responsible bank.

Krungsri's steadfast financial innovation enhancement addresses the double materiality that entrenches ESG considerations into business value creation, underpinned by Krungsri Carbon Neutrality Vision while resonating with our strategic thrusts toward economic, social, and environmental sustainability.

Great synergies between Krungsri's strengths and MUFG's global excellence, together with business partnerships, hold great promise for empowering the country in achieving sustainable development goals.









## SUSTAINABLE BANKING

Krungsri stands firm in pursuing our business missions, focusing on vital priorities of ESG considerations with the utmost safeguards, both now and in the future.









## **SUSTAINABLE FINANCIAL INNOVATIONS**

Krungsri's essential deliverables incorporate well-developed financial solutions, responding to commercial and individual needs, while promoting positive economic and social impacts.







## SUSTAINABLE BALANCE

Krungsri supports Thailand's steady and boundless economic growth, inextricably linked to building and promoting social and environmental sustainability.





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# MISSION

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

# VISION

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





# CORE VALUES

## CUSTOMER CENTRICITY

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

## INTEGRITY

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

## TEAM SPIRIT

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

## PASSION FOR EXCELLENCE

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

## MAKING INNOVATIVE CHANGES

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

## GLOBAL AWARENESS

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





## BOARD OF DIRECTORS' REPORT





Krungsri successfully delivered substantial progress underpinning our strategic directions and initiatives in 2022 as we completed our second year under the current Medium-Term Business Plan (2021-2023), despite lingering impacts from the COVID-19 pandemic and geopolitical conflicts on both the global and domestic fronts.

Among our notable achievements was record financial performance as Krungsri delivered a net profit of 30.71 billion baht, while maintaining a prudent risk management approach with the lowest NPL ratio among leading Thai banks at 2.32 percent. As a Domestic Systemically Important Bank (D-SIB), Krungsri also remained dedicated to our financial intermediary mandate in providing continued assistance measures to enterprises and households impacted by the pandemic, with loan outstanding amounting to 150.97 billion baht as of the end of 2022.

On the strategic mergers and acquisitions front, we announced acquisitions of Home Credit, a leading consumer finance company, in Indonesia and the Philippines, as well as Capital Nomura Securities Public Company Limited (CNS), reinforcing our regional expansion drive to enhance both our competitiveness and revenue stream diversification.

Celebrating our notable success in sustainability, Krungsri was the second commercial bank in Thailand to become an official signatory of the United Nations (UN) Principles for Responsible Banking (PRB)—a globally recognized framework for sustainable banking performance. Equally important, Krungsri led our industry peers in formulating the ESG Declaration of the Thai Bankers' Association, a common framework which underscores the banking industry's strong commitment to a better and greener economy. Both missions served as milestones in Krungsri's assertion of ESG finance leadership—while reaffirming our commitment to the tenet of 'banking with purpose'.

Encouraging our business clients to take urgent action for sustainability, we launched the Krungsri ESG Awards to promote and inspire ESG adoption among SME customers, while honoring those who earnestly commit to the significance of ESG.

In recognition of our pledges to responsible banking governance and accountability, Krungsri was presented with 16 ESG and IR excellence awards in 2022.

Amidst varied uncertainties that could undermine Thailand's economic growth prospects and the commercial banking

sector, 2023 marks the final year under our third MTBP. Considering both external and domestic developments and having assessed our current position and competitive strengths as well as stakeholder interests and expectations, the key strategic thrusts and directions under the MTBP remain intact, while business execution plans and targets for 2023 have been updated and approved by the Board of Directors.

Krungsri remains committed to achieving our aspiration to 'Be the preferred Thai bank connecting customers' needs across ASEAN' by galvanizing our strategic priorities, namely enhancing Krungsri's ASEAN business footprint, facilitated by both our established regional presences, cross-border ecosystems, and partnerships, as well as MUFG's global capabilities and networks, through which our financial products and services are offered.

More than ever, sustainability has transformed from a mere corporate social responsibility into a purpose-driven strategic direction. This sets forth Krungsri's ESG endeavors in executing best practices guided by principles for responsible banking to achieve our ambitious goal of carbon neutrality, while also promoting business sustainability through advisory and innovative financial solutions catered in support of customers' business performance as well as ESG transitions.

Digital and innovation will continue to be our focus corresponding to customers' ever-changing needs. The launch of a Central Bank Digital Currency (CBDC) for retail and wholesale customers will take digital payment to the next level. Leveraging our digital and IT expertise, Krungsri was one of two banks selected by the Bank of Thailand to pilot the retail CBDC project, underscoring our commitment to helping create an efficient and stable digital financial infrastructure to support consumers and entrepreneurs, whether large or small, by allowing them to fully realize their growth potential.

Moving forward, as a D-SIB, Krungsri is committed to challenging ourselves and raising the bar by taking on further responsibility for addressing the most pressing issues and the changing operational environment. As we strive to execute and conclude the current MTBP, Krungsri is also preparing for the next MTBP (2024-2026), with areas of focus that will pivot around digital innovation and prudent risk management, together with our contributions to the resolution of social imperatives, and sustainable prosperity for people, the economy, and the planet, in line with society's expectations. This is central to our raison d'être as a bank.



**Karun Kittisataporn**  
Chairman



**Daisuke Ejima**  
Vice Chairman

## MESSAGE FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER





2022 was a year of recovery marked by the reopening of Thailand's economy. Against this backdrop, and guided by our spirit and the responsibility of a Domestic Systemically Important Bank (D-SIB), Krungsri not only strived to further solidify our financial strength and resiliency, but also reinforced the country's economic growth and business recovery endeavors through ongoing assistance to vulnerable businesses and households via solutions in multiple forms.

With the aforementioned circumstances in mind, Krungsri provided customers financial support for working capital and liquidity needs, together with 'Transformation Loan' under the Bank of Thailand's scheme, to invest in digital transformation or ESG-driven growth initiatives post-pandemic. At the end of 2022, loans outstanding under Krungsri's customer relief programs accounted for approximately 8 percent of total loans outstanding, or 150.97 billion baht, representing 133,554 retail customer accounts and 4,980 commercial customers. For SMEs, additional credit lines of 16.41 billion baht were offered to 4,565 SME customers to meet their liquidity requirements under the Bank of Thailand's soft loan and special rehabilitation loan programs and the Government Savings Bank's soft loan program.

On the financial front, Krungsri delivered robust performance for 2022 with normalized net profit of 30.71 billion baht, representing an increase of 19.9 percent from 2021, driven by normalizing expected credit loss together with higher net interest income, corresponding to both loan expansion and net interest margin improvement achieved during the year, leading to return on equity (ROE) of 9.3 percent, the highest among leading Thai banks.

Underpinning our support for economic and business recovery, total loans expanded 3.1 percent in 2022 across broad-based customer segments, while Krungsri maintained prudent risk management and a selective growth strategy with a non-performing loan ratio of 2.32 percent. Concurrently, the coverage ratio level remained strong at 167.4 percent, and our capital position continued to strengthen, with the capital adequacy ratio (CAR) reaching 20.23 percent.

On other development fronts, Krungsri successfully expanded our regional business footprint in ASEAN and strengthened our competitive position. In 2022, Krungsri announced the planned acquisition of Capital Nomura Securities Public Company Limited (CNS), amounting to 100 percent with a total consideration of up to approximately USD 155.3 million (approximately 5.5 billion baht); as well as Home Credit in Indonesia and the Philippines with a total consideration of approximately EUR 473.9 million (approximately 17.7 billion baht). Reflecting this strategic direction, our net income from ASEAN business reached 6 percent of total net income in 2022.

Empowered by our strength in IT and digital technology, Krungsri became one of just two banks chosen by the Bank of Thailand (BOT) to participate in the pilot testing phase for public use of Retail Central Bank Digital Currency (Retail CBDC), a novel financial infrastructure built as the foundation of the future financial system. Also in the innovation track of the same pilot project, two use case ideas from Krungsri Innovation Center, our knowledge hub for the tech community,

won prizes from the BOT's CBDC Hackathon event. Moreover, leveraging digital and innovation capabilities, Krungsri improved our mobile and digital platforms for an improved customer experience as well as enhancing our core banking and payment platforms to support both business digitalization strategies and cross-border business development.

On the sustainability front, Krungsri advanced our ESG agenda and efforts in 'doing better business for society' under our Carbon Neutrality Vision. Through our role as a responsible financial intermediary, Krungsri's social and sustainable financing (SSF) registered a 44 billion baht increase in 2022, compared to our target of a 50-100 billion baht increase by 2030. Krungsri also maintained our market leadership position, commanding the second rank with market share of 20 percent for ESG debenture underwriting in 2022.

Krungsri's ESG excellence was celebrated at multilateral and regional forums. We won six awards from Corporate Governance Asia, highlighting our leadership in ESG, investor communications, and CSR excellence. Other awards included Thailand's Best Bank for CSR for the third consecutive year from Asiamoney, and The Asset ESG Corporate Awards (Platinum Award) from The Asset for the third consecutive year.

As 2023 is the last year under our current Medium-Term Business Plan (2021-2023), in attaining our aspiration to 'Be the preferred Thai bank connecting customers' needs across ASEAN', Krungsri has made a meaningful commitment to creating a sustainable future for the Bank, customers, and partners through three key areas of focus in 2023 business strategy: ASEAN opportunities, ESG, and digital and innovation.

On the ASEAN front, through innovative financial services, Krungsri aims to integrate regional entities under One Krungsri to create value for customers at home and abroad, while boosting the net income contribution from our ASEAN-linked business to 10 percent. Moreover, Krungsri aspires to be an ESG finance leader, while continuing to support customers in their ESG adoption through our suites of commercial and retail solutions. As for digital and innovation, Krungsri intends to expedite the advancement of our digital capabilities as the foundation in serving our customers through the two key priorities stated above.

Furthermore, Krungsri is committed to providing continuous assistance measures to help vulnerable customer groups overcome economic challenges during the upward trend in interest rates by ensuring they have access to appropriate and timely support during these challenging times.

On behalf of our management, I would like to thank our valued customers, shareholders, employees, and all other stakeholders for your continued support, and wish to reiterate our commitment to conducting our business with the utmost responsibility, attaining complete trust and confidence among all of our stakeholders.



**Seiichiro Akita**  
President and Chief Executive Officer

## BOARD OF DIRECTORS



**1.**  
**Mr. Karun Kittisataporn**  
Chairman

**2.**  
**Mr. Daisuke Ejima**  
Vice Chairman  
Nomination and Remuneration  
Committee Member

**3.**  
**Mr. Seiichiro Akita**  
Executive Director  
Chairman of the Executive  
Committee

**7.**  
**Mr. Pornsanong Tuchinda**  
Director  
Risk and Compliance  
Committee Member

**8.**  
**Professor Dr. Sakda Thanitcul**  
Independent Director  
Audit Committee Member

**9.**  
**Mr. Virat Phairatphiboon**  
Director  
Chairman of the Risk and  
Compliance Committee  
Nomination and Remuneration  
Committee Member





4.

**Mr. Jiro Omori**

Director

Risk and Compliance  
Committee Member

5.

**Dr. Jamlong Atikul**

Independent Director

Chairman of the Nomination and  
Remuneration Committee

Audit Committee Member

6.

**Mrs. Tongurai Limpiti**

Independent Director

Chairman of the Audit Committee

10.

**Miss Nopporn Tirawattanagool**

Director

Nomination and Remuneration  
Committee MemberRisk and Compliance  
Committee Member

11.

**Dr. Wittaya Watcharawittayakul**

Independent Director

Audit Committee Member

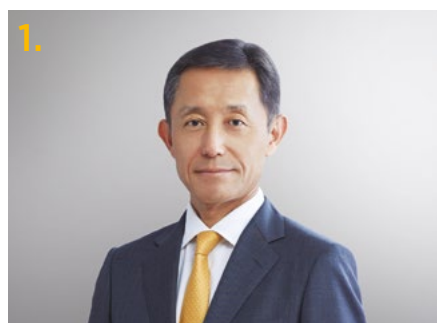
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**Miss Duangdao Wongpanitkrit**

Executive Director

Executive Committee Member

## SENIOR MANAGEMENT



**1.**  
**Mr. Seiichiro Akita**  
President and Chief  
Executive Officer

**2.**  
**Miss Duangdao Wongpanitkrit**  
Chief Financial Officer

**3.**  
**Mr. Chandrashekar Subramanian  
Krishoolndmangalam**  
Chief Risk Officer

**7.**  
**Mr. Prakob Phiencharoen**  
Head of Corporate and Investment  
Banking Group

**8.**  
**Mr. Hirotaka Kuroki**  
Head of Global Markets Group

**9.**  
**Dr. Vasin Udomratchatavanich**  
Chief Human Resources Officer

**13.**  
**Miss Puntipa Hannoraseth**  
Head of Internal Audit Group

**14.**  
**Mr. Kittichai Singha**  
Chief Compliance Officer

**15.**  
**Mr. Congsin Congcar**  
Head of Krungsri Auto Group





**4.**  
**Mr. Yoshiyuki Horio**  
 Head of JPC/MNC Banking

**5.**  
**Mr. Phonganant Thanattrai**  
 Head of Retail and Consumer  
 Banking

**6.**  
**Mr. Sayam Prasitsirigul**  
 Chief Information and Digital Officer

**10.**  
**Miss Nayanee Peaugkham**  
 Head of Krungsri Consumer Group

**11.**  
**Mr. Pairote Cheunkrut**  
 Chief Strategy Officer

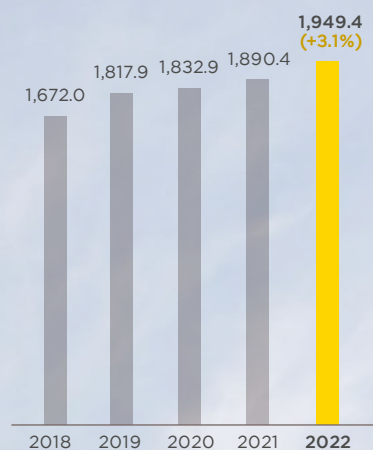
**12.**  
**Miss Duangkamol Limpuangthip**  
 Head of SME Banking Group

# FINANCIAL HIGHLIGHTS

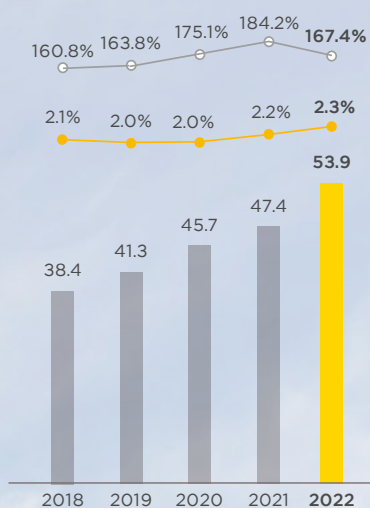
(CONSOLIDATED)

## LOANS TO CUSTOMERS

(Billion baht)



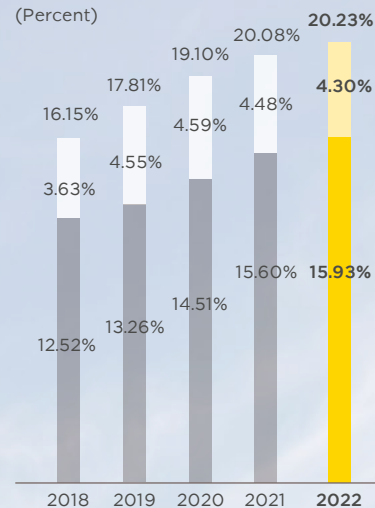
## NPL RATIO



■ NPLs gross (Billion baht)  
 ● NPLs to total loans ratio %  
 ○ Coverage ratio %

## CAPITAL ADEQUACY RATIO

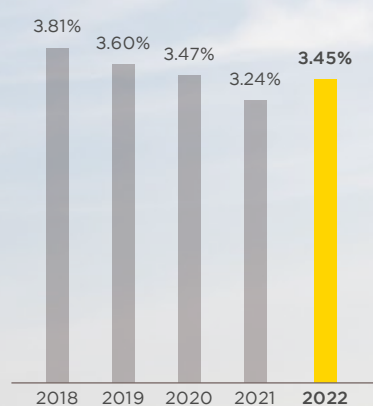
(Percent)



■ Tier 1      ■ Tier 2

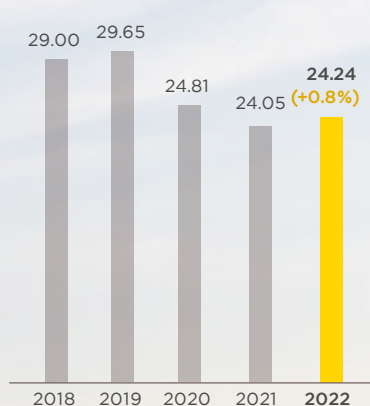
## NET INTEREST MARGIN (NIM)

(Percent)



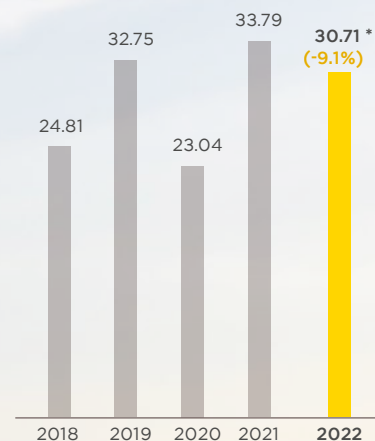
## FEES AND SERVICE INCOME

(Billion baht)



## NET PROFIT <sup>1/</sup>

(Billion baht)



<sup>1/</sup> Attributable to equity holders of the Bank

\* Excluding extraordinary gains on investment from the sales of shares in Ngrn Tid Lor Public Company Limited (TIDLOR) recorded in 2021, net profit increased by 19.9% or 5,104 million baht, from 2021.

**Remark:** Effective January 1, 2020, the Bank adopted the Thai Financial Reporting Standards No. 9 Financial Instruments (TFRS 9) on a retrospective basis without restatement of prior periods.



## CONSOLIDATED FINANCIAL STATEMENTS

	<b>2022</b> (TFRS 9)	<b>2021</b> (TFRS 9)	<b>2020</b> (TFRS 9)	<b>2019</b>	<b>2018</b>
<b>Financial position information (Million baht)</b>					
Total assets	<b>2,636,951</b>	2,499,109	2,609,374	2,359,592	2,173,622
Loans to customers <sup>1/</sup>	<b>1,949,409</b>	1,890,376	1,832,935	1,817,877	1,672,018
Allowance for expected credit loss/Allowance for doubtful accounts and Revaluation allowance for debt restructuring	<b>87,851</b>	84,360	76,407	67,384	61,360
Non-performing loans, gross (NPLs gross)	<b>53,875</b>	47,448	45,672	41,334	38,446
Total liabilities	<b>2,295,192</b>	2,180,872	2,320,195	2,087,476	1,929,904
Deposits	<b>1,804,692</b>	1,779,139	1,834,505	1,566,885	1,426,348
Total shareholders' equity	<b>341,759</b>	318,237	289,179	272,116	243,718
<b>Operating performance (Million baht)</b>					
Interest income	<b>105,428</b>	99,804	108,062	110,455	107,132
Less: interest expenses	<b>21,650</b>	21,824	26,758	34,032	31,804
Interest income, net	<b>83,778</b>	77,980	81,304	76,423	75,328
Fees and service income, net	<b>16,945</b>	16,851	17,564	21,777	21,248
Non-interest and non-fee income	<b>15,693</b>	28,075	15,119	23,408	13,003
Total income	<b>116,416</b>	122,906	113,987	121,608	109,579
Less: other operating expenses	<b>51,035</b>	48,954	48,465	52,169	51,741
Less: expected credit loss/Impairment loss of loans and debt securities	<b>26,652</b>	31,604	36,644	28,203	26,180
Less: income tax expenses and non-controlling interest	<b>8,016</b>	8,554	5,838	8,487	6,845
Net profit (Attributable to equity holders of the Bank)	<b>30,713</b>	33,794	23,040	32,749	24,813
<b>Financial ratios</b>					
Return on assets (%)	<b>1.20</b>	1.32	0.93	1.44	1.16
Return on equity (%)	<b>9.33</b>	11.17	8.25	12.76	10.61
Earnings per share (Baht)	<b>4.18</b>	4.59	3.13	4.45	3.37
Cost to income ratio (%)	<b>43.84</b>	39.83	42.52	42.90	47.22
Total capital adequacy ratio - financial business group (%)	<b>20.23</b>	20.08	19.10	17.81	16.15
Total Tier 1 capital ratio - financial business group (%)	<b>15.93</b>	15.60	14.51	13.26	12.52
Book value per share (Baht)	<b>46.46</b>	43.26	39.31	36.99	33.13
Loans to deposit ratio (%)	<b>108.02</b>	106.25	99.91	116.02	117.22
Loans to deposit plus debentures and bills of exchange ratio (%)	<b>106.24</b>	103.29	95.71	108.37	108.93
Non-performing loan to total loans <sup>2/</sup> (%)	<b>2.32</b>	2.20	2.00	1.98	2.08
Coverage ratio (%)	<b>167.45</b>	184.23	175.12	163.82	160.76

**Remarks:** <sup>1/</sup> Loans to customers less deferred revenue for 2018 - 2019

<sup>2/</sup> Total loans are loans to customers and loans to financial institutions

## AWARDS AND RECOGNITION IN 2022

### BANK OF AYUDHYA

#### ► ENVIRONMENTAL, SOCIAL, AND GOVERNANCE



#### Corporate Governance Asia

- Asia's Best CEO (Investor Relations) for Mr. Seiichiro Akita (8<sup>th</sup> consecutive year and 3<sup>rd</sup> recognition for Mr. Seiichiro Akita)
- Asia's Best CFO (Investor Relations) for Ms. Duangdao Wongpanitkrit (8<sup>th</sup> consecutive year)
- Asia's Icon on Corporate Governance Award (8<sup>th</sup> year)
- Asia's Best CSR (3<sup>rd</sup> consecutive year)
- Best Investor Relations Professional (Thailand) (3<sup>rd</sup> consecutive year)
- Best Investor Relations Company (Thailand) (9<sup>th</sup> consecutive year)

#### Thaipat Institute

- Certificate of ESG100 Company (7<sup>th</sup> consecutive year)

#### Asiamoney

- Best Bank for CSR (3<sup>rd</sup> consecutive year)

#### Building Inspectors Association

- Platinum Award – BSA Building Safety Award 2022

#### ► INFORMATION TECHNOLOGY AND DIGITAL

##### Asian Banking & Finance (ABF)

- Thailand Domestic Technology & Operations Bank of the Year (8<sup>th</sup> consecutive year)
- Thailand Domestic Initiative of the Year

##### Private Banker International

- Best Next-Generation Offering

##### Retail Banker International (RBI)

- Excellence in Client On-Boarding

##### Red Hat

- Red Hat APAC Innovation Award in Cloud-Native Development

##### The Asian Banker

- Best Digital Lending Service in Thailand

##### The Digital Banker

- Winner – Best Digital Wealth Platform
- Highly Acclaimed – Outstanding Digital CX - Loans

##### Veritas Technologies

- Veritas Resiliency Award 2022

##### National ITMX

- PromptPay Cross Border Connectivity

##### National Cyber Security Agency (NCSA)

- Excellent organization for people development in cybersecurity



#### ► OPERATIONS



#### Citibank New York

- USD Operational Excellence Award

#### JP Morgan Chase New York

- USD Operational Excellence Award

#### Bank of New York Mellon

- USD Operational Excellence Award



## ► CORPORATE AND INVESTMENT BANKING



### Alpha Southeast Asia

- Best Bond Deal for Retail Investors in Southeast Asia – SCG Chemicals PCL
- Best Local Currency Bond Deal of the Year (Thailand) 2022 – SCG Chemicals PCL
- Best Equity/IPO Deal of the Year in Thailand 2022 – Thai Life Insurance PCL

### IFR Asia

- Frontier Market Issue – Hattha Bank

### The Asset

- Best Bank for Sustainable Finance, Domestic

- Best Green Bond Financial Institution – EXIM Thailand
- Best New Green Bond – Sri Trang Gloves (Thailand) PCL
- Best Liability Management – The Ministry of Finance

### Thai Bond Market Association (ThaiBMA)

- State Owned Enterprise ESG Bond of the Year – EXIM Thailand
- Corporate ESG Bond of the Year – Global Power Energy PCL
- Issuer of the Year – Gulf Energy Development PCL
- Deal of the Year – PTT Global Chemical PCL

## ► RETAIL AND CONSUMER BANKING



### Retail Banker International (RBI)

- Winner – Best Onboarding Program
- Winner – Best Savings Plan Offerings
- Highly Commended – Best App for Customer Experience (CX)
- Highly Commended – Best Core Banking System Initiative
- Highly Commended – Best Use of Influencer Marketing

### The Asian Banker

- Winner – Best Digital CX - Account Opening and Customer Onboarding
- Best Social Media Engagement Initiative

### The Digital Banker

- Winner – Best Savings Account
- Highly Acclaimed – Best Self-service Banking

## ► TRANSACTION BANKING



### The Digital Banker

- Winner – Most Innovative Trade Finance Solution in COVID-19
- Highly Acclaimed – Best API Initiative of the Year

### Asian Banking & Finance

- Fintech Deal of the Year - Thailand

### The Asset

- Best Payments and Collections Solution in Thailand (3<sup>rd</sup> consecutive year)

## ► PEOPLE



### HR Asia

- Gold Excellence in Digital Transformation
- Gold Excellence in Leadership Development

### Employer Branding Institute and World HRD Congress

- Global Best Employer Brands 2022 (2<sup>nd</sup> consecutive year)
- Asia's Best Employer Brand Award 2022

### Work Venture

- Top 50 Best Place to Work in Thailand 2022

## KRUNGSRI CONSUMER

### The Digital Banker

- Outstanding Chatbot Customer Experience Award for AI Manow Chatbot on Facebook Messenger
- Highly Acclaimed – Best Mobile Banking Initiative for UCHOOSE (2<sup>nd</sup> consecutive year)
- Highly Acclaimed – Credit Card of the Year for Central The 1 Credit Card

### The Asian Banker

- Winner – The Best Credit Card Product in Thailand for Central The 1 Credit Card

### Asian Business Review

- Thailand Technology Excellence Award for Digital – Banking for Enigma
- Thailand Technology Excellence Award for Mobile – Financial Services for UCHOOSE (2<sup>nd</sup> consecutive year)

### Wisesight (Thailand) – Thailand Social Awards

- Best Brand Performance on Social Media in the category of Financial Service - Credit Card for Krungsri First Choice (4<sup>th</sup> consecutive year)

### YouTube Thailand

- Best Collaboration: Brand and YouTube Creators for Mai Tong Ton campaign of Krungsri First Choice

### Marketing Association of Thailand (MAT)

- Bronze Award in Innovations & MarTech category for Krungsri First Choice from its campaign titled 'First Choice X 3Puck'

### MAD STARS

- Crystal Award in Media category for Krungsri First Choice from its campaign titled 'First Choice X 3Puck'

### The Advertising Club Foundation (ANDY Award)

- Gold Award in Idea category for Krungsri First Choice from its advertisement titled 'METAVERRRRRRR'

### Cannes Lions

- The two awards are for Krungsri First Choice from its advertisement titled 'METAVERRRRRRR'
  - Silver Lion in Consumer Service/Business to Business category
  - Bronze Lion in Local Brand category

### Advertising Association of Thailand

- These five awards from Adman Awards & Symposium 2022 are for Krungsri First Choice from its advertisement titled 'METAVERRRRRRR'
  - Silver Award in Film (Viral) category
  - Bronze Award in Film (Consumer Services/B2B/Financial) category
  - Silver Award in Craft (Script) category
  - Bronze Award in Craft (Motion Graphic/Animation/Visual Effect) category
  - Bronze Award in Entertainment (Fiction/Non-Fiction Film or Series: up to 3 mins category)

### Ad Addict

- Thai Ads of The Year 2022 – Hall of Fame for Krungsri First Choice from its campaign entitled 'METAVERRRRRRR'



## KRUNGSRI FINNOVATE



### National Innovation Agency (Public Organization)

- Prime Minister Award: National Startup 2022 in the category of Investor of the Year



## KRUNGSRI AUTO



### Superbrands Thailand Council

- Superbrand Thailand 2022 (10<sup>th</sup> consecutive time)

### BrandAge

- Thailand's Most Admired Brand 2022 (10<sup>th</sup> consecutive year)

### Grand Prix International

- Best Car & Bike Finance of the Year 2022 (9<sup>th</sup> consecutive year)

### Marketeer

- No.1 Brand Thailand 2021-2022

### International Finance

- Best Digital Auto Financing Company – Thailand

### London International

- Bronze award for Online Film category, Corporate Image sub-category

### New York Festivals Advertising

- Gold Award in Financial: Consumer (Lending)
- Bronze Award in Financial: Use of Discipline/Medium (Film – Non-broadcast)

### The Digital Banker

- Digital CX Awards 2022, Excellence in Next-Gen Customer Satisfaction

### Asian Experience Awards

- Thailand Digital Experience of the Year – Banking

## KRUNGSRI ASSET MANAGEMENT



### Alpha Southeast Asia

- Best Absolute Return Strategy

### Asia Asset Management

- Best Bond Manager (3<sup>rd</sup> consecutive year)
- Best Equity Manager

### Asian Investor

- Fund House of the Year, Thailand

### Fund Selector Asia

- Best Fixed Income House, Thailand (2<sup>nd</sup> consecutive year)

### Global Banking & Finance Review

- Asset Management Company of the Year, Thailand (4<sup>th</sup> consecutive year)
- Most Innovative Investment Product (KFCMEGA), Thailand
- Pension Fund Manager of the Year, Thailand (2<sup>nd</sup> consecutive year)

### International Finance

- Best Mutual Fund House, Thailand (2<sup>nd</sup> consecutive year)
- Most Innovative Asset Management Products Initiative (KFFVPE-UI), Thailand (2<sup>nd</sup> consecutive year)

### The Asset

- Asset Management Company of the Year, Thailand (8<sup>th</sup> year)

### Bangkok Post

- Most Trusted Financial Services Company

### Money & Banking

- Best RMF Fixed Income Fund for KFCASHRMF

### The Stock Exchange of Thailand (SET)

- Outstanding Asset Management Company Award - ESG

## NGERN TID LOR



### Asian Banking & Finance (ABF)

- Finance Company of the Year – Thailand (2<sup>nd</sup> consecutive year)
- Insurance Product Innovation of the Year – Thailand

### Asian Technology Excellence

- Thailand Technology Excellence Award for API - Financial Services 2022

### Employer Branding Institute and World HRD Congress

- Best Employer Brand Award 2022

### Global Banking and Finance Review

- Excellence in Innovation - Insurance Broker Thailand 2022

### HR Asia

- Best Companies to Work for in Asia Award 2022

### The Digital Banker

- Best Customer Centric Business Model - B2B2C 2022

### BrandAge

- Thailand's Most Admired Brand 2022 (4<sup>th</sup> consecutive year)

### Business+

- Product Innovation Award 2022

## HATTHA BANK

- Honorable Mention - Global SME Finance Award 2022

# OPERATING ENVIRONMENT



## THE THAI ECONOMY IN 2022 AND OUTLOOK FOR 2023

**IN 2022, THE ECONOMY BEGAN TO RECOVER AFTER THE COUNTRY'S FULL REOPENING AT MIDYEAR, BUT HIGH INFLATION WAS A CONCERN**

Following lackluster growth of just 1.5 percent in 2021, **the Thai economy expanded by 2.6 percent in 2022**, helped by the success of the vaccination program and the abating of the COVID-19 pandemic. Thanks to this and the global easing of restrictions on international

travel, Thai authorities were able to fully reopen the country to foreign visitors at midyear, and with that, tourist arrivals began a rapid rebound. Nevertheless, the global environment remained troubled, and the outbreak of the Ukraine-Russia war and the reintroduction of widespread lockdowns in China triggered renewed disruptions to global supply chains. These unfortunate developments coincided with a post-pandemic acceleration in demand as economies worldwide surged back to life, and the result of the two sides of the market pulling in opposite directions inevitably fed into sharply rising prices in both Thailand and the major economies. In response, central banks pivoted rapidly, and across much of the world monetary policy shifted from the accommodative position adopted throughout the pandemic to a much more hawkish stance.

**Recovery in the tourism sector emerged as a clear trend from the middle of the year, and for 2022 overall**, Thailand welcomed 11.1 million foreign arrivals,





a remarkable turnaround from 2021's total of just 0.43 million. The sector was revived by the lifting of domestic pandemic controls in mid-2022 and the move by almost all countries to reduce or eliminate restrictions on international travel. Nevertheless, the majority of tourists in 2022 were still short-haul travelers coming from within the region, and the impact of the all-important Chinese market remained minimal given its periodic reimposition of lockdowns and the ongoing enforcement of the zero-COVID policy throughout the year. With growth of 19.2 percent, **exports were a major driver of the economy in 2021, and the sector continued to grow in 2022.** Sales in export markets expanded by another 5.5 percent, buoyed by the easing of the COVID-19 pandemic and the resulting lift to demand, while the disruption that the Ukraine-Russia war brought to supply chains also then stoked additional demand for food and other goods. The war was one factor underpinning higher global commodity prices, which further boosted incomes for some Thai exporters. However, the year-end softening of the world economy was also clearly reflected in a slowdown in the export sector.

**Thanks to the easing of the pandemic and the success of the vaccine rollout, domestic expenditure and the level of economic activity returned to normal,** though these were also helped by the extension from 2021 of government stimulus packages and the introduction of new measures to help consumers weather the impacts of the surge in energy costs. The economy benefited further from the 5.02-percent hike in the minimum wage that was announced at year-end, and so for 2022 overall, **growth in private sector consumption jumped from 2021's 0.6 percent to 6.3 percent. Private sector investment grew steadily, with the rate of expansion running at 5.1 percent, up slightly from 3.0 percent in 2021.** Growth was supported by the export sector, which remained strong despite supply chain bottlenecks in some industries, and a firming up of domestic demand, which rose on the back of recovery in the tourism sector and the concurrent rebound in the broader economy. Spending on construction also improved with the easing of the pandemic, especially for infrastructure megaprojects, many of which are structured as public-private partnerships and had fallen behind schedule. Indeed, a general improvement in investor sentiment was reflected in continuing inflows of foreign direct investment. Throughout the year, **government spending provided continual support for the economy,** though the importance of this diminished in step with the pandemic's easing and the 5.7-percent cut in the overall size of the 2022 budget to 3.1 trillion baht. However, some funds earmarked for spending on response to the impacts of the pandemic remain from borrowings under the two emergency decrees that authorized the Ministry of Finance to borrow money to address economic and social issues stemming from the COVID-19 outbreak, with authorized amounts of 1 trillion baht and 500 billion baht, respectively. Overall public debt rose to 60.4 percent of GDP by the end of fiscal year 2022 from 58.4 percent at the end of fiscal year 2021.

The unwinding of the pandemic and the subsequent recovery in the Thai economy occurred alongside a sharp increase in supply-side inflation that, thanks to the Ukraine-Russia war, was particularly intense in commodity markets. The commodity shock drove domestic headline inflation to a 14-year high of 6.1 percent in 2022, up from just 1.2 percent in 2021, and in response, the Bank of Thailand was forced to pull harder on monetary levers. As such, for the first time in four years, the policy rate was raised in August 2022, and two additional hikes took the year-end rate to 1.25 percent from the 0.50-percent rate at the close of 2021. In keeping with the overall uncertainty in the global economy, the baht-US dollar exchange rate was volatile throughout the year, but for much of 2022, the Fed's unexpectedly hard and fast cycle of rate hikes caused a steady weakening in the baht's value. However, towards year-end the Fed softened its stance, and Thailand's tourism sector rebounded, thus improving the country's current account balance, and with that the baht strengthened once more.

## 2023 OUTLOOK: DOMESTIC RECOVERY WILL BE DRIVEN BY TOURISM AND DOMESTIC CONSUMPTION—BUT THREATS OF A GLOBAL SLOWDOWN AND EXTERNAL RISKS PERSIST

2023 should mark the point when the Thai economy finally returns to or surpasses its size prior to the outbreak of COVID-19. **Krungsri Research thus sees growth improving from 2.6 percent in 2022 to 3.3 percent in 2023,** driven in particular by the ongoing rebound in the tourism sector and stronger labor markets, especially in areas linked to tourism, that will boost household consumption. Investment will also benefit from growth in the service sector, continuing infrastructure spending, and expansion in the scale of work undertaken in the Eastern Economic Corridor (EEC). However, investment in some industries, and across the entire export sector, will have to contend with what may be a darkening international business environment. Risk will stem from a global slowdown, tighter financial conditions, the ongoing Ukraine-Russia war, worsening geopolitical tensions, and longer-term trends toward deglobalization. The net effect of these headwinds will be to dampen Thailand's growth prospects.

**The steadily improving outlook for the tourism sector** will be an important pillar on which recovery will be built through 2023, and although the world economy will slow down, the reopening of the country and the relaxation of pandemic-era controls on international travel will continue to boost the market for short-haul arrivals from within the region. Alongside this, recovery in the crucial Chinese market should be stronger in the second half of the year, and so for 2023 overall, 25-28 million foreign arrivals are expected. Nevertheless, although this would be more than double 2022's total, the sector will remain far from its healthy 2019 figure. **The export growth rate will decline** with what is expected to be a global slowdown. Thus, the International Monetary Fund (IMF) sees the world



economy expanding by just 2.9 percent in 2023, its weakest expansion since 2001 and significantly down from 2022's 3.4 percent. More significantly, the IMF also believes that a third of the world's economies and a full half of European nations will slip into recession in 2023. This unhappy outlook is in step with the forecast of the World Trade Organization (WTO) that growth in global trade will slump from 3.5 percent in 2022 to just 1.0 percent in 2023, and both the IMF and WTO have issued warnings that international tensions between major economies may accelerate deglobalization. More positively, 24 percent of the value of Thai exports originates in markets in the ASEAN zone, and the Asian Development Bank (ADB) estimates that despite the poor outlook at the global level, the ASEAN region will be able to maintain favorable growth of 4.7 percent in 2023, compared with 5.5 percent in 2022.

**Private sector consumption will continue to rise** on improving consumer sentiment and strengthening labor markets. The latter will be helped by recovery in the domestic economy—especially in the tourism sector—and this will feed into higher household incomes. However, for low-income earners, there will only be limited room within which consumption will be able to rise, and high levels of household debt, the current cycle of rate hikes, and the ending of government stimulus spending will all drag on growth in expenditure. **Private sector investment will benefit from the broadly positive outlook for the domestic economy**, and although this will be affected by the combination of softening demand in the export sector and the impact of higher interest rates on the cost of financing, the indicators provided by the value of foreign direct investment inflows and applications for the Board of Investment (BOI) support remain positive. This is particularly so for projects in the EEC, where investors are continuing to show interest in industries targeted by the government, including the next-generation automotive and smart electronics industries. Moreover, from 2023, the BOI will be implementing an additional set of investment promotion schemes that will cover the five years from 2023 to 2027. Government spending on infrastructure should also continue to flow for both existing and new projects, including both the Northern and Northeastern twin-track railways (the Den Chai-Chiang Khong and Ban Phai-Nakhon Phanom sections, respectively). As regards overall **government spending, this is likely to remain largely unchanged** given total allocations of 3.185 trillion baht for the 2023 budget year, a 2.7-percent increase on the previous year's spending. This will keep the budget deficit fairly stable at 695 billion baht, and so, as the economy grows and pandemic stimulus programs end, the public debt-to-GDP ratio should dip slightly.

Unfortunately, even as the domestic economy follows the road to recovery, it may be buffeted by storms originating overseas, including the likely slowdown in the global economy and outright recession in many individual countries. Headline inflation is expected to slip back into the Bank of Thailand's target range in mid-2023, so the Thai monetary policy can be expected to be looser than that of many other countries. **In particular, two more rate hikes are forecast for the first quarter of 2023, giving a policy rate of 1.75 percent that**

**should remain unchanged until year-end.** This will then have implications for exchange rate movements, and as uncertainty regarding central bank policy in the major economies, the baht may experience fluctuations in its value. Markets will also be affected by a potential worsening of geopolitical tensions and ongoing political and economic decoupling, but despite this, the baht should see a net strengthening as rising foreign currency earnings from the tourism sector help to return the current account balance to surplus for the first time in three years.

**A number of risk factors have the potential to impact growth in the Thai economy in 2023.** These include volatility in financial markets, the risk of a global recession occurring with interest rates in many countries at multi-year highs, and risks to the Chinese economic recovery as a result of continuing problems in the real estate market, and impacts of the US embargo on tech exports. Alongside this, the ongoing Ukraine-Russia war is adding to the risks facing the global economy and increasing the likelihood that inflationary pressures will continue, while on the other side of the world, there is also the risk that US-China tensions over Taiwan will further intensify. Closer to home, Thailand faces an election in 2023, and any delay in installing a new government will likely disrupt economic policy. Even setting aside such issues, the COVID-19 pandemic caused economic scarring that has yet to heal. This includes elevated levels of household debt, which is now adding to the risk that SMEs and low-income earners will see their economic situation become more precarious; it thus remains the case that the recovery will not be felt equally across the country, and risk and uncertainty will pool noticeably in some parts of the economy.

## THAILAND'S COMMERCIAL BANKS IN 2022 AND THE 2023 OUTLOOK

### 2022 SECTOR REVIEW

In 2022, the COVID-19 situation started to improve with the government's unwinding of containment measures and travel restrictions for foreign tourists, which helped normalize domestic economic activity, particularly in the service sector. Commercial banks continued to support customers by offering various forms of assistance solutions per their working capital and liquidity requirements. In 2022, the Bank of Thailand modified the guidelines for the Rehabilitation Loan program to include 'Transformation Loan' that provides SMEs affordable funding to develop, enhance, and boost their competitiveness through three focal points: digital technology, environmentally friendly ecosystems, and technologies and innovations.

In 2022, commercial banks increased deposit and lending rates in line with monetary policy normalization and anticipated the return of the Financial Institutions Development Fund (FIDF) contribution fee to a normalized level of 0.46 percent from 0.23 percent, starting in 2023.





The overall performance of commercial banks remained strong with robust levels of capital, loan loss provision, and liquidity. On the asset quality front, Thai commercial banks continued to support their borrowers through debt restructuring, while their net profit improved from 2021.

In 2022, commercial banks' lending growth was at 2.1 percent, a slower pace compared to the previous year. This was primarily due to loan repayment from large corporate, government, and soft loan facility, together with one bank's transfer of consumer loan business to its subsidiaries, and the banks' loan portfolio management. However, bank loans continued to expand mainly in large corporate loans in the trading sector, mortgage loans, and personal loans. Corporate and consumer loans grew by 2.3 and 1.7 percent, respectively. Deposits increased by 4.5 percent in 2022, mainly the result of an increase in savings deposits. Consequently, the loan to deposit ratio in 2022 decreased to 92.0 percent from 94.2 percent in 2021, reflecting deposits' expansion at a faster pace than that of loans. Meanwhile, the Liquidity Coverage Ratio (LCR) stood at 197.3 percent, far greater than the current minimum requirement of 100 percent. Overall commercial bank asset quality improved from 2021; the non-performing loan (NPL) ratio was at 2.73 percent for 2022, compared to 2.98 percent in 2021, resulting from continued debt restructuring and loan portfolio management. Coverage ratio increased to 171.9 percent, compared to 162.6 percent in 2021.

In 2022, commercial banks' total net profit was 236 billion baht, increasing by 30.7 percent from 2021, driven chiefly by loan expansion and the interest rate hike cycle, which resulted in an increase in net interest income, combined with lower provisioning expenses after banks had gradually set aside an elevated level of provision throughout the COVID-19 period. As a result, return on assets (ROA) increased to 1.01 percent, from 0.81 percent in 2021. Net interest margin (NIM) increased to 2.62 percent from 2.46 percent in 2021, caused by an increase in net interest income, in alignment with loan expansion and the upward trend of interest rates. Capital adequacy ratio in 2022 was at 19.4 percent, a slight decrease from 19.9 percent in 2021.

## 2023 BUSINESS OUTLOOK

Looking ahead to 2023, the Thai economy is set to gain traction through a recovery that may vary across different business sectors. Therefore, commercial banks are expected to operate their business with prudence amid a potential global economic slowdown that could result in asset quality deterioration, particularly among vulnerable borrowers. However, commercial banks will continue to support all customer segments.

The Bank of Thailand (BOT)'s policy direction will evolve to normalize monetary policy in line with the economic context and will use financial measures to support the sustainability transition of the Thai economy. The BOT issued the Directional Paper on Transitioning toward Environmental Sustainability under the New Thai Financial Landscape to provide guidelines for the financial sector in preparing for environment-related changes, while also assisting the business sector and the public in transitioning smoothly toward an environmentally friendly economy, in accordance with Thailand's goal of achieving carbon neutrality and net zero emissions.

The BOT directional paper prescribes five key building blocks: first, financial products and services that meet the needs of the business sector's green transition; second, a taxonomy that defines and classifies economic activities based on their environmental impact; third, data platforms for environment-related data and setting data disclosure standards for financial institutions which would give all sectors sufficient access to the data required; fourth, appropriate incentives to encourage financial institutions, the business sector, and consumers to recognize the urgency of making environment-related transitions; and lastly, enhancing the knowledge management and skills of financial sector personnel through capacity building.

Given these circumstances, commercial banks must stand ready to adapt and prepare operational strategies amid a highly competitive environment, new regulatory requirements, and the changing financial landscape.



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# BUSINESS OPERATIONS AND PERFORMANCE





## BACKGROUND

Bank of Ayudhya Public Company Limited (the Bank or Krungsri) officially opened its doors on April 1, 1945, and was listed on the Stock Exchange of Thailand (SET) on September 26, 1977. Our steady growth has continued to the present day. As of December 31, 2022, the Bank had total registered capital of 75,741,437,470 baht and paid-up capital of 73,557,617,730 baht.

In 2007, General Electric (GE) Group by GE Capital International Holdings Corporation (GECIH) purchased 2 billion new ordinary shares of Krungsri at the price of 16 baht per share, or 34.92 percent of all issued shares (5,726,945,606 ordinary shares). With GE Group becoming Krungsri's business partner, 2007 was the year of strengthening Krungsri's infrastructure. The integration of complementary strengths from two organizations created competitive advantages, driving growth and enabling Krungsri to compete with

leading banks in the country and across the region. Krungsri also applied GE's global standard of corporate governance to ensure that we are a strong financial institution in terms of both capital and management, meeting international standards. Additionally, Krungsri applied the Sales Force Effectiveness (SFE) model, the Lean process, and the customer centricity model to improve the Bank's overall service.

In September 2012, GE Group informed the Office of the Securities and Exchange Commission (SEC) that it sold Krungsri's 461,635,000 ordinary shares held by GECIH or amounting to 7.60 percent of all issued shares (6,074,143,747 ordinary shares) through private placement in SET. Consequently, GECIH held 1,538,365,000 ordinary shares or amounting to 25.33 percent of all issued shares (6,074,143,747 ordinary shares).

In 2013, the Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU), renamed MUFG Bank, Ltd. (MUFG Bank) on April 1, 2018, which

is wholly owned by the Mitsubishi UFJ Financial Group (MUFG), Japan's largest financial group and one of the world's largest, made a voluntary tender offer (VTO) for all of Krungsri's 6,074,143,747 ordinary shares at 39 baht per share. The purchase period ran from November 7 to December 13, 2013 (only business days), and GECIH sold Krungsri's 1,538,365,000 ordinary shares, or 25.33 percent of all issued shares under the same VTO arrangement (at the tender offer price), to MUFG Bank. Then on December 18, 2013, Krungsri was informed by MUFG Bank that the shareholders (including GECIH) had expressed their intention to sell their 4,373,714,120 shares in Krungsri, representing 72.01 percent of total issued shares, to MUFG Bank. As a result, MUFG Bank became Krungsri's major shareholder.

On January 5, 2015, Krungsri completed its integration with MUFG Bank Bangkok Branch by accepting the entire business transfer of MUFG Bank Bangkok Branch to Krungsri. In addition, Krungsri allotted

the private placement of 1,281,618,026 newly issued ordinary shares with the par value of 10 baht per share to MUFG Bank as consideration according to the resolution of the Extraordinary General Meeting of Shareholders (EGM) No.1/2556 (2013) on October 31, 2013. Krungsri completed the registration of paid-up capital increase with the Department of Business Development, Ministry of Commerce, on January 5, 2015, causing Krungsri to have 73,557,617,730 baht of paid-up capital or 7,355,761,773 issued shares, and MUFG Bank holds 5,655,332,146 shares in Krungsri (76.88 percent of all issued shares).

This major development leveraged both Krungsri's and MUFG Bank's complementary strengths to put Krungsri at the forefront of the Thai banking industry. Given that MUFG Bank is a world-class financial institution with a business network covering more than 50 countries worldwide, the partnership has strengthened Krungsri's leading position in the retail banking business in Thailand and across the region by broadening the Bank's customer base. It has also significantly enhanced the potential and capability of Krungsri's corporate and SME banking businesses, particularly the opportunity to access Japanese enterprises in Thailand and across ASEAN.

In September 2017, Krungsri was recognized as a Domestic Systemically Important Bank (D-SIB) by the Bank of Thailand, which plays a key role in driving the country's economic and financial systems.

In February 2018, Krungsri announced the second Medium-Term Business Plan (2018-2020) with a focus on three key strategic themes: 1) Lead by Innovation: Think 'Digital First'; 2) Enhance Customer Experience to Become a Main Bank; and 3) Enhance Retail and Commercial Banking Platform, and Achieve Sustainable Growth.

In May 2018, Krungsri inaugurated the Krungsri Ploenchit Office (KSPO). Recognized as one of Thailand's leading environmentally friendly buildings, it was built using energy-efficient designs in compliance with the Leadership in Energy and Environmental Design (LEED) standards. Located at the corner where Ploenchit Road and Wireless Road intersect in the heart of Bangkok's central business district, the building serves as a venue that will contribute to advancements in commercial banking as well as Krungsri Group's sustainable growth.

## SIGNIFICANT CHANGES AND DEVELOPMENTS IN THE PAST THREE YEARS

### 2020:

- On October 20, 2020, Krungsri completed the business acquisition through purchase of 50 percent of all issued shares of SBF in the Philippines from Security Bank Corporation (SBC) as approved by Krungsri's Annual General Meeting of Shareholders on July 30, 2020, and as approved

by the Bank of Thailand and other relevant regulators in the Philippines. As a result, SBF is now a non-solo consolidation subsidiary in Krungsri's Financial Business Group.

- On December 24, 2020, Ngern Tid Lor Company Limited (NTL), Krungsri's joint venture in which approximately 50 percent of the shares is held by the Bank and the other 50 percent is held by SACA, submitted an application for approval of the offering of newly issued ordinary shares, the registration statement for offering the sale of securities, and the draft prospectus to the Securities and Exchange Commission (SEC). NTL also submitted an application with SET for approval of the listing of ordinary shares on SET.

### 2021:

- On February 3, 2021, Krungsri announced the third Medium-Term Business Plan (2021-2023), with the aspiration to 'Be the preferred Thai bank connecting customers' needs across ASEAN' driven by five strategic directions, comprising One Retail Transformation, Commercial Business Enhancement, Ecosystem and Partnership, ASEAN Expansion, and New Revenue Streams, based on the success of the previous MTBP and the world's megatrends. Under the third MTBP, which draws on the potential of synergies between MUFG's expertise and global network and Krungsri's outstanding strengths for sustainable growth, Krungsri will focus on better responding to customer needs along with accelerating sustainable growth in new markets outside the country.
- On May 10, 2021, the ordinary shares of Ngern Tid Lor Public Company Limited or TIDLOR, which operates a vehicle title loan business and is a joint venture of Krungsri, were traded on SET for the first day. The initial public offering (IPO) subscription price of TIDLOR was 36.50 baht.
- On June 10, 2021, the Board of Directors resolved to appoint Mr. Takanori Sazaki as a Bank Director, the Vice Chairman, and a member of the Nomination and Remuneration Committee in replacement of Mr. Noriaki Goto, who resigned effective June 10, 2021.
- On August 25, 2021, Krungsri announced the acquisition of SHBank Finance Company Limited (SHB Finance) through the purchase and receipt of 100 percent of charter capital in SHB Finance, which operates a consumer finance business in Vietnam, from Saigon-Hanoi Commercial Joint Stock Bank, with a total consideration of approximately 3,590.3 billion Vietnamese dong (equivalent to approximately 5.18 billion baht), marking another milestone reached in accordance with our ASEAN business expansion strategic direction. The transaction has been divided into two phases:
  - The purchase and receipt of the transfer of 50 percent of charter capital in SHB Finance for a consideration of approximately 1,573.4 billion Vietnamese dong (equivalent to approximately 2.27 billion baht)





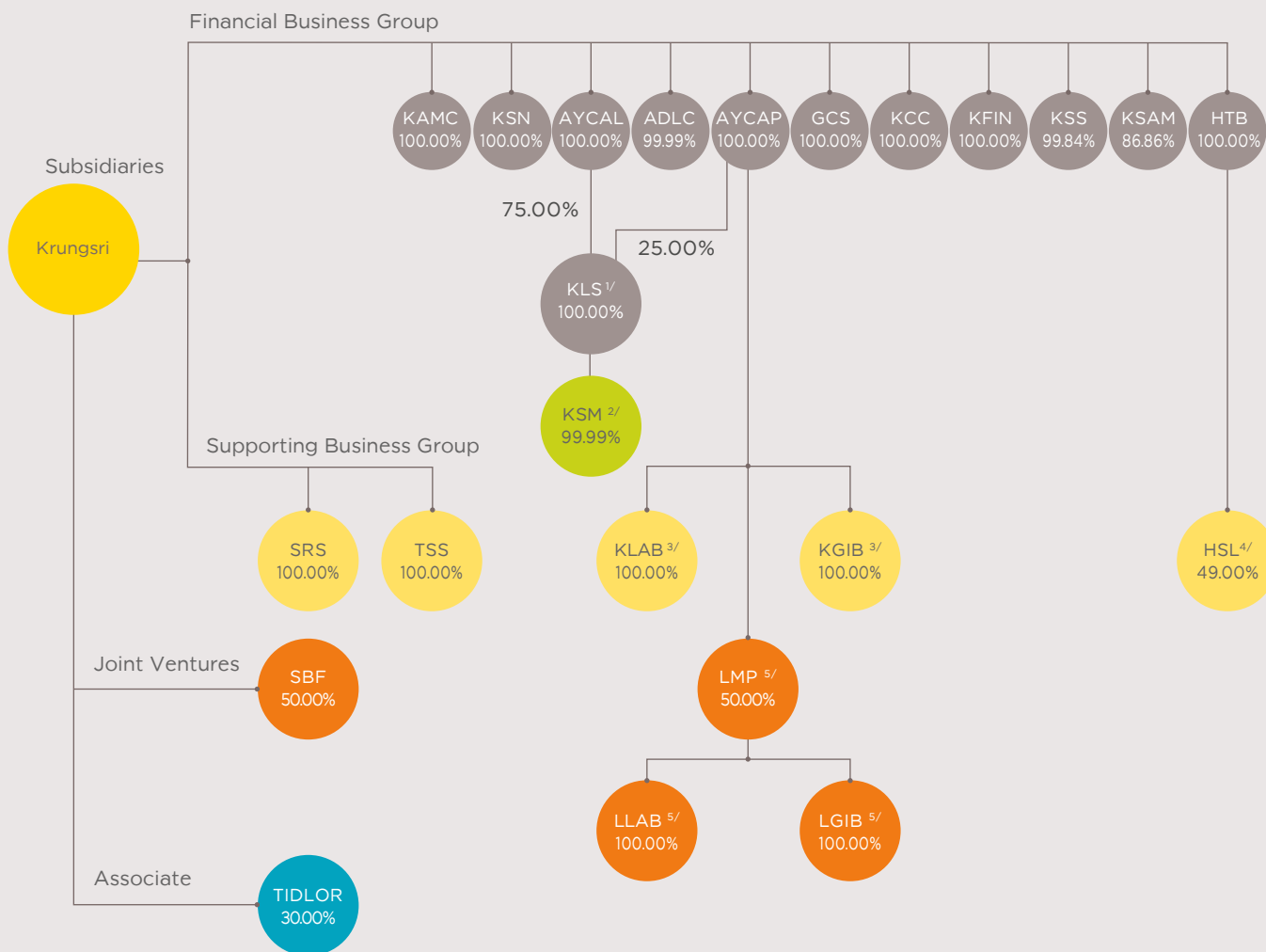
- o The purchase and receipt of the transfer of the remaining 50 percent of charter capital after the first transaction, which will be conducted three years after the completion of the first transaction, for a consideration of approximately 2,016.9 billion Vietnamese dong (equivalent to approximately 2.912 billion baht)
  - On December 27, 2021, Krungsri declared an ambitious Carbon Neutrality Vision, committing to decarbonizing our own operations by 2030 and financial services by 2050, laying out strategic initiatives to support the sustainable transformation of the Thai society and business sector into a low-carbon society.
- 2022:**
- On June 22, 2022, the Bank's Board of Directors passed the resolutions as follows:
    - o To approve SB Finance, Inc. (SBF), in which the Bank holds 50 percent of shares, in purchasing the Corporate Salary Loan portfolio from Security Bank Corporation (SBC). The transaction ended in July 2022. Total transaction value is 565 million Philippine pesos or approximately 356 million baht, according to the discounted cash flow (DCF) method.
    - o To appoint Mr. Daisuke Ejima as a Bank Director, the Vice Chairman, and a member of the Nomination and Remuneration Committee in replacement of Mr. Takanori Sazaki who resigned from the Bank, and appoint Mr. Jiro Omori as a Bank Director and a member of the Risk and Compliance Committee in replacement of Mr. Hisashi Kanamori who resigned from the Bank, effective July 20, 2022
  - On July 27, 2022, the Bank's Board of Directors approved the proposal to the Extraordinary General Meeting of Shareholders to consider and approve the acquisition of business through the purchase of 99.1 percent of the share capital of Capital Nomura Securities Public Company Limited (CNS) which operates a securities business in Thailand, from Nomura Asia Investment (Singapore) Pte Ltd. (NAIS), with the intention to offer to purchase up to 0.9 percent of the share capital of CNS from the minority shareholders of CNS totaling up to 100 percent of the share capital of CNS, with total consideration of up to approximately USD 155.3 million or 5.501 billion baht.
  - On September 28, 2022, Krungsri became an official signatory of the UN Principles for Responsible Banking – a single framework for a sustainable banking industry developed through a partnership between banks worldwide and the United Nations Environment Programme Finance Initiative (UNEP FI).
  - On November 24, 2022, the Bank's Board of Directors approved the proposal to the Extraordinary General Meeting of Shareholders to consider and approve acquisitions of the consumer finance business of Home Credit in Indonesia and the Philippines. The details are as follows;
    - o The purchase of 75.0 percent of the share capital of PT Home Credit Indonesia from Home Credit Indonesia B.V. and Ms. Wanda Ariestiani Evans with the consideration of approximately EUR 176.4 million or 6.6 billion baht (the acquisition of Home Credit Indonesia); and
    - o The purchase of 75.0 percent of the share capital of HC Consumer Finance Philippines, Inc. and 100.0 percent of the share capital of HCPH Financing 1, Inc. and HCPH Insurance Brokerage, Inc. from HC Philippines Holdings B.V. and Filcommerce Holdings, Inc. with the consideration of approximately EUR 297.6 million or 11.1 billion baht (the acquisition of Home Credit Philippines).

Collectively, they are called the 'Transaction of Home Credit Indonesia and Philippines'.

The consideration of the Transaction of Home Credit Indonesia and Philippines is approximately EUR 473.9 million or 17,700.8 million baht.

# SHAREHOLDING STRUCTURE AND BUSINESS OPERATIONS OF THE COMPANIES IN KRUNGSRI GROUP

## SHAREHOLDING STRUCTURE



KAMC = Krungsri Ayudhya AMC Ltd.

KSS = Krungsri Securities PCL

KGIB = Krungsri General Insurance Broker Ltd.

KSN = Krungsri Nimble Co., Ltd.

KSAM = Krungsri Asset Management Co., Ltd.

HSL = Hattha Services Co., Ltd.

AYCAL = Ayudhya Capital Auto Lease PCL

HTB = Hattha Bank Plc.  
(formerly Hattha Kaksekar Limited)

SBF = SB Finance, Inc.

ADLC = Ayudhya Development Leasing  
Co., Ltd.

KLS = Krungsri Leasing Services Co., Ltd.

LMP = Lotus's Money Services Ltd.  
(formerly Tesco Lotus Money Services Ltd.)

AYCAP = Ayudhya Capital Services Co., Ltd.

KSM = Krungsri Non-Deposit Taking  
Microfinance Institution Co., Ltd.LLAB = Lotus's Life Assurance Broker Ltd.  
(formerly Tesco Life Assurance Broker Ltd.)

GCS = General Card Services Ltd.

SRS = Siam Realty and Services Security  
Co., Ltd.LGIB = Lotus's General Insurance Broker Ltd.  
(formerly Tesco General Insurance Broker Ltd.)

KCC = Krungsriayudhya Card Co., Ltd.

TSS = Total Services Solutions PCL

TIDLOR = Ngern Tid Lor PCL

KFIN = Krungsri Finnivate Co., Ltd.

KLAB = Krungsri Life Assurance Broker Ltd.  
(Changed the Company's name to Krungsri  
Genesis Co., Ltd. (KGS) on February 1, 2023)

**Remarks:** <sup>1/</sup> KLS is Krungsri's subsidiary where we indirectly hold 100.00 percent of shares via AYCAL at 75.00 percent and AYCAP at 25.00 percent.

<sup>2/</sup> KSM is Krungsri's subsidiary where we indirectly hold 99.99 percent of shares via KLS.

<sup>3/</sup> KLAB and KGIB are Krungsri's subsidiaries where we indirectly hold 100.00 percent of shares in each company via AYCAP.

<sup>4/</sup> HSL is Krungsri's subsidiary where we indirectly hold 49.00 percent of shares via HTB.

<sup>5/</sup> LMP, LLAB and LGIB are Krungsri's joint ventures where we indirectly hold 50.00 percent of shares in each company via AYCAP.



## SHAREHOLDING AND BUSINESS OPERATIONS OF THE COMPANIES IN KRUNGSRI GROUP

Krungsri holds shares directly and indirectly in 18 subsidiaries, four joint ventures, and one associate as defined by the Securities and Exchange Commission; the information as of December 31, 2022, is as follows:

Company Name	Type of Business	Registered Capital	Paid-up Capital	Krungsri's Shareholding
		(Million Baht)	(Million Baht)	(Percent)
SUBSIDIARIES				
Financial Business Group				
1. Hattha Bank Plc. <sup>1/</sup> (formerly Hattha Kaksekar Limited)	Commercial bank in Cambodia	4,534.8	4,534.8	100.00
2. Krungsri Ayudhya AMC Ltd.	Purchase or accept the transfer of impaired assets (NPA and NPL) for management through debt restructuring or purchasing their collateral for disposal including undertaking NPA maintenance to ensure they are in good condition and ready for sale	2,700.0	2,700.0	100.00
3. Krungsri Nimble Co., Ltd.	Provide information technology services to Krungsri and all companies in Krungsri's Financial Business Group only	300.0	300.0	100.00
4. Ayudhya Development Leasing Co., Ltd.	Provide financial lease and hire purchase services to enable SMEs and large corporations to acquire machinery, equipment, and all types of commercial vehicles for business use	1,235.0	1,235.0	99.99
5. Ayudhya Capital Auto Lease PCL	Hire purchase for motorcycles and top-up loans for existing customers and inventory financing for car dealers	28,845.0	25,545.0	100.00
6. General Card Services Ltd.	Credit card and personal loan	2,458.0	2,458.0	100.00
7. Ayudhya Capital Services Co., Ltd.	Sales financing (merchandise installment financing), personal loans, credit card and nanofinance products	5,925.0	5,925.0	100.00
8. Krungsriayudhya Card Co., Ltd.	Credit card and personal loan	5,905.5	5,905.5	100.00
9. Krungsri Finnovate Co., Ltd.	Venture capital	2,500.0	2,500.0	100.00
10. Krungsri Securities PCL	Securities business	1,350.0	1,350.0	99.84
11. Krungsri Asset Management Co., Ltd.	Asset management	350.0	350.0	86.86
12. Krungsri Leasing Services Co., Ltd. <sup>2/</sup>	Leasing/Hire purchase/Sales finance in Lao PDR	905.5	905.5	100.00
13. Krungsri Non-Deposit Taking Microfinance Institution Co., Ltd. <sup>3/</sup>	Microfinance institution that does not accept deposits in Lao PDR	32.6	32.6	99.99

Company Name	Type of Business	Registered Capital	Paid-up Capital	Krungsri's Shareholding
		(Million Baht)	(Million Baht)	(Percent)
Supporting Business				
14. Siam Realty and Services Security Co., Ltd.	Provide car rental and human resources service to Krungsri Group	100.0	100.0	100.00
15. Total Services Solutions PCL	Collection services	401.5	401.5	100.00
16. Krungsri Life Assurance Broker Ltd. (Changed the Company's name to Krungsri Genesis Co., Ltd. (KGS) on February 1, 2023) <sup>4/</sup>	Life insurance broker	92.0	92.0	100.00
17. Krungsri General Insurance Broker Ltd. <sup>4/</sup>	Non-life insurance broker	202.0	202.0	100.00
18. Hattha Services Co., Ltd. <sup>5/</sup>	Supporting business in relation to property development for operations of Hattha Bank Plc. and subsidiaries under Krungsri's Financial Business Group only	0.03	0.03	49.00
JOINT VENTURES				
19. Lotus's Money Services Ltd. (formerly Tesco Lotus Money Services Ltd.)	Credit card and personal loan	2,080.0	2,080.0	50.00
20. Lotus's Life Assurance Broker Ltd. (formerly Tesco Life Assurance Broker Ltd.) <sup>6/</sup>	Provide life insurance products to customers of Lotus's Money Services Ltd. and Lotus's stores	12.0	12.0	50.00
21. Lotus's General Insurance Broker Ltd. (formerly Tesco General Insurance Broker Ltd.) <sup>6/</sup>	Provide non-life insurance products to customers of Lotus's stores	107.0	107.0	50.00
22. SB Finance, Inc. <sup>7/</sup>	Undertake consumer finance business in the Philippines	3,555	2,851	50.00
ASSOCIATE				
23. Ngern Tid Lor PCL	Provide sale and lease-back via hire purchase and secured loan contracts to customers who already hold titles to cars and other vehicles, as well as non-life insurance brokerage service	9,240.3	9,240.1	30.00

**Remarks:** <sup>1/</sup> Krungsri's subsidiary where we directly hold 100.00 percent of shares. Formerly Hattha Kaksekar Limited, Microfinance Deposit Taking Institution; obtained approval from relevant regulators both in Thailand and Cambodia to expand its business to be a commercial bank on August 26, 2020.

<sup>2/</sup> Krungsri's subsidiary where we indirectly hold 100.00 percent of shares through Ayudhya Capital Auto Lease PCL at 75.00 percent and Ayudhya Capital Services Co., Ltd. at 25.00 percent

<sup>3/</sup> Krungsri's subsidiaries where we indirectly hold 99.99 percent of shares through Krungsri Leasing Services Co., Ltd.

<sup>4/</sup> Krungsri's subsidiaries where we indirectly hold 100.00 percent of shares in each company through Ayudhya Capital Services Co., Ltd.

<sup>5/</sup> Krungsri's subsidiary where we indirectly hold 49.00 percent of shares through Hattha Bank Plc.

<sup>6/</sup> Subsidiaries of Lotus's Money Services Ltd.

<sup>7/</sup> Krungsri's subsidiary where we directly hold 50.00 percent of shares.



## MEDIUM-TERM BUSINESS PLAN

Krungsri's Medium-Term Business Plan (MTBP) is the translation of our vision into an execution plan by leveraging our foundation and achievements from the previous MTBP. It lays out our corporate objectives over three years and includes analyses and strategies to cope with the changes in customers and the economic environment we are operating in. We remain committed to enhancing our global network with MUFG in helping corporate and retail customers thrive through the best advice and solutions that suit their needs.

### THE THIRD MEDIUM-TERM BUSINESS PLAN (2021-2023)

2021 was the first year of our new MTBP, covering 2021-2023. We started planning the third MTBP (2021-2023) by considering our key achievements and challenges during the first and second MTBPs, including the pandemic and its prolonged impacts, as well as both global and local shifts in the market environment and outlook.

Looking back to the second MTBP (2018-2020), we were able to make significant progress in our planned strategy and initiatives, while continuing to robustly grow our assets with strong financial performance. Under the second MTBP (2018-2020), key achievements included realizing our inspiration 'To be a Top-Tier Financial Group in Thailand' through recognition as a Domestic Systemically Important Bank (D-SIB) with record achievements in environmental, social and governance (ESG) innovations and excellence.

For our third MTBP (2021-2023), we have set our aspiration as 'Be the preferred Thai bank connecting customers' needs across ASEAN' and identified five strategic directions and three key enablers as follows:

#### ► FIVE STRATEGIC DIRECTIONS

1. One Retail Transformation
2. Commercial Business Enhancement
3. Ecosystem and Partnership
4. ASEAN Expansion
5. New Revenue Streams

#### ► THREE KEY ENABLERS

1. Productivity and Efficiency
2. IT, Digital and Analytics
3. People and Organization

We will execute both the strategic directions and the key enablers through acting upon key initiatives, which will allow us to achieve our aspirations.

## SUCCESSFUL STRATEGIC EXECUTION

We were able to make significant progress in our strategy and initiatives under our MTBP, while continuing to drive strong financial performance. However, we are aware that the banking industry is facing challenges with rapid market changes driven most notably by digital innovation. While we strive to follow the MTBP, our medium-term strategic roadmap, we must ensure that we remain flexible enough to swiftly and appropriately adjust our plan as the ever-changing market environment may dictate.

We run our PDCA (Plan-Do-Check-Act/Adjust) cycle against our strategies and initiatives to consider adjustments and take necessary actions in response to the desired business progress and market conditions, while ensuring organization-wide alignment.

## LEVERAGING SYNERGIES WITH MUFG

### SYNERGY HIGHLIGHTS

Our focus on leveraging the complementary strengths of Krungsri and MUFG showed steady progress throughout 2022. The power of synergy between the two boosts our competitive strength and ability to offer superior products and services, as demonstrated by various achievements.

- **Payroll account acquisition:** Krungsri has acquired more than 114,000 payroll accounts since the integration with MUFG Bank, Ltd. (MUFG Bank)'s Bangkok Branch in 2015, and promoted cross-selling of retail banking services such as credit cards and personal loans to employees of Japanese corporate clients.
- **Supply chain financing:** The Bank continued to promote end-to-end solutions, ranging from supplier financing to dealer financing, tapping into the market of Japanese manufacturers and their supply chains. Leveraging MUFG's long-term relationships with Japanese car manufacturers, Krungsri discovered considerable business opportunities in the auto dealer segment and cross-sold to gain substantial wallet share in the hire purchase business.



- Business matching:** In November 2022, Krungsri and MUFG arranged the Krungsri-MUFG Business Matching Fair 2022 with the participation of 140 entrepreneurs from Thailand, Japan, Indonesia, the Philippines, and Vietnam. This marked the 10<sup>th</sup> year of Krungsri and MUFG's collaboration to host a business matching event. Thailand is the only country in ASEAN where MUFG organizes annual business matching, demonstrating the interest in and demand for trade between Thailand and Japan. It also reinforces the MUFG global network's ability to offer services that meet with corporate customers' demands, as well as help drive business growth across Southeast Asia. This activity emphasizes Krungsri's determination to enhance the potential of corporate customers as well as paving the way to 'Be the Preferred Thai Bank Connecting Customers' Needs across ASEAN'.
  - Transaction banking:** With MUFG's products, Krungsri customers who venture abroad to set up operations can access their overseas accounts via MUFG's Global Cash Management Services (GCMS) to make payments, view statements, and monitor movements of funds in their accounts on a secure electronic platform anytime, anywhere, worldwide. This product satisfies Krungsri customers' increasing need for global cash management. Moreover, Krungsri's digital capability creates tangible value for MUFG by capitalizing on our networks among partner banks to offer our customers unparalleled payment services. Krungsri is also capable of providing total global supply chain solutions to support customer trade flow both inbound and outbound across the regions.
  - Cross-border business:** Krungsri utilized MUFG's global network and expertise to support local corporations and other customers in Thailand that are becoming increasingly globalized and ESG-focused, and are in need of effective global banking services, whether within ASEAN or further afield. An example of our success is Krungsri and MUFG Bank's provision of various solutions for customers' cross-border business. Collaboration with other partner banks is also ongoing and expanding by leveraging their local network and expertise.
- Throughout 2022, Krungsri and MUFG synergies allowed Krungsri to better respond to our clients' financial needs. Looking to 2023, Krungsri will continue to enhance our customer service capabilities by uniting MUFG's global platform and networks with our local expertise and strengths.

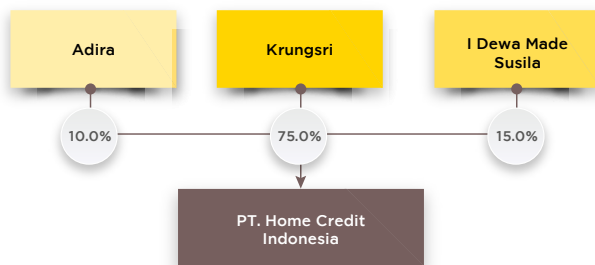


## EXPANDING OUR BUSINESS IN THE REGION

The ASEAN economy maintains its prominent long-term growth prospects driven by a growing, educated, and young workforce, an emerging middle class, and rebounds in government investment and private consumption. In 2022, Krungsri expanded our regional business footprint into Indonesia and the Philippines.

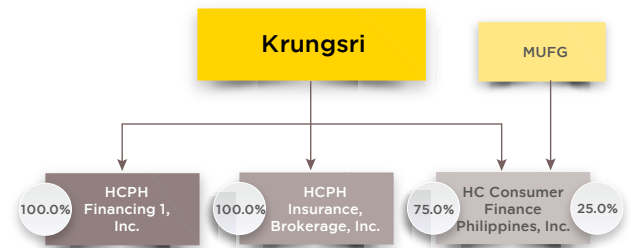
On November 24, 2022, Krungsri together with MUFG group companies reached another regional expansion milestone by signing agreements to acquire stakes of consumer finance business from Home Credit in Indonesia and the Philippines, which is subject to shareholder approval and relevant regulatory approval.

In Indonesia, Krungsri, PT Adira Dinamika Multi Finance Tbk (Adira) and I Dewa Made Susila will purchase 100.0 percent of the share capital of PT. Home Credit Indonesia from Home Credit Indonesia B.V. and Ms. Wanda Ariestiani Evans. Krungsri will purchase 75.0 percent of the share capital of PT. Home Credit Indonesia. The holding structure post-transaction is as in the below chart:



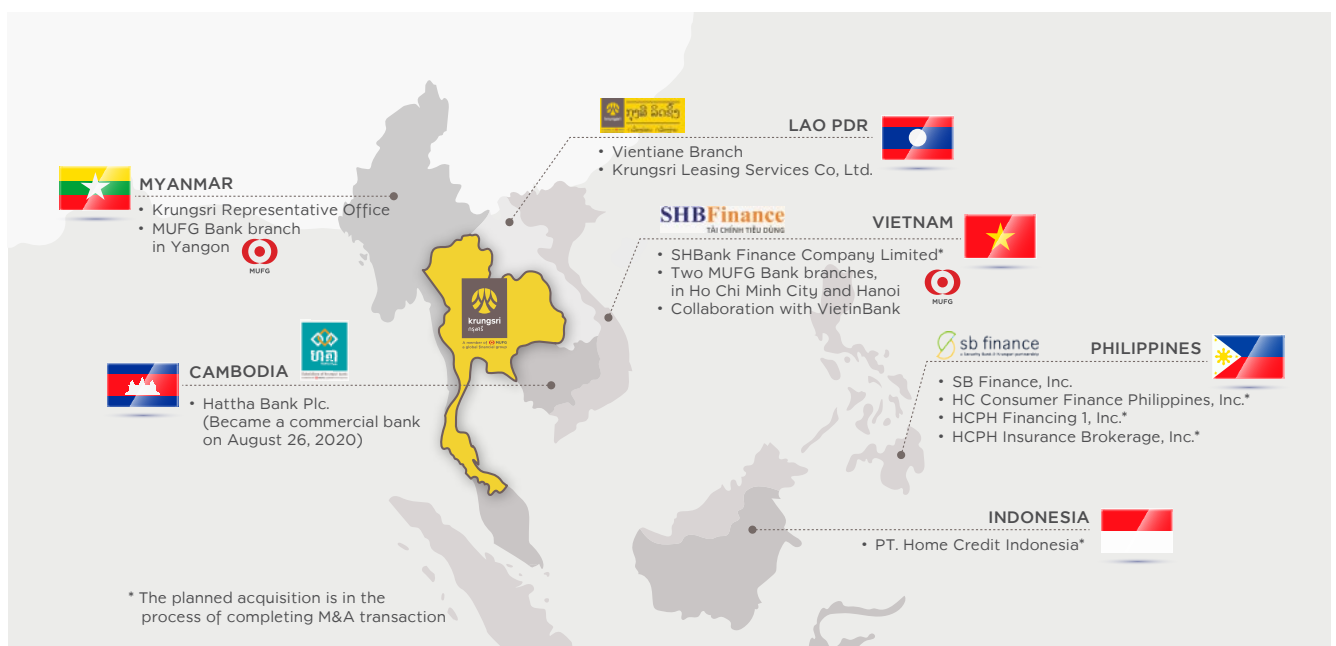
Remark: Adira is one of MUFG Group's companies

In the Philippines, Krungsri will purchase 75.0 percent of the share capital of HC Consumer Finance Philippines, Inc., and 100.0 percent of share capital of HCPH Financing 1, Inc. and HCPH Insurance Brokerage, Inc., while MUFG Bank Limited will purchase 25.0 percent of HC Consumer Finance Philippines, Inc. The holding structure post-transaction is as in the below chart:



PT. Home Credit Indonesia and HC Consumer Finance Philippines, Inc. are key players in the consumer finance industry in their respective markets. They engage in the business of personal loan for consumers in the mass and upper mass markets. With strong branding and well-established omnichannel distribution, both companies have become the leading Point of Sale (POS) loan providers.

Krungsri together with MUFG group companies will collaborate to strengthen our consumer finance business in the region, bringing greater value to customers, shareholders, and business partners. This milestone will underscore our commitment to the ASEAN expansion strategy, paving the way toward our aspiration to 'Be the preferred Thai bank connecting customers' needs across ASEAN'. Krungsri will continue to expand its business in ASEAN, focusing on growth opportunities in the consumer finance area.



## DIGITAL BANKING AND INNOVATION

### CONSUMER DIGITAL SOLUTION DIVISION

In 2022, more than 80 percent of the Bank's transactions were conducted through digital channels. Therefore, the development of convenient and fast digital channels where users can self-transact without wasting time visiting branches has become more desirable than ever before. Thus, innovations and technologies have been adopted in order to deliver new value propositions and improve customer experience as well as financial product access with simplicity and security.

In 2022, Krungsri Mobile Application (KMA) enhanced key features to meet the above-stated key business objectives as follows:

- **Expansion of service areas for customers (Scalability)**
  - Analyzed customer usage data, detected issues, and assessed them in order to improve the Krungsri iFIN process on KMA to be easier and smoother to use. In addition, automation of the process has shortened operational steps and customer waiting time
  - Improved the debenture subscription process on KMA to facilitate customers in subscribing, along with checking and updating their details, in an easier manner
  - Introduced international money transfer service via Western Union and added an option for the Thailand-Singapore corridor with PromptPay (Thailand) and Paynow (Singapore) networks on KMA, which can support 24-hour operation and allow recipients to receive money instantly
- **Focus on creating a better user experience (User Experience)**
  - Introduced a new service for transferring bank statements in digital form between financial institutions to facilitate those who need to use bank statements as evidence for conducting transactions
  - Improved the efficiency of interbank digital identification service (National Digital ID: NDID) to be able to advise and assist customers during transactions
  - Used biometric technology, which is considered a customer's personal identity, while cross-checking mobile phone number with mobile network operators to verify customer identity for new application registration, as well as expanded the scope for events in which customers change their phone numbers, forget their PIN codes, or request to unlock PIN codes before returning to use KMA that provides them convenience, ease, and enhanced security
  - Added account details on past transactions and statements, as well as allowing statements to be requested up to 12 months back to provide customers with complete detail checking



- Increased user security by protecting users' mobile devices from remote control applications to combat cyber theft threats
- **Build continuous customer engagement (Engagement)**
  - Improved user interface of Krungsri Gift Points Collection for all financial transactions to reinforce the great user experience
  - Built relationships with users anytime, anywhere through lifestyle fulfillment and ecosystem connectivity of leading brands on the marketplace for customers to choose products or services in a fast, seamless, and convenient way with quality assurance

For the next step, Krungsri Mobile Application will continue to strive toward financial goals and 'Make Life Simple' for customers by continually increasing the capabilities of providing digital services. The development will continue to focus on creating a better user experience, providing services that create the highest customer satisfaction in accordance with the following commitments:

- Make every financial transaction easy by using data processing to gain in-depth understanding of customers, then adjust the screen layout accordingly to make it easier to use, more satisfying, and capable of facilitating all applications for products or services through KMA
- Fulfill customer needs and be more than a financial service provider by using artificial intelligence technology to serve, advise, and assist customers during their use
- Connect services from all channels including normal banking channels and digital channels to further enhance holistic financial services
- Emphasize protection and increase security standards for customers, including improvement of system stability to be ready to support all transactions

## COMMERCIAL DIGITAL SOLUTION DIVISION

In the wake of the COVID-19 pandemic, the global community is embracing the next normal in many dimensions, including lifestyle, economic activity, and digital innovation. The same can be said for the banking sector, both retail and commercial segments. In this light, Krungsri initiated a large number of digital solution projects in 2022 to serve at both the business and national levels.

Krungsri Biz Online, the business service platform, thrived in 2022 with new acquisitions jumping 288 percent, the number of clients rising 109 percent, and transactions increasing more than 70 percent. As these figures clearly reaffirm the trend of business transformation from traditional to digital, Krungsri continued to focus on digitalizing financial products for business, e.g., bank guarantee and a variety of loan products. Therefore, through the Krungsri Biz Online platform, customer experience in terms of financial access will become more efficient.

Leveraging Krungsri Biz Online, Krungsri applied the platform's multiple service features with solutions offered through Krungsri Internet Banking Laos (KIBL), to serve the commercial segment in Lao PDR, namely SMEs, and local subsidiaries of Thai Corporate, JPC, and MNC customers. KIBL will help maximize efficiency with process optimization as it reduces operating cost and time for the Bank.

Krungsri earlier took part in the successful launch of an electronic letter of guarantee (e-LG) service by Thailand Blockchain Community Initiative (BCI), of which Krungsri is one of the founding banks. In 2022, BCI completed the onboarding of 26 beneficiaries which are large corporates in diverse industries, including the public sector, construction, automobiles, chemicals, and energy. The number of transactions and volume increased by 160 percent and 166 percent, respectively.

In 2022, Krungsri participated in the Bank of Thailand (BOT)'s newly developed digital financial infrastructure project, Central Bank Digital Currency (CBDC), both Retail CBDC and Wholesale CBDC (mBridge).

As for Retail CBDC, Krungsri is one of the first financial institutions in Thailand selected as a preferred partner by the Bank of Thailand to start operating pilot testing for Retail CBDC, wherein the Bank took part in accelerating the shaping of the country's future financial landscape. The Retail CBDC pilot was separated into two tracks: the Foundation Track, which assesses the system's efficiency and security and explores implementation with consumers in a real-world scenario; and the Innovation Track, which focuses on development of new financial products to accommodate



various needs of users and obtain feedback for the future development of Retail CBDC, by following policy and direction of the Bank of Thailand.

In the middle of 2022, when the testing phase of the Foundation Track started, Krungsri took part in building the infrastructure of Retail CBDC digital wallet for a trial group of 10,000 users in limited areas, wherein a mobile application developed by Krungsri, called 'CBDC Krungsri', was used.

In late 2022, Krungsri played an important role in the Innovation Track by winning the first and third places in the 'Bank of Thailand CBDC Hackathon' competition, wherein business use cases for Retail CBDC are presented focusing on innovation of financial services by using programmable payment, a key feature of Retail CBDC. Krungsri also presented 35 fabulous ideas to the hackathon which could be enhanced for the Bank's future business and reaffirm our leadership in Retail CBDC.

As for Wholesale CBDC, Krungsri, among other top banks in Thailand, was nominated by the BOT to participate in the Multiple Central Bank Digital Currency Bridge (mBridge) project which leverages use cases from Project Inthanon-Lionrock, the scope of which involves four central banks from four regions along with 20 banks in Hong Kong, China, Thailand, and the United Arab Emirates.

The pilot of mBridge was completed successfully using Wholesale CBDC for real-value cross-border payment with a total of 164 transactions executed, representing USD 22 million (equivalent to 827 million baht) in total value.





In 2022, two projects of Krungsri exited the BOT regulatory sandbox, namely the BCI e-LG project which left the sandbox in early 2022 upon receipt of the BOT confirmation letter, and the Ripple Cross Border Funds Transfer project which became fully commercialized with capabilities exceeding the sandbox's criteria.

## KRUNGSRI FINNOVATE

Krungsri Finnovate Company Limited (Krungsri Finnovate) is a venture capital arm of Krungsri Group that aims to be a strategic investor supporting startups to grow toward their set goals through our corporate venture capital (CVC) investment, strategic partnership, venture builder, accelerator program, and ecosystem, all made possible with collaboration from the Bank's related business units.

Our key mission is to support and promote not only startup businesses but also the overall tech ecosystem both in the country and worldwide. Project areas include:

### ▶ TDPK TALK x KRUNGSRI FINNOVATE

Krungsri Finnovate, in collaboration with True Digital Park, organizes 'TDPK TALK x KRUNGSRI FINNOVATE', a hybrid program, inviting entrepreneurs and startup founders to share knowledge, technology trends, and business experience with those who are interested in learning and understanding aspects of the startup industry, which will contribute to the development of Thai entrepreneurs in being able to conduct business efficiently and scale according to their business goals.

The 'TDPK TALK x KRUNGSRI FINNOVATE' program is held every month through Krungsri Finnovate and True Digital Park's Facebook Fanpage, and has been running continuously for a total of six episodes, inviting 12 startup entrepreneurs

to join the program so far, garnering more than 140,000 views. In addition, the program is organized physically once a quarter at the True Digital Park building for entrepreneurs to exchange views and network. In 2022, we organized three such physical events with a total of more than 60 participants.

### ▶ 'KRUNGSRI UPCELERATOR' STARTUP INCUBATOR PROGRAM

Krungsri Finnovate has joined hands with the Science and Technology Park, Chiang Mai University, in establishing an incubator program to enhance the potential of Thai startups under the project name 'Krungsri UPcelerator', emphasizing the conversion of ideas into fast-growing startups with startup business development programs through mentoring and workshops. This is done to support and encourage those who are interested in being startup entrepreneurs, e.g., university students, researchers, and professors, as well as existing SME entrepreneurs, in creating tangible business models that can enter the market in the near future through support from Krungsri Finnovate and Krungsri Innovation Center.

### ▶ KRUNGSRI FINNOVATE ECOSYSTEM COMMUNITY

In addition to having a philosophy to invest in startups with potential, Krungsri Finnovate also aims to create strong startups and encourage the cooperation of those involved in the startup industry including startup founders, investors, the government, and the private sector. Therefore, we launched the Krungsri Finnovate Ecosystem Community (KFIN Family) for ecosystem partners to engage, exchange with, and learn from each other.

In 2022, we piloted two activities. The first is 'Football for All', a football charity event which fostered strong relationships

between startups and investors in the Krungsri Finnovate network, with a total of 34 participants from 11 companies, while the second activity was the KFIN Family New Year Party 2023, where there were activities to connect with people in the startup industry. It was also the event to share a Krungsri Finnovate performance update and plans in 2023. At the event, there were 150 participants from various partner companies, investors, and startup founders.

## ▶ STARTUP STRATEGIC PARTNERSHIP

Krungsri Finnovate's key objective is to promote collaboration among the Bank's business units, startups, partners, and technology companies in eliminating weaknesses and pain points or enhancing the efficiency of Krungsri Group's business units, while also developing new products and services for customers. Krungsri Group intends to promote from within and become a digital banking leader.

Driven mainly by collaboration between startups and Krungsri Group, Krungsri Finnovate also completed 125 projects in 2022 across various business units throughout Krungsri Group, and plans further delivery of new projects.

## ▶ CORPORATE VENTURE CAPITAL

Krungsri Finnovate allocates its proprietary capital to startup investments. The company aims to be a strategic investor, with all of its startup investments being of clear strategic value to the Bank's business. Areas of interest include:

- Online business, active omnichannel with seamless experience, and QR code payment, as well as digital e-wallet
- Blockchain and related applications
- Lending technology
- Robo advisor and wealth management technology
- Insurance technology
- SME and personal finance tools and technology
- Artificial intelligence (AI) and machine learning (ML)
- Remittance and international remittance technology; and
- Cybersecurity

Krungsri Finnovate continued to invest in startups. In 2022, Krungsri Finnovate expanded with three new direct investments in our portfolio and a fund of funds investment, totaling 20 investments (18 direct investment and two fund-of-funds investments). During the year, one of our portfolio companies made consecutive rounds of fundraising: Flash Partners Ltd., Thailand's first unicorn. In addition, Bulk One Group, in which Krungsri Finnovate previously invested, has had more than 50 percent of its shares acquired by TQM Corporation Public Company Limited, a leading insurance company, with the aim of further strengthening the business together.

### New investments in three startups and one fund of fund:

1. **24 Solution Group (Thailand) Co., Ltd.**, is a comprehensive residential repair and construction service tech startup provider. The service is provided in the form of an end-to-end service platform that handles jobs from the beginning to the end. From small to large complex projects, 24 Solution provides 23 major repairs and more than 1,000 minor repairs, renovations, maintenance, refurbishment work, and construction work.
2. **Choco Card Enterprise Co., Ltd.**, is an innovative startup emerging from marketing trends that have shifted from blind-side marketing to data-driven marketing. The company specializes in customer relationship management and digital marketing, together with building a platform designed to help the client's business maximize its benefits. The Choco Card products and services include business management, customer management, and marketing planning such as point-of-sale systems, member management systems, data analytics, as well as strategy formulation for Facebook, Instagram, and Line Official Account so that all businesses using the service, whether small or large, can grow sustainably.
3. **Forward Enterprise Limited** is a global financial platform that develops financial and investment products through Forward Labs, a blockchain technology startup. Forward specializes in decentralized derivative exchange and decentralized finance (DeFi) as well as research and development of impactful technologies. Forward also acts as a change agent for various industries by using blockchain to develop creative innovations.
4. **BFF GP SG PTE. LTD**, a Singapore-based early-stage venture capital fund, invests in top-tier blockchain startups globally. Its industry and go-to-market investment strategy are focused on venture program aids and a first-time entrepreneurs' program across key business functions to fast-track growth. BFF has scaled many of the leading blockchain startups and is always looking to connect with exceptional founders across industries including Web3, metaverse, gamefi, decentralized finance (DeFi), and non-fungible tokens (NFT).

Since inception, there are four companies in which Krungsri Finnovate has invested in and holds more than 10 percent but less than 20 percent of shares, consisting of Baania (Thailand) Co., Ltd., Finnomena Co., Ltd., Choco Card Enterprise Co., Ltd., and Zortout Co., Ltd.

## COMMERCIAL BANKING

### CORPORATE AND INVESTMENT BANKING GROUP

Krungsri aspires to become customers' trusted banking partner for sustainable growth. With this aspiration in mind, we strive to deliver innovative and competitive products and solutions to meet customers' needs through the synergy from combining Krungsri's local expertise with MUFG's global network.

#### Our successes in 2022 include:

##### Sustainability promotion

- Krungsri acted as the Joint Green Structuring Advisor, Joint Lead Manager, and Joint Bookrunner for the sustainability bond issued by the Public Debt Management Office, Ministry of Finance, totaling 35 billion baht in September. The proceeds will be used for restructuring debts previously incurred for the purposes of resolving, remedying, and restoring the social impacts from COVID-19 and environmental conservation, as well as elevating the standard of living of the people of Thailand. Krungsri also joined in the issuance of sustainability bond totaling 30 billion baht in December, which is to be used for restructuring debts previously incurred for the purposes of resolving, remedying, and restoring the social impacts from COVID-19.
- Krungsri acted as the Joint Green Structuring Advisor, Joint Lead Manager, and Joint Bookrunner for the Export-Import Bank of Thailand (EXIM Bank) for the inaugural dual-tranche green bonds totaling 5 billion baht. One of the dual tranches marked the first green bond using the Thai Overnight Repurchase Rate (THOR) issued by a special financial institution (SFI), in alignment with its sustainable development goals as well as the Bank of Thailand's policy to develop the THOR rate in Thailand's capital market.
- Krungsri supported Central Pattana Public Company Limited in its green loan as the sole lender.
- Krungsri acted as the Joint Bookrunner and Joint Lead Manager for Global Power Synergy Public Company Limited for green debenture issuance totaling 12 billion baht. This marked the company's second green bond issuance with the objective of securing funds for its renewable energy projects, in line with future energy trends.
- Krungsri provided sustainable finance products for Bangkok Expressway and Metro Public Company Limited (BEM) with the following roles:



- 1) Sustainability loan (SL) totaling 3 billion baht, with floating rate referencing the THOR Overnight Index Swap. Krungsri acted as not only the sole lender of the sustainability loan, but also the 'Sustainability Coordinator' of the deal.
  - 2) Krungsri was appointed as the Joint Lead Underwriter for the offer of sustainability debentures totaling 4.5 billion baht. The issuance was the second issuance of sustainability debentures by BEM, after the success of its first issuance in 2021.
- Krungsri supported Sri Trang Gloves (Thailand) Public Company Limited, one of the world's largest rubber glove manufacturers, producing mainly for medical use, for the notable success of the company's first green bond issuance totaling 1.5 billion baht, receiving an overwhelming response with 2.39 times oversubscription.

##### Total financial solutions

- The collaboration with Krungsri Securities Public Company Limited, a subsidiary of Krungsri, which was a joint lead underwriter for Thai Life Insurance Public Company Limited's initial public offering (IPO), marking Southeast Asia's biggest IPO in the financial and insurance section since 2000. In addition, TLI won the Best Equity/IPO Deal of the Year in Thailand 2022 award from Alpha Southeast Asia at its 16<sup>th</sup> Annual Awards 2022.
- The collaboration with Krungsri Securities Public Company Limited, which was a lead underwriter for Ratch Group Public Company Limited in the offer of shares to existing shareholders. The issued shares were considered the Stock Exchange of Thailand's highest offering value for 2022.
- Krungsri as an Exclusive Financial Advisory for Super Energy Corporation Public Company Limited (SUPER) in forming a strategic partnership in the solar power business in the ASEAN region with the Ayala Group.



Krungsri provided the company merger and acquisition (M&A) advisory service. We also helped the company identify strategic partners, which is the major step of SUPER in driving its regional business growth. Moreover, the strategic partnership has brought about the largest-ever co-investment project of 100-percent renewable energy electricity generation in Vietnam over the past several years. The notable success is a result of strong synergy through the advisory process between Krungsri, MUFG, and Philippines-based Security Bank, one of the companies in MUFG's network.

- Krungsri provided financial support to Hin Kong Power Company Limited for the Hin Kong Power Project, which is the first gas-fired project in Thailand. Krungsri's role was the Mandated Lead Arranger and Facility Agent. The project won 'Asia Pacific Power Deal of the Year 2022' from Project Finance International (PFI).

### Strategic plans for 2023

We remain committed to being customers' trusted partner for sustainable growth under the foundation of customer-centric services while leveraging MUFG's global network to meet the evolving needs of our customers.

- 1) Asset Quality—Create quality growth through selective consideration of business capabilities and opportunities.
- 2) Product Initiatives—Support continuous growth by offering various financing solutions for domestic and offshore investment as well as innovative financial products.
- 3) MUFG Collaboration—Leverage MUFG's network to enhance value creation, support cross-border transactions, and offer financial innovations.
- 4) Value Chain—Respond to customers' needs while enhancing business potential in all aspects of the ecosystem.
- 5) Digitize Process—Continue to improve our internal processes with increased use of technology to enhance the customer experience and strengthen operating systems.

## SME BANKING GROUP

We are determined to be the main bank for SME customers in providing financial services that help enhance their business efficiency, standing as a partner alongside them. Moreover, we have teamed with MUFG to expand customers' businesses through our global business network and coordinate the mutual benefits of customers within supply chains as well as bolster the efficiency of customers' businesses by providing in-depth knowledge through seminars as well as networking and business opportunities under the strategic plan to take care of SME customers through '3Rs', comprising Resilient, Respond and Rebuild for the Future:



**Resilient:** Krungsri aims to help SME customers' businesses adapt toward sustainability with our relationship managers' supervision and support for SMEs' adoption of digital technology, innovation, and sustainability to increase their competitive advantages in the 'new normal' era. In addition, customer support will also be tailored to the nature of each industry to meet their different needs.

**Respond:** Serving customer needs effectively, Krungsri's relationship managers stand ready to advise customers, respond to their financial demands, recommend suitable solutions, and provide them value-added services by sharing updated knowledge and skills necessary for their efficient operation.

**Rebuild for the Future:** Krungsri aims to support customers' businesses to thrive with three key focuses in alignment with our business direction, namely, ASEAN Connectivity through Krungsri's collaboration with MUFG and networks to strengthen customer support in expanding their businesses at home and abroad; ESG financing; and digital and innovation development.

### Our key achievements and initiatives in 2022

- Provided **relief measures for SMEs** directly and indirectly affected by the COVID-19 pandemic based on government relief measures such as the soft loan scheme, the rehabilitation loan program, and the Asset Warehousing program, including the Transformation Loan under the soft loan scheme to encourage SMEs to adopt digital technology, innovation, and sustainability in order to boost their competitive advantage for sustainable growth, in line with the Bank's vision of sustainable growth covering environmental, social and governance (ESG) dimensions. The Bank also issued additional assistance measures such as suspension of principal repayment, suspension of installment repayment, reduction of installment repayment amount, reduction of interest rate, and adjustment of credit type.

- Offered **Solar Roof Lending Program for SMEs** to encourage them to use cost-saving renewable energy, marking a key milestone for Krungsri to offer ESG finance to SME customers. The loan offers a credit limit of up to 100 percent for solar roof installation facilitated by participating manufacturers that are partners of the Bank and deliver products and services based on international standards with complete after-sales service. Krungsri strives to raise ESG awareness among entrepreneurs and society at large, reinforcing the Bank's commitment in developing and delivering ESG financial products which promote a society of environmental responsibility.
- **Krungsri iPro**, a financial innovation in the digital era for juristic persons that wish to open corporate accounts, for an improved SME customer experience, simplifying the previous, complicated procedure which needed a number of supporting documents and authorized signatories conducting in-person identity authentication at the Bank. With convenience and a streamlined documentation process, the one-stop service allows the customer to make an appointment for necessary services online. As the newly opened accounts can be used immediately after application, upon receiving the account number, the customer can make transactions as well as use various features via Krungsri Biz Online. It was developed with the technology under the concept of three 'PROs', i.e., Professional—truly understand the customers' needs, and streamline the documentation process; Proficient—connect real-time company data with the Open API platform and identity authentication with e-KYC technology; and Proactive—ready to provide prompt service.
- Enhanced the **Krungsri Biz Online** platform, making it a leading digital banking platform, to help increase the efficiency of our SME customers' business operations in the digital era. The launch of **e-Guarantee issuance service**, the latest feature of Krungsri Biz Online, allows business owners to request a bank guarantee at any time of the day or night, increasing business opportunities. The service covers all bank guarantee-related matters and is available for major industries including construction, energy, telecommunications, automotive, and government agencies. Moreover, the special Smart Input feature allows customers to avoid making mistakes filling out forms.
- Continuously developed the **Krungsri Digital Supply Chain Solutions** in terms of products and the digital platform in collaboration with the public and private sectors in multiple industries by providing SME entrepreneurs special loans and electronic payment platforms. Moreover, we enhanced

the efficiency of the real-time purchasing process and financial management on a convenient and timely basis.

- Launched **Krungsri Business Link**, an online platform providing business matching services to corporate customers of Krungsri and its partner banks across ASEAN, where customers can offer products and services with greater opportunities for trading, and search for new business partners quickly and conveniently. The service leverages the strength of reliable networks of the Bank, MUFG, and partner banks in ASEAN, consistent with the Bank's aspiration to 'Be the preferred Thai bank connecting customers' needs across ASEAN', while boosting the efficiency of the Bank's commerce ecosystem for our customers.
- Organized **Krungsri Virtual Business Matching**, an online international business matching event, to create opportunities for customers relying on the business network of Krungsri and MUFG to receive applications and select entrepreneurs in Thailand and ASEAN to participate in the project. With Krungsri acting as an intermediary for customer convenience, Thai entrepreneurs can be assured of reliable, quality business partners. In 2022, more than 120 companies applied for the event which led to more than 51 business matchings. In addition, Krungsri-MUFG Business Matching Fair 2022, in collaboration with MUFG and held for the 10<sup>th</sup> consecutive year, organized an international business matching event with the participation of 140 entrepreneurs from Thailand, Japan, and ASEAN countries, which led to more than 181 business matchings.
- Organized knowledge-sharing activities through the online seminar **Krungsri Business Forum** on the topic, 'What's Next for Thailand?', and an online seminar series **Krungsri Business Talk**, including the topics, 'Next Normal Trends and Metaverse for Business', 'Driving Sustainability with ESG', 'Steering Green Business Toward Sustainability', and 'Managing a Business in the VUCA World', to provide insights for business customers in each industry. More than 1,700 people attended the seminars.

### Strategic plans for 2023

- Aim to be the main bank for SME customers by becoming a trusted partner through service provision that goes beyond a financial institution. With the pledge of 'Make Life Simple', we stand ready to serve customers for their efficient business operation and greater business opportunities through the development of comprehensive digital financial products and services as well as connecting within ASEAN through the synergy with MUFG and our global business network, while supporting sustainable growth for customers and society together through ESG finance.

- Maintain good customer relationships and help them grow continuously, seek post-pandemic business opportunities, and move forward to the digital economy while also providing non-financial services to enhance the efficiency of business operations for Krungsri customers through knowledge sharing, opportunities, and business networks
- Focus on customer centricity by creating a good experience through understanding the customers in each group to create financial products and services that suit their needs to the fullest possible extent, whether those needs include loan, cash management, international trade, and digital banking solutions
- Focus on developing and connecting products and digital services toward an ecosystem or platform that will increase customers' business efficiency in a more comprehensive way
- Collaborate with MUFG to support customers' business expansion with efficient cross-border transaction services and business matching opportunities with a trusted partner network to help strengthen customers by expanding their business both domestically and internationally.

## JAPANESE CORPORATE AND MULTINATIONAL CORPORATE (JPC/MNC) BANKING

### Key achievements and initiatives in 2022

In 2022, Krungsri consistently focused on delivering value-added services through business solution services comprising advisory and research, business matching, banking products and services development, and operational efficiency improvement with the aim of becoming the first call business partner of Japanese and multinational corporates. We provided banking products and services, including other services which support business operations covering both financial and non-financial needs, e.g., loans, deposits, foreign exchange, derivatives, and cash management. In addition, we continued to share knowledge such as industry outlooks and market updates via online seminars for customers and to improve internal processes by adopting a new customer relationship management system in order to further enhance our management and deliver an even better customer experience. As regards business matching, an activity that we organize continuously to create business opportunities for customers, in 2022 we strengthened our collaboration with PT Bank Danamon Indonesia, Tbk. (Bank Danamon), a member of MUFG, by inviting Bank Danamon's corporate customers to join the Krungsri-MUFG Business Matching Fair 2022 organized by Krungsri, MUFG Bank, and Mitsubishi UFJ Research and Consulting Co., Ltd.



Amidst economic uncertainties, challenges in the business environment, and intense competition, JPC/MNC Banking delivered outstanding results. Our loans grew by 7.5 percent compared to 2021. We retained the highest market penetration in Japanese corporate banking and continued to increase our penetration in multinational corporate banking in Thailand. In 2022, we advised customers in various endeavors such as financing schemes suitable for specific real estate investment projects, advising Thai, Japanese and Multinational corporates to expand its business and invest in India in collaboration with MUFG India, and advising Japanese corporates to conveniently open a non-resident account with our Vientiane Branch for receiving the proceeds from its business in Lao PDR. Furthermore, we signed a Memorandum of Understanding with Techo Startup Center, a government-funded organization established to promote the growth of Cambodian startups, and Zeroboard, a Japanese startup with leading technology in cloud service related to calculating the greenhouse gas emissions of businesses and their supply chains. This has further expanded our network of startups, boosted their capabilities, and fostered their growth, while also underlining Krungsri's commitment in assisting our customers in their ESG journey to decarbonization.

### Strategic plans for 2023

Slowing global economic activity, uncertainties stemming from climate change, geopolitical risks, and other business landscape disruptions may pose challenges for us in 2023. Nevertheless, Krungsri will continue our pursuit of becoming the first call business partner for Japanese corporates and multinational corporates by maintaining our focus on strengthening advisory capability and improving operational efficiency. Our main strategies and initiatives in 2023 will continue to be implemented to support Japanese corporates and multinational corporates in adapting and transitioning amid the rapidly and drastically changing business environment toward sustainable organization development.





## TRANSACTION BANKING GROUP

In 2022, the Bank continued aiming to provide modern, complete, and varied services for both individual and corporate customers to offer them more convenience and flexibility, as well as respond to the changing behaviors of both domestic and international consumers. Regarding the third MTBP (2021-2023), which focuses on continuous development of financial infrastructure, innovative products and services were created while existing ones were concurrently enhanced to support new payment technologies in terms of both domestic and international payments.

For example, remittance via Krungsri Mobile Application (KMA) is an international money transfer service provided through Krungsri channels. Individual customers who have Krungsri accounts and KMA can transfer money abroad anywhere, anytime, for all purposes of money transfer with coverage in 15 currencies, including Krungsri International PromptPay, which is an international money transfer service using a mobile phone number as a proxy. This service, available for transactions between Thailand and Singapore linking PromptPay (TH) with PayNow (SG), was launched in 2022.

International QR Payment is a service in which customers can show MyPrompt QR via KMA allowing merchants to scan to pay in both online and offline stores, allowing tourists to pay for goods and services abroad conveniently, quickly, and securely. This has become another payment option for truly digital tourists. Currently, customers can scan and pay via QR code in a total of six countries including four newly added countries, namely Singapore, Malaysia, Vietnam, and Cambodia, in addition to Japan and Indonesia.

In addition to services provided through Krungsri channels, we also provide financial services on customers' and partners' platforms by connecting the customer's system with that of the Bank. With the use of Application Programming Interface (API) technology, the connection between the customer's business and Krungsri can be made smoothly. This is applicable in all operating systems and environments linked with the Bank, resulting in a seamless customer journey that can be used in all businesses across industries that wish to grow with the digital society. This also helps increase business flexibility in supporting a large volume of transactions on a real-time basis, perfectly serving the need for speed and agility of both customers and businesses.

Recently, Krungsri received four major awards from three regional institutions, underlining our success in offering transaction banking solutions that meet specific customer needs in terms of convenience and safety and also in line with the MTBP strategy in enhancing the efficiency of business operations for all customer types. For more details, please refer to 'Awards and Recognition in 2022'.

In addition, we have scaled the ability to grow and expand the market through the business partnership model, focusing on exponential growth from business cooperation by offering services and solutions that meet the needs of each business type and industry group. Examples include the e-Wallet sponsoring service, which is a collaboration between Krungsri and Max Solution Service Co., Ltd. through the launch of the 'e-Wallet by Max Me' application to meet customer needs in the digital era. The new service delivers customer experiences in dining, traveling, shopping, and payment, by creating a business ecosystem that draws partners to offer benefits to application users, in which the payment system of Max Me

has been developed by Krungsri as a system integrator to implement financial solutions for top up, payment, and funds transfer with security, confidence, and complete services in one application.

With synergized regional expansion, we are focusing on growing cross-border transactions through the integration of digital technology capabilities and connectivity between partner banks within the MUFG network, aiming to add more pronounced service value through measures such as participating in the development of the National Digital Trade Platform (NDTP). With partnership among Krungsri and five other Thai banks, a connection with Singapore's NTP and Japan's TradeWaltz was planned and proceeded to the stages of proof of concept (POC) and pilot transactions, as promoted in the recent APEC CEO Summit 2022 held in Thailand.

### Strategic plans in 2023

The Bank remains committed to pursuing the strategies as per the third MTBP (2021-2023), focusing on five strategies as follows:

- 1) **Smart financial infrastructure** by focusing on infrastructure development that is applicable to all customers' platforms
- 2) **Scalability with partnership model** by focusing on offers of transaction banking services and solutions that meet customers' needs in each business type and industry group
- 3) **Seamless customer experiences** by enhancing the customer journey with more convenient and faster service
- 4) **Synergized regional expansion** by leveraging our digital capabilities and connecting with partner banks within the MUFG network on growing cross-border transactions
- 5) **Synchronized data for business opportunities** from various data sources to provide perspective and insights for formulating business strategies and truly understanding customers' needs

## GLOBAL MARKETS GROUP

While businesses adjusted to the post-pandemic working landscape, Krungsri continued to enhance the customer experience with hybrid communication channels. Our comprehensive online and onsite seminars received encouraging feedback. We remained committed to keeping our clients updated and offering effective solutions amid an unprecedented financial market environment of skyrocketing inflation, unsynchronized global economic recovery, elevated volatility, and geopolitical risk.

In 2022, we continued to expand our foreign exchange (FX) business via digital channels, which marked substantial growth as its volume doubled, compared to 2021 through

various platforms, namely, FX@Krungsri, Krungsri Mobile Application, and Krungsri Biz Online. The FX@Krungsri features in particular were enhanced to support access from mobile phones and tablets. With the new features, clients can place an order at their preferred FX rate, allowing them to work more efficiently anywhere at almost any time. Furthermore, with close collaboration between the Transaction Banking Group and the Global Markets Group, our cross-border QR payments have kept on growing. Added to our service in 2022 was Singapore Dollar and Thai baht cross-border remittance via mobile phone, using the linkage between Thailand's PromptPay and Singapore's PayNow real-time retail payment systems. These are sources of our FX revenue in addition to the normal FX flow via international trade of goods and services, cross-border fund raising, and investments of our clients.

Our focus is not just traditional FX and derivatives business. Aiming to carry on the Bank's environmental, social, and governance (ESG) mission, we engaged in a number of ESG deals, both on the client side and in our own portfolio. One noteworthy deal was an ESG loan with swap wherein Bangkok Expressway and Metro Public Company Limited (BEM), a valued client of ours, took out a sustainability loan totaling 3,000 million baht. Given the favorable market conditions, we assisted BEM in capitalizing on the derivative market to convert foreign currency loan to baht loan with a floating rate referencing THOR (THOR Overnight Index Swap). The structure enabled BEM to achieve competitive cost of funds compared to normal baht borrowing. On the other hand, in our own book, to support a sustainable environment and society in compliance with Krungsri's strategy to become Thailand's leading bank with a strong commitment to the sustainability journey, we invested in several ESG instruments such as green



bonds and sustainability bonds. We aim to continue in our strong support of the ESG bond market to serve the purpose of achieving a sustainable environment for the Thai society.

Krungsri plays an important role in financial market development. For years, we actively participated in the Bank of Thailand's working group on preparation for the upcoming cessation of LIBOR and THBFX at the end of June 2023, which resulted in the market benchmark changing and, hence, significant impact on the market. In 2020-2021, we supported the groundwork for setting up the new reference rate, Thai Overnight Repurchase Rate (THOR). In January 2022, we started the year with the Bank of Thailand's webinar, 'Active Transition from THBFX to THOR', where Krungsri took part as one of the panel speakers. Soon afterward, we won the 'Best THOR Engagement Award' presented by the BOT for outstanding contribution to the benchmark transition in Thailand. Along the way, we have worked with many customers for the new THOR loan and related swap hedging. In addition, to ensure smooth transition of legacy THBFX transactions to THOR, we are committed to working with individual clients to provide solutions tailored to each one.

Looking at the future, amid the rapid evolution of the digital environment, we are shaping the country's future infrastructure development by participating in the BOT's Central Bank Digital Currency (CBDC) projects, both retail and wholesale CBDCs, with the latter also known as 'Project mBridge' (Multiple Central Bank Digital Currency Bridge).

As part of Project mBridge, the BOT, together with the Hong Kong Monetary Authority (HKMA), the Central Bank of the United Arab Emirates (CBUAE), the Digital Currency Institute of the People's Bank of China (PBCDCI), and the BIS Innovation Hub Hong Kong Centre (BISIH), successfully completed the pilot using four wholesale CBDCs for real-value cross-border payment transactions during the period from August 15 to September 23, 2022. The mBridge pilot covered three transaction types: issuance and redemption of CBDCs between commercial banks and central banks, cross-border payments in local CBDCs between commercial banks, and cross-border exchange of local CBDCs with foreign CBDCs between commercial banks. The pilot involved 20 participating commercial banks across four jurisdictions, including Krungsri from Thailand, which collectively executed exchange transactions and cross-border funds transfers in four different currencies on the mBridge platform.

We share the BOT's view that the mBridge platform demonstrated the enhanced efficiency of cross-border transactions compared to the current system. If properly developed and implemented, it could result in a substantial decrease in cross-border transfer times from days to mere seconds,

enabling direct peer-to-peer linkages between participating banks. Furthermore, the platform could also reduce settlement risk and support the use of local currencies in international payments. In this regard, the introduction of a CBDC may have significant impact on financial institutions and markets. Krungsri will thus closely monitor and continue our work with the authorities for any further development of CBDC in Thailand.

The Bank's purpose is to continuously enhance ourselves to better serve our clients and to achieve sustainability in the long run. We not only strive for near-term revenue but also prepare for the future and take responsibility for the Thai society and the environment holistically for the years to come.

## RETAIL AND CONSUMER BANKING

In 2022, Thailand's economy was affected by economic turmoil and rapid change in customers' behavior and requirements, leading to the creation of new financial services. Guided by the current Medium-Term Business Plan and Krungsri One Retail Transformation initiative, Krungsri continued to put customers at the forefront of our business endeavors. To remain at top of customers' mind, we managed to offer financial products and services that meet customers' needs in all dimensions through leveraging the combined strengths across Krungsri Group, emphasizing four key strategies:

1. **Providing financial knowledge and advice** to enable customers to better respond to uncertainties, focusing on easy-to-digest content through digital channels, social media platforms, branches, and subsidiaries.
2. **Revolutionizing customer data analytics** by connecting all customer data for systematic, in-depth analysis to identify and develop products meeting the specific needs of each segment.
3. **Developing innovative financial products aligned with corporate social responsibility** to deliver financial products of high value with ease of use and convenient access to the public, including savings, investment, insurance, and lending, as well as mortgage loans, personal loans, credit cards and auto loans for retail customers.
4. **Creating seamless service channels** of Krungsri and alliances through 200,000 service points, with over 9.5 million customers using our services through the provided digital channels for the best customer experience.

In 2022, Krungsri delivered value to customers as per the following details:

### Providing financial knowledge and advice

The economic volatility triggered by the COVID-19 pandemic encouraged consumers to pursue financial stability and





create investment portfolios. Thus, to meet customers' requirements as a 'reliable financial advisor', Krungsri, through collaboration with the subsidiaries and functions under Retail and Consumer Banking—namely Krungsri Consumer, Krungsri Auto, Krungsri Asset Management, and Krungsri Securities, under the 'One Retail' strategy—launched Krungsri The COACH program, under the concept, 'Making Financial Matters Simple', which served as a knowledge source, and was broadcasted through social media and websites. The objective of this program is to provide easy-to-digest personal finance information and broaden the perspectives of Thai people on savings, investment, and debt management. The initiative reflects Krungsri's aspiration to become a leading financial consultant focusing on the sustainability of Thai society as well as providing one-stop service, capable of offering straightforward and comprehensive financial solutions in response to customers' diverse segments and demands.

Krungsri The COACH 'Making Financial Matters Simple' offers financial content and advice through a variety of programs and formats. For example, Krungsri The COACH 'Can't figure it out? We'll Answer' discusses financial topics related to retail customers. The 'Double Espresso by Krungsri The COACH Every Shot of Investment' program offers comprehensive financial content, catering to the needs of retail investors eager to keep abreast of stock market trends and movements. Krungsri The COACH x Krungsri Exclusive 'Delve Deeper into Investments' is a livestream program with the focus of sharing global market outlook that could affect Thailand's weekly investment trends. Meanwhile, Krungsri The COACH is an online content hub that provides comprehensive financial knowledge, which can be accessed anytime via the Bank's social media channels and website. Krungsri The COACH enjoyed enormous success as the topics of discussion were relevant to customers' real-life financial issues, such as how to successfully apply for a loan, keys to successful debt consolidation, and investment strategies for wealth management. For a period of eight months after the

launch of the first episode, the average views per episode reached 84,000, while the engagement rate increased by a remarkable 43 times.

#### Revolutionizing customer data analytics

Taking into consideration the quality and quantity of data, together with expertise, skills, and readiness of IT resources, we envision the opportunity to precisely offer products and services in line with customers' needs through in-depth and inclusive customer analytics. We accelerated the following initiatives to strengthen our capability:

1. **Data platform development:** Data from all functions under Krungsri Group was linked after receiving customers' consent for internal data exchange. This is to ensure that the customers' data can be analyzed in all aspects to gain insights into their needs to develop and improve our services. This included provision of advice and personalized financial products and services specifically designed in response to customers' needs through suitable channels at the right time for improved customer convenience.
2. **Application of technologies for data analytics:** This involves the use of cloud storage, artificial intelligence (AI), and machine learning (ML) to enhance swiftness, accuracy, and efficiency of data processing. In addition, Geo-Location Analytics is used to provide real-time suggestions of branches or stores capable of delivering products or services in line with customers' needs.
3. **Human resource development through the Data Citizen initiative:** The objective of this project is to enhance the data analysis skills, knowledge, and understanding of employees, enabling them to efficiently utilize data while offering service to their customers. This will help add value to available data and support Krungsri in becoming a data-driven organization.

**4. Collaboration with business partners for data sharing after obtaining customers' consent:** The objective is to gather more diverse customer data for analytics to gain insights into their needs. This will allow the development and provision of products and services that more accurately meet customer requirements while also improving long-term customer relationships. This is to ensure that Krungsri becomes the trustworthy main operating bank of retail banking customers.

#### Developing innovative financial products that align with corporate social responsibility

Krungsri adheres to 'sustainable banking' principles by developing financial innovations that add value and offer diverse solutions to customers. In addition, we conduct business by strictly accounting for social responsibility. Hence, Krungsri refrains from committing any controversial action that could undermine the stability of Thailand's financial system, such as over-indebtedness or speculative behavior. Also, Krungsri is committed to ensuring that its financial innovations and services are accessible by all customers in an equitable, transparent, and fair manner.

#### Innovative consumer savings products

In 2022, the growth of new account openings remained impressive, as the number of customers who opened online savings accounts increased by 47 percent compared to 2021. As a result, Krungsri developed a variety of savings products to meet the needs of each customer segment. This is to encourage customers to save for their future as well as to offer funds saving services through digital channels. Furthermore, Krungsri has been collaborating with our partners and will soon launch digital savings products that fit seamlessly into today's consumer lifestyle, thereby improving our competitive edge, and keeping customers satisfied. We also delivered excellent customer experience when customers visited our branches to open accounts, through the adoption of a paperless system. Customers are no longer required to prepare documents or fill out account



opening forms. Instead, our branch staff can immediately provide them accurate product information by leveraging a digital system.

Krungsri launched Kept, the innovative financial management platform under the brand 'Kept by krungsri' to cultivate savings habits. The application comes with innovative features to assist customers—particularly of the younger generations and tech-savvy group—by creating automatic savings plans, and has been well-received by users, thanks to its convenient, fun, and simple features. Additionally, a new saving feature called 'Together Savings', a unique offering that allows customers to save with others or save for multiple purposes in one place and keep them motivated through the journey towards their goals, such as a travelling budget, a new home, a wedding, or family expenses. The account is solely owned by the account owner, who can invite or remove members at any time, set up target saving goals, view transaction histories, and deposit or withdraw money from the account. Members can view balances and transactions, but they cannot withdraw money themselves. This makes it easier to track and manage them and increase the likelihood of achieving them. As a result, Kept by krungsri won several accolades, including awards from international institutions for Best Digital Deposit Service and Best App for Customer Experience, among others.

#### Innovative investment products

To become an investment wealth advisory bank, Krungsri collaborated with internal teams of professionals under the One Retail initiative. Hence, investment products and services were introduced in the market and tailored to meet customers' requirements in diverse segments as follows:

- 1. Private Equity Fund:** Krungsri Asset Management Company Limited, in collaboration with Krungsri Finnovate, Schroders, and BlackRock, introduced and offered private equity funds to Krungsri customers, enabling them to invest in high-growth sectors such as FinTech, e-commerce, and



healthcare under the supervision of world-class fund managers. Krungsri Finnoventure PE Y2033 Fund - Not for Retail Investors (KFFVPE-UI) was introduced in a first for Thailand, providing opportunities to invest in leading Southeast Asian startups.

**2. Direct Offshore Equity Investment:** Krungsri Securities PCL. launched KSS iGlobal service, offering customers direct access to world-class investments in stocks and exchange-traded funds (ETFs). Initially, such service is available in five countries and territories, namely the United States, Hong Kong, Vietnam, Japan, and Singapore. Customers can also invest through purchasing fractional shares by opening an account via website and online trading on their own.

**3. Structured Products:** Krungsri Securities PCL. partnered with EFG Bank, Leonteq and iCham to offer structured debentures, such as fixed coupon notes, credit-linked notes, and principal-protected notes, to provide customers a variety of investment options. The principal-protected notes are suitable for customers who prefer low risk, while equity-linked notes or equity index-linked notes, which are appropriate for customers willing to accept high risk, are also available.

**4. Sustainable Investment:** Studies indicate that sustainable investment not only generates a positive impact on society and environment, but also offers good return on investment. Therefore, the Bank is fully committed to socially and environmentally responsible investment. From 2022 onwards, any mutual funds offered to customers must receive a positive rating from Morningstar with consistent good returns, and they must also be properly considered to ensure that they meet one of the following environmental, social, and governance (ESG) criteria:

1. Being an ESG-themed fund
2. Being under supervision of a fund manager who applies ESG integration into the investment process, or;
3. Being a fund that receives a three-star or higher Morningstar Sustainability Rating

#### Innovative insurance products

As a customer-centric organization, Krungsri realized the needs of customers facing uncertainties caused by economic turmoil, emerging infectious diseases, and rising medical costs. Since an increasing number of customers have become aware of the importance of insurance products as a risk hedging and mitigation tool, the Bank has launched relevant insurance products for customers in all segments, while taking into account data analysis results that provide insights into customer behavior. We offer multiple insurance

options, such as individual life insurance that can be upgraded to family life insurance, critical illness insurance plans with increased coverage, and unit-linked insurance with flexible premium payment plans for short-, medium-, and long-term, and single premium whole life insurance.

Additionally, we increased our distribution channels for a diverse range of insurance products under the One Retail strategy. Accident and health insurance products were made available through the telesales channel in partnership with leading insurance companies. Insurance sales presentations are customized based on customer data analytics to accurately target and cater to each customer's unique needs. Our insurance offerings are accessible to customers in all market segments, providing coverage options with reasonable payment plans.

#### Innovative home loan products

With the sustainable banking principle, Krungsri introduced 'Super Savings Home Loan' to encourage customers to consistently grow their savings, which can be used to offset the interest charged on their home loans. Furthermore, the savings in the offset account can serve as an emergency fund. This loan helps customers reduce interest in a sustainable manner, while reducing customers' burden of mortgage refinancing with a different bank every three years.

Krungsri continued to enhance home loan ecosystem solutions by offering Di-sales and Home Loan Connect applications as mortgage sales presentation tools. These applications allow mortgage sales representatives to efficiently monitor loan application status and respond promptly to loan inquiries, thereby enhancing customer service quality. Not only were ecosystem solutions developed, but the underwriting process was also upgraded to prioritize customer convenience, including a customer notification system for scheduling appraisals, registering mortgage agreements, and redemption of land title deeds after loan repayment.

As for lending policy in 2022, Krungsri managed its retail loan portfolios with emphasis on credit quality and new loan growth through a prudent borrower screening process. To do so, Krungsri fostered good relationships with partners in the real estate sector by providing loans to creditworthy homebuyers, who could potentially also be persuaded to take out another loan to install a solar roof system. In addition, Krungsri's underwriting policy and product development processes were established in line with the requirements and policy related to mortgage loan of the Bank of Thailand. In 2022, Krungsri added new features to 'Home for Cash', under the name, 'Home for Cash Ready Line of Credit.' The characteristics of such credit are based on the principle of having a lump sum as a reserve whereby the interest will be charged when drawing the credit line for spending, which is in





accordance with responsible lending guidelines. The product is now being tested with Krungsri's existing customers, without burdening them with excessive debt. Furthermore, the credit shall be spent only when necessary, under appropriate interest rates. This is to prevent bad debt which may affect the customers' payment history in the future.

#### Innovative personal loan and credit card products

To respond to the needs of customers who do not have income statements and face difficulties in accessing financial services, customers can now apply for 'First Choice SnapCash' effortlessly through the UCHOOSE application, with the use of alternative credit approval methods through the digital platform without requiring income statements. Designed to offer a convenient and fast customer experience, the application will notify customers of approval results within five minutes, while the funds will be immediately transferred to the customer's PromptPay account after the approval. The service truly meets the financial needs of customers in the digital era and helps to fulfill their dreams, while also serving as a starting point among new generations which helps them build their credit history toward a brighter future. In addition, Krungsri teamed with Grab to launch 'Grab First Personal Loan' that offers easy application through digital channels. Grab customers who are invited can apply for the loan through the UCHOOSE application and can request credit of up to 100,000 baht, with a maximum repayment term of 12 months. Furthermore, credit applications can be approved within 30 minutes, and the cash will be transferred to the borrower's account one day after loan approval. No cash advance fee is charged, while the borrower can check credit balance, repayment amount, and due date via the UCHOOSE application, 24 hours a day.

Considering the increase in online payments in 2022 and its potential growth, especially among the new generation, Krungsri therefore adapted the strategy of meeting customers' changing needs by focusing more on Millennials and Gen Z who prefer digital lifestyles. In light of this, new credit card products were launched to satisfy the customers' demands as follows:

1. **Krungsri Now Credit Card** is designed for the younger generation, offering a convenient online spending solution with attractive offers, easy-to-redeem benefits, quick cashback, and reward points for online purchases and other aspects of a digital lifestyle.
2. **XU Digital Credit Card** is targeted toward young professionals, Gen Z, and the new generation looking for a credit card that provides freedom in managing their spending. The card offers flexible payment options and benefits tailored to the online world under the theme, 'Collab with U Beyond Every Rule in the Digital World.' This includes the option to pay for online purchases in installments of up to six months, monthly special discount codes from top online shopping applications, and reward points that are redeemable for cash. Approval is fast, allowing customers to start using the digital card at once—reflecting Krungsri's commitment to building a brighter future for the next generation.
3. **Central The 1 REDZ Credit Card (Limited)** has been redesigned for the new generation, offering special benefits such as a five-percent discount and triple The 1 points at Central department stores. Customers can also receive five-percent cashback and earn double The 1 points at participating outlets, and enjoy a discount of up to 10 percent, as well as a chance to earn triple The 1 points on purchases made through the Central mobile app and website.

#### Innovative automotive loan products

To make car buying a hassle-free experience, Krungsri offers flexible automotive loan solutions and lifestyle-oriented services for all customers. GO by Krungsri Auto application was designed to serve as a main platform for delivering a great customer experience. We also launched a wide range of digital auto loan services to help customers manage their expenses. Three key benefits of our digital auto loans are:

1. **Comprehensive range for all customer segments:** Krungsri offers the most extensive range of auto loan products in Thailand, including loans for new and used cars, motorcycles, and electric vehicles, as well as Krungsri 'Car for Cash.'
2. **Convenient digital loan process:** Get easy loans at your fingertips with the entire process executed digitally, from loan application, to credit review, identity verification through NDID, and loan approval notification, without additional documents required.
3. **Customized loan amounts:** Krungsri introduced customer-based lending to determine the proper equated monthly installment (EMI) amount, giving customers the option to adjust the loan tenure, allowing for better financial planning.

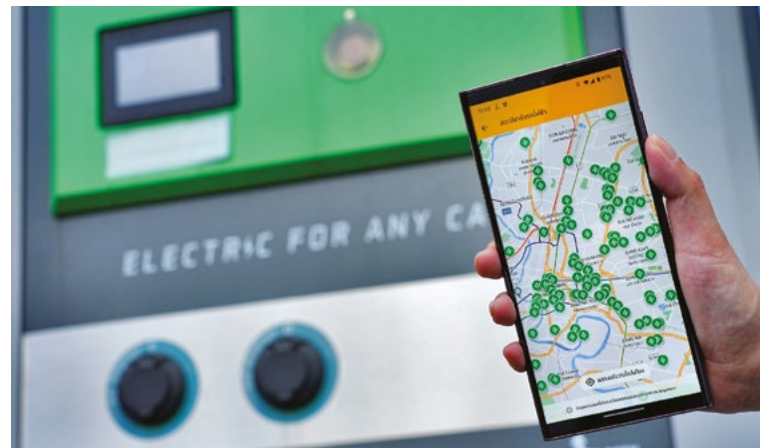
As regards automotive services, Krungsri upgraded the iPartner platform to improve efficiency, connecting seamlessly with partners nationwide. The platform offers additional features such as loan application search, loan application status tracking, loan calculator, EMI calculator, subscription to auto updates, and marketing campaign participation along with business performance reports. As for product solutions, Krungsri continued to leverage Krungsri Group's retail customer database through offering 'Car for Cash' and auto loans for new and used cars, motorcycles, and big bikes. Additionally, internal work processes were digitized to deliver the best customer experience, including connecting transaction channels with leading banks' platforms to make loan repayment easier, and allowing customers to apply for debt relief programs online. The initiative helped our customers to cope with the impact of the COVID-19 pandemic and other emergencies.

In 2022, Krungsri continued to expand its automotive ecosystem in the 'GO by Krungsri Auto' application by increasing its cooperation with strategic partners, including car and motorcycle manufacturers, used car dealers, electric vehicle infrastructure providers, and digital platform developers, to engage in value exchange and create solutions that meet the needs of customers in all segments, including Krungsri's own customer base and all potential customers. The application now consists of more than 37 partners and has been downloaded more than 2.2 million times, offering a wide range of services, including financial services, digital auto loans for all types of vehicles, and 'Car for Cash.'

Furthermore, Krungsri expanded its services to cover electric vehicle buyers by offering financing solutions for EV brands like VOLT, NETA and BYD, which all entered the market in 2022. In addition, Krungsri partnered with EA Anywhere, a provider of EV charging stations. To make the driving experience even better for EV users, the 'EV Station' finder feature was added to the GO by Krungsri Auto application. This allows EV users to locate all EA Anywhere charging points and charger types in real time. To promote green initiatives, Krungsri is collaborating with partners in the EV market to encourage the broader adoption of clean energy in Thailand's auto industry.

#### **Measures to assist retail borrowers affected by economic adversities**

In 2022, although some industries in Thailand showed signs of economic recovery, including travel and tourism, and private consumption increased in related service sectors, the global economy remained uncertain, and some countries faced the possibility of recession. This led to a slowdown in Thailand's exports and investment, affecting borrowers' debt servicing ability.



For customers who were impacted by economic or natural disasters in 2022, Krungsri offered assistance through two measures. Firstly, we provided sustainable debt relief by suspending principal payments and reducing interest, consolidating debt through debt restructuring measures for retail debtors, and reducing installment payments. Secondly, we helped customers affected by floods by allowing them to register for assistance through our website and sign debt restructuring agreements online for quicker and more convenient access. Additionally, in the fourth quarter of 2022, we offered discounts on interest deferral for customers with a good repayment history to encourage timely repayment. To maintain financial stability and prevent bad debt, we implemented debt moratorium measures, temporarily reducing installment payments and restructuring debt to alleviate debt burdens for affected customers. In this regard, we will continue to monitor the situation until it returns to normal.

#### **Creating seamless service channels**

With a customer-centric approach, Krungsri focuses on integrating both online and offline service channels for the Bank and subsidiaries to provide a seamless customer experience. To improve branch services, we introduced the One Retail Branch model, which combines services from the Bank, Krungsri Consumer, and Krungsri Auto in one branch. This helps us expand our customer base and improve operational efficiency, offering easy and convenient services that meet customers' financial needs at every stage of life. We have also provided tools for employees to improve their work efficiency and customer service, with an emphasis on financial advisory services. These tools allow branch employees to serve customers anytime, anywhere, and provide a good experience suited to the digital age. Through leveraging digital capacity, employees can develop their skills, build relationships with customers, and provide real-time online knowledge and information. Additionally, the digital content helps reduce paper use, contributing to environmental conservation and aligning with our focus on social responsibility.

Krungsri also upgraded online customer services through Krungsri Mobile Application (KMA) with a focus on customer-centric design to provide the best experience. For example, screen layouts were rearranged and processes were simplified for an effortless customer experience. A wide range of insurance plans were made available to meet diverse customer needs. Furthermore, many features were added to KMA such as international money transfer via Western Union, and up to three online savings accounts opening allowance for easier money management. Secure access is ensured through biometric authentication and verification of the user's telephone number with mobile phone operators. The user can also manage their own Krungsri debit cards on KMA and activate notifications to provide convenience for insurance premium payments. Most importantly, KMA is protected by data encryption software that meets international standards for customers' secure access to their online accounts..

#### Bank branch personnel development

Krungsri places great emphasis on the development of its branch personnel, recognizing it as a key driver of business success. By providing clear guidelines and support, employees can determine their own direction and self-development plan for career growth. Through the adoption of a growth mindset approach, Krungsri believes that every employee has the potential to grow and improve through learning and an open-minded attitude. In 2022, Krungsri focused on knowledge and development of relevant skillsets to enable personnel to gain expertise, capability for in-depth work performance along with proper use of technology to become professional financial advisors, or switch to other lines of work through self-learning and acquisition of new skills so that they can perform in multiple duties and roles as well as becoming more tech-savvy to better serve customers. Krungsri is committed to supporting the full potential of its personnel, which is achieved by providing access to a comprehensive online self-learning platform and professional development. Employees can use the platform to build their knowledge and skills at their own pace. The Bank also provides a wide range of tools to support employees when presenting products and improve personnel effectiveness. The goal is to empower personnel to advance their careers with confidence and deliver high-quality, tailored products and services to meet the needs of customers.

#### 2023 Operational Plan

Krungsri will implement the 2023 Operational Plan in alignment with the Medium-Term Business Plan to further develop innovative financial services and products, leveraging data analysis capabilities from partners' ecosystems. This is to fulfill customers' requirements in all dimensions to deliver a great customer experience, while making our best effort to

'Be the preferred Thai bank connecting customers' needs across ASEAN.'

## NGERN TID LOR

Ngern Tid Lor Public Company Limited (TIDLOR) focuses on innovation-driven business operation through trailblazing platforms to enhance the omnichannel customer experience. The company's two core businesses are complete services of vehicle title loans and non-life insurance brokerage service with a wide variety of coverage in accordance with customer demands. Examples include all types of auto insurance, compulsory motor insurance, personal insurance, cancer insurance, and loan protection insurance. Licensed professional brokers are available at 19 leading insurance companies, which are TIDLOR's business partners, for customer insurance advice at branches nationwide, online channels, telemarketing, and the mobile application.

TIDLOR has undertaken business based on financial inclusion principles with fair and transparent practices, particularly for the underbanked segment, and offers consumers access to insurance protection to promote sustainable social equity.

In 2022, the company officially launched 'TIDLOR Insurance Broker', an insurance brokerage brand, to serve retail customers, with an aim of strengthening the brand recognition of 'TIDLOR Insurance Broker', while clearly differentiating two brands for insurance brokerage and vehicle title loans. This will also help enhance the efficiency of communication with target customers.

Extending the company's strength in IT system advancement, TIDLOR leveraged its platform to seek new growth opportunities in 2022, by introducing the Platform as a Service (PaaS) for a local motorcycle hire purchase company to improve their operational efficiency and controllership. This marked TIDLOR's first milestone in the journey of a technology-based firm.

Thailand continued to experience economic crisis in 2022 due to the spread of COVID-19 over the past two years, resulting in some customer segments being impacted and facing income shortfalls. TIDLOR has therefore provided continual customer assistance through debt suspension programs, while still maintaining business continuity despite the crisis. According to the company's operating results, customers increased by 7 percent in 2022, with more than 882,000 customers having financial access, and total loans registered 81,265 million baht. As for the insurance business, TIDLOR's total premiums were recorded at more than 8,653 million baht, an increase of 34 percent compared to 2021. In addition, TIDLOR added 342 branches in 2022, reaching a total of 1,628 branches for nationwide coverage as well as expanded distribution channels to malls and gas stations to reach more customers and enhance customer service.





The year 2022 also saw TIDLOR widely recognized in terms of innovation, organizational culture, and TIDLOR branding by leading regional and international organizations, as evidenced by 11 awards from ten award competitions domestically and internationally. This reflects that the company has been entrusted with outstanding innovations that help drive business and enhance customer convenience. Moreover, the company was recognized in terms of its strong organizational culture which significantly boosts sustainable growth. The TIDLOR brand has also been widely recognized among consumers. Acknowledgment of the aforementioned qualities has allowed the company to become competitive without the need to change its organizational structure in the future, so that the company can help provide financial opportunities to members of the public, while growing sustainably.

Apart from its business undertakings, TIDLOR has continued to place great importance on creating a sustainable society through the company's many philanthropic projects, namely the 'Life Rolls Forward' project, under which financial literacy activities are organized for communities across the country, factory staff, and employees of diverse organizations who are in need of basic financial knowledge. More than 5,500 persons have been trained through this project.

For 2023, TIDLOR will continue to accelerate growth based on strong, innovation-driven business fundamentals. Examples include the enhancement of 'TIDLOR Card', a revolving cash facility that allows borrowers to withdraw cash from more than 50,000 nearby ATMs of any bank in accordance with their credit limit in a more convenient way. Customer service will also be enhanced through digital platforms, including the Ngern Tid Lor application, website, Facebook, and the Tidlor Connect on Line application, creating opportunities for customers to access diverse financial and insurance benefits.

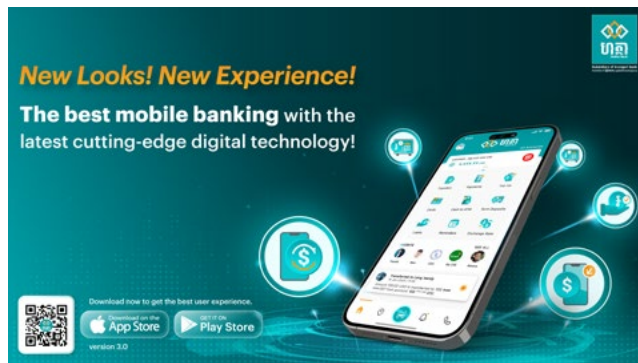
## HATTHA BANK PUBLIC COMPANY LIMITED (HATTHA BANK)

With nearly 30 years of experience in serving Cambodians, Hattha Bank is one of the leading banks in Cambodia. Most notably, in August 2020, Hattha Bank officially received a banking license from the National Bank of Cambodia and the country's Ministry of Commerce to operate as a commercial bank, in alignment with its clear vision and strong support from shareholders.

In response to the protracted COVID-19 emergency, Hattha Bank continued with related support actions. Firstly, Hattha Bank continued to actively pursue the issuance of loans to various sectors to support domestic business activities including, but not limited to, trade, agriculture, construction, general services, and retail consumption. Secondly, in alignment with the policy of the National Bank of Cambodia to allow financial institutions to restructure loans, Hattha Bank took action to offer loan restructuring in support of customers impacted by the pandemic, especially customers with businesses such as hotels and guesthouses, tourism, and garments and footwear. Finally, Hattha Bank followed the guidance of the National Bank of Cambodia to continue monitoring the pandemic and take any necessary measures to protect employees and clients and thus ensure the reliability and sustainability of the bank's services.

Hattha Bank is proud of its achievements in 2022, which were in accordance with its vision, 'To be a highly admired bank and the customers' preferred choice through our professional employees'. These achievements are as follows:

- Successfully issued a 1.5-billion-baht, three-year, baht-denominated bond that made Hattha Bank the first debenture issuer from Cambodia to offer Thai baht bonds in Thailand.
- Officially released its modernized mobile banking app as a strategic element of enhancing its digital services.
- Officially launched Hattha Smart Banking to offer convenient banking services 24/7, equipped with technology such as ATMs, Smart Teller Machine (STM), and many other high-tech services.
- Remained the second-largest commercial bank in terms of coverage network in Cambodia, and one of the five largest commercial banks in Cambodia in terms of lending portfolio.
- For the fifth consecutive year, Hattha Bank received a credit rating of BBB+ with 'Stable' outlook from TRIS Rating, with an upgrade in Standalone Credit Profile to A-/Stable.
- After the official contract signing ceremony and commencing the construction of the new head office in 2021, significant construction progress was made.



- To expand its customer base, Hattha Bank secured various business strategic partnerships in different fields such as insurance, payment service providers, transportation, and other industries.
- Successfully launched merchant KHQR code scan (a standardized QR code system introduced by the National Bank of Cambodia) which enables interbank funds transfer to meet the surging need for digital services.
- As of December 31, 2022, the outstanding loans were at USD 1,936 million, representing 15 percent growth from 2021. Deposits showed strong growth at 14 percent from 2021, reaching USD 1,173 million.

For 2023, given the country's favorable economic outlook, Hattha Bank is confident that it will outperform the overall industry and continue in its efforts to promote the enhancement of Cambodians' lifestyles via our retail consumer products as well as the growth of retail and SMEs in Cambodia, via our complete financial solutions that meet business needs while also contributing to sustainable social development. Hattha Bank has defined strategic themes to further enhance its market competitiveness, as follows:

- Reimagine growth through the retail segment for high-yield lending and deposit customer bases;
- Achieve business digitalization by expanding partnerships and ecosystems, and enhancing digital services;
- Enhance core commercial banking products and services, and promote Hattha Bank branding; and
- Improve productivity through implementing related staff and office measures, and strengthen fraud awareness among staff.

## ASSET MANAGEMENT

The year 2022 was another year in which the Thai economy was affected by the COVID-19 pandemic, and was also a period of highly volatile investment markets, especially global markets that were affected by various negative factors, including rising energy prices due to the protracted Russia-Ukraine war, increasing inflation rates, concerns about an economic recession in 2023, and cryptocurrency market turbulence. These factors all affected investor confidence as seen from the continued outflow of investments from mutual funds, including fixed income funds and equity funds, throughout the year. As a result, the mutual fund industry had a 5.97 percent decrease in net asset value under management, while Krungsri Asset Management Company Limited's net asset value under management at the end of 2022 was 540,691 million baht, decreasing by 7 percent from 2021. However, the market share remained in the 6<sup>th</sup> rank, which was the same as in 2021. The majority of growth derived from the **Mutual Fund Business**, which had a net asset value under management of approximately 373,581 million baht.

**Private Fund Business:** The company's net asset value under management at the end of 2022 was 113,592 million baht. It ranked fourth in the industry and continued to be trusted by both individual and institutional investors, including existing and new institutional ones. In addition, the company has issued the I Share Class fund at a total of nine domestic and international funds to serve institutional investors.

**Provident Fund Business:** As the pandemic persisted, many affected employers requested a halt in money transfer to the fund for up to two years, and many companies have cancelled this welfare. However, the net asset value under management at the end of 2022 remained at 53,519 million baht.

### New Products

In 2022, the company was still committed to focusing on offering investment options that would create opportunities to obtain different long-term returns through a wide range of assets, including four funds, namely:

- High-quality private equity investment opportunities with growth potential include **Krungsri Global Private Equity Fund-Not for Retail Investors (KFGPE-UI)** and **Krungsri Long-Term Private Capital Fund-Not for Retail Investors (KFLTPC-UI)**.
- Cybersecurity growth opportunities, the key business of the digital world, include **Krungsri Cyber Security Fund (KFCYBER)**.
- Opportunity to generate returns and control volatility comes with a mixed fund, **Krungsri Yenjai Fund (KFYENJAI)**, invested in debt securities, stocks, and REITs.



In addition, the company expanded its foreign funds by offering **six tax-saving funds, Super Savings Fund (SSF) and Retirement Mutual Fund (RMF)**, to increase the options for diversification in Thai and foreign stocks in line with the current situation and for an opportunity to receive good returns in the future.

### Developments of Services

In 2022, the company's '@ccess Mobile' developed a new application model to make investments easy, including:

- Smart Allocation Model (SAM): Automatic portfolio management service with a robo-advisor system designed to suggest, allocate, and track portfolios, and provide notifications to investors when their portfolios deviate from the specified framework, for portfolio optimization.
- New option for customers to verify their identity when opening an online account through more than 15,000 Krungsri i-CONFIRM service locations nationwide. This option is a one-stop service that facilitates customers in opening an online fund account under highly secure systems in accordance with international standards.
- Opening an account and online transfer of provident fund (PVD) to RMF allows customers to open an RMF account and request PVD transfer conveniently and quickly, so that retirement investments can continue with full tax benefits.
- New menu options:
  - (1) **Hot Topics:** Channels to follow news updates about investment and market conditions, as well as interesting video clips about investment advice.
  - (2) **Smart Tracker:** An assistant to track the performance of an investment portfolio or fund in which investors are interested, where the tracking conditions and notifications can be set.

In addition, the company added a new menu option for managing consent regarding customers' personal data through the @ccess Online Service (PDPA on @ccess Online) system.

The company is in the process of preparing the signing of the Principles for Responsible Investment (PRI). In September 2021, the company participated in the signing of the Statement of Commitment to Sustainable Thailand 2021 to acknowledge the United Nations Responsible Investment Principles, which is the international sustainable investment standard. The objectives are to ensure that financial institutions perform operations in line with the Sustainable Development Goals (SDGs), to drive the principles for responsible investment, and to raise awareness of the importance of effectively adopting ESG factors to support investment consideration.

### Key Strategies for 2023

In 2023, the company will remain committed to managing funds for investors of all groups and ages and focusing on sustainable growth according to the guidelines of the third MTBP (2021 - 2023) as follows:

- 1) **Developing quality products** to cover all customer groups by selecting the best products and managing funds to create opportunities to generate good returns, paying attention to ESG in investments, and focusing on innovative products supporting future trends
- 2) **Strengthening and expanding service channels** through collaboration with Krungsri Group to expand its customer base as well as increasing the number of selling agents which are the nation's leading banks and agents on online platforms to reach more new-generation customers
- 3) **Focusing on customer centricity and creating a positive investment experience** by emphasizing the application of technologies to develop online channels that ensure smooth and seamless investments from beginning to end
- 4) **Developing employee competency** to keep up with rapidly changing technologies and customer behaviors for providing efficient and professional services



## SECURITIES BUSINESS

During the implementation of the third Medium-Term Business Plan (2021-2023), competition in the securities business continued to intensify in terms of both investment behaviors and interest in new alternative products. Many companies attempted to capture the new trends and relevant target groups in order to offer products and services that best respond to customer demands. Krungsri Securities PCL also saw the opportunities and followed the path of continuous improvement. We maintained our key targets to lift our market share toward the top 20, enhanced synergy within Krungsri Group for sustainable growth, developed new investment products, improved the trading platform, and sought tools to facilitate the achievement of investment goals.

The SET's investor composition continued to change, with the proportion of individual investors rising from 44 percent in 2020 to 47 percent in 2021 before decreasing somewhat in 2022. The decreased proportion of individual investors, once the largest segment of SET investors, was the result of the increased presence of foreign investors in the Thai equity bourse following the Fed rate hikes and anticipation of further tightening in 2023. Meanwhile, the International Monetary Fund (IMF) projected Thailand's GDP growth would continue at a steady pace in 2022 and 2023. Therefore, foreign investors' investments, which accounted for 36 percent in 2020 and 37 percent in 2021, rose to 49 percent in 2022.

Given economic conditions, and investors' greater interest in diverse and more complex financial products, as well as persistent development in financial technology, the company continued to emphasize investment business integration under the 'One Retail' concept. The company has prepared to assume the role of digital broker to respond to comprehensive investment demand and make investment more accessible through the development of new products and services, as follows:

- Developed the KSS Stock Expert application to respond to the investment demands of new-generation customers
- Developed an online account opening system with approval time of only one minute after the customer confirms their identity via the National Digital ID platform (NDID) or iCONFIRM system
- Increased automatic credit limit approval to 1 million baht
- Real-time collateral deposit accommodates faster funds transfer to securities accounts



- Added KSS Stock AI to assist customers in seeking quality stocks on their own, on a daily basis
- Added foreign securities trading service via website and KSS iGlobal application, which can facilitate direct trading of fractional shares and exchange-traded funds (ETFs) in the US stock market, totaling more than 3,000 shares
- Technical Analysis and Analyst Consensus tools on the KSS iGlobal application allow investors to access stock data with adequate information to make investment decisions
- Launched alternative investment products for customers seeking to diversify investment risks, such as structured notes linked with foreign financial assets, fixed coupon notes (FCNs), principal-protected notes (PPNs), bonus enhanced notes (BENs), foreign mutual funds, and foreign fixed income funds

Regarding the development plan for 2023, the company will continue to respond to customer demands through collaboration with the Bank and ongoing development of products and services to maximize customer satisfaction. Adding investment alternatives, the company plans to expand its coverage of investible foreign bourses both in Europe and Asia. Krungsri Securities expects to be the first Thai brokerage firm to provide securities trading service for stocks in the Middle East market, starting with the United Arab Emirates. Planning to invest in digital assets to become the leading securities company, Krungsri Securities never ceases to develop, and constantly tracks changes to deliver a superb experience and impressive services to customers in the future.

## CORPORATE BRANDING AND MARKETING DIVISION

According to Krungsri's business plan, the Bank will continue to develop products and services to achieve our aspiration to be the preferred Thai bank connecting customers' needs across ASEAN. As before, these developments will be based on customer feedback obtained from customer research such as Branch & Omnichannel Net Promoter Score or NPS, Customer Satisfaction Surveys, Brand Tracking, and various market studies.

Some initiatives developed based on results of Branch & Omnichannel NPS include:

- **Krungsri Mobile Application** enhancements in four key areas of system stability, more attractive and user-friendly interface, inclusion of helpful financial information, and addition of new channels for customers to contact the call center directly. Krungsri Mobile Application will continuously be enhanced to be simpler, personalized, and even more secure with quick access to products and services to make customers' lives simple every day.
- **Call Center Team** has acted to improve customer satisfaction scores by setting regular schedules to review the IVR menu and regularly monitoring usage trends, in parallel with promoting other digital channels such as Bella Chatbot and social media to serve customers, especially during peak hours.

Some examples of initiatives for 2023 developed from results of Product Satisfaction Surveys include:

- **Bancassurance:** Redesigning the Bancassurance webpage on the Krungsri website to clearly provide information in a simple-to-understand manner to engage the audience, simplifying and improving point-of-purchase materials for life insurance products, as well as enhancing awareness through online media channels.
- **Debit Card:** Improvements in three key areas of **Safety** – get notification alerts for every cash withdrawal and spending transaction; **Convenience** – easily apply for new card, get card replacements, check statements, and adjust card limit; **Peace of Mind** – temporarily deactivate/reactivate card, and alert on card expiration dates. All of these self-service functions, which allow customers to manage their debit card 24/7, will be communicated to the public along with debit card discounts and privileges to attract new customers as well as promotion campaigns to retain existing customers and gain widespread awareness.

- **Personal Loan:** Improving customer satisfaction along the whole customer journey by streamlining the application process for existing customers, implementing automated underwriting on iFIN to be paperless and require less information, reviewing the service script to clearly inform customers about service time and process to align customers' expectations, as well as enhancing the notification process to effectively alert and activate revolving credit line in order to address the 'make it easy to apply' comments from customers.

Based on market studies and brand tracking, which continuously measure overall brand health such as consumers' (customers and non-customers) buying and usage behaviors and how they feel about the brand, it was found that customers' needs are changing. They are not looking for only a financial provider, but they also expect a bank to help them reach their goals by simplifying matters, so they can spend more time on what is important to them. Krungsri, therefore, refreshed our branding from the concept of simplifying financial matters to making life simple every day.

To drive the Bank's business plan, many campaigns were deployed in 2022 such as Krungsri The COACH, a source of financial knowledge from Krungsri's financial experts through digital platforms such as Facebook, YouTube, and the Bank's website. Krungsri The COACH provides essential financial knowledge on whether to save, spend, borrow, protect, or invest, in easy-to-understand and practical video and article formats, which have gained positive feedback with over 9 million accumulated views across the program, and an increase of 30 percent in YouTube subscribers. Krungsri The COACH is a prime example of initiatives from customer survey results where we provide advisory services for our customers.

Communication activities in support of the Bank's Medium-Term Business Plan were undertaken with creative content through various communication channels. The Bank was one of the official communication partners of APEC CEO Summit 2022. Moreover, Krungsri collaborated in laying the foundation for Thailand's future financial ecosystem by communicating the launch of an innovation hub and participating in the pilot of the Central Bank Digital Currency (CBDC). Krungsri is among the first financial institutions to have participated since the initial phase, reinforcing Krungsri's expertise in digital banking.

Meanwhile, the Bank consistently improved the website to ensure that customers will receive accurate and updated products and services information, as well as evolving to become a crucial touchpoint for consumers to apply for



products and services. The increase in loan volume generated from Krungsri's online channel reflects its importance. In the past year, the booked loan volume generated from online channels for personal loan increased by 9 percent (excluding digital loan), and online mortgage loan grew by 39 percent. Krungsri Mobile Application (KMA) downloads increased by 10 percent as more users adopted the application. Moreover, the Bank's online channel expanded to cover insurance products in response to changing customer needs.

Krungsri sees the importance of developing our website to offer the best user experience. In 2022, we continued to optimize the website for search and saw a 46-percent increase in ranked keywords for our website. Moreover, we were ranked among the top three most-mentioned banks of the year on social media (tracked by Wisesight Thailand), with growth in positive mentions above the market average.

Krungsri upgraded the Line application platform with a chatbot feature to promptly provide information and financial calculators for customers before applying for or purchasing products and services. In addition, the launch of Krungsri TikTok provided a new communication and consumer engagement channel to accommodate changing consumer trends.

Krungsri's communication strategy for 2023 will continue to focus on 'Beyond Banking, Beyond Thailand, and Beyond Tech'. Internal communication will continue to build awareness among employees at all levels to create understanding and a sense of unity as they serve as representatives and brand ambassadors during the transformation to the Bank's new brand strategy.

Going into 2023, Krungsri will continue to highlight the refreshed brand positioning of being 'A Global Partner Delivering Simplicity through Human-centric Innovation So That Customers Can Focus On What Matters', along with the

concept, 'Make Life Simple'. We will continue to focus our efforts on Making Life Simple for customers by delivering products, services, and innovations that are simple, seamless, and integrated into customers' lives so that they have more time to spend with the people and things that matter to them.

## CORPORATE STRATEGY AND PLANNING GROUP

Krungsri is responsible for driving the ecosystem business strategic direction. We are focusing on driving four ecosystems: Mobility Ecosystem, Living Ecosystem, Commerce Ecosystem, and B2B Commerce Ecosystem. Krungsri has made a key advancement as we are working closely with many partners to create a value proposition for all stakeholders in the ecosystems, taking into account the social and environmental responsibility.

In 2022, the Mobility Ecosystem team focused on developing and delivering on the initiative in the domain of green mobility, including two-wheel and four-wheel electric vehicles (EVs), car sharing, and automotive maintenance.

To deliver on the value proposition toward a better society, Krungsri launched the ASI package, a new business model of car maintenance which helps promote independent garages to strengthen their competitiveness with support from partner platforms, international product owners, and the largest aftermarket auto parts player in Thailand to meet customers' higher expectations. Launched in January 2022, the package features car pickup service, service booking, express parts delivery, parts warranties, and diverse payment options.

Krungsri has worked closely with multiple lifestyle e-commerce platforms such as online shopping, and parcel and food delivery, to provide financial support for both riders and merchant owners and thus offer them business opportunities and convenience in their everyday lives, which was joined by more than 64,000 customers in 2022.

Krungsri has committed to supporting Thai SMEs and helping corporate businesses to thrive by providing them opportunities in business connectivity and facilitating business matching, at home and abroad, through the Krungsri Business Link platform, in which more than 18,000 businesses have expressed interest, with 560 companies and 966 products (stock-keeping units: SKUs) successfully onboarded. At least seven international partner banks have joined the platform.

To pursue an improved environment in a concrete manner, clean energy and EVs were our focus in 2022. In early May 2022, Krungsri launched the Solar Rooftop program to promote the use of clean energy among those in mobility-related industries, such as original equipment manufacturer





(OEM) showrooms, automotive parts manufacturers, and other interested businesses. We granted over 300 million baht in loans under this program in 2022 and expect to see exponential growth in 2023. The Bank has worked closely with our insurance partners to launch a special insurance program for solar rooftops which will be launched in February 2023 to mitigate the risk for solar roof owners in losing their investment from unexpected developments. The solar rooftop program has also been expanded to the Living Ecosystem, individual resident owners, and new EV owners. Krungsri also collaborated with all state-owned electrical power enterprises and charging station operators to expand EV charging stations and devices, while providing EV drivers an easy driving experience by adding the locations of EV charging stations to the Go Application, a lifestyle app for car owners.

The Bank consolidated all relevant ecosystems to strengthen them and promoted the adoption of EVs in the delivery business. Krungsri has initiated the EV Rental Program which would benefit food delivery platforms, EV bike manufacturers, and rental platforms, as well as riders. This program has been well-received among all parties.

The Bank has signed a memorandum of understanding (MOU) with a platform partner who helps to efficiently certify and visualize carbon footprint reporting, a crucial step in meeting carbon neutralization goals. Service under this collaboration will commence in the first quarter of 2023.

The ecosystem business model is a new type of banking business journey toward sustainable growth, in which Krungsri is advancing on the learning stage, while applying the agile way of work as an important strategy. In 2023 Krungsri will continue to use the dual growth model by focusing on both exploring new business models and strengthening the Bank's expertise to match all winning scenarios for all members in the ecosystem, together with a full commitment to helping create a better society and environment.

As for customer experience management, Krungsri's goal is to set up a human-focused design center following the drive to experiment on the working model continuously throughout the year. The human-focused design center applies customer-centricity and design thinking concepts to drive the Krungsri Innovation Center in responding to various customer needs. Among the successful initiatives using the above-stated approach is the 'Glow-up Wallet' project which won the first prize of the Bank of Thailand-sponsored competition, CBDC Hackathon. The project will be developed and extended as the use case of CBDC in the future.

Over the past five years, the Bank has adopted robotic process automation (RPA) to deliver more than 500 automated flows and thus rapidly improve operational efficiency to liaison with the customer-centricity vision and sustainably improve the organization while significantly reducing the use of resources including paper.



## INFORMATION AND DIGITAL

In 2022, Krungsri continued working in accordance with the guidelines of the third MTBP (2021-2023), with special focus on planning initiatives related to modernizing the IT and Digital foundation of Krungsri Group over the long term. This includes digital technology adoption, open banking, and data-driven organization initiatives to help enhance the effectiveness and efficiency of Krungsri Group as well as to support business expansion across the ASEAN region.

In addition, the Bank is committed to developing our workforce in several dimensions promoting both invention and innovation development within the organization. This includes the region-wide expansion of our Innovation Hub and preparation of new working areas for our teams that are aligned with new trends in work culture in the wake of the pandemic. The strength of our IT and digital technology and manpower was evidenced by our engagement in an important project, Retail Central Bank Digital Currency (Retail CBDC), wherein Krungsri became one of only two banks chosen by the Bank of Thailand (BOT) to participate in the pilot testing phase for public use.

### ► IT AND DIGITAL FOUNDATION ENHANCEMENT AND MODERNIZATION

In 2022, the Bank began relocating its Primary Data Center to Krungsri Riverside Office (KSRO), a new building situated next to the Rama III Head Office, and is expected to complete the relocation by early 2023. The new Primary Data Center meets world-class standards with enhanced system stability and security, to support business expansion over the long run.

2022 saw another important development for Krungsri as we commenced the Core Banking System Modernization project,

in which the early phase aims to study and identify the desired roadmap. After being used for more than 20 years, the old version of the Core Banking System will be upgraded to a modern generation to facilitate new products of Krungsri Group in the digital age with greater efficiency and flexibility, and to support regional expansion. Not only is the Core Banking System in need of modernization, but the other platforms related to banking operations also need to be enhanced and uplifted. Therefore, this highly complex project requires systematic planning and multifaceted factors which must be carefully considered to enable future business expansion.

The Bank also made preparations to upgrade its digital applications, making them more modern, easy-to-use, and convenient to improve the experience of customers, both individual and business, toward various products and services. This also includes the continuous development of our open architecture (API Open Banking) to form partnerships as part of ecosystems to support future trends in Banking as a Service (BaaS).

### ► WORKFORCE DEVELOPMENT AND THE PROMOTION OF INNOVATION DEVELOPMENT

Information and Digital has expanded its workplace to a new building, Krungsri Riverside Office (KSRO), with the design concept of start-up and co-working space in line with modern work trends. In addition, the Bank launched the Krungsri Innovation Hub in Chiang Mai as a pilot provincial model that will be used as a workspace for talented personnel to develop technology, innovate, and exchange ideas, enjoying the opportunity to work with Krungsri's technology experts. This concept is in line with the 'work from anywhere' trend among IT- and digital-savvy people.

In 2022, the Bank established the Krungsri Innovation Center (KSIC) as an incubation center for new ideas within the organization. KSIC has a dedicated team with innovation development processes that turn interesting ideas into reality and create the opportunity to offer these innovations to the market. For instance, two KSIC-born ideas won prizes from the CBDC Hackathon event organized by the Bank of Thailand.

### 2023 Key Focus

Highlights of the Information and Digital roadmap in 2023, as the final year of the current MTBP, are as follows:

- Continue to enhance the IT and digital foundation to support digital products and business expansion in the ASEAN region, and support the new MTBP in 2024-2026.
- Enhance work process and IT governance to support regional business expansion.

- Enhance workforce readiness and flexibility, promote innovation capability, and support the development of new technology skills among our people. Develop and strengthen relationships with various technology service providers to collaboratively work in the IT and digital space.

## OPERATIONS GROUP

2022 was another remarkable year for the Operations Group. We successfully and greatly contributed to driving operations strategies under the third Medium-Term Business Plan (2021-2023). At the same time, we initiated new services and helped Krungsri grow its business through the implementation of a digitization platform. We are ready to serve as a driving mechanism to support Krungsri toward the 'banking with purpose' paradigm.

### 2022 key achievements

Embracing digital initiatives to transform our operating process is one of our flagship accomplishments. We have partnered with Baania (Thailand) Company Limited since 2020 to develop the Intelligent Valuation System (IVS) and apply artificial intelligence (AI) and machine learning (ML) to automate the appraisal process. The collaboration has significantly improved our operations and greatly helped us to cope with a large number of collateral appraisal assignments. To support the increase of mortgage loans, the Bank extended the collaboration to develop an efficient collateral appraisal model called IVS Phase II Plus. Based on actual testing with 3,000 collateral valuation items, it was found that the work process was efficient, and the process could reduce the collateral valuation cost.

Also, we are on the roadmap to adopt AI and ML for cash forecasting models and logistics optimization. After two years of progress, we successfully launched the new AI model with ATMs in both metropolitan and upcountry areas—reducing opportunity costs and cash management costs. We set a target to fully implement the vehicle routing protocol in 2023.

The Bank improved the customer experience through delivering convenience and simplicity to make customers' lives simple every day. We adopted an SMS notification service to inform customers of their appointment during the onboarding process for a better customer experience. The information sent to customers consists of contact channels for valuation officers and the officers responsible for a collateral mortgage at the offices of the Department of Lands to build confidence and keep customers informed of the progress of the operations.

In addition, the Bank is in the process of shifting from paper-based document submission to an electronic format. This aims to reduce paper usage and allow customers to quickly receive their documents. In 2022, we successfully implemented a new online platform, e-FX confirmation, whereby document confirmation for submission and receipt can be made through Krungsri Biz Online or the KBOL platform. An automated email notification service to send debit and credit advice including financial statements for Japanese and multinational companies has also been implemented. We also put in place the e-withholding tax in alignment with the Revenue Department's guidelines. An electronic document submission service for M-Loan, P-Loan and Merchant will be available in 2023.

In terms of seeking new revenue streams according to the third MTBP (2021-2023), the Operations Group collaborated with the Mortgage Product Department and the Customer Experience Management Division to initiate a title deed redemption service. The service enables the owner of the title deed to change the name at the offices of the Department of Lands on behalf of the customer. During the first phase, the service will cover mortgage customers in six provinces comprising Bangkok and its vicinity.

In addition, we coordinated with Krungsri Consumer to set up the 'Private Banking Contact Center'—serving as a one-stop exclusive service. The center will help the Bank acquire new customers from referrals, contributing to the increase of investment and loan products.

We have changed the calculation of appraisal fee service from percentage of credit limit to be based on collateral type in accordance with Bank of Thailand regulations. The new pricing strategy will not only cover service costs but also offer the service at a reasonable price. In addition, the Contract and Registration Department improved its operating practices by establishing three more contract and registration centers to help reduce both operating costs and traveling time.

We have also implemented digital request forms by integrating them with the workflow system to allow branches and relevant functions to automatically send the requests to the responsible functions, leading to the improvement of and the reduction in processing and turnaround time. We have centralized check operations and developed the ICAS web portal to effectively communicate with branches. Streamlined working process was also deployed to increase the efficiency of cheque operations functions.



## Strategies in 2023

In 2023, Krungsri will unceasingly drive our initiatives in the pipeline as per the third MTBP to automate and digitize operations. One of the highlights will be the implementation of a real-time interface between the settlement systems and the foreign exchange (FX) systems to support trade finance and foreign remittance transactions.

In early 2023, we plan to implement an end-to-end credit business operations application for online post-approval credit data through interfacing with the core systems of the Bank to improve the efficiency of credit line registration, loans, and letters of guarantee issuance operations, as well as document storage, aiming to cut turnaround time and reduce errors.

Upon the completion of Automatic Signature Verification (ASV) Phase I and Phase II, we will further develop ASV for an automatic multi-signature verification. The process will cover most incoming cheques and help reduce the manual verification process as well as mitigate human errors.

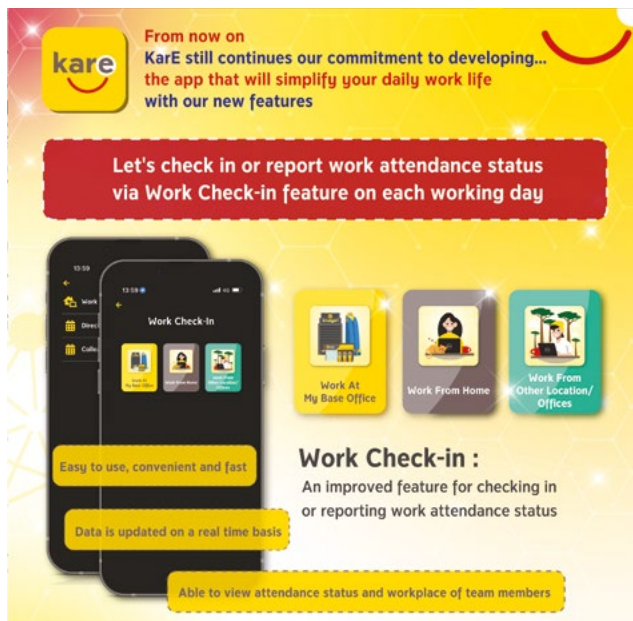
On top of that, we aim to redefine the contact center to become the 'Customer Engagement Service Center' by utilizing technology to uplift efficiency and build seamless service centers across Krungsri Group. We also plan to generate income through the utilization of customer relationship management technology to efficiently introduce financial and investment products to customers via bank agent channels.

Further to Krungsri's brand enhancement, another initiative that will be implemented is the 'Da Vinci' project—a comprehensive, one-stop service for merchant customers. Its objective is to provide a better customer experience, while improving internal operations to go fully digital.

## HUMAN RESOURCES GROUP

### ► PROPELLING THE ORGANIZATION TOWARD SUSTAINABLE GROWTH WITH INTEGRATED HUMAN RESOURCE DEVELOPMENT

In 2022, Krungsri remained committed to promoting comprehensive learning and development approaches and providing support to our employees so that they can prepare to develop the organization's capability in the digital era and drive the organization toward sustainable growth. To achieve these goals, Krungsri focused on encouraging our employees to actively embrace changes in the 'next normal' era, while promoting innovative changes to achieve maximum results and sustainable growth for the organization.



We have developed six learner-centric programs, namely, 1) Achieving Everyday Success; 2) Striving Beyond Your Best; 3) Getting Ready for the Future; 4) Winning Business Challenges; 5) Growing Expertise; and 6) Leading to the NEXT Level. Additionally, Krungsri has placed importance on embedding a growth mindset in our executives and staff members at all levels so that they are open to learning new things and continuously improving themselves to ensure they can thrive efficiently in a hybrid working environment.

Moreover, several learning programs have been designed and developed for our employees, so they can upskill and reskill to work more efficiently and get ready to grow along with the organization. These initiatives include 'TRANSCEND' and 'TRANSITION' programs for Krungsri executives under the theme of 'Leading in the age of digital disruption and moving our organization to the NEXT level'; future skills development programs such as 'Krungsri School of Data' to enhance data literacy skills in support of Krungsri becoming a data-driven organization; 'Krungsri School of Digital and Tech' to develop digital and technology skills; and 'People Manager 101' to deepen executives' understanding of the role of the 'People Manager' in managing teams, promoting compliance culture, and fostering Krungsri culture. Furthermore, People Manager's Toolkits are designed to equip managers with know-how for managing teams and creating positive working environments. Digital learning courses have also been made available on various platforms to enhance both soft and hard skills of employees with learning agility, anywhere and anytime.

Krungsri also promoted the digital way of work by encouraging the continuous development of new features and services on the KarE application. This was to provide employees a sense of convenience, swiftness, and flexibility to enhance work efficiency and effectiveness. The 'Work Check-in' feature enables managers to achieve real-time workforce management, planning, and monitoring. The 'IT Service' feature allows employees to reset passwords themselves. On top of that, it became even more convenient for employees to access online learning and development channels via the Krungsri Learning Companion (KLC) and 'SuperSkills' features, while the 'Mordee' feature offers an alternative of receiving online healthcare and medical services through telemedicine, with online claim service. As a result, employees are no longer required to make medical payment in advance.

Krungsri has always strived to deliver on our commitment to be the 'Best Place to Work'. We have attached great importance to promoting our employees' well-being, providing limitless learning and growth opportunities, embracing diversity, and encouraging our employees to deliver innovative changes that reflect Krungsri's good corporate culture. We implemented the hybrid work model, which seamlessly integrates physical and remote work to promote flexibility and work-life balance in the new era, to ensure our employees can work efficiently and happily. Furthermore, during the ongoing COVID-19 challenge, Krungsri has carried on with our strong commitment to maintaining the safety and hygiene of our employees. Moderna vaccines were distributed to both employees and their family members. Antigen Test Kit (ATK) and Real Time Polymerase Chain Reaction (RT-PCR) tests were offered to employees who are exposed to work-related risks, to boost confidence among our employees and customers. We also contacted hospitals with facilities able to provide timely medical support for employees and family members infected with COVID-19. To offer our employees peace of mind, Krungsri also took out COVID-19 insurance policies and insurance coverage for allergic reactions and side effects after COVID-19 vaccination. Furthermore, we have provided our employees the next level of healthcare experience through new online channels and services that offer convenience, swiftness, and innovation, such as electronic medical insurance cards and online medical insurance claims.

Through the aforementioned human resource developments and policies, Krungsri won seven prestigious awards, reflecting Krungsri's commitment to being the 'Best Place to Work'. The accolades demonstrate our mission to take the best care of and support our employees who are **'the most important**

**internal customers'**. Every one of Krungsri's human resource practices serves as a cornerstone for helping our employees develop competencies and a competitive edge, with the aim of propelling the organization toward becoming the 'customers' trusted partner' and achieving sustainable growth. In 2023, Krungsri will continue with our commitments and approaches to build on the success of the past year while focusing on promoting employee engagement during the post-COVID-19 era and hybrid way of work.

## BUSINESS MANAGEMENT OF SUBSIDIARIES, ASSOCIATE, AND JOINT VENTURES

### KRUNGSRI AMC

#### ► KRUNGSRI AYUDHYA AMC LIMITED

**Type of service:** Purchases and accepts impaired assets transfers (NPLs and NPAs) for management through debt restructuring or collateral for disposal. The company also undertakes NPA maintenance to ensure that they are in good condition and ready for sale.

**Market and competition:** None; the company is only a provider of support services to the Bank.

**Source of funds:** The Bank

### KRUNGSRI NIMBLE

#### ► KRUNGSRI NIMBLE COMPANY LIMITED

**Type of service:** Provides information technology services to only the Bank and all companies in our Financial Business Group, without service provision for third parties. The company's focus is on studying and developing digital innovations, while building the Bank's future platforms, including Krungsri Mobile Application, website, and blockchain, as well as further developing platforms currently in use.

**Source of funds:** The Bank

### KRUNGSRI LEASING

#### ► AYUDHYA DEVELOPMENT LEASING COMPANY LIMITED

**Type of service:** Provides financial lease and hire-purchase services to enable SMEs and large corporations to acquire machinery, equipment, and all types of commercial vehicles for business use.

**Market and competition:** Krungsri Leasing focuses on providing customers financial lease facilities for commercial purposes, so that they can acquire machinery, equipment, and commercial vehicles which enhance their capabilities for business expansion, and/or increase their financial liquidity in addition to banking facilities. The company provides the credit facilities based on customers' operating cash flow as well as the liquidity of the leased asset rather than the collateral value of the immovable property; therefore, a financial package

that suited to customers' needs with competitive terms and conditions will be provided. Krungsri Leasing, the industry leader, focuses on medium-to large corporate customers in various industries nationwide, thereby differentiating the company's products and services.

**Source of funds:** The Bank

#### ► KRUNGSRI AUTO

**Type of service:** Krungsri Auto, a leader in automotive finance under Bank of Ayudhya Public Company Limited, strives to deepen customer engagement through diverse, innovative products and services that fully meet customers' needs. Krungsri Auto offers a variety of vehicle financing services including new cars (Krungsri New Car), used cars (Krungsri Used Car and Krungsri Rod Baan), car refinance (Krungsri Car for Cash), and trucks (Krungsri Truck), operated by Krungsri Auto Group, Bank of Ayudhya Public Company Limited; as well as motorcycles (Krungsri Motorcycle, Krungsri Used Privately Owned Motorcycle, Krungsri Big Bike, and Krungsri Used Big Bike), motorcycle refinance (Krungsri Car for Cash Motorcycle), and inventory financing (Krungsri Inventory Finance) along with insurance products and services, operated by Ayudhya Capital Auto Lease Public Company Limited.

**Source of funds:** The Bank and debentures of Ayudhya Capital Auto Lease Public Company Limited (AYCAL)

### KRUNGSRI CONSUMER

#### ► KRUNGSRIAYUDHYA CARD COMPANY LIMITED KCC

**Type of service:** Credit card issuer provides various products to serve customers' diverse lifestyles. With a total of over 2.3 million cardholders in 2022, KCC's product range comprises Krungsri Private Banking, Krungsri Exclusive Signature Credit Card, Krungsri Signature Credit Card, Krungsri Visa Platinum Credit Card, HomePro Visa Platinum Credit Card, Krungsri Lady Titanium Mastercard, Krungsri Corporate Credit Card, Krungsri Manchester United Visa Platinum Credit Card, AIA Visa Platinum Card, Krungsri JCB Platinum Card, Siam Takashimaya Credit Card, and the newly launched Krungsri Now Credit Card, KCC's first digital credit card. On October 28, 2022, KCC was assigned an AAA rating by TRIS Rating Company Limited. It has been assigned this rating for seven consecutive years, reflecting the company's capability in maintaining its leading position in the credit card business, with asset quality management and a solid equity base, as a strategic subsidiary of Bank of Ayudhya Public Company Limited.



**Product:** KCC continued to adapt and promote its various products and services, including promotional activities that covered not only digital and online areas, but also offline areas, to fulfill customers' lifestyles in all segments, in line with the subsiding COVID-19 pandemic. Indeed, KCC emphasizes necessity-for-living categories such as insurance, hospital, and supermarket, as well as online platforms for best relevance. Those online privileges are available for e-commerce platforms, QR payment, and e-wallet applications. In addition, KCC strengthened shopping privileges, given that customers are back to their normal spending lifestyles. More importantly, KCC holistically sharpened and promoted travel-related benefits such as hotel, airline, OTA platform, duty-free, and cross-border payment. All of these measures are our best efforts to ensure customers can get the best value for money and relevant benefits. Finally, we still believe in the point redemption privilege as another strong marketing weapon, and put emphasis on this in order to benefit customers.

**Source of funds:** The Bank and debentures

### ► AYUDHYA CAPITAL SERVICES COMPANY LIMITED

**Types of service:** Sales finance, personal loan, digital personal loan, credit card, and nano finance

**Product:** Krungsri First Choice is a leading service provider of personal loan, sales finance, and credit card. The company has been providing financial services for customers since 1994, and now has more than 2 million cardholders. In 2020, Krungsri First Choice rebranded with the concept of 'Where the Promising Future Begins' in order to uplift the brand image from 'Loan Service Provider' to that of a 'Credit Builder'. To enhance customers' financial status and to respond to the new generation's lifestyle choices, the company has more than 20,000 partner sales outlets and 200 First Choice branches nationwide. Krungsri First Choice offers various products including Krungsri First Choice Card, Krungsri First Choice Visa Platinum Card, XU Digital Credit Card, and First Choice Snap Cash, serving credit card usage, sales finance, and personal loan services. Furthermore, with its strategic business partnership, the company also offers the Central The 1 First Choice Card, HomePro First Choice Card, Mega Home First Choice Card, and Grab First Personal Loan to offer lifestyle privileges that match customers' needs. Krungsri First Choice Biz Card and Mega Home First Choice Biz Card are available for the self-employed or entrepreneurs.

**Source of funds:** The Bank

### ► GENERAL CARD SERVICES LIMITED

Central Group has again demonstrated its confidence in General Card Services Limited, which manages Central The 1 Credit Card, by renewing its services partnership contract. Under the contract, the company manages Central The 1 Credit Card, the benefits of which apply to all of Central Group's businesses through The 1 Loyalty Platform. As a member of MUFG, a global leading financial group, Krungsri Group is constantly working to provide even better services to Central Group's customers.

**Type of service:** Launched in 2017, Central The 1 Credit Card is the first and only co-branded lifestyle credit card that allows cardholders to collect more points at a faster rate to enjoy more benefits. For example, cardholders will receive up to a 10-percent discount on a single purchase made at any of the more than 5,000 famous-brand outlets represented by Central Group under The 1 Card Loyalty Platform. Consumers can also enjoy other benefits offered by non-Central Group companies that enhance everyday life, through the use of Krungsri Consumer's credit cards.

**Products:** Central The 1 Credit Card is positioned as a lifestyle credit card. Its uniqueness lies in the simple design and premium-quality materials with a metallic effect, which has never been used before in Thailand. The card comes in four sub-brands, each with different benefits that best address different groups of target consumers. In addition, contactless card payment, the latest payment technology from Mastercard, has been introduced as part of the Central The 1 Credit Card. Cardholders' shopping experience has been upgraded as cardholders can now simply place their cards over the payment terminal and go. This provides shoppers more convenience, as well as faster and more secure transactions through the contactless payment method. The new look of Central The 1 REDZ Credit Card (Limited) was launched recently. With a trendier interface design, the card offers the benefits of discounts and cash-back credits that best suit the new generation's diverse lifestyles of online surfing, dining, shopping, traveling, and entertainment in an all-encompassing, demand-meeting fashion.

Central The 1 Personal Loan is an innovative personal loan product providing greater convenience to customers. The card can be used to simply withdraw cash within the approved limit from Krungsri's ATMs nationwide without submitting additional documents.

**Source of funds:** The Bank

## ▶ LOTUS'S MONEY SERVICES LIMITED

**Type of service:** Lotus's Money Services is a 50:50 joint venture between Krungsri Group and Lotus's, Thailand's largest hypermarket chain. Established in 2001 and launched with the Tesco Lotus Private Label Credit Card, which was later enhanced to become the Lotus's Visa Credit Card, the company grew further and established two wholly owned insurance brokerage subsidiaries for general and life insurance. Previously known as Tesco Lotus Money Services Limited, it changed its name to Lotus's Money Services Limited. with the new brand, Lotus's Money Plus, in 2021. Lotus's Money Services Limited continued to expand its distribution network through Lotus's stores, with over 200 in-store financial services and insurance counters, and more than 850 dedicated sales staff offering Lotus's shoppers simple and convenient financial services, focusing on creating a smart experience, with everyday value and delights.

In 2022, Lotus's Money Services Limited joined forces with Mastercard to launch the new Lotus's Credit Card to refresh the customer appeal and grow the customer base. The new card targets the younger generation with a modern lifestyle, with great benefits and ease of use for everyday spending in and out of Lotus's stores and online, ensuring customers enjoy added value.

Lotus's Money Services Limited is committed to delivering excellent services and convenience to customers through whichever channel they choose to apply for and use their products, including Lotus's stores, online channels, call center, and the UCHOOSE mobile application.

**Source of funds:** Shareholders (Ayudhya Capital Services Company Limited and Ek-Chai Distribution System Company Limited)

## ▶ LOTUS'S GENERAL INSURANCE BROKER LIMITED

**Type of service:** The company offers a range of automobile, accident, and health insurance products in more than 200 Lotus's locations nationwide, or through the company's call center and website. Partnering with well-known and trusted insurance providers, the company offers simple, rewarding, and easy-to-apply-for products, with great value and diverse payment options designed for Lotus's shoppers.

Based on their key principles of 'Simple, Motivated, Agile, Responsible and Transformative', these products aim to make insurance more accessible, inclusive, and affordable. They offer a variety of insurance protection to match customer needs at different life stages, using their omnichannel concept to quickly

respond to changing consumer behaviors, ensuring convenience when accessing the company's products and services.

**Source of funds:** Shareholders (Lotus's Money Services Limited)

## ▶ LOTUS'S LIFE ASSURANCE BROKER LIMITED

**Type of service:** The company provides life insurance products and services to Lotus's customers via phone, offering a variety of life insurance products, including short-term and long-term savings, and lifetime-coverage insurance.

**Source of funds:** Shareholders (Lotus's Money Services Limited)

## ▶ KRUNGSRI GENERAL INSURANCE BROKER LIMITED

**Type of service:** Established as a non-life insurance broker in 2007, the company changed its name from Quality General Insurance Broker to Krungsri General Insurance Broker in 2011, and provides personal accident, health, travel, and automobile insurance to customers of General Card Services Limited, Krungsriayudhya Card Company Limited, and Ayudhya Capital Services Company Limited.

The company has grown its product range and continues to introduce customers to a wide range of non-life products such as hospitalization income plans, cancer and critical illness insurance to help reduce financial burden when critical illness is present, as well as personal accident, and other selected general insurance products.

**Source of funds:** Shareholders (Ayudhya Capital Services Company Limited)

## ▶ KRUNGSRI LIFE ASSURANCE BROKER LIMITED\*

**Type of service:** Established as a life insurance broker in 2007, the company changed its name from Quality Life Assurance Broker to Krungsri Life Assurance Broker in 2011. The company's main business is to introduce life, personal accident, health, and payment-protection insurance, as well as personal loan, to customers of General Card Services Limited, Krungsriayudhya Card Company Limited, and Ayudhya Capital Services Company Limited.

The company has continued to grow, driven by a broader product range, new insurance partners, and a customer segmentation strategy. The company has introduced customers to a range of endowments, term-life products, and retirement plans, as well as inpatient department (IPD) and outpatient department (OPD) health insurance plans

from selected life insurance partners. It has also focused on customer analytics to develop appropriate products for specific customer segments.

**Source of funds:** Shareholders (Ayudhya Capital Services Company Limited)

**Remark:** \* On February 1, 2023, the company changed its name from Krungsri Life Assurance Broker Limited to Krungsri Genesis Company Limited

## ▶ TOTAL SERVICES SOLUTIONS PUBLIC COMPANY LIMITED

**Type of service:** The company provides debt-collection services as well as litigation for unsecured products covering personal loans, credit cards, and sales financing. Major customers are the Bank and companies in Krungsri Group, including Ayudhya Capital Services Company Limited, General Card Services Limited, Krungsriayudhya Card Company Limited, and Lotus's Money Services Limited.

**Strategies for business growth:** The company plans to remake itself as a collection consultant while retaining its responsibility for ensuring that customers are enabled to make payment under their terms and conditions and return their account status to normal. It also provides debt counseling services focused on building better customer experiences, including overdue and bad debt management by analyzing customers' ability or intention to pay off debt, and designing programs to help them reduce their debt burden in a way that aligns with their payment ability. After the COVID-19 pandemic, the company promptly adjusted its strategy, proceeding to closely align with the Bank of Thailand's announcement regarding debt relief for customers to accommodate the circumstances of the pandemic, focusing on responding to customers' urgent needs and participating in the Bank of Thailand's measures to assist debtors affected by COVID-19 and economic recession such as Debt Restructuring, Debt Consolidation, Debt Clinic, Debt Relief Expressway, and a Debt Mediation Fair to help plan solutions for customers' debt problems. Such adaptability to a rapidly changing situation in the role of collection consultant is a mark of the company's resilient transformation and serves as a new paradigm for its sustainable growth as one of Thailand's top debt collection service firms.

**Customer services:** In terms of improving customer experience, customer centricity is used as the conceptual model and disseminated to all employees based on customer analysis, or understanding of customers' behavior that requires more facilities, faster response, and straightforward services, including provision of a new and superior customer experience model. At the same time, the company has

developed an AI-based system that helps in learning and understanding customer problems to meet their needs, by running the 'AI Outbound Call' pilot project; has enhanced our service in the platform of Collection Digital Services to facilitate customers in readily accessing services anytime, anywhere by developing our customers' debt services process to be Collection Automated Process; and has made use of the UCHOOSE mobile application for its debt collection services, increasing digital contact channels (such as Line Official Account, SMS landing page) and providing information about debt relief and debt restructuring programs through this self-service application, as well as receipt and delivery of documents through an online system, providing an easier approach for other debt repayment services at present and in the near future.

**Source of funds:** The Bank

## ▶ KRUNGSRI LEASING SERVICES COMPANY LIMITED (LAO PDR)

The company's business has continuously grown since its establishment in December 2014. The company has a head office in Vientiane Prefecture and a branch in Pakse, Champasak Province.

Currently, the company provides Lao PDR's fullest line of products within the leasing industry, offering automotive loans for both new and used vehicles to retail and fleet customers, covering passenger cars, pickups, Sport Utility vehicles (SUVs), and trucks of less than four tons capacity, vehicle refinancing loan (Car4Cash), and new motorcycle financing. Also, the company offers home furnishings and electrical appliances, mobile phones, computers, and gold, through a sales financing product (Krungsri First Choice) to fulfill the needs of customers through strategic partners.

The latest product enhancements launched in 2021 were Car4Cash Balance Transfer, and Krungsri First Choice Credit Line, to better serve customer needs with faster turnaround time.

As a benefit of market coverage physical expansion, combined with Direct Sales Agent (DSA) and product initiatives, the company can manage proper weighting of investments to focus on products and areas that return better yields. A strategic business plan has been implemented to leverage its strengths into the company's Medium-Term Business Plan.

Apart from stable and sustainable financial growth, the company recognizes the significance of digital technology in helping to increase customers' convenience while reducing operating costs. The company plans to apply new digital technologies by developing online applications for both



website and mobile platforms, including auto financing, sales financing, and personal loan product, to be more user-friendly and offer more functions. Customers can easily browse company information, profile, products and services, payment, news, and promotions, as well as apply for products online.

Moreover, the company has continuously improved its services by developing its internal systems, customer digital journey, and services infrastructure, to simplify processes and speed up approval times through greater efficiency.

In strengthening its Krungsri Leasing brand and image, the company has deployed digital media, including the promotion of its new business and products as well as raising brand awareness, building a digital community to engage customers, enhancing the customer experience, and creating brand loyalty.

With Krungsri Core Values, the company is focusing on human resources development by leveraging the BAY online training platform, to continuously improve professional mindset and services. Furthermore, KLS has promoted new knowledge and skill sharing to the workforce among all levels of employees.

**Type of service:** The company provides auto hire purchase, sales financing service (Krungsri First Choice), and personal loan through Krungsri Non-Deposit Taking Microfinance Institution for retail consumers and SMEs in Lao PDR.

**Market and competition:** Amidst the global impact of the COVID-19 pandemic, the economy of Lao PDR was inevitably affected as well. In particular, the second and third waves of the pandemic in 2021 resulted in severe impacts due to the higher number of cases. Krungsri Leasing Services, as the major financier in the market, provided multiple debt relief programs offered to impacted customers in supporting them during this period of financial difficulty.

At the same time, the government of Lao PDR enforced tightened measures and policies to control the spread of the virus.

With COVID-19, Lao PDR GDP\* growth is forecast at 2.5 percent in 2022, from 2.3 percent in 2021, which is ranked in the middle compared to other Southeast Asian countries. However, with the country reopening significantly, supported by cross-border trading and tourism, the economy is expected to recover rapidly, driven by the tourism industry. Another key factor is that the completion of the Laos-China railway projects will increase income per capita in line with economic expansion, apart from the other driving factors of foreign direct investment and the boosting of domestic demand.

The company continues to focus on strengthening relationships with its dealers and expanding dealer networks with a dealer segmentation strategy, along with products and services, by adopting expertise and technology from Krungsri Auto and Krungsri First Choice, which will allow the company to be a market leader in Lao PDR.

**Source of funds:** The Bank

\*Source: Asian Development Bank

## KRUNGSRI SECURITIES

### ► KRUNGSRI SECURITIES PUBLIC COMPANY LIMITED

**Type of services:** Securities businesses that can be categorized as follows:

**Securities brokerage:** The company provides securities (stock) brokerage service for equities listed in the domestic stock market and five foreign markets, namely the US, Hong Kong, Vietnam, Japan, and Singapore. It is eligible to buy fractional shares and exchange-traded funds directly in the US market, while it can also act as a broker for derivative trading on the local bourse as it is member no. 29 of the Stock Exchange of Thailand. The company serves individual and institutional investors both domestic and foreign. It has a highly experienced marketing and research team to provide investment advice and recommendations to investors.

**Investment banking:** The company provides various investment banking services including financial advisory, financial arrangement by acting as arranger and underwriter for both equity and debt securities, financial restructuring, debt restructuring, business rehabilitation, merger and acquisition, feasibility study, business valuation, and transactions that align with rules and regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.

**Wealth management:** The company provides investment consultancy and management services concerning both equity and debt instruments in the short, medium, and long term. It focuses on maximizing clients' satisfaction with decent returns and professional services as well as privileges such as seminars arranged especially for wealth management clients and access to other benefits.

**Private fund management:** The company provides a private fund management service for clients. Each client will have a fund manager to look after them and be responsible for investment planning and fund management in accordance with the client's type and objectives.

**Mutual funds trading:** The company acts as a broker in trading of mutual funds issued by asset management companies in Thailand. It sells products of asset management companies to interested investors.

**Investment:** The company has a policy of investing in both equities and debt instruments in the short, medium, and long term.

**Source of funds:** The Bank

## KRUNGSRI ASSET MANAGEMENT

### ▶ KRUNGSRI ASSET MANAGEMENT COMPANY LIMITED

**Type of service:** A leading Thai asset management company licensed by the Office of the Securities and Exchange Commission, offering a comprehensive range of products and services, including mutual funds, private funds, provident funds, property funds, and investment management in futures contracts. The available mutual funds are diverse in terms of types of investments, such as stock funds, fixed income funds, foreign investment funds (FIF), commodity index funds, and property funds. The company's investment mission is to generate sustainable returns. Thanks to highly experienced fund managers using precise, modern investment systems, investors can be confident that these funds will have potentials to generate consistent returns in line with the desired degree of risk. Products and services cater to the needs of each group of investors, including individual investors, juristic persons, foundations, and institutional investors.

**Source of funds:** The company

## KRUNGSRI FINNOVATE

### ▶ KRUNGSRI FINNOVATE COMPANY LIMITED

**Type of service:** In March 2017, the Bank established this wholly-owned subsidiary operating a venture capital business under Bank of Thailand regulatory and investment guidelines for venture capital investment in: 1) SMEs; 2) financial technology startups; 3) private equity, trusts, or private equity related to financial technology; and 4) other businesses permitted now or in the future by the Bank of Thailand.

**Source of funds:** The Bank

## KRUNGSRI SERVICES

### ▶ SIAM REALTY AND SERVICES SECURITY COMPANY LIMITED

**Type of service:** Provides human resource services and vehicle rentals to the Bank and its subsidiaries within the scope specified by the Bank of Thailand, operating in two key business areas: providing drivers, maids, messengers, security personnel, and other essential staff and providing rental cars.

**Business operations including market and competition:** Krungsri Services has no competitor in the market as the company only provides support services to the Bank, its sole shareholder. The company has also expanded its car rental service to the Bank's subsidiaries and has provided training on operating procedures for both service types in order to ensure service excellence for our customers. The company has also been certified as a member of Thai Private Sector Collective Action Against Corruption (CAC). The company has public disclosure measures regarding information about employment of government officials to ensure transparency and accountability. The company has operated in accordance with the anti-bribery and corruption policy both at the corporate and business levels throughout the past.

**Source of funds:** The Bank

## NGERN TID LOR PUBLIC COMPANY LIMITED

**Type of service:** Krungsri acquired a controlling stake in CFG Services Company Limited (now renamed Ngern Tid Lor Public Company Limited: TIDLOR) from AIG Group in 2009. It provides microfinance of vehicle title loan. In 2014, the company launched non-life insurance brokerage services to promote access to insurance coverage among the general public. The company was renamed from CFG Services Company Limited to Ngern Tid Lor Company Limited in 2015. In 2019, Krungsri entered into a collaborative partnership with Siam Asia Credit Access PTE LTD to sell 50 percent of ordinary shares in Ngern Tid Lor Company Limited; this not only bolstered business growth and opportunities for Ngern Tid Lor Company Limited, but also further strengthened the company's competitive capabilities to stay at the forefront of the title loan industry. Ngern Tid Lor Company Limited changed the status to Ngern Tid Lor Public Company Limited on December 17, 2020 and traded on the Stock Exchange of Thailand on May 10, 2021 with the symbol of TIDLOR. TIDLOR's initial public offering of shares (IPO) is the largest IPO ever in the Finance and Securities Sector as

well as one of the top five largest equity IPOs in the Thai equity capital market's history, with the total offering size of 38,089 million baht (including an overallotment option) and the market capitalization, at the IPO price, of 84,643 million baht, demonstrating its strong fundamental as the leading vehicle title loan provider and the leader of retail-focused insurance broker with rapid growth, driven by technological innovations and omnichannel distribution platform under the principle of creating fair and transparent financial opportunities for the people and encourage consumers to have insurance coverage.

**Source of funds:** The Bank and debentures of Ngern Tid Lor Public Company Limited

## HATTHA BANK PLC. (HATTHA BANK)

In September 2016, the Bank acquired all registered and issued shares (100 percent) of Hattha Kaksekar Limited (HKL), a leading microfinance institution in Cambodia. This served as a concrete step forward to becoming an ASEAN financial powerhouse. The Bank's expertise in consumer banking and microfinance is shared to strengthen HKL's market-leading position through enhanced capabilities and resources. This HKL acquisition will allow the Bank to capture growth opportunities outside of Thailand. Hattha Kaksekar Limited has transformed itself to Hattha Bank Plc. (Hattha Bank) which was officially approved by the National Bank of Cambodia and the Ministry of Commerce on August 26, 2020.

**Services:** Hattha Bank is a leading bank in Cambodia, licensed by the National Bank of Cambodia. Having been operating for more than 25 years with the Microfinance Deposit Taking Institution (MDI) status in the market, with its rapid success, Hattha Bank has transformed its status from MDI to a commercial bank in 2020, and continued providing diversified financial services to individuals and SME businesses; and jump into retail consumer financial market and corporate customer in urbanities through its 177 branches. Hattha Bank has introduced and improved many financial services, including mobile banking service (Hattha Mobile), QR code payment to Thailand, cross border remittance, special account numbers and waste disposal bill payment, in addition to its exceptional current services such as loan, deposit, local money transfer, ATM, payroll, interbank transfer, overdraft loan, current account, checking service, SME co-financing, and insurance referral service.

**Source of funds:** Deposits and loans from financial institutions

## HATTHA SERVICES CO., LTD.

**Type of service:** Supporting business in relation to property development for the operation of HKL and subsidiaries under the Bank's Financial Business Group only.

**Source of funds:** The company and loans from local banks

## SB FINANCE, INC. (SBF)

**Type of service:** SBF is a financing company registered with the Securities and Exchange Commission of the Philippines and a significant player in the competitive landscape of consumer finance companies in the Philippines. The company is engaged in the business of financing by extending credit facilities to consumers in the mass market segment in response to the government's call for financial inclusion.

**Source of funds:** The company, loans from local banks, and additional capital infusion completed in 2022



## INCOME STRUCTURE OF THE BANK, SUBSIDIARIES, ASSOCIATE, AND JOINT VENTURES

For 2022 operating performance, the Bank, subsidiaries, associate, and joint ventures had interest income and non-interest income at a ratio of 72.53 percent and 27.47 percent, respectively. Interest on loans constituted the largest proportion representing 46.57 percent of total income. Details are as follows:

Income Structure	2022		2021		2020	
	Million baht	%	Million baht	%	Million baht	%
<b>Interest Income</b>						
Interest on loans	67,696	46.57	63,248	41.63	69,158	46.73
Interest on interbank and money market items	3,475	2.39	2,583	1.70	2,720	1.84
Hire purchase and financial lease income	32,748	22.53	32,530	21.41	34,526	23.33
Investments and trading transactions	9	0.01	25	0.02	61	0.04
Investments in debts securities	1,419	0.98	1,390	0.91	1,561	1.06
Other	81	0.05	28	0.02	36	0.02
<b>Total Interest Income</b>	<b>105,428</b>	<b>72.53</b>	<b>99,804</b>	<b>65.69</b>	<b>108,062</b>	<b>73.02</b>
<b>Non-Interest Income</b>						
Fees and service income	24,237	16.67	24,053	15.83	24,812	16.77
Gains on financial instruments measured at fair value through profit or loss, net	4,733	3.26	4,096	2.70	4,112	2.78
Gains (losses) on investments, net	(40)	(0.03)	10,925	7.19	109	0.07
Share of profit from investment using equity method	1,556	1.07	1,930	1.27	1,523	1.03
Dividend income	450	0.31	366	0.24	273	0.18
Bad debts recoveries	6,729	4.63	6,587	4.33	6,753	4.56
Other income	2,266	1.56	4,171	2.75	2,349	1.59
<b>Total Non-Interest Income</b>	<b>39,931</b>	<b>27.47</b>	<b>52,128</b>	<b>34.31</b>	<b>39,931</b>	<b>26.98</b>
<b>Total Income</b>	<b>145,359</b>	<b>100.00</b>	<b>151,932</b>	<b>100.00</b>	<b>147,993</b>	<b>100.00</b>

Income Structure		2022		2021		2020	
		Million baht	%	Million baht	%	Million baht	%
<b>1. Bank of Ayudhya Public Company Limited <sup>1/</sup></b>							
Total Interest Income		72,309	74.06	68,850	64.03	76,275	77.12
Total Non-Interest Income		25,327	25.94	38,675	35.97	22,628	22.88
Total		97,636	100.00	107,525	100.00	98,903	100.00
<b>2. Krungsri Ayudhya AMC Limited</b>							
Total Interest Income		47	22.49	91	32.04	103	32.19
Total Non-Interest Income		162	77.51	193	67.96	217	67.81
Total		209	100.00	284	100.00	320	100.00
<b>3. Ayudhya Development Leasing Company Limited</b>							
Total Interest Income		184	61.13	234	82.11	293	84.68
Total Non-Interest Income		117	38.87	51	17.89	53	15.32
Total		301	100.00	285	100.00	346	100.00
<b>4. Krungsri Nimble Company Limited</b>							
Total Interest Income		-	-	-	-	-	-
Total Non-Interest Income		297	100.00	178	100.00	157	100.00
Total		297	100.00	178	100.00	157	100.00
<b>5. Ayudhya Capital Auto Lease Public Company Limited</b>							
Total Interest Income		5,494	57.78	5,715	55.32	6,293	55.54
Total Non-Interest Income		4,015	42.22	4,615	44.68	5,037	44.46
Total		9,509	100.00	10,330	100.00	11,330	100.00
<b>6. Ayudhya Capital Services Company Limited</b>							
Total Interest Income		10,869	67.86	11,265	63.62	13,140	69.96
Total Non-Interest Income		5,147	32.14	6,441	36.38	5,642	30.04
Total		16,016	100.00	17,706	100.00	18,782	100.00
<b>7. General Card Services Limited</b>							
Total Interest Income		2,503	55.10	2,299	54.79	2,335	59.25
Total Non-Interest Income		2,040	44.90	1,897	45.21	1,606	40.75
Total		4,543	100.00	4,196	100.00	3,941	100.00
<b>8. Krungsriayudhya Card Company Limited</b>							
Total Interest Income		4,983	56.72	4,869	55.87	5,219	59.15
Total Non-Interest Income		3,802	43.28	3,846	44.13	3,604	40.85
Total		8,785	100.00	8,715	100.00	8,823	100.00
<b>9. Krungsri Securities Public Company Limited</b>							
Total Interest Income		49	6.97	49	5.88	41	6.20
Total Non-Interest Income		654	93.03	785	94.12	620	93.80
Total		703	100.00	834	100.00	661	100.00
<b>10. Siam Realty and Services Security Company Limited</b>							
Total Interest Income		-	-	-	-	-	-
Total Non-Interest Income		594	100.00	621	100.00	616	100.00
Total		594	100.00	621	100.00	616	100.00
<b>11. Krungsri Asset Management Company Limited</b>							
Total Interest Income		22	0.59	8	0.17	(90)	(2.33)
Total Non-Interest Income		3,700	99.41	4,587	99.83	3,947	102.33
Total		3,722	100.00	4,595	100.00	3,857	100.00

Income Structure		2022		2021		2020	
		Million baht	%	Million baht	%	Million baht	%
<b>12. Total Services Solutions Public Company Limited</b>							
Total Interest Income		2	0.22	4	0.38	11	1.09
Total Non-Interest Income		921	99.78	1,050	99.62	998	98.91
Total		923	100.00	1,054	100.00	1,009	100.00
<b>13. Ngern Tid Lor Public Company Limited <sup>2/</sup></b>							
Total Interest Income		12,537	79.50	9,834	78.23	8,749	80.15
Total Non-Interest Income		3,232	20.50	2,737	21.77	2,167	19.85
Total		15,769	100.00	12,571	100.00	10,916	100.00
<b>14. Krungsri General Insurance Broker Limited <sup>3/</sup></b>							
Total Interest Income		1	0.24	-	-	1	0.21
Total Non-Interest Income		421	99.76	436	100.00	470	99.79
Total		422	100.00	436	100.00	471	100.00
<b>15. Krungsri Life Assurance Broker Limited <sup>3/</sup></b>							
Total Interest Income		1	0.27	1	0.26	2	0.51
Total Non-Interest Income		375	99.73	384	99.74	393	99.49
Total		376	100.00	385	100.00	395	100.00
<b>16. Lotus's Money Services Limited <sup>4/</sup></b>							
Total Interest Income		2,228	55.05	2,262	53.26	2,476	56.50
Total Non-Interest Income		1,819	44.95	1,985	46.74	1,906	43.50
Total		4,047	100.00	4,247	100.00	4,382	100.00
<b>17. Lotus's General Insurance Broker Limited <sup>5/</sup></b>							
Total Interest Income		5	0.83	3	0.50	3	0.51
Total Non-Interest Income		601	99.17	599	99.50	587	99.49
Total		606	100.00	602	100.00	590	100.00
<b>18. Lotus's Life Assurance Broker Limited <sup>5/</sup></b>							
Total Interest Income		-	-	-	-	1	1.82
Total Non-Interest Income		71	100.00	59	100.00	54	98.18
Total		71	100.00	59	100.00	55	100.00
<b>19. Krungsri Leasing Services Company Limited <sup>6/</sup></b>							
Total Interest Income		337	111.22	560	127.85	673	135.69
Total Non-Interest Income		(34)	(11.22)	(122)	(27.85)	(177)	(35.69)
Total		303	100.00	438	100.00	496	100.00
<b>20. Hattha Bank Plc.</b>							
Total Interest Income		9,495	96.80	6,840	95.97	5,194	96.38
Total Non-Interest Income		314	3.20	287	4.03	195	3.62
Total		9,809	100.00	7,127	100.00	5,389	100.00
<b>21. Krungsri Finnovate Company Limited</b>							
Total Interest Income		1	0.70	2	20.00	1	-
Total Non-Interest Income		142	99.30	8	80.00	(1)	-
Total		143	100.00	10	100.00	-	-
<b>22. Hattha Services Company Limited <sup>7/</sup></b>							
Total Interest Income		1	100.00	1	100.00	-	-
Total Non-Interest Income		-	-	-	-	-	-
Total		1	100.00	1	100.00	-	-



Income Structure	2022		2021		2020	
	Million baht	%	Million baht	%	Million baht	%
<b>23. Krungsri Non-Deposit Taking Microfinance Institution Company Limited <sup>8/</sup></b>						
Total Interest Income	28	87.50	24	96.00	4	100.00
Total Non-Interest Income	4	12.50	1	4.00	-	-
Total	32	100.00	25	100.00	4	100.00
<b>24. SB Finance, Inc. <sup>9/</sup> (formerly SB Finance Company, Inc.)</b>						
Total Interest Income	1,531	86.79	1,099	89.13	175	97.77
Total Non-Interest Income	233	13.21	134	10.87	4	2.23
Total	1,764	100.00	1,233	100.00	179	100.00

**Remarks:** Based on 2022 unaudited financial statements of subsidiaries, associate, and joint ventures

<sup>1/</sup> The Bank's statement of profit or loss and other comprehensive income.

<sup>2/</sup> The Bank's shareholding decreased from 50 percent to 30 percent in April 2021.

<sup>3/</sup> Indirect holding via Ayudhya Capital Services Company Limited of 100 percent.

<sup>4/</sup> Indirect holding via Ayudhya Capital Services Company Limited of 50 percent.

<sup>5/</sup> Indirect holding via Lotus's Money Services Public Company Limited of 100 percent.

<sup>6/</sup> Indirect holding via Ayudhya Capital Auto Lease Public Company Limited of 75 percent and Ayudhya Capital Services Company Limited of 25 percent.

<sup>7/</sup> Indirect holding via Hattha Bank Public Company Limited of 49 percent and the voting power held by the Bank of 100 percent. The financial information is immaterial.

<sup>8/</sup> Indirect holding via Krungsri Leasing Services Company Limited of 99.99 percent since April 20, 2020.

<sup>9/</sup> Direct holding by the Bank of 50 percent since October 20, 2020.

## SHAREHOLDING STRUCTURE

As of the latest record date on December 8, 2022, the list of the shareholders holding the ordinary shares over 0.5 percent of the total shares (7,355,761,773 issued and paid-up ordinary shares at the par value of 10 baht per share) is as follows:

Item	Shareholder Name	Number of Shares	% of Total Shares
1.	MUFG BANK, LTD.	5,655,332,146	76.88
2.	Stronghold Assets Company Limited	166,536,980	2.26
3.	The Great Luck Equity Company Limited	166,478,940	2.26
4.	GL Asset Company Limited	166,414,640	2.26
5.	BBTV Satelvision Company Limited	166,151,114	2.26
6.	BBTV Asset Management Company Limited	163,112,900	2.22
7.	Bangkok Broadcasting & T.V. Company Limited	160,789,220	2.19
8.	Mahakij Holdings Company Limited	158,726,810	2.16
9.	Tun Rung Rueng Company Limited	157,889,440	2.15
10.	Super Assets Company Limited	51,421,714	0.70
11.	C.K.R Company Limited	48,528,834	0.66
	Other Shareholders	294,379,035	4.00
	<b>TOTAL</b>	<b>7,355,761,773</b>	<b>100.00</b>

**Remark:** During the year, investors can access the up-to-date information at [www.krungsri.com](http://www.krungsri.com) > About Krungsri > About Us > Company Overview > Shareholder Structure

Krungsri's Obligations on Share Issuance in the Future

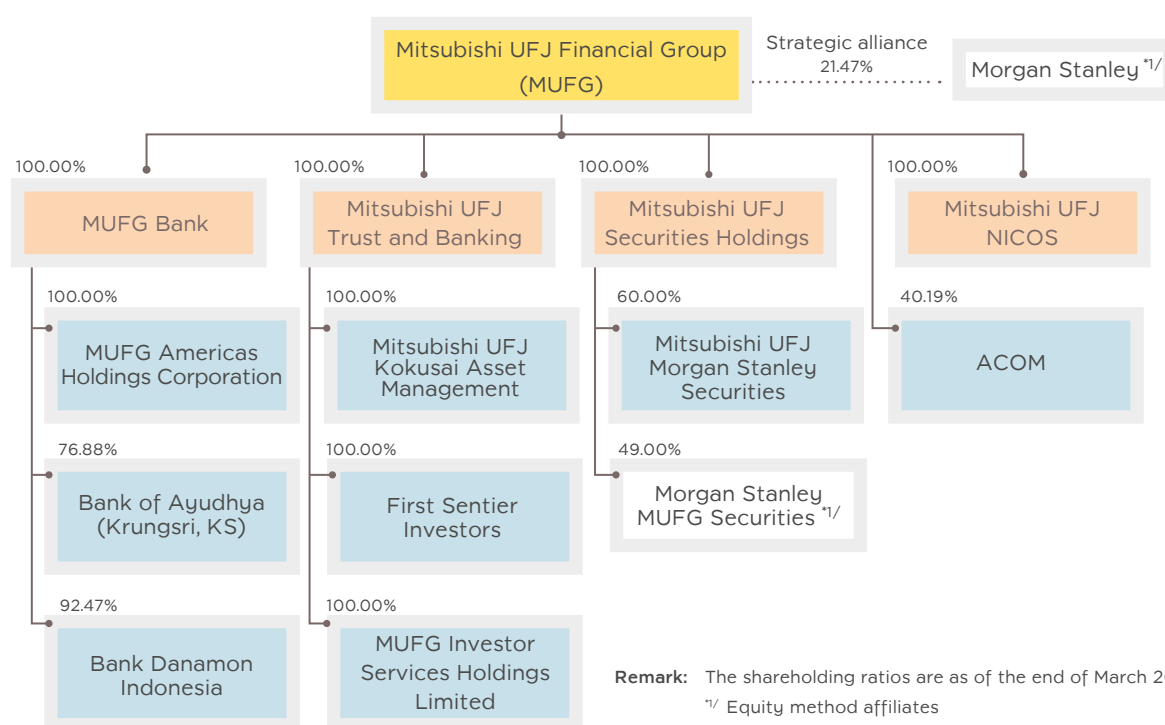
-None-

## RELATIONSHIP WITH THE MAJOR SHAREHOLDERS

On July 2, 2013, MUFG Bank announced that it had signed a Share Tender Agreement with GE Capital International Holdings Corporation (GECIH) to purchase Krungsri's ordinary shares held by GECIH. Under the agreement, MUFG Bank was required to launch a Voluntary Tender Offer (VTO) for Krungsri's all ordinary shares, and GECIH would then tender its entire shareholding, representing 25.33 percent of all issued shares, to MUFG Bank. Following the above, in September 2013, Krungsri entered into a Branch Purchase Agreement with MUFG Bank in which Krungsri would accept the transfer of the business of MUFG Bank, Bangkok Branch and integrate Krungsri and MUFG Bank, Bangkok Branch within a year after completion of the VTO. In late December 2013, after the successful completion of the VTO, MUFG Bank replaced GECIH as the strategic shareholder of Krungsri. As of December 31, 2022, MUFG Bank holds 76.88 percent of all issued shares.

These developments have leveraged the strengths of both Krungsri and MUFG Bank to establish a unique position for Krungsri in the Thai banking industry. MUFG Bank is a world-class financial institution with a business network covering around 50 countries worldwide. The partnership strengthens Krungsri's leading position in the retail banking business in Thailand and across the region by providing access to a larger customer base. It also significantly enhances the scale and diversity of Krungsri's corporate and SME banking businesses, particularly with Japanese enterprises in Thailand and across ASEAN.

**Remark:** The Bank's name at that time was The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU). BTMU changed its name to MUFG Bank, Ltd. on April 1, 2018.



**Remark:** The shareholding ratios are as of the end of March 2022.

\*1/ Equity method affiliates



## THE BANK'S SECURITIES

### Number of Registered and Paid-up Capital as of December 31, 2022

Registered capital:	Number of shares:	7,574,143,747
	Par value:	10 baht
	Total:	75,741,437,470 baht
Paid-up capital:	Number of shares:	7,355,761,773
	Par value:	10 baht
	Total:	73,557,617,730 baht

### Debt Instruments or Convertible Securities

(Unit: Million baht)

Type of Debentures	Interest Rates (per annum)	Maturity Date	Conditions	Issue Amount	Unredeemed amount and value as of December 31, 2022
<b>Long Term Bonds (Non-Collateral)</b>					
1. Subordinated Instrument No. 1/2019 (BAY296A) Issue date: June 14, 2019 Debenture rating (Fitch): AA+ Agent: None Objective*	3.80%	June 14, 2029 (10 years)	-	18,825.70	18,825.70
2. Subordinated Instrument No. 1/2021 (BAY31NA) Issue date: November 5, 2021 Debenture rating (Fitch): AAA Agent: None Objective*	3.00%	November 5, 2031 (10 years)	-	10,000.00	10,000.00
3. Subordinated Instrument No. 1/2022 (BAY327A) Issue date: July 27, 2022 Debenture rating (Fitch): AAA Agent: None Objective*	3.90%	July 27, 2032 (10 years)	-	15,460.00	15,460.00
4. Subordinated Instrument No. 2/2022 (BAY32NA) Issue date: November 17, 2022 Debenture rating (Fitch): AAA Agent: None Objective*	4.30%	November 17, 2032 (10 years)	-	16,540.00	16,540.00
5. Debenture No. 1/2020 Series 2 (BAY233A) Issue date: March 27, 2020 Debenture rating (Fitch): AAA Agent: None Objective**	1.57%	March 27, 2023 (3 years)	-	4,100.00	4,100.00

(Unit: Million baht)

Type of Debentures	Interest Rates (per annum)	Maturity Date	Conditions	Issue Amount	Unredeemed amount and value as of December 31, 2022
<b>Other Debt Instruments (Non-Collateral)</b>					
1. Debentures of the Women Bonds (BAY2610AFIFL) Issue date: October 16, 2019 Debenture rating: - Agent: None Objective ***	2.993% - 3.643%	October 16, 2026 (7 years)	-	150.00	150.00
2. Debentures of the Women Bonds (BAY2610ANFFL) Issue date: October 16, 2019 Debenture rating: - Agent: None Objective ***	2.993% - 3.643%	October 16, 2026 (7 years)	-	70.00	70.00

**Remarks :**

- Thailand Securities Depository Co., Ltd. is the Registrar for the Bank's ordinary shares.
- Securities Services Operations Department is the Registrar for the Bank's debentures.
- Objective\*: The issuer of capital instruments aims to use the proceeds from capital instrument issuing and offering for its business operations and capital management.
- Objective\*\*: For debt repayment and/or the Bank's business operations.
- Objective\*\*\*: To make eligible sub-loans to eligible sub-borrowers either for the purposes of financing or re-financing eligible sub-projects.

**Debentures redeemed during 2022**

(Unit: Million baht)

Type of Debentures	Amount	Issue Date	Maturity Date
<b>Long Term Bonds (Non-Collateral)</b>			
1. Subordinated Instrument No. 1/2017 (BAY27NA)	17,007.00	May 24, 2017	August 24, 2022
2. Subordinated Instrument No. 2/2017 (BAY27NB)	14,978.00	November 17, 2017	November 17, 2022
3. Debenture No. 2/2019 Series 2 (BAY22NB)	5,000.00	November 22, 2019	November 22, 2022
4. Debenture No. 1/2019 (BAY224A)	15,000.00	April 4, 2019	April 4, 2022
5. Debenture No. 1/2020 Series 1 (BAY223A)	2,900.00	March 27, 2020	March 28, 2022

The Bank's obligations on share issuance in the future

-None-

## DIVIDEND PAYOUT POLICY

### 1. The Bank's Dividend Payout Policy

The Bank will determine dividend payment by taking into consideration capital adequacy as the first priority and other factors including the actual operating results, returns to shareholders, and regulatory requirements (with additional conditions).

The dividend payment shall be in compliance with Article 41 of the Bank's Articles of Association, which states, 'Dividends shall not be paid from other sources than profits. The company shall allocate as reserves a portion of its net annual profit not less than the proportion specified by law. The profit remaining thereafter may be allocated as reserves of various kinds, as the Board of Directors may deem proper, and after approval by the shareholders at the Annual General Meeting. The Bank may occasionally pay shareholders interim dividends if the Board of Directors considers it appropriate given the Bank's profitability levels. The payment of interim dividends shall be reported to the shareholders at the next general meeting of shareholders.'

Dividends shall be paid within the period prescribed by law, beginning from the date that the dividend resolution is passed by the general meeting of shareholders or by the Board of Directors. A written notice shall also be sent to shareholders, and dividend payment announcements shall be published in a newspaper.'

The Bank's dividend payments are subject to regulatory requirements including notifications of the Bank of Thailand.

### 2. Subsidiaries' Dividend Payout Policy

Dividend payments by the Bank's subsidiaries must be approved by a resolution of the company's shareholders at a general meeting of shareholders, and must be in compliance with relevant rules and regulations. The subsidiaries may occasionally pay shareholders interim dividends if their Board of Directors considers it appropriate given profitability levels. In each dividend payment, the company must allocate its net profits as legal reserves or other reserves as appropriate for business operations.



## INVESTMENT IN OTHER COMPANIES

Name	Business Type	Issued Shares		Ownership (%)
		Share Type	No. of Shares	
1. Hattha Bank Plc.	Commercial Bank	Ordinary	140,000,000	100.00
2. Krungsri Ayudhya AMC Limited.	Asset Management	Ordinary	270,000,003	100.00
3. Krungsri Nimble Co., Ltd.	Information Technology Services	Ordinary	30,000,000	100.00
4. Ayudhya Development Leasing Co., Ltd.	Finance (Leasing & Hire-Purchase)	Ordinary	123,499,999	99.99
5. Ayudhya Capital Auto Lease PCL.	Finance (Auto Financing)	Ordinary	2,554,500,000	100.00
6. Ayudhya Capital Services Co., Ltd.	Finance (Credit Card & Personal Loan)	Ordinary	59,250,000	100.00
7. General Card Services Limited	Finance (Credit Card & Personal Loan)	Ordinary	245,800,000	100.00
8. Krungsriayudhya Card Co., Ltd.	Finance (Credit Card & Personal Loan)	Ordinary	590,552,000	100.00
9. Krungsri Life Assurance Broker Limited <sup>1/</sup>	Finance (Life Insurance Broker)	Ordinary	920,000	100.00
10. Krungsri General Insurance Broker Limited	Finance (Non-life Insurance Broker)	Ordinary	2,020,000	100.00
11. Total Services Solutions PCL.	Service (Collection)	Ordinary	160,599,822	100.00
12. Siam Realty and Services Security Co., Ltd.	Service	Ordinary	1,000,000	100.00
13. Krungsri Finnivate Co., Ltd.	Finance (Venture Capital)	Ordinary	250,000,000	100.00
14. Krungsri Securities PCL.	Finance (Securities)	Ordinary	135,000,000	99.84
15. Krungsri Asset Management Co., Ltd.	Finance (Asset Management)	Ordinary	3,500,000	86.86
16. Krungsri Leasing Services Co., Ltd.	Finance (Leasing/Hire purchase/ Sales Finance)	Ordinary	10,175,111	100.00
17. Krungsri Non-Deposit Taking Microfinance Institution Co., Ltd.	Microfinance Institution that does not accept deposit taking	Ordinary	360,000	99.99
18. Ngern Tid Lor PCL.	Finance (Auto Financing)	Ordinary	2,497,336,063	30.00
19. Lotus's Money Services Limited	Finance (Credit Card & Personal Loan)	Ordinary	20,800,000	50.00
20. Lotus's Life Assurance Broker Limited	Finance (Life Insurance Broker)	Ordinary	120,000	50.00
21. Lotus's General Insurance Broker Limited	Finance (Non-life Insurance Broker)	Ordinary	1,070,000	50.00
22. Hattha Services Co., Ltd.	Lease Real Estate	Ordinary	1,000	49.00
23. SB Finance, Inc.	Finance (Consumer Finance)	Ordinary	40,000,000	50.00

## COMPANIES THAT THE BANK HOLDS SHARES OF 10 PERCENT BUT LESS THAN 20 PERCENT OF ITS PAID-UP CAPITAL

Name	Business Type	Issued Shares		Ownership (%)
		Share Type	No. of Shares	
1. P.P. Parawood Co., Ltd.	Furniture Manufacturer	Ordinary	95,000	10.00
2. Rent Trade and Service Co., Ltd.	Import and Distributors (Construction Machinery, Trucks, etc.)	Ordinary	1,500,000	10.00
3. Baania (Thailand) Co., Ltd. <sup>2/</sup>	Big Data for Retail Estate	Ordinary	24,186	14.20
		Preferred	29,950	
4. Zortout Co., Ltd. <sup>3/</sup>	Online Seller Management	Ordinary	110,472	10.60
		Preferred	29,505	

## COMPANIES ACQUIRED THROUGH DEBT RESTRUCTURING PROCESS

Name	Business Type	Issued Shares		Ownership (%)
		Share Type	No. of Shares	
1. Lenso Phonecard Co., Ltd.	International Line Public Phone Card	Ordinary	62,423,190	10.00
2. UMC Metals Limited	Manufacturing and Trading (Steel Rod)	Ordinary	95,000,000	10.00
		Preferred	50,000,000	

**Remarks:** <sup>1/</sup> Changed the company's name to Krungsri Genesis Company Limited on February 1, 2023

<sup>2/</sup> Indirectly holding via Krungsri Finnovate Co., Ltd. of 14.20 percent

<sup>3/</sup> Indirectly holding via Krungsri Finnovate Co., Ltd. of 10.60 percent

## ARRANGEMENT OF PRODUCTS AND SERVICES

### SOURCE OF FUNDS

Krungsri provides deposit services to general public whereby it is the most important source of funds for Krungsri. As at December 31, 2022, Krungsri had a deposit balance of 1,804,692 million baht or 68.4 percent, interbank and money market items of 11.0 percent, debt issued and borrowings of 3.7 percent, shareholders equity of 13.0 percent and other sources of funds of 3.9 percent. Krungsri provides the following two types of the deposit services: non-interest bearing deposit i.e. current deposit and interest bearing deposit i.e. savings deposit and time deposit.

### CAPITAL MAINTENANCE ABILITY

Krungsri maintains the internal capital adequacy assessment process in accordance with the supervisory review process of the Bank of Thailand and monitors on a regular basis to ensure that the current and future capital requirements are aligned with the risk appetite of Krungsri.

Krungsri maintains its capital funds in accordance with the criteria, methodologies and conditions prescribed by the Bank of Thailand which is in line with the Basel III. As at December 31, 2022, Krungsri's capital fund and capital adequacy ratio are as follows:

(Unit: Million baht)

	Consolidated Supervision	The Bank
Total Common Equity Tier 1 capital	300,546	221,435
Total Tier 1 capital	302,235	221,435
Total capital fund	383,739	300,704

(Unit: Million baht)

	BOT Regulatory Minimum Requirement	Consolidated Supervision	The Bank
Total Common Equity Tier 1 capital/Total risk weighted assets	8.00	15.84	13.23
Total Tier 1 capital/Total risk weighted assets	9.50	15.93	13.23
Total capital/Total risk weighted assets	12.00	20.23	17.97

## OPERATING ASSETS

### MAIN FIXED ASSETS FOR BUSINESS OPERATIONS

#### ► PREMISES AND EQUIPMENT

As at December 31, 2022 and 2021, the net premises and equipment are as follows:

(Unit: Million baht)

Consolidated	2022	2021
<b>Land</b>		
Cost	5,269	5,239
Appraisal Increase	9,236	9,290
<b>Premises</b>		
Cost	16,060	13,360
Appraisal Increase	15,584	15,785
<b>Equipment</b>	15,729	15,072
Leasehold Improvement	3,496	3,530
Others	546	2,348
<b>Total</b>	<b>65,920</b>	<b>64,624</b>
<b>Less</b> Accumulated Depreciation	(34,841)	(33,728)
Allowance for Impairment	(75)	(75)
<b>Net Premises and Equipment</b>	<b>31,004</b>	<b>30,821</b>

**Remark:** As at December 31, 2022 and 2021, right-of-use assets are included in the premises and equipment at cost amounting to 4,369 million baht and 4,653 million baht, respectively.



## ▶ LEASE LIABILITIES

Lease liabilities as at December 31, 2022 and 2021 are as follows:

(Unit: Million baht)

Consolidated	2022	2021
Within one year	786	1,136
Over one year to five years	782	1,163
Over five years	440	503
<b>Total</b>	<b>2,008</b>	<b>2,802</b>

## ▶ LOANS TO CUSTOMERS AND INVESTMENTS

The important assets of Krungsri utilized for operating its business are loans to customers and investments. The asset management of Krungsri is as follows:

### Loans to Customers

#### Assets Classification and Allowance for Expected Credit Loss

Krungsri has complied with the Bank of Thailand's guideline requiring Krungsri to classify its assets and set aside

the allowance for expected credit loss according to the instructions prescribed for each debt classification. This is in pursuant to the Bank of Thailand's Notification SorNorSor. 23/2561 Re: Regulations on Assets Classification and Provisioning of Financial Institutions dated October 31, 2018 which is effective from January 1, 2020, and the other related BOT's notifications.

The assets classification of loans to customers and accrued interest receivables of Krungsri and its subsidiaries as at December 31, 2022 and 2021 is presented below:

(Unit: Million baht)

Consolidated	2022		2021	
	Amount	%	Amount	%
Stage 1 Performing	1,743,186	88.88	1,706,665	89.77
Stage 2 Under-performing	161,442	8.23	145,226	7.64
Stage 3 Non-performing	56,714	2.89	49,338	2.59
<b>Total</b>	<b>1,961,342</b>	<b>100.00</b>	<b>1,901,229</b>	<b>100.00</b>

**Remark:** Excluded interbank and money market items

#### Criteria for Classification and Set Up Allowance for Expected Credit Loss

Krungsri and its subsidiaries recognise a loss allowance for expected credit loss (ECL) on financial assets measured at amortised cost or measured at fair value through other comprehensive income. No impairment loss is recognised on equity instruments measured at fair value through other comprehensive income. ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that results from those default events on the financial instrument that are possible within 12 months after the reporting date (referred to as Stage 1); or
- lifetime ECL, i.e. lifetime ECL that results from all possible default events over the life of the financial instrument (referred to as Stage 2 and Stage 3).

A loss allowance for lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows under the contract and the cash flows that Krungsri and its subsidiaries expect to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's effective interest rate. The ECL is adjusted with a management overlay where considered appropriate.

For undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows if the holder of the commitment draws down the loan and the cash flows that the Krungsri and its subsidiaries expect to receive if the loan is drawn down.

For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Krungsri and its subsidiaries expect to receive from the holder, the debtor or any other party.

Krungsri and its subsidiaries measure ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's Original Effective Interest Rate, regardless of whether it is measured on an individual basis or a collective basis.

In subsequent reporting period, if the credit quality of the financial assets and financial commitments improve so that there is no longer a significant increase in credit risk since initial recognition, then a loss allowance can be recognised based on 12-month ECL. The changes in the reversal of loss allowance are recognised in profit or loss as an impairment gain or loss.

Krungsri and its subsidiaries also set up the allowance for expected credit loss in compliance with the Bank of Thailand's guidelines. As at December 31, 2022, Krungsri set up provision of 90,211 million baht for the consolidated financial statements. Such allowance for expected credit loss consisted of the allowance for expected credit loss for loans to customers and accrued interest receivables, interbank and money market items and loan commitments and financial guarantee contracts.

### Non-Performing Loan Management

Non-performing loans to total loans of Krungsri and its subsidiaries as at December 31, 2022 and 2021 are as follows:

(Unit: Million baht)		
	2022	2021
Non-performing loans	53,875	47,448
Percentage of total loans	2.32	2.20

**Remark:** Total loans are loans to customers and loans to financial institutions

### Investment in Securities

Krungsri invests in various types of securities namely government bonds, Bank of Thailand bonds, state-owned enterprise bonds guaranteed and non-guaranteed by the Ministry of Finance, and private-sector securities. Krungsri ensures effective management of securities investment, i.e. high benefits with acceptable risks, no impact on liquidity, and under the investment policy which determines investment framework e.g. type of securities to be invested, investment limit, risk control, etc.

#### 1) Investment in Government Bonds, Bank of Thailand Bonds, State-owned Enterprise Bonds guaranteed and non-guaranteed by the Ministry of Finance, and Risk Management

Government bonds, Bank of Thailand bonds, state-owned enterprise bonds guaranteed by the Ministry of Finance are highly secured and liquid. The main objectives of investment are for liquidity management, to preserve as liquid assets in compliance with the Bank of Thailand's

requirements, and to facilitate transactions made with the Bank of Thailand and other financial institutions/counterparties in the private sector.

Krungsri has risk management policy regarding the investment portfolio in debt instruments. In implementing this policy, Krungsri diversifies investments into government bonds, Bank of Thailand bonds, and state-owned enterprise bonds guaranteed and non-guaranteed by the Ministry of Finance, in several issues and maturity dates. Interest rate risk is measured by PV01 while portfolio duration is adjusted according to the interest rate condition. Portfolio will be marked to market daily, and report is submitted to senior executives on a monthly basis. In addition, Krungsri has a system presenting the daily duration of the total investment portfolio and also monitors the interest rates closely on the daily basis in order to appropriately adjust investment portfolio. Krungsri rebalances investment portfolio from time to time in the viewpoint of interest rate risk management by considering the yield curve movement and interest rate outlook. Moreover, investment

in state-owned enterprise bonds, non-guaranteed by the Ministry of Finance shall be within the investment limit and period approved for each juristic person.

## **2) Investment in Private-Sector Securities and Risk Management**

The main objective of investment in private-sector securities is to gain expected yields, focusing low-to-medium risk securities. The investment portfolio is managed to accord the liquidity management of Krungsri, focusing on medium-term and long-term investment in securities of sound basic factors.

## **3) Setting up of Allowance for Expected Credit Loss of Securities Investment**

Krungsri is to set up an allowance for expected credit loss of investment in securities in compliance with the Thai Financial Reporting Standards No. 9 on 'Financial Instruments'.

## **Investment in Subsidiaries and Joint ventures**

To be a leading regional financial institution with global reach, Krungsri committed responsibility to meeting the ever-changing needs of our broad customer base by offering a comprehensive range of universal banking products and services to key target groups: Commercial Banking (Thai, Japanese, Multi-national corporations and SMEs) and retail customers. With that, we make it a rule to invest in such companies that provide related financial services, which include wealth management, credit cards, non-life insurance, asset management, securities trading, auto hire purchase, equipment leasing, factoring, microfinance and installment loans.

From regional strategy perspectives, we seek opportunities to invest in the ASEAN region, especially CLMV (Cambodia, Lao PDR, Myanmar, Vietnam) plus the Philippines and Indonesia, in alignment with our aspiration to seek organic or inorganic growth in those countries and become an ASEAN financial power house.

In terms of management, we have established regulatory mechanisms in place for supervising and overseeing the operation of subsidiaries across Krungsri Group in order to maintain its best-in-class standards of corporate governance. In addition, we assign subsidiaries' directors and executives to supervise business operations, plans and annual budgets, and to provide Krungsri with important information for approval before taking actions.



## RISK FACTORS AND RISK MANAGEMENT

The Risk Management Group plays a vital role in Krungsri Group by sustaining competitive capabilities in an ever-changing business environment with its regulatory requirements, economic trends, and disruptive technologies. Risk management mechanisms allow us to maintain a sound risk appetite. Also, under the supervision of our risk management function, an extensive and well-defined risk management system has been adopted through our risk management structure, risk policies, and risk appetite framework.

The Risk Management Group has continuously developed and adapted MUFG policies and procedures to improve our capabilities in identifying, assessing, mitigating, and monitoring risks within an acceptable risk appetite. Collaboration across all business functions has led to more efficient risk management processes. The Bank has established risk management and control with the Three Lines of Defense, segregating roles and responsibilities as well as accountability for decision-making to achieve robust governance and risk management.

- First Line: Frontline teams responsible for day-to-day operations to ensure that the risk and control environments are safeguarded;
- Second Line: The Risk Management Group with oversight, monitoring, and control of risk procedures; and
- Third Line: An internal audit function providing strengthened independent assurance by assessing policies and procedures to ensure effective implementation.

An integrated approach is used to manage four main types of risk: credit, markets, liquidity, and operations.

## RISK MANAGEMENT STRUCTURE

The Risk Management Group is authorized to formulate risk management policies and procedures appropriate for each type of risk, developed in accordance with our defined risk appetite, endorsed by the Risk Management Committee, and approved by the Board of Directors (the Board). It is also responsible for monitoring and reporting portfolio quality, highlighting key risks, and developing strategies to manage potential portfolio and account risks for the Board and relevant committees. The authority and responsibilities of those involved in managing risk are allocated to seven parties:

### ► BOARD OF DIRECTORS

The Board defines our risk appetite and delegates approval authority for loan applications corresponding with credit

risk types, risk amounts, and credit risk ratings, to the Credit Committee through the Executive Committee.

### ► CREDIT COMMITTEE

The Credit Committee comprises senior executives from the Risk Management Group and the Credit Underwriting Group, as well as senior executives from relevant functions including business functions. The Credit Committee's primary responsibilities are:

- Approving credit requests and relevant operations relating to credit; and
- Approving credit regarding NPL/NPA/TDR.

### ► RISK MANAGEMENT COMMITTEE

**Primary responsibilities:**

- Approving and recommending to the Board integrated risk management policies and procedures for Krungsri Group;
- Reviewing Krungsri Group portfolio quality;
- Reviewing key market and operational risks, operational losses (such as fraud), as well as related systems and human errors; and
- Ensuring that Krungsri risk management methodologies are followed.

### ► CREDIT PORTFOLIO SUBCOMMITTEE

The subcommittee's primary responsibility is to ensure sound portfolio management in accordance with Krungsri's policies and procedures by:

- Monitoring our portfolio credit concentration, risk trends, and policies for handling specific industries;
- Considering credit policies for specific companies to avoid credit concentration; and
- Considering the management and operation of country risks.

### ► NPL/NPA/TDR SUBCOMMITTEE

**Primary responsibilities:**

- Establishing and reviewing policies, regulations, guidelines, and methods to improve NPL/NPA/TDR;
- Considering and approving credit requests, guidelines, and methods employed regarding NPL/NPA/TDR;
- Supervising and continually monitoring progress of these cases to speed up debt restructuring and prevent debt quality deterioration; and
- Approving principles for price determination as well as bid pricing and participation in collateral auctions for legal execution or asset sales.



## ▶ COLLATERAL VALUATION SUBCOMMITTEE

### Primary responsibilities:

- Establishing and reviewing policies and procedures for collateral valuation for loan or credit extension and valuation of foreclosed assets obtained from debt payment or auction in accordance with asset revaluation regulations;
- Selecting and approving contracts made with independent appraisers;
- Overseeing and offering guidance to in-house appraisers to ensure that they act with integrity and accuracy in compliance with Krungsri's and the Bank of Thailand's procedures; and
- Reviewing and approving the results of appraisals carried out by both in-house and external appraisers.

## ▶ CAPITAL MANAGEMENT SUBCOMMITTEE

### Primary responsibilities:

- Supervising capital management and ensuring alignment with applicable regulations, as well as capital management that corresponds to the Bank's risk appetite and capital demand;
- Supervising, reviewing, and providing recommendations for stress testing used as a tool for risk management; and

- Reviewing and approving capital allocation and assessing capital demand while adhering to the business plan and risk levels in both normal and crisis situations, and considering capital contingency plans whenever the Bank's capital changes significantly.

## KEY RISK FACTORS AND OUR MANAGEMENT

### ENTERPRISE-WIDE RISK MANAGEMENT

To support sustainable growth and manage risk with an integrated perspective, we established the Enterprise-wide Risk Management Framework (ERM) to oversee and manage all types of risk that may arise from changes in internal or external environments. In this regard, the Internal Capital Adequacy Assessment Process (ICAAP) was integrated into this framework.

### ▶ ENTERPRISE-WIDE RISK MANAGEMENT FRAMEWORK (ERM)

As regards the Enterprise-wide Risk Management Framework (ERM), tools are implemented to ensure that all material risks are identified, measured, and managed to remain within acceptable limits.

The **Risk Appetite Framework** is an overall risk governance framework including policies, procedures, controls, and systems through which risk appetite is established, communicated, and monitored. The framework is specified to ensure Krungsri Group has clear and appropriate guidelines to manage risks—corresponding to our risk capacity and business strategies.

The **Risk Map** is developed to identify potential risk events that could significantly impact Krungsri Group's business or risk profiles.

The **Heat Map** is implemented to measure and monitor the current status of each significant risk by utilizing the key risk indicators.

**Top Risks** refer to material risks identified through the Heat Map and Risk Map, as well as significant risks as per the opinions of management. Also, it is stipulated that such risks be managed under appropriate timeframes to prevent and mitigate the impact of such risks in a timely manner.

## ► THE INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (ICAAP) INTEGRATION

In response to ICAAP regulatory requirements, we have integrated this process with our ERM framework, under which material risks can be dynamically identified considering the external and internal environment, our business plan, and the complexity of the Bank's businesses. Risk appetite is established and managed to ensure that our capital position is within acceptable limits and meets regulatory requirements under normal and stressed conditions. Stress tests are conducted regularly and are overseen by the Capital Management Subcommittee, through which timely and effective action plans can be deployed.

## ► ORGANIZATION AND STRUCTURE

Enterprise-wide risk is managed under our enterprise-wide risk management policy approved by the Board of Directors. The policy stipulates the risk management structure, roles and responsibilities, reporting lines, and broad guidelines governing enterprise-wide risk. The Enterprise-wide Risk Management Division manages the ERM framework, including identifying and monitoring potential risks and Krungsri Group's consolidated status for all significant risks.

The Enterprise-wide Risk Management Division also collaborates with risk owners to capture emerging risks, assess risk levels, and establish risk mitigation and prevention plans. Risk status, including risk mitigation and prevention plans, is regularly reported to the Board through the Risk and Compliance Committee, the Executive Committee, and the Risk Management Committee.

## ► MATERIAL RISKS

Under the Enterprise-wide Risk Management Framework, the Bank has identified important risks—both mandatory regulatory risks and material risks arising from internal and external factors. We have established risk monitoring and control processes to ensure that such risks are effectively managed within acceptable limits, with the following important risks identified for 2022:

Material Risk	Risk Type
Pillar 1	Credit Risk
	Market Risk
	Operational Risk
Pillar 2	Credit Concentration Risk
	Interest Rate Risk in Banking Book
	Liquidity Risk
	Reputation Risk
	Strategic Risk
	IT Risk
	Compliance Risk
Other Material Risks	Fraud Risk
	Capital Adequacy Risk
	Model Risk

## CREDIT RISK MANAGEMENT

Credit risk refers to the possibility of Krungsri facing a loss caused by a decline or complete loss of asset value (including off-balance assets), resulting from deterioration in a borrower's financial conditions and a subsequent failure to meet financial obligations, or an event of default. Such developments could negatively impact both capital and loan loss reserve adequacy.

An international-standard credit risk management structure has been embraced with the intent of maintaining a good balance between business interests and credit underwriting. The establishment of checks and balances between credit underwriters and relationship managers ensures a transparent work environment. These two stakeholders have a common purpose in promoting the quality of credit growth and maintaining existing loans effectively.

Within the aforementioned credit risk management framework, Krungsri developed an enhanced automation support system to meet its high standards. In addition, the Bank has established procedures and guidelines pertaining to credit risk management and frequently provides training to relevant staff to ensure that they are well-equipped with necessary knowledge and understanding in carrying out their duties while adhering to robust risk management guidelines.



Krungsri's strategy for managing credit risk is continuously determined according to our risk appetite. To identify clear goals for practitioners, the Bank establishes policies and operational plans as guidelines which are in accordance with our strategy including credit policy, credit risk management procedures, and credit rating policy. Customer risk is managed based on international standards and in conformity with the Bank of Thailand's rules and regulations.

Since 2021, the Bank has had 'Responsible Lending Guidelines' in place to address our concerns pertaining to environmental, social and governance (ESG) risks. The guidelines clearly state characteristics of credit transactions and sectors which are prohibited in view of non-compensable ESG risks or which are restricted in view of material ESG risks. It is our strong intention to gradually phase out financing of coal-fired power plants by 2030.

## CREDIT RISK CONTROL

The objective of credit risk control is to avoid making unsound loans, whether from the outset or after disbursement. The credit risk management unit's responsibilities are divided between two teams, commercial and consumer, with these respective functions:

### ► COMMERCIAL CREDIT RISK MANAGEMENT

The Commercial Credit Risk Management Division manages borrower credit risk through our internal credit risk rating framework that is enhanced continuously to meet MUFG's high standards. We currently categorize business customers into two main groups based on their characteristics and size: Thai Global (large Thai companies with global trading transactions) and JPC/MNC as one group, and Thai Corporate and SME as the other. With such categorization, we can measure the probability of default (PD), loss given default (LGD), and exposure at default (EAD) more accurately and can better address the unique characteristics of customers of various sizes. The Bank assesses the credit quality of its Thai Global and JPC/MNC customers and assigns risk ratings based on an MUFG credit rating model, while using our own internally developed model for Thai Corporate and SME.

The internal credit rating models of both MUFG and the Bank are used to assign risk ratings for customers at origination or acquisition, are reassessed annually, and are adjusted for changes in credit quality over the life of the exposure through our credit review process. In assessing the risk rating of a loan or lending-related commitment, we consider factors that could potentially impact customer debt capacity including customer earnings and repayment sources, management's

ability and financial performance as well as track record, and the industry and location of the customer. We acknowledge that each customer is different, and thus the sources of information used to evaluate debt repayment capacity must be tailored to each type of customer. Such evaluation and rating assignment would be based on financial statements, while also accounting for other quantitative and qualitative factors to reflect business capacity and growth potential, to ensure that our credit rating framework meets MUFG standards.

The Bank has collaborated with MUFG on enhancing its internal credit rating framework to include additional qualitative customer factors; for example, support from parent companies is incorporated into risk adjustment procedures. Special types of customers are handled with special risk model forms. These special customers include government organizations, religious institutions, academic institutions, special-purpose companies (SPCs), and project finance.

Model development in compliance with International Financial Reporting Standards 9 (IFRS 9) is in place following the main principles and protocols of regulators, i.e. the Japanese Financial Services Agency (JFSA) and the Bank of Thailand. We have collaborated with MUFG to establish a new credit rating framework to better reflect the Bank's actual credit risks by leveraging MUFG's expertise and know-how. Continuous model validation and adjustment along with systems development and enhancement are in place to support credit risk control in an ever-changing environment, so that our risk management practices are of the highest international standards, in line with our goal of becoming a truly globalized bank.

### ► COUNTERPARTY CREDIT RISK

Counterparty credit risk is the risk arising from the possibility that the counterparty may default on amounts owed on a market-related transaction where the value of the contract in the future is uncertain, subject to the fluctuation of market risk factors such as interest rates, foreign exchange rates, and so forth. Krungsri's counterparties are normally customers that need to square their positions and minimize their risk exposure.

To determine each counterparty's credit risk limit, we use the same approval criteria as for other credit risks, and closely monitor counterparty credit status for aggregated exposure, credit equivalent amounts, and credit valuation adjustments—information that is regularly reported to senior management.



To mitigate risk arising from customer transactions, we may partially or fully hedge our risk exposure through offsetting agreements with other counterparties—mostly other banks. In addition, Krungsri has entered into an International Swaps and Derivatives Association (ISDA) agreement and Credit Support Annex (CSA), where cash collateral or highly liquid securities are required should the fair market value of any contract exceed the risk threshold.

### ► COUNTRY RISK MANAGEMENT

Country risk refers to the risk arising from uncertainties in economic, social, and political factors or other external conditions such as natural disasters and social or political unrest in countries where the Bank has granted credit, made investments, or undertaken contingent liabilities with residents, which may affect the level of risk or creditworthiness of business undertakings in those countries. Such factors may cause the Bank's debtors or counterparties to be unable to repay their debts or refuse to fulfill their contractual obligations, and may affect the financial status and operations of the Bank. Execution of transactions that incur country risk refers to the granting of credit, the making of investment, the creating of contingent liability, the undertaking of credit-like transactions, or the making of deposit placement with counterparties located in foreign countries.

For country risk management, a country limit has been established to ensure that exposure to each country is sufficiently controlled. The country limit is set in accordance with risk appetite, country grade, as well as sovereign rating and external credit rating agency ratings. These guidelines enable us to manage country and cross-border risk, including concentration risk, so that we may prudently expand our business to diverse countries abroad.

### ► CREDIT CONCENTRATION RISK

Krungsri has mitigated concentration risk from granting credit to, investing in, creating contingent liabilities for, or making credit-like transactions to a particular customer or industry, in order to avoid the likelihood of any single customer or industry generating heavy losses due to credit risk.

The Bank also manages concentrated credit risk by determining thresholds and limits for granting credit to, investing in, creating contingent liabilities for, or making credit-like transactions to large borrower groups and their related parties which are defined by regulators' conditions as a large borrower group.

Furthermore, a threshold limit has been established and adjusted for Krungsri credit risk arising from industry concentration, by controlling and monitoring the outstanding balance for each industry, which must not exceed a given industry's threshold limit.

### ► CREDIT INFORMATION MONITORING AND MANAGEMENT

We regularly report credit risk levels to the Board of Directors, relevant committees, and senior management. Our monthly credit portfolio report includes information on portfolio quality and segment trends by facility, rating, location, industry, and delinquency. In addition, ad hoc reports are occasionally conducted in response to irregular situations that may affect the Bank's credit portfolio.

### ► STRESS TESTING

The Risk Management Group conducts stress tests based on our stress test policy for both commercial and consumer portfolios. Stress tests use historical trends as well as future macroeconomic projections to determine potential losses and

their possible impact on the Bank's capital. Regulator-required stress test results are reported to the Capital Management Subcommittee, the Risk Management Committee, the Risk and Compliance Committee, and the Board. Internal stress test results are conducted periodically and reported to the Capital Management Subcommittee. We have strategies and action plans in place to prevent any adverse effects. In addition, Krungsri's stress tests comply with the Bank of Thailand and Japanese Financial Services Agency (JFSA) requirements as well as MUFG global requirements.

## ► CONSUMER CREDIT RISK MANAGEMENT

Consumer portfolios are managed at the portfolio or homogeneous-pool level. The Consumer Credit Risk Management Division establishes product program criteria and proposals for approval by the Bank's Board of Directors or delegated authorities such as the Risk and Compliance Committee and the Risk Management Committee. For effective risk control and consistency in credit decisions, the Bank leverages risk analytics, technology, and digitalization in the credit decision process. Credit applications are processed in a Loan Origination System (LOS), whereby credit approval decisions and line assignments are based mainly on online credit bureau report retrieval, together with utilization of statistically developed application score by the Bank's risk analytics function, and an automated credit criteria algorithm, in accordance with approved credit criteria. Verification of credit application data and final credit decisions are conducted by credit underwriters. Where applicable, line enhancement is based on behavior score and risk grade. Past-due management is centralized and is performed by a separate unit.

The Consumer Credit Risk Management Division has adopted the risk management principles of 1) risk identification; 2) risk assessment; 3) risk monitoring and control; and 4) risk reporting in daily operation and management. Executives of the Bank received regular updates and reporting on portfolio performance as well as issues to consider, and proposed corrective actions.

As part of digital transformation, the Bank pilot-tested alternative lending using an information-based approach for the Bank's retail portfolio. The concept will be extended and applicable to relevant partnership projects in order to enhance the Bank's competitive edge and grow our retail portfolio, while maintaining risk control in line with the specified target.

The Bank has also developed models to comply with the Bank of Thailand's regulations and international standards. The Expected Credit Loss model for new International Financial Reporting Standards (IFRS 9) compliance has been utilized

since 2020. The Basel Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD) models have helped us to further strengthen our portfolio management and are a major step toward complying with the Advanced Internal Ratings-Based Approach (AIRB).

Retail risk analytics unit and portfolio management unit have collaborated for the model development, implementation, monitoring, and adjustment (if necessary) of all retail credit models. In this regard, the model validation unit acts as a monitoring unit according to the principle of checks and balances. This is to ensure efficiency of the Bank's customized credit models and provide high-quality risk management.

## CREDIT RISK MANAGEMENT AND REVIEW

We rigorously monitor and review customer and portfolio risk in the following ways:

### ► RESERVE ADEQUACY

Loan loss provisions are calculated based on IFRS 9 and TFRS 9 accounting standards and the requirements of the Bank of Thailand. Reserves are calculated by the Risk Management Group, while the adequacy of reserves is reviewed and approved by the Chief Risk Officer and the Chief Financial Officer. Additional provision (management overlay) is allocated to portfolios or customers for potential risk or other factors that could not be captured by the expected credit loss model or other factors deemed appropriate by the Bank with supporting reasons. In addition, the Bank regularly conducts stress tests to appropriately assess the provisions and thus ensure that reserves are adequate to support business operations.

### ► CREDIT RISK AUDIT

The Credit Examination Division is an independent central unit under the Internal Audit Group of the Bank that is responsible for examining and reviewing all credit risk management operations, with plans approved by the Audit Committee or a delegated committee and acknowledged by the Board of Directors. The audit and review scopes cover overall credit risk management such as correctness of risk ratings, debt classification, loan reserve provision, compliance with credit covenants, and compliance with the Bank's credit policies, along with the relevant criteria of the Bank of Thailand.

### ► SUBSIDIARY MANAGEMENT

Our subsidiaries maintain independent risk organizations headed by senior risk executives. The Bank's Chief Risk Officer supervises subsidiary risk management activities.



These subsidiary risk management units must comply with our overall risk management strategy, ensure sufficient capacity with the required risk-related infrastructure, and comply with our risk appetite objectives and reporting requirements.

## ► NON-PERFORMING LOAN MANAGEMENT

Non-performing loans (NPLs) are managed by a dedicated team of specialists experienced in handling past-due accounts. They manage all high-volume loans and determine the best approaches to optimize payment from customers so as to improve asset quality, minimize losses, and maximize recovery. They also conduct NPL sales based on guidance and approval from the Board of Directors.

## MARKET RISK MANAGEMENT

Market risk refers to the risk of loss caused by price fluctuations in the trading and banking books related to interest rates, exchange rates, equity instruments, and commodities.

## ► MARKET RISK MANAGEMENT FRAMEWORK

The Bank has placed an emphasis on market risk management under a robust risk management framework, monitors and mitigates market risk in an appropriate and timely manner within the risk appetite approved by the Board of Directors (the Board), and adjusts risk management systems to comply with all regulations and best practice standards stipulated by the Bank of Thailand (BOT) and other regulatory authorities. The market risk policies and limits are regularly reviewed to ensure that they are commensurate with the scope, volume, and complexity of transactions, and support prudent business expansion. The Bank also maintains sufficient capital for both normal and stressed business conditions.

Market risk management is overseen by the Risk and Compliance Committee (RCC), the Risk Management Committee (RMC), and the Asset and Liability Management Committee (ALCO). The Market Risk Management Division highlights and reports the potential market risk that the Bank may be exposed to, and provides strategic risk management options to the committee, while the Global Markets Group executes transactions and manages positions as well as providing strategic options for effective market risk management.

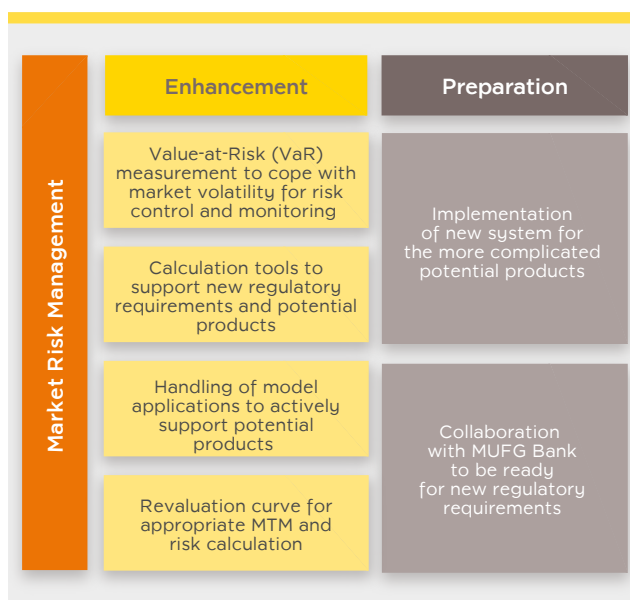
## ► MARKET RISK IN TRADING BOOK

A trading book consists of positions in financial instruments held for either trading or hedging other elements of the trading book. The Bank's trading activities are exposed to

interest rate risk, foreign exchange risk, and equity price risk, all of which may affect income or shareholders' equity.

## • Enhancement of Market Risk Management Tools and Preparation in 2022

The Bank enhanced market risk measurement in response to internal management, market volatility, and new requirements, through the development or modification of risk measurement tools for potential new products, and preparation for future implementation. In addition, as a MUFG strategic partner, the Bank is always fully supported by MUFG in terms of know-how and techniques regarding global risk management standards that help strengthen the Bank's market risk management framework.

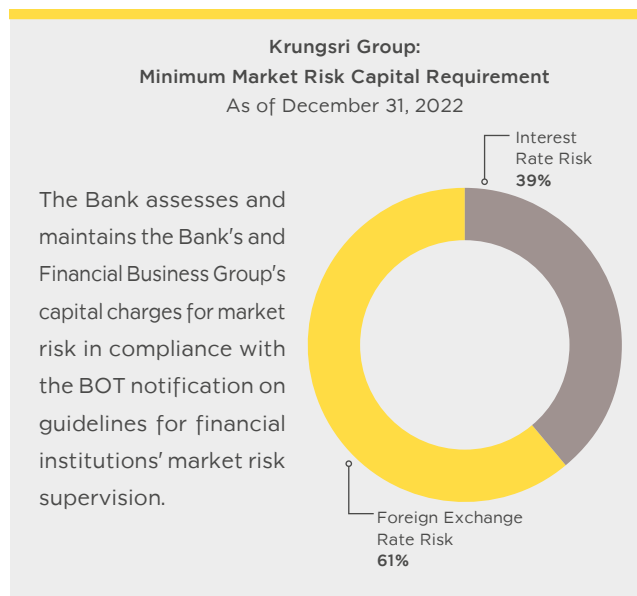


## • 2022 Trading Book Transaction Risks

2022 was the year of the interest rate hike cycle. Most central banks, led by the Federal Reserve (Fed), consecutively raised their policy interest rates to curb the accelerated inflation, mainly caused by the high cost of energy and food supplies. The Fed's aggressive monetary policy tightening, coupled with the implementation of various policies, have contributed to market volatility. As a result, the Bank must efficiently monitor market movement to manage its financial robustness in line with the risk appetite, while also delivering products in response to the clients' requirements. In light of these circumstances, a series of new products were in development or were launched, including new currency pairs of FX options, structured notes, equity-linked notes, and environmental, social, and governance (ESG)-linked derivatives. By taking into consideration their ESG targets, the aforementioned ESG-linked derivatives were developed to offer clients a hedging choice against financial risk.

As for market risk assessment, Value-at-Risk (VaR) has been adopted, and backtesting is regularly conducted to validate the model's reliability. In 2022, VaR was enhanced to better cope with market volatility. In addition, the Bank actively monitored developments and alerted relevant parties through the submission of flash reports upon the occurrence of significant events. We also conducted stress testing to assess risk under crisis situations. In 2022, the Bank's aggregate market risks were carefully managed and closely observed to ensure that such risks remained within the acceptable risk threshold. VaR for a 10-day holding period at a 99-percent confidence level of the trading book averaged 156.03 million baht.

- **Market Risk Capital Requirement**



## ▶ MARKET RISK IN BANKING BOOK

The banking book includes positions in financial instruments or other transactions not intended for trading, or financial instruments meant to be held for a long period or until reaching maturity.

### Interest Rate Risk in Banking Book

The Bank is exposed to interest rate risk in the banking book when mismatches between the interest rate structure of assets, liabilities, and off-balance sheet position adversely impact the Bank's earnings and capital. The following details show the potential interest rate risks that may or may not be inherent both on and off the balance sheet of the Bank.

- Repricing risk arises from timing differences in the residual term (for fixed rates) and the next repricing (for floating rates) of assets, liabilities, and off-balance-sheet items.

- Yield curve risk arises from changes in the shape and slope of the yield curve.
- Basis risk arises from a change in market interest rates, causing interest rates of assets, liabilities, and off-balance-sheet items to change disproportionately.
- Option risk arises from a change in interest rate which causes the volume or period of cash flow from a financial instrument with an embedded option to change.

To manage interest rate risk, the Bank conducts repricing gap analysis by both static and dynamic simulations based on projected interest rate trends, on a monthly basis or upon any significant change. The Bank also assesses the potential impact on net interest income (NII impact) as an earnings perspective for short-term effect analysis, while analyzing the sensitivity of the book value of shareholder equity (BVE impact) as an economic value perspective for long-term effect analysis on a monthly basis. The results of NII and BVE impact on various simulations are reported to senior management and related committees for prompt decision-making and to ensure that interest rate risk is within the risk appetite approved by the Board.

- **Enhancement of Interest Rate Risk in Banking Book Management Tools in 2022**

The risk measurement tools have been continuously and appropriately improved in line with international guidelines and regulatory requirements.

In 2022, the Bank reviewed interest rate risk in the banking book policy, practical guidelines and measurements for enhanced efficiency, and elevation of sound risk governance standards in line with the BOT's regulations on Interest Rate Risk in the Banking Book of Financial



Institutions and Supervisory Guideline on Capital Fund under Pillar 2. Important actions were taken, as follows:

- o Improved the new approach for stress testing under banking Value-at-Risk calculation to meet the Internal Capital Adequacy Assessment Process (ICAAP) framework to capture risk factor based on the BOT's guidelines
  - o Implemented different shape of yield curve change to assess the BVE impacts
  - o Revisited customer behaviors in response to interest rate changes in non-maturity deposits (NMDs), term deposits, fixed-rate loans, etc.
- **Interest Rate Risk in Banking Book for 2022**

Results of the Financial Business Group's interest rate risk assessment assuming a 1.00-percent increase in interest rates and yield curves of all rate-sensitive types of assets, liabilities, and off-balance sheet items at their different repricing periods are shown below:

NET INTEREST INCOME (EARNINGS PERSPECTIVE)	
Unit: Million baht	
Currency	As of December 31, 2022
THB	-1,912
USD	-450
Other Foreign Currencies	-275
<b>Total Impact</b>	<b>-2,637</b>
<b>% of projected net interest income over the next 1 year</b>	<b>-3.01%</b>

BOOK VALUE OF EQUITY (ECONOMIC VALUE PERSPECTIVE)	
Unit: Million baht	
Currency	As of December 31, 2022
THB	-11,216
USD	-832
Other Foreign Currencies	-133
<b>Total Impact</b>	<b>-12,181</b>
<b>% of capital</b>	<b>-3.17%</b>

## Equity Price Risk in Banking Book

The Bank monitors and reports the equity price risk in the banking book exposures to ensure that the level of the capital fund is appropriate and sufficient to absorb losses arising from positions in the banking book.

The Board determines the total limit, which shall be regularly reviewed at least once a year. Additionally, the Executive Committee (EXCOM) is responsible for approving transactions of the banking book items based on the authority delegated by the Board. The EXCOM is also responsible for approving investment policy to ensure that the investments are effectively and appropriately undertaken and in alignment with the economic situation and competition in the financial business industry.

The Global Markets Group is responsible for executing transactions under the risk limits approved by the Board as well as assessing the value of positions at least once a month. Furthermore, the Securities Investment Department monitors and reports the equity positions to the Asset and Liability Management Committee (ALCO) on a monthly basis.

## Foreign Exchange Risk in Banking Book

Fluctuation in exchange rates affects the value of the Bank's foreign currency-denominated assets and liabilities. The Bank is exposed to foreign exchange risk incurred from our overseas operations and investments, and any activities related to the banking book which incur foreign exchange exposure.

The Bank has a proactive risk monitoring process and control measures in place to ensure that risk is within an acceptable level. Foreign exchange risk management is under supervision of the Risk Management Group and the Global Markets Group.

To monitor and control foreign exchange risk at the Bank and group-wide levels, we apply VaR, individual/aggregate position, stop loss, and etc.

## ▶ MARKET RISK TREND IN 2023

In 2023, market risk is likely to increase due to concerns over an economic recession in several countries. Both internal and external factors will need to be closely monitored, including the potential of geopolitical risks, China's relaxation of its previously stringent COVID-19 measures, inflation, and policy rate direction. In addition, Thailand's political risks will be a major focus following the general election expected to be held in 2023. All of these aforementioned factors may cause uncertainty in market sentiment. Thus, the Bank needs to monitor and manage market risk that may result in a negative impact on the Bank's trading book and banking book on a timely basis.



## LIQUIDITY RISK MANAGEMENT

Liquidity risk arises from failure to repay debts and contingent liabilities by the due date because of an inability to convert assets into cash; it also relates to failure to obtain sufficient funds or higher-than-expected funding costs, thus adversely affecting income and capital funds.

### ▶ LIQUIDITY RISK MANAGEMENT FRAMEWORK

The Bank is fully aware and recognizes the importance of regulatory requirements, and manages liquidity risks as appropriate based on market conditions and acceptable risk levels.

The Bank establishes the liquidity risk management policy, managing and controlling liquidity risks to ensure adequate sources of liquidity to maintain sufficient future cash flows during both normal and stressed situations to cover business activities. The policy and limits are regularly reviewed and approved by the Board to ensure that they are commensurate with the scope, volume, and complexity of transactions, and support prudent business expansion.

Overall liquidity risk management is overseen by the Risk and Compliance Committee (RCC), the Risk Management Committee (RMC), and the Asset and Liability Management Committee (ALCO). The Market Risk Management Division provides strategic risk management options, while the Global Markets Group proposes funding strategic options, and manages daily liquidity positions under risk limits approved by the Board.

The Bank realizes the importance of adequate measuring tools for the size and complexity of transactions both on- and off-balance sheet. The Liquidity Coverage Ratio (LCR) is applied to short-term liquidity management to ensure maintenance of adequate liquid assets, while the Net Stable Funding Ratio (NSFR) is applied to long-term liquidity management to ensure maintenance of stable funding.

The Bank also emphasizes and conducts proactive liquidity ratio management mainly by assessing projected liquidity ratios based on the most likely business growth scenarios or any event that could impact the liquidity of the Bank and Financial Business Group, in order to ensure compliance with the Bank's risk appetite.

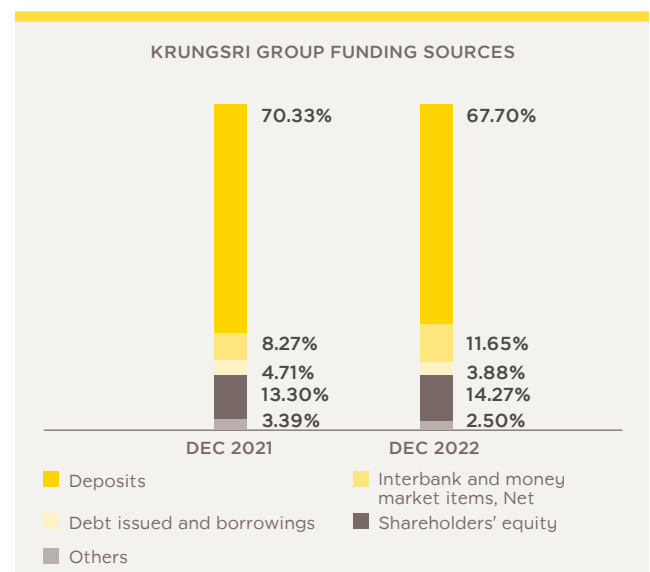
A manageable level of maturity mismatches of cash flows from assets and liabilities is then consistently maintained and regularly monitored with liquidity stress testing, together with sufficient liquidity reserves. The Bank also has a liquidity contingency plan that outlines the roles and responsibilities

of management and relevant departments, and has early warning indicators together with an action plan that allows the Bank to promptly manage crisis events and successfully resume normal operations.

### ▶ MAIN SOURCES OF FUNDING

The Bank's major funding source is customer deposits stimulated by various deposit campaigns and mobile banking services. This strategy can support continuous expansion of the retail customer base. In addition, the Bank encourages customers to foster relationships with the Bank and focuses on operational services to increase deposit volume and comply with the BOT's guidelines.

Other funding sources include MUFG borrowings and long-term debentures, considered a stable funding source from our great partnership with one of the world's largest banks, and domestic and foreign institutional investors, respectively.

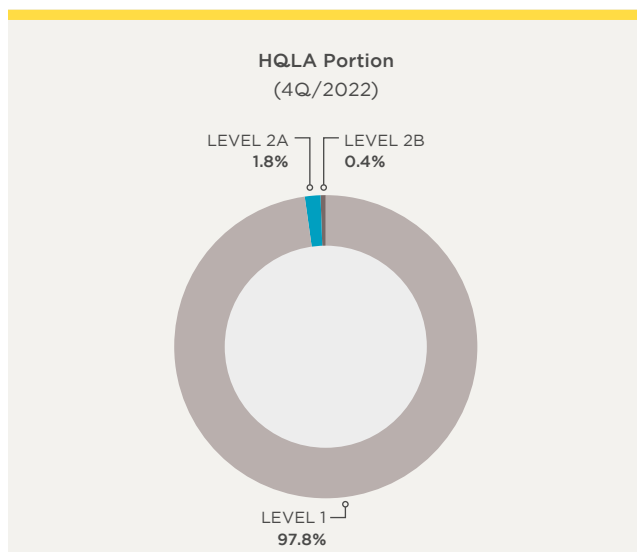


### ▶ REGULATORY REQUIREMENTS ON LIQUIDITY COVERAGE RATIO AND NET STABLE FUNDING RATIO

The Bank focuses on regulatory compliance regarding deposit restructuring and cost management to comply with Liquidity Coverage Ratio (LCR) at the minimum requirement of 100 percent as of January 1, 2020, and Net Stable Funding Ratio (NSFR) guidelines with the minimum requirement of 100 percent, effective July 1, 2018. To comply with the BOT's Notification SorNorSor. 2/2561 regarding Liquidity Coverage Ratio Disclosure Standards, dated January 25, 2018, the Bank has provided on our website essential information on LCR to shareholders and investors for assessing the liquidity risk of the Bank and encouraging market discipline.

## ► LIQUIDITY COVERAGE RATIO MANAGEMENT

The average LCR as of the fourth quarter of 2022 was 135 percent, still well above the BOT's minimum requirement and the Bank's internal trigger level. The Bank had sufficient liquidity by maintaining 97.8 percent of total high - quality liquid assets (HQLA) in Level 1 assets including government bonds, BOT bonds, public sector entity (PSE) bonds guaranteed by the Ministry of Finance, and cash.



## ► LIQUIDITY SITUATION IN 2022 AND LIQUIDITY RISK TREND IN 2023

In 2022, the interest rates of both deposits and loans were gradually raised after the Bank of Thailand tightened its policy rate to combat inflation. Additionally, economic uncertainty caused by soaring global inflation due to quantitative easing measures during the COVID-19 situation, a volatile fuel price as a result of Ukraine-Russia geopolitical conflicts, and capital outflow caused by central banks' varied monetary policies in each country, resulted in impacts on the Bank's operations. Bearing these factors in mind, we are fully equipped with tools for appropriate liquidity management in terms of both foreign currencies and the Thai Baht to guard against any potential liquidity shortage.

In 2023, Thailand's economy is expected to recover, thanks to the ongoing recovery of the tourism sector. However, Thai exports are still facing deceleration in tandem with a global economic slowdown. Additionally, global financial market volatility may continue due to the expectations surrounding the Fed's monetary policy stance after US inflation starts to subside. As a result, the Bank will closely monitor factors

that could affect our liquidity risk over both the short and medium terms, including:

- Capital inflows and outflows triggered by both internal and external factors
- Intensified competition among financial institutions in savings and investment products as well as debenture issuance by listed companies, which may affect overall liquidity in the banking system
- Increasing loan demand which could put pressure on liquidity in the banking system
- Impact on loan quality and cash flow due to tightening monetary policy

## OPERATIONAL RISK MANAGEMENT

Operational risk refers to the risk of loss resulting from inadequate or failed internal procedures, technical problems, human factors, and external events. It also includes legal risk but excludes strategic and reputational risks.

Operational risk may occur in any part of the Bank's business processes and can result in financial or non-financial impacts including legal and regulatory breaches or reputational impacts.

The Bank recognizes the increased potential for operational risk incidents in the Bank's operations stemming from pandemics, destructive cyber security incidents, technology failures, political crises, flooding, and other natural disasters.

The Bank remains committed to effectively managing and mitigating major operational risk with a proactive approach and sufficient resources under our risk appetite, promoting sound operational risk management governance and frameworks, as well as cultivating operational risk awareness throughout Krungsri Group.

Operational risk is managed under operational risk management policies approved by the Bank's Board of Directors. Krungsri's policy stipulates the minimum requirements for a framework that is implemented throughout the organizational structure along with the Three Lines of Defense to ensure independent oversight of operational risk management. All business units as operational risk owners and risk-takers have primary responsibility for day-to-day identification and management of the operational risk inherent in their products, activities, procedures, and systems, in accordance with the Bank's policy.

The Operational Risk Management Division is responsible for designing and developing the risk management framework

and reporting significant risks and risk-related incidents to senior management and relevant committees. In addition, the Internal Audit Group provides an independent check on the structure, policies, and actions taken to ensure adequacy and effectiveness of operational risk management.

## ► OPERATIONAL RISK MANAGEMENT FRAMEWORK AND TOOLS

The Bank has implemented the operational risk management framework and process in alignment with international standards. The Bank has a process to verify, assess, control, and report significant operational risks to the senior management and relevant committees.

The Risk and Control Self-Assessment (RCSA) Program is reviewed regularly based on historical loss data and changes in the business environment, which helps reflect the risk profile of the Bank. Krungsri implemented the testing program of key controls for key risks as identified in the RCSA with the aim of ensuring that key controls are well-designed and performed regularly, as reflected in the risk profiles.

We also conduct risk assessments on new products, processes, and technologies to ensure that all of these, or significant changes to existing processes and systems, are subject to comprehensive risk evaluation in terms of potential operational risk, information technology risk, cyber threats, and other risks, and approved by related business units and the management before launch.

Key risk indicators are collected and tracked at both the Bank level and the business unit level to provide early warning signals of deterioration in Krungsri Group's internal controls. Appropriate action plans must be put in place to prevent losses should risk levels exceed acceptable thresholds.

All departments are responsible for reporting operational risk incidents that result in direct and indirect losses beyond a certain threshold, including near-miss and non-financial impact events, to the Operational Risk Management Division. The Bank established a Significant Incident Management Working Group for such incidents; root causes are analyzed and addressed in a working group discussion to ensure that effective preventive measures are engaged, and to share lessons learned from significant operational risk incidents with other business units.

Together with the abovementioned tools, the Bank has implemented an operational risk management system (ORMS) to improve the efficiency of the risk control self-assessment



approach, monitoring of key risk indicators, and reporting of operational risk incidents. Business units that are risk owners can easily access operational risk management processes, helping to reduce manual operations, which are being replaced with an automated workflow. In addition, the ORMS provides analysis reports on operational risk information more effectively.

The Bank continues to enhance business partner risk management and recognizes the importance of data security, protection of personal data, handling of complaints and service problems, ensuring continuity of operation and provision of services to customers, and having in place risk management for using business partners' services to cover related risks, especially reputational risks, operational risks, and information technology risks.

The Bank recognizes the importance of business continuity management to ensure that if disruptions occur anywhere across Krungsri Group, key products and customer services can be provided or restored within a reasonable period. During the COVID-19 pandemic, Krungsri rolled out several measures including hygienic and preventive measures or provision of equipment for employees during the work-from-home period. These efforts were to ensure that the Bank could still provide support and deliver services to customers and to mitigate related risks and impacts for our customers and employees.



## ► CAPITAL REQUIREMENTS

We currently use the Standardized Approach (SA) to calculate operational risk capital. Details of the capital requirements are in the following table.

<b>KRUNGSRI OPERATIONAL RISK MINIMUM CAPITAL REQUIREMENTS</b> AS OF DECEMBER 31, 2022, AND DECEMBER 31, 2021		
	Unit: Million baht	
<b>Standardized Approach</b>	<b>Dec 31, 2022</b>	<b>Dec 31, 2021</b>
Total Capital Charge for Operational Risk	11,597	11,624
Equivalent Risk-Weighted Assets for Operational Risk	144,964	145,302

## INFORMATION TECHNOLOGY RISK MANAGEMENT

Information technology risk, or IT risk, is the potential risk in using information technology to run a business. This could affect the systems or operations of the Bank and includes the risk of cyber threats and the risks incurred from third parties.

The Bank recognizes IT risk as a significant risk category and as an element of enterprise-wide risk management, and provides sufficient resources to manage such risk through the promotion of IT risk management under the governance and policy framework.

IT risk management is part of the Bank's operational risk management and information security management, focusing on confidentiality, integrity, and availability of systems and data—including the maintenance and protection of customer data to boost their confidence in the Bank's financial services.

To effectively manage IT risk, the Bank established an IT risk management policy covering the organizational structure, roles, and responsibilities for the committees and related parties according to the Three Lines of Defense. The Bank developed the appropriate IT risk management framework, which is aligned with the Bank's operational risk management framework, to ensure that such risks, including the risks incurred from cyber threats, the use of third-party services, and IT project management are identified, assessed, monitored, controlled, and reported. In this regard, the process of the IT risk management framework covers risk assessment, treatment, monitoring and review, and reporting.

The Bank conducts IT risk assessments of critical applications with the respective application owners, both business units and IT units. Such assessments aim to identify and assess the potential IT risks, root causes, and impacts, including the existing controls and their effectiveness. The Bank has also developed an IT risk universe to determine the risk management scopes and gather all relevant IT risks.

The Bank has developed key IT risk indicators which correspond to the significance of all mission-critical applications and systems of the Bank in order to monitor and keep IT risk levels under the relevant risk appetite. The Bank has researched and analyzed IT risk incidents that have occurred, including the monitoring of IT risk trends that could impact the Bank and other organizations, to ensure that the Bank has appropriate IT risk management.

The Bank has developed a policy that controls the testing of financial services with the utilization of financial technology (Own Sandbox). The policy aims to control the use of new technology in creating, developing, and improving products or services. Hence, we can be assured that such financial innovations meeting the specified criteria can be deployed under the stipulated requirements and environment.

The Bank has third-party risk management, which is under the IT risk management framework. We recognize the importance of monitoring and managing the risks arising from the use of, connection with, and access to a third-party database and service in accordance with the risk level and significance, having established IT security and cyber security systems in accordance with the Bank's standards, while data confidentiality, integrity, and availability must also be upheld.

On top of that, the Bank has in place a process to manage and report significant IT incidents or problems as well as significant cyber threats or attacks. Such issues are presented to the Risk Management Committee, the Executive Committee, the Risk and Compliance Committee, and the Board of Directors, respectively.

## DRIVING BUSINESS FOR SUSTAINABILITY

### 1) SUSTAINABILITY POLICY AND GOALS

With the spirit and responsibilities of a Domestic Systemically Important Bank (D-SIB), Krungsri has adhered to undertaking business based on good corporate governance, in accordance with the best practices of **sustainable banking** by integrating environmental, social, and governance (ESG) dimensions into our operations, in parallel with strict and prudent ESG risk management. We would therefore seek business opportunities appropriate for responsible financial service providers on a solid ESG foundation for the ultimate interest of all stakeholder groups and enhanced capabilities in response to sustainable development goals, nationally and globally.

Krungsri established the sustainability vision of **'To be the most sustainable commercial bank in Thailand'** with a tangible sustainability framework and policy, as well as an annual materiality assessment, in conformity with the urgent domestic and global agenda of sustainability.

In 2022, the Sustainability Committee resolved to approve the revision of Krungsri's materiality by taking into account material aspects related to financial service providers, expectations of stakeholders toward the Bank's business operations, as well as expectations of regulators and sustainability organizations at domestic and at the regional level as follows:

### SUSTAINABILITY VISION

**'To be the most sustainable commercial bank in Thailand'**



#### Governance and Economic Aspects

- Good Governance and Anti-Corruption
- Financial Crime Prevention
- Customer Experience and Market Conduct
- Data Governance and Personal Data Protection
- Cybersecurity
- Risk and Crisis Management
- Innovation and Digital Transformation
- Supply Chain Management



#### Social Aspect

- Responsible Lending and ESG Consideration
- Fair Labor Practices and Respect for Human Rights
- Financial Inclusion
- Occupational Health, Safety, and Working Environment
- Stakeholder Engagement
- Human Resources Development
- Promotion of Financial Literacy
- Community Participation and Social Engagement



#### Environmental Aspect

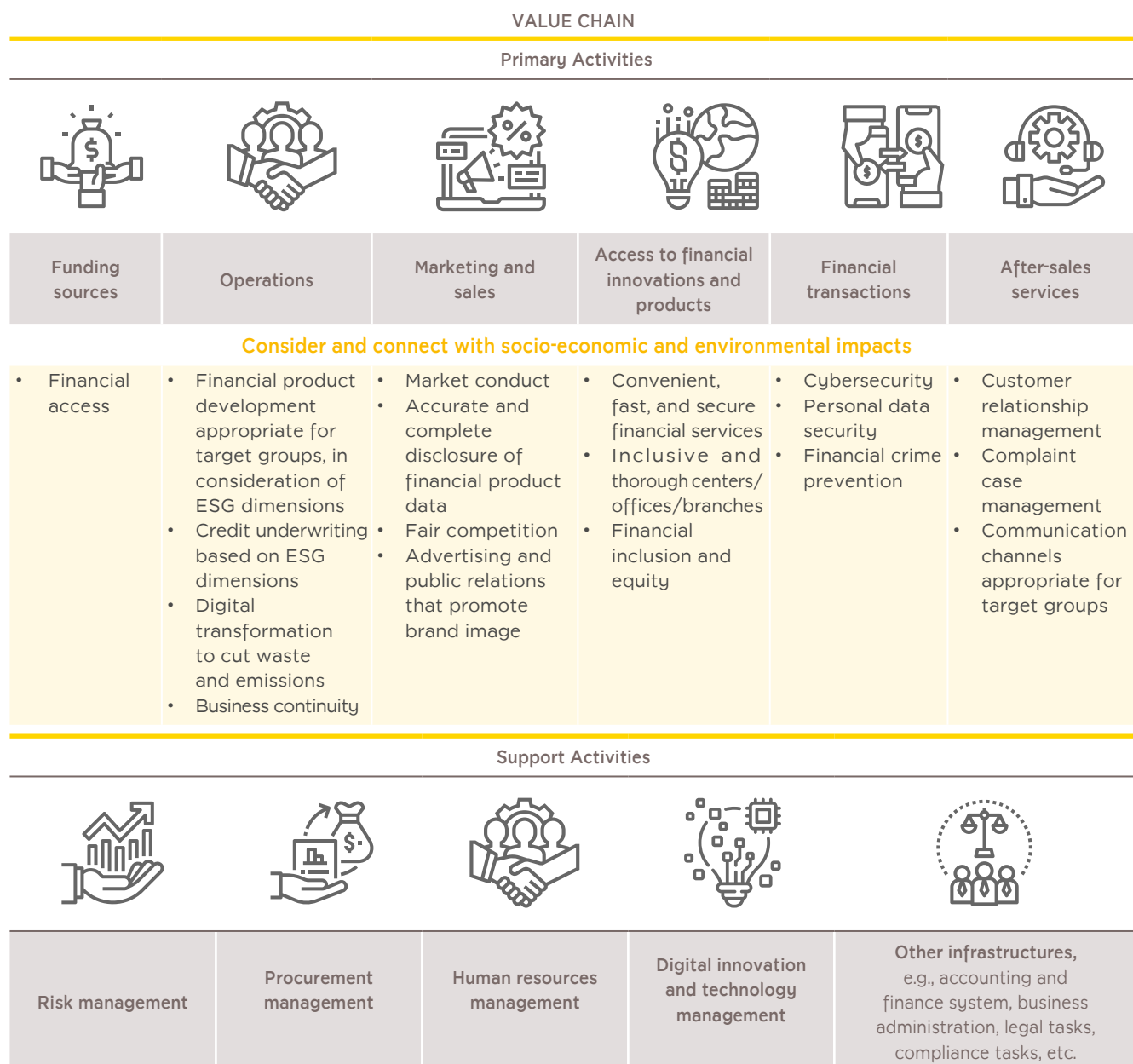
- Climate Change Management
- Environmental Management and Resource Efficiency

**Remark:** Please see 'Materiality Identification Process' in Krungsri's Sustainability Report 2022 for more details.

## 2) VALUE CHAIN MANAGEMENT

Krungsri places importance on stakeholders of the entire value chain, upstream through downstream, thereby focusing on sustainable value creation in parallel with managing impacts

on stakeholders through appropriate stakeholder engagement in response to their expectations as well as international guidelines and practices.



### ► STAKEHOLDER ANALYSIS

Krungsri places high fairness-based value on all stakeholder groups, internal, and external. The Bank ensures that a stakeholder analysis and prioritization process is in place, with concern for diverse relevant factors. They include the context of relationships with stakeholders and the connection with adding value throughout the entire supply chain, shareholder expectations, impacts of the Bank's operations on stakeholders in terms of economic, social, environmental, and governance aspects,

mutual dependency, codes of conduct, and responsibility toward stakeholders. Krungsri categorizes stakeholders into nine groups: 1) executives and staff members, 2) customers, 3) shareholders, 4) suppliers/vendors, 5) creditors, 6) regulators of the banking business and listed companies, 7) investors/analysts, 8) other commercial banks or financial institutions, and 9) communities and society.



## Stakeholder Mapping



In addition, Krungsri has established processes that build meaningful stakeholder engagement through focusing on their expectations and perspectives on the Bank's operations. In light of this, we can establish stakeholder engagement guidelines and best practices, covering the economic, social, and environmental dimensions, including issues that could spill over into the Bank's business capabilities. Greater stakeholder engagement will not only enable us to make strategic business decisions so that we would be able to respond to expectations across all stakeholder groups, but also mitigate potential risks and adverse impacts to build better stakeholder relationships that promote sustainable success.

**Remark:** Please see 'Stakeholder Engagement' in Krungsri's Sustainability Report 2022 for more details.

## 3) ENVIRONMENTAL MANAGEMENT

- Formulate an **'Environmental Disclosure Statement'** addressing the following international environmental issues:
  - Striving to protect the environment and responding to climate change is the responsibility of all human beings
  - Contributing to the realization of sustainable society by protecting the global environment in alignment with the Sustainable Development Goals (SDGs)
  - Complying with applicable international legislation and agreements, and responding appropriately when our operations result in environmental risks or negative impacts
  - Striving to reduce environmental impacts of our operations, as well as actively working toward finding solutions to global environmental issues through our business activities
- Declare **'Krungsri Carbon Neutrality Vision'** in conformity with the United Nations Sustainable Development Goal 13: Climate Action, and Thailand's Nationally Determined Contributions (NDCs), as well as MUFG's Carbon Neutrality Declaration, with the following goals:
  - Decarbonizing the Bank's own operations by 2030**
  - Decarbonizing the Bank's financial services by 2050**
    - Phasing out our exposure to coal-fired power plants within 2030; enhancing financial disclosure policies with an action plan to disclose our portfolio's financial emissions as well as reduction targets
    - Increasing social and sustainable finance portfolio to 50-100 billion baht by 2030
    - Contributing to the active promotion of sustainable and green finance market development in Thailand
- Conduct **'Carbon Footprint for Organization (CFO)'** evaluation to calculate greenhouse gas emissions from our Head Office and Krungsri Ploenchit Office, and start collecting and calculating carbon footprint of all the Bank's branches and 14 subsidiaries. Krungsri's CFO evaluation was conducted in compliance with international standards or equivalent and reviewed by entities registered at the Thailand Greenhouse Gas Management Organization (Public Organization) (TGO), so that our CFO can be endorsed by TGO. 2022 Carbon Footprint Organization information is in the process of being verified by Bureau Veritas Certification (Thailand) Limited.
- Establish **'Policy for Environment, Resource, Occupational Health, and Safety'** to promote and support environmental management and resource efficiency. The policy was adopted as a guideline to determine environmental protection and resource conservation measures, and to

comply with relevant laws and regulations related to the environment. Krungsri's executives and staff members, as well as internal and external related parties, shall cooperate in complying with the policy.

- Appoint **'Working Committee on Environment'** to support responsible business operations that take into account environmental mandates, and ultimate energy efficiency and resource management, comprising 10 business unit representatives, responsible for reporting directly to the Sustainability Committee
- Provide **appropriate environmental complaint channels** via the Bank's complaint channels, e.g., the website, at [www.krungsri.com/eng/esg/contactus](http://www.krungsri.com/eng/esg/contactus), Krungsri Call Center 1572, or directly file complaints to the Working Committee on Environment, etc.

**Remark:** Please see 'Environmental Management and Resource Efficiency,' in Krungsri's Sustainability Report 2022 for more details.

## ► SIGNIFICANT ENVIRONMENTAL PERFORMANCE

### Carbon Footprint for Organization

- Greenhouse gas emissions of Krungsri Group (Scope 1 and 2)<sup>1/</sup>  
**46,287** tons of carbon dioxide equivalent
- GHG emission intensity of the organization (Scope 1 and 2) **2.27** tons of carbon dioxide equivalent per person

### Energy consumption

Krungsri has continuously sought ways and measures to reduce electricity consumption at the Head Office in order to reduce GHG emissions as much as possible. In 2022, we reduced electricity consumption by 436,772.31 units per year, saving 1,699,042.58 baht and mitigating indirect GHG emissions (Scope 2) by 218,342.47 kilograms of carbon dioxide equivalent (kgCO<sub>2</sub>e) through the following activities.

Activity	Volume of electricity reduced (unit)	Amount of electricity costs saved (baht)	Amount of GHG emissions (Scope 2) reduced (kgCO <sub>2</sub> e)*
• Reduce the cycles of 30 air handling units (AHU) from 50 to 45 hertz by using a variable speed drive (VSD)	196,680.66	731,652.06	98,320.66
• Reduce the operating hours of the 750-ton water chiller	88,561.84	329,450.03	44,272.06
• Select the high-efficiency water chiller as the main chiller	151,529.81	637,940.49	75,749.75
<b>Total</b>	<b>436,772.31</b>	<b>1,699,042.58</b>	<b>218,342.47</b>

**Remark\*:** GHG calculations are based on the emission factors from the Thai National LCI Database, TIISMTEC-NSTDA, AR5 (with TGO electricity 2016-2018).

### Water consumption

For the most efficient and cost-effective use of water, Krungsri reuses treated wastewater from the Head Office's cooling tower system and dripping water from the condensation coil system for efficient water consumption and mitigation of environmental impact. In 2022, about 320 cubic meters per month or 3,840 cubic meters per year of treated wastewater from the Head Office was used to water plants, wash the ground floor parking area, and refill the fountains in front of the building, helping us save about 65,856 baht per year.

As for KSPO, Krungsri uses water from rainwater tanks as well as treated wastewater from the cooling tower system and dripping water from the condensation coil system to water plants around the building. Also, about 176 cubic meters per month or 2,112 cubic meters per year of the water is reused in the cooling tower system, helping us save 36,220.8 baht per year.

## Waste management

In 2018, the 'Krungsri Zero Waste' initiative was introduced to address the SDGs, particularly Goal 12: Responsible Consumption and Production, and Goal 13: Climate Action. Krungsri launched several internal projects and activities to instill employee awareness of environmental problems and adjust waste sorting behaviors, starting by promoting resource efficiency, reduction of waste from the Bank's processes or activities, and proper waste sorting to cut down the amount of waste sent to landfills—a major contributor to GHG and climate change—as follows:

- Discontinue the use of foam food containers in the Bank's canteens and encourage employees to carry their own reusable straw, cup, or bottle, cloth bag, eating utensils, and food container to minimize single-use plastics
- Encourage employees to properly sort trash through the 'Krungsri Right Place, Right Bin' activity
- Promote the donation of reusable cloth or plastic bags still in good condition to reduce the use of new plastic bags
- Discourage employees from ordering more food than they can eat and install food waste decomposers to reduce food waste from the canteens to landfills
- Organize projects and activities in collaboration with the public sector and partnership networks to reduce waste and GHG emissions, e.g., the Green Office project initiated by the Department of Environmental Quality Promotion, Ministry of Natural Resources and Environment; and the project of proper e-waste disposal according to international standards in partnership with Advanced Info Service Public Company Limited and Synnex (Thailand) Public Company Limited

2022 marked the fifth year of the 'Krungsri Zero Waste' project with the following activities:

- **Supported the 'Care the Whale' project by joining hands with the Stock Exchange of Thailand (SET)** in promoting end-to-end waste minimization and waste sorting for proper disposal, including promoting the circular economy model. Krungsri aims to reduce non-recyclable waste such as plastic bags, snack packaging, plastic eating utensils, paper cups, plastic cups, plastic straws, milk cartons, and juice cartons by sending them to be used as refuse-derived fuel (RDF) in the cement manufacturing process so that there is zero RDF to landfills. The Bank communicated and provided RDF waste bins so that employees could take concrete action in sorting waste. In 2022, 5,384.65 kilograms of RDF was collected from the Head Office and KSPO and sorted to be used in the

cement manufacturing process, helping reduce GHG emissions by 8,817.63 kgCO<sub>2</sub>e.



- Installed food waste decomposers to reduce waste to landfills as well as GHG. With our sights set on becoming a zero food waste organization, Krungsri installed a food waste decomposer at the Head Office in 2020. It uses biotechnology to turn food waste into bio-soil in alignment with the circular economy concept. In 2022, food waste from the Head Office was reduced by 5,810.76 kilograms or 14,701\* kgCO<sub>2</sub>e, and the leftovers were turned into 1,174 kilograms of bio-soil.

Another food waste decomposer has since been installed at KSPO. Installation was completed in December 2022, and the machine is scheduled to enter operation in early 2023. It is expected that the machine will help reduce the amount of food waste sent to landfills by 3,000 kilograms per year or 7,500\* kgCO<sub>2</sub>e, equivalent to planting 830 trees.

**Remark:** \* Calculation of GHG emissions is based on the emission factors and the carbon footprint for organizations (July 2022) of the Thailand Greenhouse Gas Management Organization (TGO).



## 4) SOCIAL IMPACT MANAGEMENT

As a member of society, Krungsri emphasizes social impact management in a holistic manner by considering the needs and expectations of stakeholders, both those close to us, e.g., employees, customers, and suppliers/vendors, and those with a less direct connection, e.g., surrounding communities and society. Social impact management guidelines have been established as follows:

### ► FAIR LABOR PRACTICES AND RESPECT FOR HUMAN RIGHTS

- Promulgate the **'Human Rights Disclosure Statement'** that reads, 'Krungsri recognizes respect for human rights as an important issue to be addressed in our business management to realize our Corporate Mission as a member of the world's most trusted financial group in serving society through sustainable growth. We aim to fulfill our responsibility to respect human rights across all of our operations.' This disclosure statement reaffirms the Bank's commitment to addressing international sustainable issues and meeting related targets.
- The **'Human Rights Policy'** was established to serve as a basic framework for the respect of human rights that covers all stakeholder groups. Guidelines are as follows:

- o Ensure treatment of all stakeholder groups, including customers, suppliers, or vendors, business partners, etc., in accordance with human rights principles at the domestic and international levels based on equality and non-discrimination.
  - o Refrain from any actions that violate human rights through human rights risk management, well-rounded human rights due diligence, and remedies and reparation upon human rights violations.
  - o Support and encourage the protection of and respect for human rights through communication and dissemination of knowledge, and stipulate guidelines for monitoring and providing support to stakeholders in the business value chain.
- Establish the **'Human Resources Committee' (HR Committee)** to give advice concerning the Human Resource Policy and any significant changes regarding human resource matters of Krungsri Group, including employee policies, projects, plans, benefit plans, etc. Krungsri's compliance with the Human Resource Policy is also monitored to ensure human resource activities are effectively and efficiently organized. The committee also reviews and evaluates the key strategies, policies, and projects or action plans related to human resources operations of Krungsri Group to ensure that the aforementioned strategies, policies, and projects or action plans are competitive and comparable with those of industry peers, while complying with relevant laws and regulatory requirements.
  - Stipulate the **'Human Resource Policy'** as a framework for establishing a guideline for communicating our human resource management and development process, as well as related roles and responsibilities, applicable to Krungsri Group. This policy comprises four elements as follows:
    - 1) **Recruitment:** Cover consideration in internal and external recruitment based on the basic foundation of fair hiring practices, prevention of conflicts of interest, respect for differences and diversity, and employee engagement.
    - 2) **Workplace environment:** Focus on promoting and supporting diversity in the workplace at home and abroad for a positive working environment, while preventing unwelcome employee behavior, discrimination and division, conflicts of interest, and any harassment that could lead to disrespect for employee rights.
    - 3) **Performance and compensation management:** Focus on fairness, transparency, verifiability, and non-conflicts of interest, with clear, fair, and nondiscriminatory guidelines and procedures for employee compensation and benefits.



#### 4) Employee development and career management:

Focus on employee development and performance enhancement for both employees and the Bank in accordance with the Bank's business targets and strategies, while also responding to customers' demands and equipping employees with competency enhancement to support sustainable business growth.

- Establish the '**Procedures for Recruitment and Hiring**', so that the Bank's recruitment and hiring guidelines and steps are clear and common, as well as being compliant with related regulations and policies. This procedure covers the procurement of permanent employees, short-term employees, advisors, outsourced staff, and interns, taking into account fair recruitment and hiring, while being strictly compliant with labor laws and regulatory requirements. Job applicants' qualifications and job descriptions are considered without discrimination, while emphasis and value are placed on diversity, including ethnicity, gender, age, and religion. In addition, the Bank focuses on employee and applicant privacy best practice, while also considering data security and respect for the rights of employees and applicants.
- **Focus on compliance with international legal requirements and frameworks of each country in which the Bank is operating its business** such as Lao PDR and Cambodia.
- Formulate a '**termination guideline**', based on fairness and compliance with labor laws, where 'terminated' employees are notified by the Human Resources Group upon or before their payday for that month so that the effective date of termination falls on the payday of the following month. In addition, severance and special severance is paid to such employees in compliance with regulatory requirements, and the Bank's hiring rules, regulations, and requirements
- **Perform a survey and review the remuneration payment and provision of employees' benefits on a regular basis** to improve criteria and remuneration structures in line with current labor market trends as well as to ensure the Bank's remuneration and benefits are competitive and corresponding to those of industry peers. In this connection, differences and diversity, including gender, age, ethnicity, religion, etc., will not be taken into consideration when determining employee remunerations, benefits, and promotions.
- Provide **appropriate benefits to support employees** and their family or reduce their cost of living and ease their financial concerns, which will help lead to their well-being and good operating performance.

- Conduct an **employee opinion survey (Voice of Krungsri)** by an external party. Employee feedback would be taken into consideration to develop human resource operations while enhancing efficiency and engagement of employees. The frequency of the survey depends on suitability and consideration of related committees.
- Organize **activities to foster employee engagement** such as the retirement and service recognition ceremony; activities on important occasions, namely a merit-making ceremony on the occasion of Krungsri's establishment anniversary; the Employee Purchase Program where the Bank joins hands with suppliers in providing inexpensive products for employees; 'Pay Day, Play Day' with a quiz game related to the Bank's basic information; 'One Krungsri' with a quiz game related to Krungsri's core values; and establishment of the Krungsri Club.
- **Enable employees to voice their concerns** through various channels in a bid to help solve their problems according to the Bank's regulations.

**Remark:** Please see 'Fair Labor Practices and Respect for Human Rights' in Krungsri's Sustainability Report 2022 for more details.



## Key Performance for Fair Labor Practices and Respect for Human Rights



Total workforce<sup>1/</sup>  
**36,974**  
people



Employee expenses<sup>2/</sup>  
**27,143**  
million baht



Average hours of training  
per employee:  
**58.44**  
hours



Krungsri employees passing  
refresher compulsory programs:

**99.95%**

(99.98 percent including employees under special conditions<sup>3/</sup>)

Remarks: <sup>1/</sup> Including permanent and temporary employees of the Bank, subsidiaries, joint ventures, and associate

<sup>2/</sup> 'Employee expenses' means salaries, wages, overtime pay, bonuses, cost of living subsidies, employee benefits, the Bank's contribution to provident funds, welfare programs, and other benefits, e.g., health insurance, annual health checkup.

<sup>3/</sup> 'Employees under special conditions' refers to employees identified by supervisory business units as being unable to attend compulsory programs, such as those who suffer terminal illness.

## ► RESPONSIBILITIES TOWARD CUSTOMERS

- Establish the **Krungsri core value of 'Customer Centricity'** as part of the organization's culture as well as the heart of our business operations in order to become customers' most preferred financial institution.
- Strictly comply with the Bank of Thailand's market conduct guidelines** to mitigate potential risks arising from non-compliance with BOT regulations and requirements, or being suspended from service provision, penalized, or blamed, as well as potential brand and reputation risks.
- Formulate the **'Policy for Market Conduct'** for controlling market conduct management according to regulatory requirements. The policy serves as a guideline on providing fair services to customers for both the Bank and companies in the Financial Business Group (Krungsri Group), which are all obliged to comply with the policy and must refer to it as a guideline for formulating their own comparable policies unless there are more stringent legal or regulatory requirements imposed on each company. Moreover, the policy must be reviewed at least once a year or upon significant changes. The framework is based on minimum standards stipulated by regulators, including the BOT.
- Stipulated the **'Procedure for Service Quality Assurance'** for use as a guideline in assessing performance of the Services Quality Assurance Section, Customer Care Department, regarding the evaluation of staff and officers providing customer service via phone or customer visit, to ensure that operations are carried out using common standards without any breach of related laws. Service quality is assessed through conversation audio clips, or customer

satisfaction surveys, results of which will be analyzed and used for setting strategic plans toward ultimate efficiency, as well as the performance of responsible staff or departments.

- Put in place an audit of sales and service operations of staff by establishing the **Procedure for Sales Quality Checking (Call Back)** to control, supervise, and audit sales and service operations in compliance with the market conduct policy by randomly making telephone calls for customer satisfaction surveys. The survey results will be analyzed and used for the Bank's service enhancement.
- Promote, communicate, and set standards so that all parts of the Bank realize and understand the Bank's **'Customer Complaint Resolution Process (CCRP)'** which covers not only the main contact channel **Krungsri Call Center 1572**, but also other channels such as the Bank's branches, website (www.krungsri.com), email, and fax. This is so employees have a guideline to follow for handling customers' complaints, praise, and suggestions. All relevant business units must resolve any complaint within the time limit counted (Service Level Agreement: SLA) from the date that the complaint was received.
- Expand scope of customer services via live chat by establishing the **'Digi-care Contact Center'** team to support customer contact through the Bank's social media channels, e.g., Facebook, Twitter (Krungsri Simple), website (www.krungsri.com), email, or other online media such as the Pantip web board, to ensure that customer service and assistance are provided on a timely basis.
- Disclose reports of product and service quality, as well as statistics of IT disruption that impacted service provision,

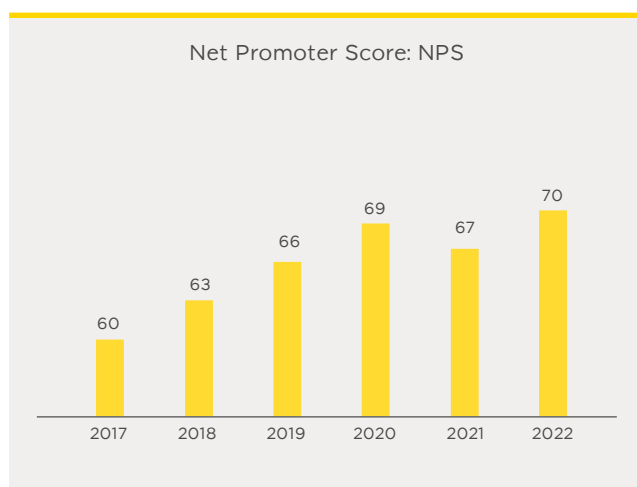
via significant channels, including Krungsri Mobile Application (KMA), Internet Banking, Automated Teller Machine (ATM)/ Cash Deposit Machine (CDM), the Bank's branches, and Krungsri's website (www.krungsri.com), on a quarterly basis.

- Put in place the annual customer satisfaction survey process with a tool called '**Net Promoter Score (NPS)**' so that the feedback will be used for improving the Bank's products and services to perfectly satisfy customer expectations and demands.
- Establish the '**Customer Experience Management Division**' responsible for collecting and analyzing customer feedback and suggestions given via multiple channels, e.g., product satisfaction surveys, customer feedback given to frontline staff, and via social media. In addition, channels to receive staff feedback are available as they play an important role in enhancing the customer experience, while meetings to promote internal cooperation have been arranged in order to improve operational and service processes for greater efficiency and effectiveness. Feedback from both customers and staff is crucial for in-depth analysis and product and service development planning. In this regard, the customer feedback analysis and planning information would be proposed to the '**Customer Experience Council (CXC)**'.

**Remark:** Please see 'Customer Experience and Market Conduct' in Krungsri's Sustainability Report 2022 for more details.

## Key Performance for Customer Responsibilities

Customer satisfaction toward Krungsri's branches



Krungsri conducts a customer satisfaction survey on the Bank's branch services nationwide on a yearly basis, of which feedback will be used for the Bank's branch service enhancement and improvements, such as branch staff, services, and manners; knowledge enhancement for staff

responsible for financial products and services; staff training on related regulatory requirements; improving workflows for greater efficiency, etc. The Bank has established the '**Branch Service Quality Section**' under the supervision of the Branch Communication and Service Quality Department responsible for branch service quality control, supervision, and enhancement, to ensure better response to customer demands and excellent customer service. As a result, customers have been impressed by branch services and have chosen to use more of the Bank's products and services, establishing a connection with the Krungsri brand, which leads to the Bank's improved reputation over the long term. For 2022, Krungsri's target for Net Promoter Score (NPS) was set at 64 percent, while the actual NPS was as high as 70 percent.

## ► COMMUNITY AND SOCIAL RESPONSIBILITIES

- Appoint the '**Sustainability Committee**' responsible for determining the strategies, directions, policies, and regulations for the operations relating to ESG, sustainability, or social accountability of Krungsri Group in accordance with sustainable banking principles, the guidelines and expectations of regulators, and the Sustainable Development Goals (SDGs) of the United Nations to be proposed to the Executive Committee for approval. The Sustainability Committee shall hold a meeting no less than once per quarter and shall report its performance directly to the Executive Committee.
- Form the '**Policy for Social Contribution and Project Formulation**' as the basic framework for providing financial support and donations to corporate social responsibility (CSR) activities of the Bank and the companies in the Financial Business Group, which must use this policy as a guideline on forming an equivalent policy of their own.
- Establish the '**Corporate Social Responsibility Department**' under the Environmental, Social, and Governance Division of the Corporate Strategy and Planning Group. Its responsibility is to devise CSR strategies and determine plans, projects, or campaigns that have a positive impact on society, including driving Krungsri's CSR activities in cooperation with our alliances and relevant parties, both internal and external, and in conformity with international guidelines or standards as well as the SDGs.
- Stipulate the social responsibility framework called '**Krungsri's 4 CSR Pillars**' so that our CSR activities respond to sustainable development at the national and international levels. Details are as follows:

## KRUNGSRI'S 4 CSR PILLARS



### CREATING SUSTAINABILITY VALUE

Focusing on creating an understanding of social responsibility and sustainability among employees and executives, and promoting the long-term participation of stakeholders. The Sustainability Report is also prepared in order to assess our performance and create awareness among all groups of stakeholders.

### GIVING BACK TO THE COMMUNITY

Emphasizing the creation of community engagement both in the Bank's operating area and in the country via CSR activities and projects

### PRESERVING THE ENVIRONMENT

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

### PROVIDING FINANCIAL SUPPORT

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

**Remark:** Please see 'Community Participation and Social Engagement' in Krungsri's Sustainability Report 2022 for more details.

## Key Performance for Community and Social Responsibilities



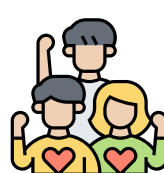
**Investments for community and social development <sup>1/</sup>**  
**3.57**  
million baht



**Donations <sup>1/</sup>**  
**15.01**  
million baht



**Krungsri Group Volunteers**  
**7,007**  
people



**Volunteer hours**  
**17,176**  
hours

**Remark:** <sup>1/</sup> Bank of Ayudhya and subsidiaries only





### 'Krungsri Breast Cancer Awareness' project

Krungsri started this project in 2010 with the support of Breast Foundation under the Patronage of Her Royal Highness The Princess Mother, aiming to support the country's public health strategies through diverse activities such as breast self-examination training by experts and free mobile mammography units providing the public with high-standard breast examination service equivalent to examination at the Thanyarak Breast Center.

In 2022, after the pandemic started to ebb, Krungsri joined hands with the foundation in organizing activities to raise awareness of breast cancer and breast self-examination for the 13<sup>th</sup> year by having the foundation's experts educate and demonstrate the correct breast self-examination method to health volunteers at two public health service centers in Yan Nawa District, namely Public Health Service Center 55 Techa Samphan, and Public Health Service Center 7 Bunmee Pururachrunson, including village health volunteers, through the networks of Song Khanong Tambon Health Promoting Hospital, Bang Kachao Tambon Health Promoting Hospital, and Bang yo Tambon Health Promoting Hospital in Samut Prakan, totaling 100 persons.

**Remark:** Please see community and social responsibility in Krungsri's Sustainability Report, Community Participation and Social Engagement section, for more details.



As the representative of health volunteers in the Phra Pradaeng area, I'd like to thank Bank of Ayudhya and the Breast Foundation for placing importance on public health and inviting the health volunteer teams from the Bangyo, Bang Kachao, and Song Khanong Tambon Health Promoting Hospitals to join this training session. With the content that we have learned, we can further discuss how to help as many women within the area to realize and understand breast self-examination, likely by communicating through our local channels such as the public address system or the monthly volunteer meeting. This training session provided knowledge that will be immensely useful for the public's health and longevity.

**Mr. Saichon Sangdaengchart**  
Director of Bangyo Tambon Health Promoting Hospital

## KEY FINANCIAL INFORMATION

### SUMMARY OF THE AUDIT REPORT

The auditor is Deloitte Touche Tohmatsu Jaigos Audit Co., Ltd. by Mr. Chavala Tienpasertkij, who has audited the financial statements for the years 2020 - 2022. An auditor expressed an unmodified audit opinion in the audit reports for the years 2021 and 2022, and expressed an unmodified with an emphasis of matters audit opinion in the audit report for the year 2020.

### SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS

#### Statements of Financial Position

Bank of Ayudhya Public Company Limited and Subsidiaries

As at December 31

(Unit: Thousand baht)

	Consolidated Financial Statements		
	2022	2021	2020
<b>Assets</b>			
Cash	29,809,734	29,370,777	30,333,319
Interbank and money market items, net	460,919,592	346,816,011	523,384,552
Financial assets measured at fair value through profit or loss	998,296	735,901	786,336
Derivatives assets	30,027,490	24,993,090	30,445,120
Investments, net	145,166,925	182,710,312	162,100,028
Investments in subsidiaries, associate and joint ventures, net	16,580,435	14,457,378	14,365,116
Loans to customers and accrued interest receivables, net	1,873,490,845	1,816,869,472	1,765,622,639
Properties for sale, net	5,212,261	3,273,214	3,365,637
Premises and equipment, net	31,004,015	30,821,335	31,196,615
Goodwill and other intangible assets, net	16,672,311	17,021,650	17,031,374
Deferred tax assets	4,248,698	4,510,329	4,890,090
Other assets, net	22,820,220	27,529,161	25,852,963
<b>Total assets</b>	<b>2,636,950,822</b>	<b>2,499,108,630</b>	<b>2,609,373,789</b>

## Statements of Financial Position (Continued)

### Bank of Ayudhya Public Company Limited and Subsidiaries

As at December 31

(Unit: Thousand baht)

Consolidated Financial Statements			
	2022	2021	2020
<b>Liabilities and Equity</b>			
Deposits	1,804,692,244	1,779,138,526	1,834,505,186
Interbank and money market items	289,976,590	202,149,529	243,569,647
Liability payable on demand	4,226,086	4,041,826	5,607,230
Derivatives liabilities	37,340,384	21,671,872	32,941,510
Debt issued and borrowings	98,198,641	118,977,170	146,118,868
Provisions	10,605,835	12,014,547	13,378,497
Deferred tax liabilities	1,049,581	1,125,626	686,388
Other liabilities	49,102,437	41,752,882	43,387,499
<b>Total liabilities</b>	<b>2,295,191,798</b>	<b>2,180,871,978</b>	<b>2,320,194,825</b>
<b>Equity</b>			
Share capital			
Authorized share capital			
7,574,143,747 ordinary shares of 10 baht each	75,741,437	75,741,437	75,741,437
Issued and paid-up share capital			
7,355,761,773 ordinary shares of 10 baht each	73,557,618	73,557,618	73,557,618
Premium on ordinary shares	52,878,749	52,878,749	52,878,749
Other reserves	2,586,999	4,299,561	4,271,362
Retained earnings			
Appropriated			
Legal reserve	7,574,144	7,574,144	7,279,800
Unappropriated	204,321,373	179,205,803	149,556,653
<b>Total Bank's equity</b>	<b>340,918,883</b>	<b>317,515,875</b>	<b>287,544,182</b>
Non-controlling interest	840,141	720,777	1,634,782
<b>Total equity</b>	<b>341,759,024</b>	<b>318,236,652</b>	<b>289,178,964</b>
<b>Total liabilities and equity</b>	<b>2,636,950,822</b>	<b>2,499,108,630</b>	<b>2,609,373,789</b>

## Statements of Profit or Loss and Other Comprehensive Income

### Bank of Ayudhya Public Company Limited and Subsidiaries

For the Year ended December 31

(Unit: Thousand baht)

	Consolidated Financial Statements		
	2022	2021	2020
Interest income	105,428,252	99,803,755	108,062,348
Interest expenses	21,650,327	21,823,669	26,758,210
Interest income, net	83,777,925	77,980,086	81,304,138
Fees and service income	24,237,147	24,053,016	24,811,854
Fees and service expenses	7,292,419	7,201,753	7,247,669
Fees and service income, net	16,944,728	16,851,263	17,564,185
Gains on financial instruments measured at fair value through profit of loss, net	4,732,652	4,095,788	4,112,021
Gains (losses) on investments, net	(40,035)	10,925,241	108,747
Share of profit from investment using equity method	1,556,501	1,930,465	1,523,281
Dividend income	449,744	366,328	272,950
Bad debts recoveries	6,728,858	6,586,684	6,752,472
Other operating income	2,265,711	4,170,541	2,349,127
Total operating income	116,416,084	122,906,396	113,986,921
Other operating expenses			
Employee's expenses	27,142,994	26,717,401	25,296,702
Directors' remuneration	69,617	64,604	64,639
Premises and equipment expenses	7,397,827	7,194,404	7,549,879
Taxes and duties	2,507,258	2,216,677	2,534,958
Others	13,917,801	12,761,187	13,018,826
Total other operating expenses	51,035,497	48,954,273	48,465,004
Expected credit loss	26,652,373	31,604,341	36,643,685
Profit from operating before income tax expenses	38,728,214	42,347,782	28,878,232
Income tax expenses	7,838,517	8,293,292	5,537,981
<b>Net Profit</b>	<b>30,889,697</b>	<b>34,054,490</b>	<b>23,340,251</b>



## Statements of Profit or Loss and Other Comprehensive Income (Continued)

### Bank of Ayudhya Public Company Limited and Subsidiaries

For the Year ended December 31

(Unit: Thousand baht)

	Consolidated Financial Statements		
	2022	2021	2020
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss:			
Gain (loss) on investments in debt instruments at fair value through other comprehensive income	(1,402,025)	(718,832)	303,190
Gain (loss) on cash flow hedges	91,671	50,703	(161,013)
Gain (loss) arising from translating the financial statements of foreign operation	208,133	1,167,030	(91,607)
Share of other comprehensive income of associate and joint venture	(60,996)	5,437	(5,773)
Income tax relating to components of other comprehensive income	168,577	(102,153)	(8,250)
Items that will not be reclassified subsequently to profit or loss:			
Gain (loss) on investments designated at fair value through other comprehensive income	(1,092,284)	1,000,767	86,586
Actuarial gain (loss) on defined benefit plans	1,006,446	1,234,956	(560,724)
Share of other comprehensive income of associate and joint ventures	7,151	(1,507)	(1,434)
Income tax relating to components of other comprehensive income	17,168	(447,145)	94,292
Total other comprehensive income, net	(1,056,159)	2,189,256	(344,733)
<b>Total comprehensive income</b>	<b>29,833,538</b>	<b>36,243,746</b>	<b>22,995,518</b>
Net profit attributable			
Owners of the Bank	30,712,985	33,794,188	23,039,785
Non-controlling interest	176,712	260,302	300,466
	30,889,697	34,054,490	23,340,251
Total comprehensive income attributable			
Owners of the Bank	29,655,325	35,988,558	22,686,391
Non-controlling interest	178,213	255,188	309,127
	29,833,538	36,243,746	22,995,518
<b>Earnings per share of owners of the Bank</b>			
Basic earnings per share (Baht)	4.18	4.59	3.13
Weighted average number of ordinary shares (Shares)	7,355,761,773	7,355,761,773	7,355,761,773

## Statements of Cash Flows

### Bank of Ayudhya Public Company Limited and Subsidiaries

For the Year ended December 31

(Unit: Thousand baht)

	Consolidated Financial Statements		
	2022	2021	2020
<b>Cash flows from operating activities</b>			
Income from operating before income tax expenses	38,728,214	42,347,782	28,878,232
Adjustments to reconcile income to cash received (paid) from operating activities:			
Depreciation and amortization	4,568,757	4,761,064	5,048,950
Expected credit loss	26,652,373	31,604,341	36,643,685
(Gain) loss on translation in foreign currencies	(2,696,300)	1,772,698	(1,861,624)
Unrealized loss from revaluation of derivatives	12,178,431	3,381,013	3,774,390
Share of profit from investment using equity method	(1,556,501)	(1,930,465)	(1,523,281)
(Gain) loss on investments	40,035	(10,925,241)	(108,747)
Increase in discount on investments	476,415	558,215	453,500
Gain on sales of properties for sale	(999,619)	(1,476,540)	(1,030,962)
Loss on sales of premises and equipment	322,445	209,009	89,791
Loss on impairment of properties for sale (reversal)	277,051	(58,567)	303,455
Reversal loss on impairment of other assets	(4,613)	(19,479)	(50,041)
Increase (decrease) in other reserves	(661,864)	(806,921)	1,056,673
Interest income, net	(83,777,925)	(77,980,086)	(81,304,138)
Interest received	104,285,219	98,144,442	103,431,303
Interest paid	(20,010,682)	(22,994,644)	(29,760,357)
Dividend income	(449,744)	(366,328)	(272,950)
Dividends received	449,727	366,328	272,973
Increase (decrease) in other accrued expenses	933,559	271,076	(2,236,620)
Income tax paid	(6,798,700)	(8,037,612)	(6,373,368)
Income from operations before changes in operating assets and liabilities	71,956,278	58,820,085	55,430,864

## Statements of Cash Flows (Continued)

### Bank of Ayudhya Public Company Limited and Subsidiaries

For the Year ended December 31

(Unit: Thousand baht)

	Consolidated Financial Statements		
	2022	2021	2020
<b>Cash flows from operating activities (Continued)</b>			
(Increase) decrease in operating assets			
Interbank and money market items	(115,099,038)	180,429,574	(186,202,686)
Financial assets measured at fair value through profit or loss	(262,395)	50,435	1,884,771
Loans to customers	(99,493,171)	(100,232,050)	(66,474,423)
Properties for sale	16,897,563	24,300,754	22,672,548
Other assets	5,424,902	(200,775)	(447,835)
Increase (decrease) in operating liabilities			
Deposits	29,784,946	(62,033,789)	265,723,732
Interbank and money market items	85,267,555	(51,625,708)	(13,079,004)
Liability payable on demand	240,651	(1,643,145)	1,860,435
Other liabilities	4,827,388	(1,460,207)	2,253,707
Net cash from operating activities	(455,321)	46,405,174	83,622,109
<b>Cash flows from investing activities</b>			
Proceeds from sales of investments in securities	65,863,060	81,951,737	115,464,655
Cash paid for purchases of investments in securities	(31,412,933)	(102,114,526)	(162,224,477)
Proceeds from sales of investments in joint venture	-	12,696,670	-
Cash paid for investment in subsidiaries and joint venture	(810,941)	(1,545,027)	(983,991)
Proceeds from sales of premises and equipment	238,268	218,815	297,847
Cash paid for purchases of premises and equipment	(2,617,835)	(1,823,585)	(2,601,111)
Cash paid for purchases of intangible assets	(1,312,901)	(1,184,593)	(1,898,796)
Net cash from investing activities	29,946,718	(11,800,509)	(51,945,873)
<b>Cash flows from financing activities</b>			
Proceeds from debts issued and borrowings	45,501,864	27,455,784	12,220,988
Repayment of debts issued and borrowings	(65,524,871)	(54,834,278)	(40,952,958)
Payment for lease liabilities	(1,640,870)	(1,578,659)	(1,632,282)
Dividend payment	(6,311,246)	(5,516,821)	(3,310,093)
Net cash from financing activities	(27,975,123)	(34,473,974)	(33,674,345)
Total	1,516,274	130,691	(1,998,109)
Effect arising from translating the financial statements of foreign operations	10,845	896,030	(41,622)
Effect of exchange rate change on cash	4,185	78,460	82,084
Net increase (decrease) in cash and cash equivalents	1,531,304	1,105,181	(1,957,647)
Cash and cash equivalents as at January 1,	38,717,903	37,612,722	39,570,369
<b>Cash and cash equivalents as at December 31,</b>	<b>40,249,207</b>	<b>38,717,903</b>	<b>37,612,722</b>

## Key Financial Ratios

(Unit: Percent)

Consolidated	2022	2021	2020
<b>Profitability Ratio</b>			
Net Profit Ratio	21.13	22.24	15.57
Return on Equity Ratio	9.33	11.17	8.25
Yield on Earning Assets	4.34	4.15	4.61
Cost of fund	1.01	1.01	1.27
Interest Rate Spread <sup>(1)</sup>	3.33	3.14	3.34
Return on Investment Ratio	1.93	7.80	2.31
<b>Efficiency Ratio</b>			
Net Interest Income to Assets	3.26	3.05	3.28
Return on Assets	1.20	1.32	0.93
Asset Turnover (times)	0.06	0.06	0.06
<b>Financial Policy Ratio</b>			
Liability to Equity (times)	6.72	6.85	8.02
Loan to Borrowings	102.44	99.59	92.54
Loan to Deposit Ratio	108.02	106.25	99.91
Deposit to Liability Ratio	78.63	81.58	79.07
Dividend Payout Ratio <sup>(2)</sup>	20.36	18.50	11.17
Total Capital Adequacy Ratio – Financial Business Group	20.23	20.08	19.10
<b>Asset Quality Ratio</b>			
Allowance for Expected Credit Loss to Loans and Accrued Interests Receivables	4.48	4.44	4.15
Expected Credit Loss to Loans	1.36	1.67	1.99
Non-Performing Loan to Total Loans <sup>(3)</sup>	2.32	2.20	2.00
Accrued Interest Income to Loans and Accrued Interests Receivables	0.61	0.57	0.49

Remarks: <sup>(1)</sup> Interest Rate Spread = Yield on Earning Assets - Cost of fund<sup>(2)</sup> Dividend Payout Ratio = Dividend Payment/Net Profit attributable to Owners of the Bank<sup>(3)</sup> Total loans are loans to customers and loans to financial institutions



# MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

## EXECUTIVE SUMMARY:

Advocating Thailand's economic growth and continued business recovery efforts, Krungsri delivered a 2022 normalized **net profit** of Baht 30,713 million, representing an increase of 19.9% or Baht 5,104 million, from 2021. The solid result was driven by normalizing expected credit loss together with higher net interest income, corresponding to both loan expansion and net interest margin improvement achieved during the year.

Incorporating the extraordinary gains on investments from the sales of shares in Ngern Tid Lor Public Company Limited (TIDLOR) recorded in 2021, net profit decreased by 9.1%, or Baht 3,081 million.

**Total loan outstanding** stood at Baht 1,949,409 million, increasing by 3.1%, or Baht 59,033 million from December 2021. Loan growth was broad-based, encompassing all customer segments.

Corporate and SME loans grew by 3.8% and 5.3%, respectively, underpinning the overall improvement in economic activity and domestic private investment expenditures as well as working capital requirements.

Meanwhile, retail loans increased by 1.9%, largely driven by improved consumer confidence and spending following a rebound in economic activity, prompted by the unwinding of extraordinary COVID-19 measures and the country's reopening in particular.

**Deposits** totaled Baht 1,804,692 million, an increase of Baht 25,553 million, or 1.4% from the end of December 2021, mainly driven by an increase in savings deposits.

On a normalized basis, **non-interest income** in 2022 was Baht 32,638 million, a decrease of Baht 1,561 million, or 4.6%, from 2021, driven by a decrease in gains on sales of written off loans, offset by gains on foreign exchange and derivatives.

Incorporating the extraordinary gains on investment from the TIDLOR transaction recorded in 2021, non-interest income decreased by Baht 12,288 million, or 27.4%.

The **non-performing loan (NPL) ratio** registered at 2.32% at the end of December 2022, compared to 2.20% at the end of December 2021. Krungsri continued to prudently maintain

a robust level of provision at 136 basis points of credit cost to cushion against potential asset quality deterioration from global economic slowdown outlook. As of December 31, 2022, total loan loss reserves reached Baht 90,211 million resulting in a healthy coverage ratio level at 167.4%, compared to 184.2% at the end of December 2021.

**Capital adequacy ratio (Bank only)** was recorded at 17.97%, compared to 18.53% at the end of December 2021, reflecting our strong capital position which is adequate to soundly grow business.

## KEY HIGHLIGHTS IN 2022

### Krungsri:

#### Sustainable Banking

- Krungsri became a second commercial bank in Thailand to be an official signatory of the UN Principles for Responsible Banking – a single framework for a sustainable banking industry developed through a partnership between banks worldwide and the United Nations Environment Programme Finance Initiative (UNEP FI) – marking a key milestone in our ESG finance leadership journey – while reaffirming Krungsri's commitment to the banking with purpose tenet as well as our spirit and responsibility of a Domestic Systemically Important Bank (D-SIB).
- Under Krungsri Carbon Neutrality Vision Declaration, the Bank commits to increasing the social and sustainable finance (SSF) portfolio by 50,000 - 100,000 million baht by 2030, while phasing out exposure to coal-fired power plants before the end of decade.

#### M&A and Regional Expansion Strategy:

- Reinforcing Krungsri's commitment to competitiveness enhancement and expanding regional business footprint into ASEAN, the Bank announced the planned acquisition of business with the intention to offer to purchase shares of Capital Nomura Securities Public Company Limited (CNS), totaling up 100% with a total consideration of up to approximately USD 155.3 million (approximately Baht 5,501 million); as well as Home Credit in Indonesia and Philippines with a total consideration of approximately EUR 473.9 million (approximately Baht 17,700.8 million).

#### Business & Financial Operations:

- Krungsri increased deposit and lending rates corresponding to monetary policy normalization and the resumption of the Financial Institutions Development Fund (FIDF) contribution fee to a normalized level.

- The Bank raised deposit and lending rates in 2022 as follows:
  - o Increases ranging between 0.25 - 1.00% in time deposit rates
  - o An increase by 0.25% in 14-month time deposit interest rate to 1.25%
  - o Lending rates:
    - Increases amounting to 0.50% in Minimum Loan Rate (MLR) to 6.08%
    - Increases amounting to 0.375% in Minimum Overdraft Rate (MOR) to 6.325%
    - Increases amounting to 0.20% in Minimum Retail Rate (MRR) to 6.25%
- Krungsri announced a 0.40% increase in MLR, MOR and MRR, effective on January 3, 2023.
- In October 2022, Krungsri introduced customer assistance measures for retail and micro-SME customer segments covering mortgage loan, personal loan and auto-hire purchase loan, and business banking (micro-SME) loan customers impacted by floods.
- Also, in October 2022, Krungsri launched Transformation Loan under the Bank of Thailand's soft loan scheme for SMEs affected by COVID-19, enabling them to adapt and compete through digital transformation and ESG-driven growth during the post-pandemic recovery. The loan limit of up to Baht 150 million each is offered with fixed 2% interest rate for the first two years, as well as waivers of fees and first six-month interest payments.

## Regulatory Development:

- On June 30, 2022, the Bank of Thailand announced the implementation of monetary policy normalization as the Thai economy continued to recover and banks had proved resilient with high levels of capital, loan loss provisions and liquidity. The key highlights of the announcement are as follows:
  - 1) Removal of banks' dividend payout ratio limit of no more than 50% of annual net profit
  - 2) Resumption of the Financial Institutions Development Fund (FIDF) fee at the normal level of 0.46% from 0.23%, starting 2023
  - 3) Extending the period of the minimum monthly payment rate on credit card at 5% to end of 2023, before increasing to 8% in 2024 and resuming the normal minimum monthly payment rate at 10% from 2025 onwards.

- The Monetary Policy Committee (MPC) announced three policy-rate hikes in 2022 raising the rate by 0.75% to 1.25%. Citing that the Thai economy continued to gain traction, albeit with inflation risks, the MPC stated the policy rate should be normalized to the level consistent with long-term sustainable growth in a gradual and measured manner.

## THAI ECONOMIC OUTLOOK

Supported by the developments of global economy characterized by the unwinding of extraordinary COVID-19 measures, notwithstanding the synchronous policy tightening aimed at containing very high inflation, the Thai economic recovery has continued to gain traction in 2022 and is expected to grow at 3.2%. Key growth engines were comprised of both exports and private consumption, in addition to the strong tourism rebound subsequent to Thailand's reopening in 2H/22.

Looking ahead to 2023, while anticipating multifaceted uncertainties that could weaken global economic conditions and undermine Thailand's economic growth prospects, namely recession and geopolitical risks; yet tourism and private consumption will carry on 2022's momentum as key growth drivers and help alleviate the impact of global slowdown on domestic economy. Krungsri expects the Thai economy to expand at 3.6% for 2023.

## PROGRESS OF KRUNGSRI'S MEASURES TO ASSIST CUSTOMERS IMPACTED BY THE CORONAVIRUS PANDEMIC

Krungsri carried on with assisting customers impacted by the coronavirus pandemic in various forms of assistance solutions ranging from long-term debt restructuring programs, the asset warehousing program, and debt consolidation, to liquidity support.

As of December 31, 2022, the loans outstanding under Krungsri's customer relief programs accounted for approximately 8% of total loans outstanding, or Baht 150,965 million, representing 133,554 retail customer accounts and 4,980 commercial customers. For SMEs, additional credit lines of Baht 16,405 million were offered to 4,565 SME customers to support their liquidity requirement under the Bank of Thailand's soft loan and special rehabilitation loan programs and the Government Savings Bank' soft loan program.

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Consolidated	2022	2021	Change	
			Baht mn	%
Interest Income	105,428	99,804	5,624	5.6
Interest Expenses	21,650	21,824	(174)	(0.8)
<b>Interest Income, Net</b>	<b>83,778</b>	<b>77,980</b>	<b>5,798</b>	<b>7.4</b>
Fees and Service Income	24,237	24,053	184	0.8
Fees and Service Expense	7,292	7,202	90	1.2
<b>Fees and Service Income, Net</b>	<b>16,945</b>	<b>16,851</b>	<b>94</b>	<b>0.6</b>
Non-interest and Non-fees Income	15,693	28,075	(12,382)	(44.1)
Other Operating Expenses	51,035	48,954	2,081	4.3
<b>Pre-Provision Operating Profit (PPOP)</b>	<b>65,381</b>	<b>73,952</b>	<b>(8,571)</b>	<b>(11.6)</b>
Expected Credit Loss	26,652	31,604	(4,952)	(15.7)
Income Tax Expense	7,839	8,293	(454)	(5.5)
<b>Net Profit</b>	<b>30,890</b>	<b>34,055</b>	<b>(3,165)</b>	<b>(9.3)</b>
Other Comprehensive Income, Net	(1,056)	2,189	(3,245)	(148.2)
<b>Total Comprehensive Income</b>	<b>29,834</b>	<b>36,244</b>	<b>(6,410)</b>	<b>(17.7)</b>
<b>Net Profit Attributable To</b>				
Owners of the Bank	30,713	33,794	(3,081)	(9.1)
Non-Controlling Interest	177	261	(84)	(32.2)
<b>Net Profit</b>	<b>30,890</b>	<b>34,055</b>	<b>(3,165)</b>	<b>(9.3)</b>
<b>Total Comprehensive Income Attributable To</b>				
Owners of the Bank	29,656	35,989	(6,333)	(17.6)
Non-Controlling Interest	178	255	(77)	(30.2)
<b>Total Comprehensive Income</b>	<b>29,834</b>	<b>36,244</b>	<b>(6,410)</b>	<b>(17.7)</b>
<b>Earning Per Share (Baht)</b>	<b>4.18</b>	<b>4.59</b>	<b>(0.41)</b>	<b>(8.9)</b>

On a normalized basis, the operating profit for 2022 was Baht 65,381 million, representing an increase of Baht 1,660 million or 2.6% from 2021. The increase was largely attributed to solid net interest income, corresponding to loan expansion and interest rate increases in 4Q/22. The increase was offset by lower non-interest income together with higher operating expenses.

Meanwhile, the normalized net profit for 2022 was Baht 30,713 million increasing by 19.9%, or Baht 5,104 million from 2021, mainly supported by an improvement in operating profit together with a considerable reduction in expected credit loss.

Incorporating the extraordinary gains on investment from the TIDLOR transaction in 2021, the operating profit decreased by Baht 8,571 million, or 11.6%, driven largely by the absence of the aforementioned one-time gains and higher operating expenses, while being offset by an increase in net interest income. Consequently, the net profit in 2022 registered a decrease of Baht 3,081 million, or 9.1%, driven by lower operating profit, while being offset by a decrease in expected credit loss.

## FINANCIAL PERFORMANCE

### Net Interest Income

Consolidated	2022	2021	Change	
			Baht mn	%
<b>INTEREST INCOME</b>				
Interest on loans	67,696	63,248	4,448	7.0
Interest on interbank and money market items	3,475	2,583	892	34.5
Hire purchase and financial lease income	32,748	32,530	218	0.7
Investments and trading transactions	9	25	(16)	(64.0)
Investments in debt securities	1,419	1,390	29	2.1
Other interest income	81	28	53	189.3
<b>Total Interest Income</b>	<b>105,428</b>	<b>99,804</b>	<b>5,624</b>	<b>5.6</b>
<b>INTEREST EXPENSE</b>				
Interest on deposits	10,733	11,846	(1,113)	(9.4)
Interest on interbank and money market items	3,335	1,750	1,585	90.6
Interest on borrowings	3,321	3,862	(541)	(14.0)
Contribution to Financial Institution Development				
Fund and Deposit Protection Agency	4,088	4,277	(189)	(4.4)
Other interest expenses	173	89	84	94.4
<b>Total Interest Expenses</b>	<b>21,650</b>	<b>21,824</b>	<b>(174)</b>	<b>(0.8)</b>
<b>Interest Income, Net</b>	<b>83,778</b>	<b>77,980</b>	<b>5,798</b>	<b>7.4</b>

For 2022, interest income was recorded at Baht 105,428 million, an increase of Baht 5,624 million, or 5.6%, compared to 2021. Key items are as follows:

- Interest on loans increased by Baht 4,448 million, or 7.0%, mainly resulting from the overall loan growth of 3.1%, especially in high yield segments, together with an increase in lending rates in 4Q/22.
- Interest on interbank and money market items increased by Baht 892 million, or 34.5% corresponding to higher balance of interbank and money market items and higher market rates following the policy rate increases.

Interest expenses were recorded at Baht 21,650 million, a decrease of Baht 174 million, or 0.8% from 2021. Key items are as follows:

- Interest on deposits decreased by Baht 1,113 million, or 9.4%, mainly from the reduction of time deposits with tenors of one year and over one year by Baht 20,690 million.
- Interest on borrowings decreased by Baht 541 million, or 14.0%, mainly resulting from a decrease in the debenture balance of Baht 20,759 million.

- Interest on interbank and money market items increased by Baht 1,585 million, or 90.6%, mainly due to higher loans and deposits from financial institutions and higher market rates.

Consequently, net interest income was recorded at Baht 83,778 million, an increase of Baht 5,798 million, or 7.4%, from 2021.

The interest rate development in 2022 are as follows:

- Corresponding to the monetary policy normalization on the backdrop of continued economic recovery, the MPC increased the policy rate three times with following details.
  - The MPC raised the policy rate by 0.25% from 0.50% to 0.75%, effective August 10, 2022.
  - The MPC raised the policy rate by 0.25%, from 0.75% to 1.00%, effective September 28, 2022.
  - The MPC raised the policy rate by 0.25% from 1.00% to 1.25%, effective November 30, 2022.
- Corresponding to the MPC's rate hikes in 2022, the Bank announced lending and deposit rate increases as follows:



*Lending rates*

- o A 0.25% increase in MLR and MOR, effective October 4, 2022.
- o A 0.25% increase in MLR, a 0.125% increase in MOR, and a 0.20% increase in MRR, effective December 13, 2022.

*Deposit rates*

- o Increases ranging between 0.10 - 0.50% in time deposit rates, effective October 4, 2022.
- o A 0.25% increase in 14-month time deposit rate, effective December 6, 2022.
- o Increases ranging between 0.15 - 0.50% in time deposit rates, effective December 13, 2022.

For 2022, NIM increased to 3.45% from 3.24% in 2021 from improved yield on earning assets while funding cost remained stable.

Yield on earning assets in 2022 increased to 4.34% from 4.15% in 2021, reflecting an increase in yield on loans to 5.23% from 5.14%, mainly attributed to loan expansion particularly in high yield segments, together with higher market and lending rates following the policy rate increases. The Bank's effective management of funding structure and cost resulted in cost of funds maintenance at 1.01%, underscoring the lower time deposit outstanding balance with tenors of one year and over one year.

	2022	2021
Net Interest Margin	3.45%	3.24%
Yield on Earning Assets	4.34%	4.15%
Yield on Loans	5.23%	5.14%
Cost of Funds	1.01%	1.01%
Cost of Deposits	0.83%	0.89%

**Non-Interest Income**

Consolidated	2022	2021	Change	
			Baht mn	%
Acceptances, aval and guarantees	487	474	13	2.7
Other fees and service income	23,750	23,579	171	0.7
<b>Fees and service income</b>	<b>24,237</b>	<b>24,053</b>	<b>184</b>	<b>0.8</b>
Fees and service expense	7,292	7,202	90	1.2
<b>Net fees and Service Income</b>	<b>16,945</b>	<b>16,851</b>	<b>94</b>	<b>0.6</b>
Gains (losses) on financial instrument measured at fair value through profit or loss (FVTPL)	4,733	4,096	637	15.6
Gains (losses) on investments	(40)	10,925	(10,965)	(100.4)
Share of profit (loss) from investment using equity method	1,556	1,930	(374)	(19.4)
Bad debt recoveries	6,729	6,587	142	2.2
Other operating income	2,715	4,537	(1,822)	(40.2)
<b>Total Non-interest and Non-fees Income</b>	<b>15,693</b>	<b>28,075</b>	<b>(12,382)</b>	<b>(44.1)</b>
<b>Non-Interest Income</b>	<b>32,638</b>	<b>44,926</b>	<b>(12,288)</b>	<b>(27.4)</b>

## Fees & Service Income Breakdown

	2022	2021
Loan-related Fees	5%	4%
Bancassurance Fees	14%	13%
Transaction Fees	10%	11%
Auto HP Fees	14%	15%
Card-related Fees	35%	30%
Others	22%	27%
<b>Total Fee and Service Income</b>	<b>100%</b>	<b>100%</b>

On a normalized basis, non-interest income in 2022 was Baht 32,638 million, a decrease of Baht 1,561 million, or 4.6%, from 2021. Details are as follows:

- Net fees and service income was Baht 16,945 million, increasing by Baht 94 million, or 0.6%. Key items are:
  - Fees and service income increased by Baht 184 million, or 0.8%, mainly resulting from:
    - Card-related fees markedly increased by Baht 1,465 million, or 20.5%, mirroring higher spending volume from the recovery of business activity and the low base effect in the prior year.

- Similarly, bancassurance fees increased by Baht 228 million, or 7.4%.
- Investment banking fees increased by Baht 96 million, or 21.5%.
- On the contrary, wealth and fund management and securities-related fees decreased by Baht 1,050 million, or 19.4%, resulting from capital market volatility.
- Auto hire purchase fees decreased by Baht 215 million, or 6.0%.
- Collection fees decreased by Baht 202 million, or 41.6%.
- Transaction fees decreased by Baht 206 million, or 7.8%, mainly from a decrease in fees from money transfer and deposit related fees.

- Fees and service expenses increased by Baht 90 million, or 1.2%, mainly from ATM and card network fees.

- Other operating income decreased by Baht 1,822 million, or 40.2%, mainly resulting from a decrease in gains on sale of written off loans and gains on sales of properties for sale, while being offset by an increase in dividend income.

Incorporating the extraordinary gains on investment from the TIDLOR transaction recorded in 2021, non-interest income decreased by Baht 12,288 million, or 27.4%.

## Other Operating Expenses

Consolidated	2022	2021	Change	
			Baht mn	%
Employee expenses	27,143	26,717	426	1.6
Premises and equipment expenses	7,398	7,194	204	2.8
Taxes and duties	2,507	2,217	290	13.1
Directors' remuneration	69	65	4	6.2
Other expenses	13,918	12,761	1,157	9.1
<b>Total Other Operating Expenses</b>	<b>51,035</b>	<b>48,954</b>	<b>2,081</b>	<b>4.3</b>
<b>Cost to Income Ratio</b>	<b>43.8%</b>	<b>39.8%</b>		

For 2022, corresponding to a recovery in business activity, total other operating expenses were Baht 51,035 million, increasing by Baht 2,081 million, or 4.3% from 2021. Key items are as follows:

- Other expenses increased by Baht 1,157 million, or 9.1%, mainly from an increase in marketing promotion expenses and digital and IT related expenses, offset by the absence of the expenses pertaining to the sales of shares in TIDLOR recorded in 2021.

- Employee expenses increased by Baht 426 million, or 1.6%, mainly from an annual merit increase and staff promotions.
- Premises and equipment expenses increased by Baht 204 million, or 2.8%, driven mainly by an increase in IT related expenses.

While continued to focus on expense management as well as productivity enhancement, the cost to income ratio in 2022 was at 43.8%, increasing from the normalized cost to income ratio (excluding the extraordinary gains from the TIDLOR transaction in 2021) at 43.2%.

## Expected credit loss (ECL)

Consolidated	2022	2021	Change	
			Baht mn	%
Expected Credit Loss	26,652	31,604	(4,952)	(15.7)
Expected Credit Loss to Total Loans (bps)	136	167		

In 2022, the expected credit loss was recorded at Baht 26,652 million, equivalent to a credit cost of 136 basis points, compared to the level of 167 basis points in 2021, representing

a decrease of Baht 4,952 million, or 15.7%, underpinning the progress of expected credit loss normalization as COVID-19 measures and impacts were unwinding.

## FINANCIAL STATUS

### Statement of Financial Position

Consolidated	Dec. 31, 22	Dec. 31, 21	Change	
			Baht mn	%
<b>ASSETS</b>				
Cash	29,810	29,371	439	1.5
Interbank and money market items, net	460,920	346,816	114,104	32.9
Financial assets measured at FVTPL	998	736	262	35.6
Investments, net	145,167	182,710	(37,543)	(20.5)
Investments in subsidiaries, associate and joint ventures, net	16,580	14,457	2,123	14.7
Loans to customers and accrued interest receivable, net	1,873,491	1,816,869	56,622	3.1
Properties for sale, net	5,212	3,273	1,939	59.2
Others	104,773	104,877	(104)	(0.1)
<b>TOTAL ASSETS</b>	<b>2,636,951</b>	<b>2,499,109</b>	<b>137,842</b>	<b>5.5</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Deposits	1,804,692	1,779,139	25,553	1.4
Interbank and money market items	289,977	202,150	87,827	43.4
Debt issued and borrowings	98,199	118,977	(20,778)	(17.5)
Others	102,324	80,606	21,718	26.9
<b>TOTAL LIABILITIES</b>	<b>2,295,192</b>	<b>2,180,872</b>	<b>114,320</b>	<b>5.2</b>
Issued and paid-up share capital	73,558	73,558	0	0.0
Retained earning	211,895	186,780	25,115	13.4
Others	56,306	57,899	(1,593)	(2.8)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>341,759</b>	<b>318,237</b>	<b>23,522</b>	<b>7.4</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>2,636,951</b>	<b>2,499,109</b>	<b>137,842</b>	<b>5.5</b>
<b>Book value per share (Baht)</b>	<b>46.46</b>	<b>43.26</b>	<b>3.20</b>	<b>7.4</b>

As of December 31, 2022, total assets stood at Baht 2,636,951 million, representing an increase of Baht 137,842 million, or 5.5% from the end of December 2021. Key items are as follows:

- Net interbank and money market items increased by Baht 114,104 million, or 32.9%, resulting from an increase in repurchase agreements of Baht 102,515 million and loans to financial institutions of Baht 24,285 million, offset by a decrease in deposits at financial institutions of Baht 12,696 million.
- Loans to customers increased by Baht 59,033 million, or 3.1%, encompassing all customer segments.
- Net investments decreased by Baht 37,543 million, or 20.5%, mainly from a decrease in investment in debt securities measured at fair value through other comprehensive income (FVOCI).

As of December 31, 2022, total liabilities stood at Baht 2,295,192 million, representing an increase of Baht 114,320 million, or 5.2%, from the end of December 2021. Key items are as follows:

- Interbank and money market items increased by Baht 87,827 million, or 43.4%, driven by an increase in loans from financial institutions of Baht 39,279 million, repurchase agreement transactions of Baht 31,207 million, and deposits from financial institutions of Baht 17,341 million.

- Other liabilities increased by Baht 21,718 million, or 26.9%, mainly from an increase in margin calls from counterparties.

- Deposits increased by Baht 25,553 million, or 1.4%, driven by an increase in savings deposits of Baht 18,288 million, underscoring the Bank's focus on low-cost deposit mobilization.
- Debts issued and borrowings decreased by Baht 20,778 million, or 17.5%, mainly driven by a decrease in Krungsri Group's debentures amounting to Baht 20,759 million, and Krungsri Group's subordinated debentures of Baht 867 million, offset by an increase in other borrowings of Baht 847 million.

As of December 31, 2022, total shareholders' equity stood at Baht 341,759 million, an increase of Baht 23,522 million, or 7.4% from the end of December 2021 due to an increase in equity holders' net profit of Baht 30,713 million in 2022, which was partially offset by dividends paid of Baht 6,252 million.

Book value per share as of December 31, 2022, increased by 7.4% to Baht 46.46 from Baht 43.26 at the end of December 2021.

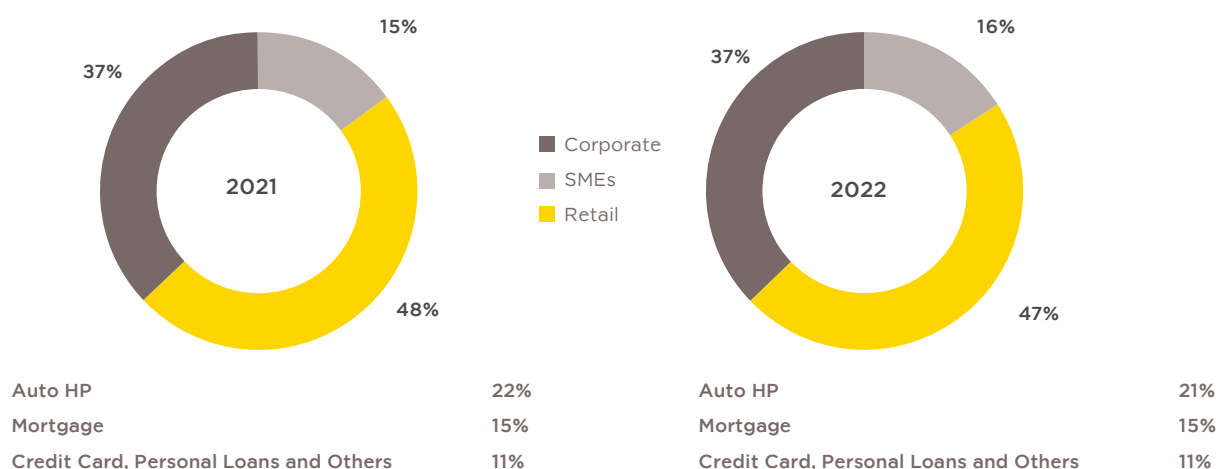
## LOANS TO CUSTOMERS

### Loans by segment

Consolidated	Dec. 31, 22	Dec. 31, 21	Change	
			Baht mn	%
<b>Corporate</b>	<b>720,724</b>	<b>694,501</b>	<b>26,223</b>	<b>3.8</b>
- Thai Corporate	451,252	445,329	5,923	1.3
- International Corporate (JPC/MNC)	269,472	249,172	20,300	8.1
<b>SMEs</b>	<b>304,936</b>	<b>289,566</b>	<b>15,370</b>	<b>5.3</b>
<b>Retail</b>	<b>923,749</b>	<b>906,309</b>	<b>17,440</b>	<b>1.9</b>
- Hire purchase	414,856	416,340	(1,484)	(0.4)
- Mortgage	292,507	285,394	7,113	2.5
- Credit cards, personal loans and others	216,386	204,575	11,811	5.8
<b>Total</b>	<b>1,949,409</b>	<b>1,890,376</b>	<b>59,033</b>	<b>3.1</b>



## LOANS BREAKDOWN



As of December 31, 2022, total outstanding loans stood at Baht 1,949,409 million, an increase of Baht 59,033 million, or 3.1% from the end of December 2021, corresponding to the continued economic and domestic demand recovery.

At the end of December 2022, commercial loans, comprising corporate and SME loans, accounted for 53% of the total loan portfolio, while the retail lending represented the remaining 47%.

Details of loan performance by segment are as follows:

**Corporate loans** increased by 3.8%, or Baht 26,223 million from the end of December 2021, of which International Corporate (JPC/MNC) loans increased robustly by 8.1%, or Baht 20,300 million, and Thai corporate loans increased by 1.3%, or Baht 5,923 million. The expansion of corporate loans was mainly driven by continued economic recovery which fueled businesses' financing needs.

**SME loans** increased by 5.3%, or Baht 15,370 million from the end of 2021, driven by the SME-M and SME-S segments,

attributed to the improved business sentiment together with working capital requirements resonating the overall economic recovery that gained traction.

The **retail loan** segment increased by 1.9%, or Baht 17,440 million from the end of December 2021.

- **Auto hire purchase loans** contracted by 0.4%, or Baht 1,484 million from the end of December 2021, attributed to the Bank's prudential underwriting policy.
- **Mortgage loans** increased by 2.5% or Baht 7,113 million from the end of December 2021, underscoring a sustained and yet measured improvement in the property market.
- **Credit card, personal loans and others** increased by 5.8%, or Baht 11,811 million from the end of December 2021, following a robust spending volume, largely driven by the improved consumer confidence following a rebound in economic activity, prompted by the unwinding of COVID-19 measures and the country's reopening.

## ASSET QUALITY

## Loan classification

Unit: Baht mn

Consolidated	Dec. 31, 22		Dec. 31, 21	
	Loan to Customers and Accrued Interest Receivable	Allowance for Expected Credit Loss	Loan to Customers and Accrued Interest Receivable	Allowance for Expected Credit Loss
Stage 1 (Performing)	1,743,186	38,474	1,706,665	36,582
Stage 2 (Under-performing)	161,442	19,409	145,226	22,378
Stage 3 (Non-performing)	56,714	29,968	49,338	25,400
<b>Total</b>	<b>1,961,342</b>	<b>87,851</b>	<b>1,901,229</b>	<b>84,360</b>

## Non-performing loans\*

Consolidated	Dec. 31, 22	Dec. 31, 21
<b>Non-performing Loans (Baht mn)</b>	<b>53,875</b>	<b>47,448</b>
<b>NPL Ratio</b>	<b>2.32%</b>	<b>2.20%</b>
<b>Non-performing Loans by segment</b>		
Corporate	0.8%	0.9%
SMEs	5.2%	4.7%
Retail	3.5%	3.0%
Hire Purchase	2.3%	1.6%
Mortgage	5.0%	4.7%
Personal Loans, Credit Card and Others	3.9%	3.5%
<b>Coverage Ratio</b>	<b>167.4%</b>	<b>184.2%</b>

\* Excluding accrued interest in accordance with the BOT's guideline

Krungsri maintained a prudent risk management, selective growth strategy and closely monitored asset quality. As of December 31, 2022, non-performing loans (NPLs) stood at Baht 53,875 million, an increase of Baht 6,427 million, or 13.5% from the end of December 2021.

Throughout 2022, Krungsri continued to be vigilant on risk management practices together with ongoing efforts to resolve NPLs. The Bank sold Baht 4,307 million of NPLs in 2022.

As a result, the NPL ratio registered 2.32% at the end of December 2022, compared to 2.20% at the end of December 2021.

Total loan loss reserves further accumulated to Baht 90,211 million as of the end of December 2022, resulting in a high coverage ratio at 167.4%, compared to 184.2% at the end of December 2021.

## INVESTMENT IN SECURITIES

As of December 31, 2022, Krungsri Group had investments in government securities with a book value of Baht 118,585 million and private sector securities with a total value of Baht 27,580 million.

## FUNDING STRUCTURE

### Deposits

Consolidated	Dec. 31, 22	Dec. 31, 21	Change	
			Baht mn	%
<b>Current</b>	<b>50,344</b>	<b>49,339</b>	<b>1,005</b>	<b>2.0</b>
<b>Savings</b>	<b>1,099,683</b>	<b>1,081,395</b>	<b>18,288</b>	<b>1.7</b>
<b>Time</b>	<b>654,665</b>	<b>648,405</b>	<b>6,260</b>	<b>1.0</b>
< 6 Months	358,756	333,951	24,805	7.4
6 Months and < 1 Year	13,503	11,358	2,145	18.9
1 Year and over 1 Year	282,406	303,096	(20,690)	(6.8)
<b>Total Deposit</b>	<b>1,804,692</b>	<b>1,779,139</b>	<b>25,553</b>	<b>1.4</b>
<b>Proportion of Current and Savings Deposits</b>	<b>63.7%</b>	<b>63.6%</b>		

### Borrowing

Consolidated	Dec. 31, 22	Dec. 31, 21	Change	
			Baht mn	%
Debenture	30,289	51,048	(20,759)	(40.7)
Subordinated debenture	61,439	62,306	(867)	(1.4)
Other	6,471	5,623	848	15.1
<b>Total Borrowing</b>	<b>98,199</b>	<b>118,977</b>	<b>(20,778)</b>	<b>(17.5)</b>

## Liquidity

Consolidated	Dec. 31, 22	Dec. 31, 21
Loans to Deposits Ratio	108%	106%
Loans to Deposits and Debtenture Ratio	106%	103%

Krungsri continued to manage liquidity by focusing on improving the structure of deposits and appropriately managing cost.

As of December 31, 2022, deposits totaled Baht 1,804,692 million, an increase of Baht 25,553 million, or 1.4% from the end of December of 2021, attributed to an increase in both savings and time deposits of Baht 18,288 million and Baht 6,260 million, respectively.

As a result, the proportion of current and savings deposits (CASA) as a percentage of total deposits stood at 63.7%, compared to 63.6% at the end of December 2021.

As of December 31, 2022, total borrowing stood at Baht 98,199 million, decreasing by Baht 20,778 million, or 17.5%. Details are as follows:

- Krungsri Group's debentures decreased by Baht 20,759 million. Key items are:
  - o The maturity of the Bank's debentures of Baht 22,900 million.

- o The new issuance of Krungsri subsidiaries' debentures of Baht 11,500 million, offset by the maturity of Baht 9,500 million.

- The Bank's subordinated debentures decreased by Baht 867 million. Key items are:
  - o The early redemption of the Bank's subordinated debenture totaled of Baht 31,985 million.
    - The 10-year and six-month tranche of Baht 17,007 million carrying an interest rate of 3.90% in August 2022.
    - The 10-year tranche of Baht 14,978 million carrying an interest rate of 3.40% in November 2022.
  - o The new issuance of the Bank's subordinated debenture qualified as tier 2 capital with can be early redeemed totaled of Baht 32,000 million
    - The 10-year tranche of Baht 15,460 million carrying an interest rate of 3.90% in July 2022.
    - The 10-year tranche of Baht 16,540 million carrying an interest rate of 4.30% in November 2022.

Consequently, the loan to deposit ratio was at 108% at the end of December 2022, compared to 106% at the end of December 2021. This corresponds to the loan to deposit plus debentures ratio which was at 106%, compared to 103% at the end of December 2021.

## Contingencies

Consolidated	Dec. 31, 22	Dec. 31, 21	Change	
			Baht mn	%
Avals to bills and Guarantees of loans	3,987	3,674	313	8.5
Liability under unmatured import bills	3,108	2,780	328	11.8
Letters of credit	7,911	5,926	1,985	33.5
Other contingencies	149,816	109,686	40,130	36.6
<b>Total</b>	<b>164,822</b>	<b>122,066</b>	<b>42,756</b>	<b>35.0</b>

Krungsri Group's contingencies as of December 31, 2022, totaled Baht 164,822 million, an increase of Baht 42,756 million, or 35.0%, from the end of December 2021 mainly from

unused credit lines of Baht 10,232 million, firm commitment of Baht 22,770 million and other guarantees of Baht 5,327 million, respectively.

## Statutory Capital

As of December 31, 2022, Krungsri's capital (Bank only) was recorded at Baht 300,704 million, equivalent to 17.97% of risk-weighted assets, comprising Common Equity Tier 1 (CET1) capital of 13.23% and Tier 2 capital of 4.74%.

The current level of capital is well above the minimum regulatory capital requirements which include the capital conservation buffer and the additional capital to meet the higher loss absorbency requirement for Domestic Systemically Important Banks (D-SIBs).

Bank only	Capital Fund (Baht mn)		Capital Adequacy Ratio	
	Dec. 31, 22	Dec. 31, 21	Dec. 31, 22	Dec. 31, 21
Total Capital Fund	300,704	291,794	17.97%	18.53%
Common Equity Tier 1	221,435	213,473	13.23%	13.56%
Tier 2	79,269	78,321	4.74%	4.97%

## CREDIT RATINGS

The Bank's credit ratings assigned by Moody's Investors Service, Standard & Poor's, Fitch Ratings and TRIS Rating as of December 31, 2022, are shown in the table below.

On March 21, 2022, Standard & Poor's revised down Krungsri's stand-alone credit profile (SACP) to bb from bb+, reflecting the agency's view that systemic risks have increased for banks operating in Thailand, while affirming 'BBB+' ratings with stable outlook for Krungsri, citing its expectation that the Bank will remain a highly strategic subsidiary of Mitsubishi UFJ Financial Group Inc. (MUFG) over the next 12-24 months.

On October 7, 2022, TRIS Rating revised up Krungsri's stand-alone credit profile (SACP) to aa from aa-, reflecting Krungsri's status as a highly strategic member of MUFG and the ongoing business and financial support and the expected extraordinary support in times of stress from MUFG.

Moody's Investors Service	
Bank Deposit-Long Term	Baa1
Bank Deposit-Short Term	P-2
Long-term Senior Debt	Baa1
Baseline Credit Assessment (BCA)	baa3
Outlook	Stable
Standard & Poor's	
Long-term Issuer Credit Rating	BBB+
Short-term Issuer Credit Rating	A-2
Long-term Senior Debt	BBB+
Stand-alone Credit Profile (SACP)	bb
Outlook	Stable

### Fitch Ratings

#### International Ratings

Long-term Issuer Default Rating	BBB+
Short-term Issuer Default Rating	F1
Viability Rating	bbb
Outlook	Stable

#### National Ratings

Long-term Rating	AAA(tha)
Long-term Debenture	AAA(tha)
Short-term	F1+(tha)
Subordinated Debt	AA(tha)
Outlook	Stable

### TRIS Rating

Company Rating	AAA
Issue Rating-Senior Unsecured	AAA
Stand-alone credit profile (SACP)	aa
Outlook	Stable



## SUMMARY OF FINANCIAL HIGHLIGHTS

Consolidated (Unit: Baht mn)	2022	2021	Change
Interest Income, net	83,778	77,980	5,798
Non-interest Income	32,638	44,926	(12,288)
Operating Expenses	51,035	48,954	2,081
Pre-Provision Operating Profit	65,381	73,952	(8,571)
Expected Credit Loss	26,652	31,604	(4,952)
Net Profit Attributable to Owners of the Bank	30,713	33,794	(3,081)
Consolidated (Unit: Baht mn)	Dec. 31, 22	Dec. 31, 21	Change
Loans to Customers	1,949,409	1,890,376	59,033
Total Assets	2,636,951	2,499,109	137,842
Deposits	1,804,692	1,779,139	25,553
Total Liabilities	2,295,192	2,180,872	114,320
Total Shareholders' Equity	341,759	318,237	23,522
Financial Ratio (Consolidated)	2022	2021	
Net Interest Margin	3.45%	3.24%	
Cost to Income Ratio	43.8%	39.8%	
Loan Growth	3.1%	3.1%	
Deposit Growth	1.4%	-3.0%	
Return of Equity Ratio	9.33%	11.17%	
Return of Assets Ratio	1.20%	1.32%	
Loan to Deposit Ratio	108%	106%	
Loan to Deposit and Debenture Ratio	106%	103%	
NPL Ratio	2.32%	2.20%	
Expected Credit Loss to Total Loans (bps)	136	167	
Coverage Ratio	167.4%	184.2%	
Capital Adequacy Ratio (Bank only)	Dec. 31, 22	Dec. 31, 21	
Capital Adequacy Ratio	17.97%	18.53%	
Common Equity Tier 1 Ratio	13.23%	13.56%	
Tier 2 Capital Ratio	4.74%	4.97%	

# GENERAL INFORMATION AND OTHER IMPORTANT INFORMATION

## REFERRAL PARTIES

Name, office, telephone and facsimile of referral parties:

### Registrar

- Ordinary shares : Thailand Securities Depository Co., Ltd.  
93 The Stock Exchange of Thailand Building,  
Rachadapisek Road, Din Daeng, Bangkok 10400  
Tel: 0-2009-9999, Fax: 0-2009-9991
- Subordinated Instrument No. 1/2019 : Bank of Ayudhya PCL
- Subordinated Instrument No. 1/2021 1222 Rama III Road, Bang Phongphang,
- Subordinated Instrument No. 1/2022 Yan Nawa, Bangkok 10120
- Subordinated Instrument No. 2/2022 Tel: 0-2296-2030, 0-2296-2796, 0-2296-5696
- Long Term Debenture No. 1/2020 TRANCHE 2 and 0-2296-4788 Fax: 0-2683-1302

### Debenture Holder Representative

- Subordinated Instrument No. 1/2019 : None
- Subordinated Instrument No. 1/2021 : None
- Subordinated Instrument No. 1/2022 : None
- Subordinated Instrument No. 2/2022 : None
- Long Term Debenture No. 1/2020 TRANCHE 2 : None

### Auditors:

Mr. Chavala Tienprasertkit Certified Public Accountant Registered No. 4301  
Mr. Kasiti Ketsuriyongk Certified Public Accountant Registered No. 8833  
Mrs. Nisakorn Songmanee Certified Public Accountant Registered No. 5035  
Mr. Yongyuth Lertsurapibul Certified Public Accountant Registered No. 6770

Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.  
11/1 AIA Building, Sathon Tower, Floor 23-27, South Sathon Road,  
Yan Nawa, Sathon, Bangkok 10120  
Tel: 0-2034-0000 Fax: 0-2034-0100

### Legal Advisors:

Mr.Trakul Winitnaiyapak  
Pol. Gen. Sakda Techakriengkrai

Bank of Ayudhya PCL  
1222 Rama III Road, Bang Phongphang,  
Yan Nawa, Bangkok 10120  
Tel: 0-2296-3874, 0-2296-3881 and 0-2296-3882 Fax: 0-2683-1436

## LEGAL DISPUTES

Krungsri has legal disputes filed by third parties, and most lawsuits are in the court proceedings. However, it does not appear that such lawsuits have had any negative impact on Krungsri's assets more than 5 percent of the shareholder's equity at the end of the latest accounting year, or significantly affected Krungsri's business operations, or did not result from Krungsri's normal business conduct.

## DISTRIBUTION NETWORK

### BANK OF AYUDHYA PUBLIC COMPANY LIMITED

(AS OF DECEMBER 31, 2022)

#### HEAD OFFICE

1222 Rama III Road, Bang Phongphang, Yan Nawa, Bangkok 10120

Telephone Number:

0-2296-2000

Krungsri Call Center:

1572

Facsimile Number:

0-2683-1304

Website:

[www.krungsri.com](http://www.krungsri.com)

#### BRANCH AND FINANCIAL SERVICES CENTERS

<b>Number of branches in Thailand*</b>	<b>615</b>
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Greater Bangkok and Vicinity	266
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Upcountry	349
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<b>Number of branches outside Thailand</b>	<b>1</b>
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Foreign Currency Exchange Booths	44
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Exclusive Banking Zones	50
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Private Banking Center	1
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**Remark:** \* For more information, please visit our website ([www.krungsri.com](http://www.krungsri.com)).

## COMPANIES IN KRUNGSRI GROUP

### SUBSIDIARIES, ASSOCIATE, AND JOINT VENTURES

#### KRUNGSRI AMC

##### **Krungsri Ayudhya AMC Ltd.**

Bank of Ayudhya PCL Head Office, Floor 11  
1222 Rama III Road, Bang Phongphang,  
Yan Nawa, Bangkok 10120  
Telephone: 0-2296-4100  
Facsimile: 0-2683-1400

#### KRUNGSRI NIMBLE

##### **Krungsri Nimble Co., Ltd.**

Bank of Ayudhya PCL Head Office, Floor 21  
1222 Rama III Road, Bang Phongphang,  
Yan Nawa, Bangkok 10120  
Telephone: 0-2208-2849

#### KRUNGSRI LEASING

##### **Ayudhya Development Leasing Co., Ltd.**

Krungsri Ploenchit Office, Floor 14  
550 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330  
Telephone: 0-2208-2300  
Facsimile: 0-2208-2274

#### KRUNGSRI AUTO

##### **Ayudhya Capital Auto Lease PCL**

Krungsri Ploenchit Office, Floor 16  
550 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330  
Telephone: 0-2627-6010, 0-2740-7400  
Facsimile: 0-2627-8211

#### KRUNGSRI CONSUMER

##### **Krungsriayudhya Card Co., Ltd.**

Krungsri Ploenchit Office,  
550 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330  
Telephone: 0-2646-3000  
Facsimile: 0-2646-3001

##### **Ayudhya Capital Services Co., Ltd.**

Krungsri Ploenchit Office,  
550 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330  
Telephone: 0-2627-8000

##### **General Card Services Limited**

Krungsri Ploenchit Office,  
550 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330  
Telephone: 0-2627-8111  
Facsimile: 0-2627-8381

##### **Lotus's Money Services Limited**

Krungsri Ploenchit Office,  
550 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330  
Telephone: 1712  
Facsimile: 0-2627-8615

##### **Lotus's General Insurance Broker Limited**

Krungsri Ploenchit Office,  
550 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330  
Telephone: 0-2627-8888  
Facsimile: 0-2627-8611

##### **Lotus's Life Assurance Broker Limited**

Krungsri Ploenchit Office,  
550 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330  
Telephone: 0-2627-8888  
Facsimile: 0-2627-8611

##### **Krungsri General Insurance Broker Limited**

Krungsri Ploenchit Office,  
550 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330  
Telephone: 0-2627-8029  
Facsimile: 0-2627-4117

##### **Krungsri Life Assurance Broker Limited <sup>1/</sup>**

Krungsri Ploenchit Office,  
550 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330  
Telephone: 0-2627-8028  
Facsimile: 0-2627-4117

<sup>1/</sup> Changed the company's name to Krungsri Genesis Company Limited on February 1, 2023

##### **Total Services Solutions Plc.**

Bangna Tower B Building  
2/3 Moo 14, Bangna-Trad Road, K.M.6.5  
Bangkaew, Bangplee, Samutprakarn 10540  
Telephone: 0-2714-5199  
Facsimile: 0-2777-0009

##### **Krungsri Leasing Services Co., Ltd. (Lao PDR)**

196, Khampeangmeuang Road, Phonthun Village,  
Xaysettha District, Vientiane Capital, Lao PDR.  
Telephone: +856 2128 6100

##### **Krungsri Non-Deposit Taking Microfinance Institution Co., Ltd. (Lao PDR)**

197 Khampeangmueng Road, Phonthan Village, Xaysettha District, Vientiane Capital, Lao PDR.  
Telephone: +856 2128 6336



## KRUNGSRI MICROFINANCE

### **Ngern Tid Lor PCL.**

Ari Hills Building, Floor 11  
428 Phahonyothin Road, Samsennai, Phayathai,  
Bangkok 10400  
Telephone: 08-8088-0880

## KRUNGSRI SECURITIES

### **Krungsri Securities PCL**

898 Ploenchit Tower, Floor 3, Ploenchit Road,  
Pathumwan, Bangkok 10330  
Telephone: 0-2659-7000  
Facsimile: 0-2646-1100

## KRUNGSRI ASSET MANAGEMENT

### **Krungsri Asset Management Co., Ltd.**

898 Ploenchit Tower, Floor 1-2 Zone A,  
and Floor 12, 18 Zone B  
Ploenchit Road, Pathumwan, Bangkok 10330  
Telephone: 0-2657-5757  
Facsimile: 0-2657-5777

## KRUNGSRI FINNOVATE

### **Krungsri Finnovate Co., Ltd.**

Bank of Ayudhya PCL Head Office, Floor 21  
1222 Rama III Road, Bang Phongphang, Yan Nawa,  
Bangkok 10120  
Telephone: 0-2627-4812

## KRUNGSRI SERVICES

### **Siam Realty and Services Security Co., Ltd.**

Bank of Ayudhya PCL Head Office (Tower C, Floor 5A)  
1222 Rama III Road, Bang Phongphang, Yan Nawa,  
Bangkok 10120  
Telephone: 0-2296-3435, 0-2296-3496  
Facsimile: 0-2296-2369

### **Hattha Bank Plc. (HATTHA BANK)**

606, Street 271, Village Sansam Kosal 3,  
Sangkat Boeng Tumpun 1, Khan Mean Chey,  
Phnom Penh, Kingdom of Cambodia

### **Hattha Services Co., Ltd.**

606, Street 271, Village Sansam Kosal 3,  
Sangkat Boeng Tumpun 1, Khan Mean Chey,  
Phnom Penh, Kingdom of Cambodia

### **SB Finance, Inc. (SBF)**

849 Keyland Arnaiz Building, Antonio Arnaiz Avenue,  
Legazpi Village, Makati City, Philippines

## COMPANIES THAT THE BANK HOLDS SHARES OF 10 PERCENT BUT LESS THAN 20 PERCENT OF ITS PAID-UP CAPITAL

### **P.P. Parawood Co., Ltd.**

111/1 Moo 1 Tambonbanchang,  
Phanatnikom, Chonburi 20140  
Telephone: (038) 464-270-73

### **Rent Trade and Service Co., Ltd.**

UM Tower, 9/222-224, Ramkhamhaeng Road,  
Suanluang, Bangkok 10250  
Telephone: 0-2017-7200  
Facsimile: 0-2017-7201

### **Baania (Thailand) Co., Ltd.<sup>2/</sup>**

21/5, Soi 9, Siri Mangkalajarn, Mueang Chiang Mai District,  
Chiang Mai 50200

<sup>2/</sup> Indirectly holding via Krungsri Finnovate Co., Ltd. of 14.20 percent

### **Zortout Company Limited<sup>3/</sup>**

128/152 Payatai Plaza, Floor 14, Phaya Thai Road, Thung  
Phaya Thai, Ratchathewi, Bangkok 10400  
Telephone: 0-2026-6423

<sup>3/</sup> Indirectly holding via Krungsri Finnovate Co., Ltd. of 10.60 percent

## COMPANIES WITH SHARES ACQUIRED THROUGH DEBT RESTRUCTURING

### **Lenso Phonecard Co., Ltd.**

292 Srinakarin Road, Huamark, Bangkok, Bangkok 10240  
Telephone: 0-2351-8116  
Facsimile: 0-2351-8009

### **UMC Metals Limited**

32/40 Sino-Thai Tower, Floor 16, Sukhumvit 21 Road (Asok)  
North Klongteoy, Wattana, Bangkok 10110  
Telephone: 0-2259-2942-5  
Facsimile: 0-2259-2946



# 2

## CORPORATE GOVERNANCE



## GOOD CORPORATE GOVERNANCE PRINCIPLES

The Board of Directors recognizes that good corporate governance is a foundation for the sustainable growth of the organization and one of the significant elements facilitating the organization's competitiveness and effective adaptation under a dynamic environment, as well as an important factor that has led Krungsri to success as a leader in the Thai financial sector in line with sustainable banking. Krungsri has adhered to a culture of responsible business practices, covering social, environmental, and governance dimensions for strong and sustainable growth, while operating the business in accordance with its mission, 'To be a leading regional financial institution with global reach, committed to responsibly

meeting the needs of customers and serving society through sustainable growth', while creating a good long-term performance.

In this regard, Krungsri attaches importance and adheres to good corporate governance criteria stipulated by regulatory bodies, i.e., the Bank of Thailand, the Securities and Exchange Commission, Thailand, the Stock Exchange of Thailand, and the Thai Institute of Directors Association, as well as in accordance with the Banking Industry Code of Conduct including the international corporate governance criteria such as ASEAN Corporate Governance Scorecard. The Good Corporate Governance Principles of Krungsri have been established, as well as policies and practices in various fields that are consistent with those rules. The Board of Directors also regularly ensures that oversight mechanisms are in place to ensure compliance with requirements in any matter that has

not yet been established as a policy or practice, and that there has been a review of the appropriateness of the operation, including assignments and a follow-up process for relevant departments to consider proceeding in accordance with Krungsri's business.

## GOOD CORPORATE GOVERNANCE PRINCIPLES AND GUIDELINES

Krungsri has established Governance Principles and Guidelines covering eight practices according to the Thai Corporate Governance Code for Listed Companies 2017 prescribed by the Securities and Exchange Commission and has made implementations in compliance with such criteria as follows:



## PRACTICE 1: TO BE AWARE OF THE BOARD OF DIRECTORS' ROLES AND RESPONSIBILITIES AS THE ORGANIZATION LEADER THAT CREATES SUSTAINABLE VALUE FOR THE ORGANIZATION

The Board of Directors undertakes the fiduciary duties of overseeing the management in alignment with applicable laws, the Bank's objectives and Articles of Association, the resolutions of the Board of Directors and shareholders' meeting, as well as the Good Corporate Governance Principles, while the executives manage the organization under exemplary morals and ethics and play key roles in promoting good governance for the organization.

The Board of Directors has determined objectives, goals, strategies, policies, and directions of the business operations, including overseeing, inspecting, and following up on their implementation by the management to ensure transparency, compliance with laws, and sustainable growth with responsibilities toward environment, society, stakeholders, and being under good corporate governance as well as ensuring that the management regularly reports the operating performance. This is to ensure the maximum overall benefit of Krungsri and its shareholders.

### ▶ SETTING OF ROLES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGEMENT

- Krungsri has clearly separated the roles and responsibilities of the Board of Directors and the management whereby the Chairman of the Board and the President and Chief Executive Officer cannot be the same person. Roles and responsibilities of the Board of Directors, Chairman of the Board, President and Chief Executive Officer, and the executives are clearly specified in the Good Corporate Governance Principles.
- Krungsri clearly stipulates the approval authority of the Board of Directors with respect to significant matters in accordance with laws, the Bank's Articles of Association, and guidelines, such as important policies for Krungsri Group's operations, the annual operating plan, and budget.

Details are shown in the Annual Registration Statement / Annual Report (Form 56-1 One Report) under the topic, 'Management Structure'.

### ▶ GOOD CORPORATE GOVERNANCE PRINCIPLES

- Krungsri has established Good Corporate Governance Principles (the Principles) to be used as the policy and guidelines for supervision of the business operations of Krungsri, to which the directors, executives, and employees shall adhere. The Principles are filtered by the Executive Committee and the Risk and Compliance Committee before being proposed to the Board of Directors for approval. The Principles shall be reviewed on an annual basis or without delay in case of any significant change. This is to ensure the appropriateness of the Principles in changing circumstances, and their alignment with relevant regulations of the regulatory bodies, Krungsri's organizational structure, and the environmental situation of corporate governance of Krungsri Group.
- The Principles' contents cover various significant matters, e.g., shareholders' rights and their equitable treatment, information disclosure and transparency, composition and qualifications of the Board of Directors, roles and responsibilities of the Chairman, the Board of Directors, and the committees reporting to the Board of Directors as well as those of the President and Chief Executive Officer and executives, internal control and internal audit systems, and Krungsri Group's business philosophy and roles with regard to the stakeholders and Employees' Code of Conduct and compliance.
- Krungsri disseminates and promotes the Principles through internal communications as well as Krungsri's website under the topic of corporate governance in order for the directors, executives, employees, and related persons to study and adhere to them. There are activities to promote comprehensive understanding amongst employees. In addition, in order to be in line with the Board of Directors' resolution, Krungsri communicates the Principles including the annual revision to its subsidiaries so that they can adopt them or create their own good corporate governance principles in accordance with the nature of their businesses; doing so also strengthens the operations of Krungsri Group.
- Krungsri has developed a compulsory course of Good Corporate Governance via Krungsri Learning Companion (KLC). All executives and employees must complete the course every two years or whenever it is significantly updated. Course participants must pass tests with a score meeting the benchmark.



## PRACTICE 2: SPECIFY MAIN OBJECTIVES AND TARGETS OF THE ORGANIZATION TO BE SUSTAINABLE

Krungsri drives toward 'Sustainable Banking' by adhering to 'Responsible Lending', in order to achieve the aspirations set for good corporate governance as well as achieving the goals of the Medium-Term Business Plan, as part of working toward its aspiration of being 'the preferred Thai bank connecting customers' needs across ASEAN.' Krungsri has emphasized that all business units within the organization deliver products and services by adhering to three main principles: 'Trust, Integrity, and Reliability', which together are the cornerstone of business and operations.

### ► DETERMINE MISSION, VISION, CORE VALUES, AND MEDIUM-TERM BUSINESS PLAN

- The Board of Directors clearly determines Krungsri's mission and vision, which are announced to all employees for acknowledgement and as guidelines for accomplishing their work as targeted. The Board of Directors normally reviews the mission, vision, and core values on an annual basis to ensure alignment with any change in circumstances.
- The Board of Directors has conducted the second Medium-Term Business Plan, which is a strategic framework formulated for business operations over three years and shall be reviewed annually to ensure correspondence with prevailing conditions. In addition to ensuring that the management communicates the Medium-Term Business Plan to the executives and employees of Krungsri, there is also control and monitoring of the management's work in accordance with the strategies and plans formulated and to ensure that the operating results are reported in comparison with the strategic plans set forth at the Board of Directors' meetings on a monthly and quarterly basis.
- The Board of Directors is committed to operating in accordance with the mission and the Medium-Term Business plan while formulating strategies to strengthen Krungsri's ability to cope with the impact of various situations effectively. The Board of Directors has therefore encouraged the development of innovation and financial technology, taking into account the changing environment, and customer needs and behavior, including expectations of all stakeholder groups, for example, the use of technology to help customers access Krungsri products and services conveniently, quickly, and securely, whether they are transacting through online channels or through branches (Smart Branches and Smart Kiosk), and has also introduced artificial intelligence (AI) technology to support the work processes of employees, who are customers within Krungsri's organization, to be able to work more effectively and efficiently in response to customer needs.
- The Board of Directors has also promoted the development of new business models, including financial innovations that can benefit the environmental, social, and governance (ESG) matters to increase opportunities for Krungsri to have sustainable growth and flexibility in any situation that may arise.

## PRACTICE 3: ENHANCE THE BOARD OF DIRECTORS' EFFICIENCY

- The Board of Directors comprises 12 directors (including three women, one of whom is an independent director): six non-executive directors; four independent directors; and two executive directors.
- Currently, our Board of Directors consists of members having a diversity of knowledge, experience, gender, race, nationality, and age, as well as those having proficiencies beneficial to Krungsri, e.g., law and corporate governance, finance and accounting, economics, information technology and digital, risk management and organization management, which are in accordance with the Board Skills Matrix established by the Bank and corporate governance of financial institutions stipulated by the Bank of Thailand.
- The Chairman of the Board is a non-executive director, and therefore performs his duties independently and plays an important role in overseeing and supporting the Board of Directors so that the directors can fully perform their duties according to the designated directions and strategies. In this regard, Krungsri has clearly defined the roles, duties, and responsibilities of the Chairman of the Board of Directors in accordance with the Good Corporate Governance Principles.
- Krungsri stipulates that an independent director shall hold their position for no more than nine consecutive years from the date of first appointment as an independent director, according to the Bank of Thailand Notification Re: Corporate Governance of Financial Institutions. Presently, no director serves more than nine years.

## ► NOMINATION AND REMUNERATION OF THE DIRECTORS

- Nomination of directors is carried out by the Nomination and Remuneration Committee whereby individual qualifications and other prerequisites as stipulated in relevant laws, regulations of Krungsri's regulators, and the Bank's Articles of Association, and in line with international good corporate governance principles as well as Board diversity which includes knowledge, experience and necessary skills, gender, age, and specialized proficiencies beneficial to Krungsri, for example in banking, business administration, accounting and finance, organization management, risk management, laws, information technology governance, and other areas necessary for the implementation of Krungsri's business strategies, are all taken into consideration.
- In nominating directors, Krungsri has established a Board Skills Matrix to ensure that the entire Board of Directors is qualified and has appropriate expertise, and to support the determination of skills and qualifications of nominated persons in line with the organization's strategies and goals. In addition, it assists in the creation of a director development plan. Krungsri has also created its own director pool by collecting name lists from various sources, e.g., the Thai Institute of Directors Association Chartered Director (IOD Chartered Director), as supporting information when searching for candidates for nomination. Finally, Krungsri has also hired a professional search firm to help recruit and select qualified persons to serve as directors.
- Krungsri disclosed criteria of director nomination and appointment appear in the Annual Registration Statement / Annual Report (Form 56-1 One Report) under the topic, 'Nomination and Appointment of Directors and Senior Executives'.
- Krungsri clearly specifies the definition of the independent director in compliance with the Notification of the Capital Market Supervisory Board. A more stringent criterion on shareholding percentage is also applied.

## ► POSITIONS OF THE DIRECTORS IN OTHER COMPANIES

- Regarding serving as chairman, executive director, or authorized signatory director in other companies, directors are permitted to hold such position(s) but not in more than three other business groups, and can serve as a director of a company listed on domestic and overseas stock exchanges for no more than five companies. Directors must exercise due care to prevent any impact on their performance as a director.

## ► BOARD OF DIRECTORS MEETING

- A Board of Directors meeting is held at least once a month, with the meeting date and important agendas for each meeting set in advance for the entire year. In case of necessity or urgency, an extraordinary meeting may be called on occasion as determined by the Chairman of the Board.
- The Chairman of the Board and the President and Chief Executive Officer have the duty to jointly consider matters to be included in the agendas of Board of Directors meetings. However, other directors including independent directors are also given the opportunity to review and provide an opinion on the agenda items before a notification of each meeting is delivered to all directors. In this regard, the directors may propose agenda items to the meeting by informing the Chairman of the Board, the President and Chief Executive Officer, or the Corporate Secretary.
- Notifications of the Board of Directors meeting, agenda, and supporting documents will be delivered via email to all directors and uploaded on the e-document system, which can be accessed from provided tablets. The agenda proposed to the Board will be set after the meeting of the Executive Committee, which acts as a gatekeeper, each week and/or at least seven days prior to the meeting date, to ensure that the directors have sufficient time to review the agenda items. If the directors require additional information or documents, they can make such requests to the executive directors or the Corporate Secretary.
- Every director is obligated to attend every Board of Directors meeting, unless they have imperative business such as a meeting with a government agency or an overseas business trip, or have fallen ill.
- A meeting requires no less than half of all directors to constitute a quorum, and a resolution of the meeting shall be passed by majority vote. In case of a tie vote, the Chairman shall have an additional vote to break the tie. In compliance with the Good Corporate Governance Principles, a quorum of at least two-thirds is required at the time of voting for Board decisions.
- Each Board of Directors' meeting takes an average of four hours. The Chairman of the Board provides an opportunity for all directors to be fully independent in making inquiries and suggestions, and to debate and express their opinions, to ensure prudent discretion. The senior executives and officers involved in the matter are also invited to answer questions, as well as receive suggestions and observations made by the Board of Directors.

- The meeting minutes identify in clear and sufficient detail the date and time that the meeting was declared open and close, lists of present and absent directors, summary of the agenda, issues discussed, and recommendations of the Board of Directors, including explanations from the management, and resolutions of the Board of Directors meeting. The meeting minutes are signed by the Chairman of the meeting and the minutes taker. In addition, any director having a conflict of interest in any agenda item will neither join the consideration nor vote on that particular item. In this regard, the Corporate Secretary normally checks information on conflicts of interest in advance and notifies all directors prior to the meeting, and records such data in the meeting minutes. In addition, when holding an e-Meeting, there is a record in the meeting minutes as stipulated by laws, i.e., identification of the meeting participants, presenters' name list, and meeting administrators' name list. In this regard, the attending directors' name list will be recorded separately between the directors who attend in person and the directors who attend via electronic means.
- After the minutes are adopted by the meeting, the Corporate Secretariat Department is responsible for dispatching copies of the meeting minutes to the relevant internal and external units within the prescribed time, and safekeeping the same in the form of hard and soft copies for future reference and audit. No amendment to the meeting minutes can be made without approval from the Board of Directors meeting.
- The Board of Directors encourages non-executive directors to organize meetings among themselves to independently discuss various issues without management's presence, i.e., matters covering organizational culture, human resources management, and future business direction, and to present a summary of their opinions to the President and Chief Executive Officer for acknowledgement.

## ▶ PERFORMANCE EVALUATION

Krungsri arranges for the performance evaluation of the Board of Directors and the Committees reporting to the Board of Directors on an annual basis in order to ensure that their duties are fulfilled in accordance with the Principles. In addition, the evaluation gives them an opportunity to review their performance, analyzing various difficulties during the previous year for further improvement.

### • The Performance Evaluation of the Board of Directors

- Criteria: Types of performance evaluation of the Board of Directors are as follows: 1) Board Evaluation; 2) Self-Evaluation; and 3) Cross-Evaluation. The evaluation forms, which are designed in accordance with the guidelines of the Stock Exchange of Thailand as well as aligning with the characteristics and structure of the Board of Directors, shall be proposed to the Nomination and Remuneration Committee and the Board of Directors for consideration and approval, respectively. The evaluation topics are as follows:
- Board Evaluation
  1. Structure and characteristics of the Board
  2. Roles and responsibilities of the Board
  3. Board meetings
  4. The Board's performance of duties
  5. Relationship with management
  6. Self-development of directors and executives
- Individual Self-Evaluation and Cross-Evaluation
  1. Qualifications and expertise of the director
  2. Roles and responsibilities of the director. In case of the Chairman, the evaluation form includes additional topics regarding the Chairman's duties.
  3. Board meetings
- Processes: Upon approval of forms as mentioned above, the Corporate Secretariat Department will send all three types of electronic evaluation form which have been approved to every director for evaluation, then gather all completed forms for summarizing the overall result including their comments or suggestions, and report to the Nomination and Remuneration Committee and the Board of Directors so that they can discuss solutions to enhance operational efficiency for maximum benefit. In addition, the overall individual results from cross-evaluation will be presented to each director.

In this regard, the overall result of all three types of 2022 evaluations is 'good'.

### • The Performance Evaluation of the Board of Directors and the Committees Reporting to the Board of Directors

All committees reporting to the Board of Directors have evaluated their performance as a whole, while the Audit Committee, the Nomination and Remuneration Committee and the Executive Committee have additionally conducted self-evaluation on an individual basis. Their evaluation

forms were adopted from assessment guidelines of the Stock Exchange of Thailand and/or the Board of Directors' evaluation form to the extent that is suited to each committee's structure and nature. The evaluation topics and criteria are as follows:

- The evaluation topics of Audit Committee and Nomination and Remuneration Committee (as a whole) and the evaluation topics of Audit Committee, Nomination and Remuneration, and Executive Committee (individual)
  1. Structure and characteristics of the committee
  2. Committee meetings
  3. Roles and Responsibilities of the committee
- The evaluation topics of Risk and Compliance Committee, and Executive Committee (as a whole)
  1. Structure and characteristics of the committee
  2. Roles and responsibilities of the committee
  3. Committee meetings
  4. The committee's performance of duties
  5. Relationship with the Board of Directors/management
  6. Self-development of committee members
- Processes: The secretary of each committee will send an evaluation form to every committee member, then gather all completed forms for summarizing the overall result including their comments or suggestions, and report to the respective committee so that they can discuss solutions to enhance operational efficiency for maximum benefit.

In this regard, the overall result of each committee's evaluation of the two types in 2022 is 'good'.

## ► DIRECTORS' INDUCTION AND DEVELOPMENT

- Krungsri has conducted an induction for new directors to be prepared before performing their duties, focusing on strategies, plans, goals, the overall nature of business and business operations in various aspects including roles, duties, and responsibilities of directors, as well as necessary information for the director. Furthermore, Krungsri has prepared documents for the director as information for director performance, e.g., director's handbook, and a summary of important laws and regulations on the e-document system, which can be accessed from provided tablets.
- During their directorship, each quarter, all directors will be provided various training courses held by the Thai Institute of Directors (IOD) relating to the roles and responsibilities of directors, together with specific training

courses related to the duties of each individual type of director, e.g., duties of Chairman, Audit Committee members, and Risk and Compliance Committee members, so that each director can consider participation in these courses throughout the year. The Corporate Secretariat Department is responsible for coordinating registration, and Krungsri is responsible for all expenses.

- Krungsri offers training courses/seminars on information technology and digital, and other topics relevant for directors, for each director to consider and attend training/seminars to continually enhance their skills and knowledge. In addition, in-house training sessions have been organized to provide knowledge to the directors through lectures from internal and external experts on various topics. Details of training and seminars attended by each director are shown in the Annual Registration Statement/ Annual Report (Form 56-1 One Report) under the topic, 'Management Structure'.

## ► REMUNERATION OF THE DIRECTORS

- Krungsri has established a policy on remuneration of the directors to ensure that it is appropriate and commensurate with the responsibilities of directors in accordance with the size and business operations of Krungsri. In addition, the remuneration policy aligns with Krungsri's performance and brings the maximum benefit to its shareholders, as well as being comparable to peers. In this regard, the Nomination and Remuneration Committee is responsible for review of its appropriateness and proposal to the Board of Directors and the shareholders meeting, respectively, and for approval of the remuneration of the directors and members of committees reporting to the Board of Directors, on an annual basis.
- The remuneration is based on the type of director, i.e., non-executive director and independent director. The remuneration structure consists of a retainer fee, attendance fee, and other annual compensation, including directors' remuneration as members of the committees reporting to the Board of Directors. In addition, there is no remuneration for holding a directorship.
- Other benefits, i.e., entitlement to medical benefits and annual health check, and a company car, are in accordance with Krungsri's regulations.



## ► SUPERVISION OF THE SUBSIDIARIES' OPERATIONS

- The Board of Directors has determined frameworks for the overall operations and strategic targets and oversees the mechanisms of compliance and operations of Krungsri Group.
- The Board of Directors has clearly set roles and responsibilities of the management to the President and Chief Executive Officer and senior executives in a Policy for Governing Group Companies, and follows up on assignments' progress.
- Krungsri has established the Policy for Governing Group Companies specifying the nomination of Krungsri's personnel to be directors of the subsidiaries, and their roles and responsibilities. In addition, there is a set of group-wide policies specifying internal controls and important information disclosure of the subsidiaries which is in line with relevant laws and regulations.
- In case of significant investment in other businesses, Krungsri and/or its subsidiaries will make an affiliate agreement for clear management authorities and take part in the decision-making for important matters. Regular performance reports are required for the maximum benefit of Krungsri and/or its subsidiaries, and for the timely conducting of standard financial statements.

## ► THE COMMITTEES REPORTING TO THE BOARD OF DIRECTORS AND MANAGEMENT COMMITTEES

- The Board of Directors appoints the committees reporting to the Board of Directors, i.e., the Nomination and Remuneration Committee, the Audit Committee, the Risk and Compliance Committee, and the Executive Committee, with clearly specified roles and responsibilities in order to assist in the performance of duties. Each member's background and qualifications, the composition of the committees, number of meetings, and individual statistics on meeting attendance are disclosed in the Annual Registration Statement /Annual Report (Form 56-1 One Report).
- Management committees are also appointed to examine and filter related matters before submission to the Board of Directors, such as the Risk Management Committee, the Compliance Committee, and the Sustainability Committee, whose composition, qualifications, roles, and responsibilities are specified in their respective directives.

## PRACTICE 4: NOMINATION AND DEVELOPMENT OF SENIOR EXECUTIVES AND PEOPLE MANAGEMENT

### ► NOMINATION, DEVELOPMENT, AND SUCCESSION PLANS FOR SENIOR EXECUTIVES

- The President and Chief Executive Officer shall propose the nomination/promotion/appointment criteria for Executive Vice President level and above to the Nomination and Remuneration Committee for consideration, whereby its details appear in the Annual Registration Statement / Annual Report (Form 56-1 One Report) under the topic, 'The Nomination of Senior Executives'.
- Krungsri provides opportunities for executives to perform their duties independently under their assigned roles and responsibilities. Moreover, Krungsri provides them training courses in various areas appropriately and on a regular basis, for their personal development and career path.
- Krungsri must have a plan and be well-prepared in terms of succession plans for positions deemed vital to business operations so that in the event of a vacancy, a qualified successor can be appointed immediately with no interruption. The President and Chief Executive Officer has therefore proposed the succession plans for senior executives to the Nomination and Remuneration Committee for consideration before proposing to the Board of Directors for approval. The succession plans for senior executives will be reviewed on an annual basis. The succession plan for Krungsri successor readiness is divided into three levels as follows:
  1. Successors who are ready now
  2. Successors who will be ready within one-two years
  3. Successors who will be ready within three-five years

Krungsri also designates business contingency plan candidates in case of any immediate change or sudden emergency in an executive position causing a vacancy.

In order to develop successors, Individual Development Plans are prepared for all Krungsri Group executives. Apart from Competency-Based Management, Krungsri has developed a career plan ensuring that executives gain critical experience beneficial for holding key positions in the future. As an internal process, HR periodically facilitates the monitoring of successors' careers and competency development progress through meetings with related executives and committees. In addition, the Head

of Human Resources Group is responsible for annually reporting both succession and successor development plans to the Board of Directors.

## ► POSITIONS IN OTHER COMPANIES HELD BY THE PRESIDENT AND CHIEF EXECUTIVE OFFICER, AND SENIOR EXECUTIVES

Krungsri allows the President and Chief Executive Officer and senior executives to hold directorships of no more than five companies of Krungsri Group, whereby the President and Chief Executive Officer shall review the propriety of the appointment and propose the appointment to the Board of Directors for approval via the Nomination and Remuneration Committee. However, they shall not hold directorships of any other listed companies outside Krungsri Group. In case of necessity, approval must be obtained from respective line managers/ Head of Group/ Chief Officer, Head of Human Resources Group, and the President and Chief Executive Officer.

## ► THE DETERMINATION OF REMUNERATION STRUCTURE AND PERFORMANCE EVALUATION OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

- The Nomination and Remuneration Committee is responsible for considering and proposing to the Board of Directors for approval on the remuneration of the President and Chief Executive Officer and senior executives; however, executive directors do not participate in considering the remuneration of the President and Chief Executive Officer. Remuneration criteria are stipulated by the Board of Directors.
- Krungsri stipulates a fair, reasonable, and incentivizing remuneration in order to retain proficient executives as well as create long-term value for shareholders. The remuneration is also associated with Krungsri's performance and targets, both short-term and long-term, as well as KPI results of each individual's performance against targets under the Balanced Scorecard criteria, including performance indicators aligning with organizational strategies, and a scope of responsibilities of an individual executive which is comparable to the industry benchmark. As for executives who also serve as members of the committees reporting to the Board of Directors or the management committees, including directors in any of Krungsri's subsidiaries, they do not receive additional remuneration.

- Krungsri annually conducts a performance assessment of the President and Chief Executive Officer, whereby its criteria, targets, and performance assessment using the Balanced Scorecard are endorsed by the Nomination and Remuneration Committee and in line with Krungsri's objectives, targets, and strategies, as well as short- and long-term benefits.

- The Board of Directors (except for the executive directors) shall assess the performance of the President and Chief Executive Officer, and the assessment results will be used for considering bonus payment and annual compensation increment. Assessment criteria and results are communicated to the President and Chief Executive Officer.

## ► HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT

- Krungsri recognizes that its employees at all levels are valuable resources and key drivers for Krungsri's achievement according to its short-term and long-term business strategies. Krungsri therefore sets appropriate human resources management policies, aims for a fair recruitment and selection process, provides proper remuneration and welfare benefits to employees, retains talented employees, promotes career advancement, and continuously enhances employee skills through training, developing a variety of learning programs, and giving employees the opportunity to access learning channels, equally and conveniently, to drive the organization towards the business world in the digital age, including training for employees to cope with changes in the 'next normal' era and supporting creative changes towards sustainable business growth.
- Krungsri adheres to human rights standards and fair and equitable treatment by establishing fair employment guidelines and the Policy for Human Resource covering equal employment and layoffs, and attaching importance to job qualifications, with non-discrimination in terms of race, gender, religion, and age. Krungsri also ensures strict compliance with labor laws, while also promoting a positive workplace culture and respect for employees' privacy. Details are shown in Krungsri's Sustainability Report under the topic, 'Fair Labor Practices and Respect for Human Rights'.
- Krungsri establishes appropriate and fair remuneration, and the compensation structure is also reviewed annually, considering labor fee criteria together with compensation surveys from other financial institutions, in order to manage the compensation more appropriately and competitively

with remuneration of employees of other companies in the industry while being consistent with Krungsri's operations, both short-term and long-term performance.

- In terms of performance evaluation, Krungsri has implemented a Bank-wide process by setting key performance indicators, goals, as well as performance evaluation under the Balanced Scorecard, which covers financial and non-financial perspectives (customer service, social responsibility, internal operations management, and human resources management and development). Corporate KPIs are normally cascaded to Individual KPIs in order to reflect short-term performance and to measure against Krungsri's long-term strategic plan. In addition, Krungsri has created individual development plans and an executive development program to enhance executives' potential, ensure sufficient readiness and competency for their given duties, and lead the organization to future business growth as well as succession planning and the development of high-potential employees.
- Krungsri provides welfare benefits greater than legal requirements, which includes other forms of benefits, for the purpose of retaining employees and incentivizing them to perform their duties to support long-term value creation for Krungsri and its shareholders, e.g., establishing a provident fund for employees, to which Krungsri is obliged to make partial contributions, so that employees have savings for retirement, resignation, disability, or as life insurance for their families. In 2022, the number of employees who contributed to the provident fund accounted for 93 percent of the total number of employees.
- In addition, Krungsri communicates with its employees via various channels such as email and training programs in order to enhance their knowledge and understanding of the provident fund, its benefits, the fund's investment policy, and the risks associated with the investment. At present, Krungsri has changed the investment policy from a 'single fund with one investment policy' approach to a 'single fund with multiple investment policies' approach to allow employees to choose their desired investment policy or investment plan (Employee's Choice) based on their age, expected returns, and risk appetite.
- Krungsri provides other welfare benefits to meet employees' potential future needs. These benefits aim to help relieve employee stress. Welfare benefits are divided into three major categories: 'financial aid', 'health and insurance', and 'employee loans'. Details are conveyed to employees for their acknowledgement via the Employee Handbook and the Krungsri People online system, so that they may see the benefits for themselves and their families.
- Krungsri focuses on enhancing people's excellence to develop individuals, drive the organization towards a fully digital business world, prepare employees to support continuous changes in the 'next normal' era, and encourage creative changes to increase the productivity of and create the highest value for the organization, thus increasing its competitiveness and sustainable business growth in the future. A learning program development service has been designed for executives and employees and is student-centered, comprising six learning programs: Achieving Everyday Success, Striving Beyond Your Best, Getting Ready for the Future, Winning Business Challenges, Growing Expertise, and Leading to the NEXT Level. In addition, Krungsri focuses on cultivating a growth mindset with executives and employees at all levels to be open to receive new learning and continuous self-improvement, including helping employees adapt to a hybrid work environment more efficiently.
- Krungsri has designed and developed various learning programs for upskilling and reskilling to encourage employees to work efficiently at the present and prepare them for future growth with the organization, i.e., the executive development programs 'TRANSCEND' and 'TRANSITION,' under the project's concept of 'Leading in the Age of Digital Disruption and Moving Our Organization to the Next Level'; a program to develop skills for the future, i.e., the Krungsri School of Data program to develop data skills and drive Krungsri toward the status of a data-driven organization; the Krungsri School of Digital and Tech program to develop digital and technology skills; and the People Manager 101 program to enhance understanding of the people manager's roles in managing teams and driving for compliance culture as well as building Krungsri culture, and developing People Manager's Toolkits, which are tools for supervisors to manage teams and create a good work experience for employees. As for digital learning, online learning programs on a variety of platforms provide opportunities for employees to continuously develop themselves, answering the needs of increasing skills and developing learning agility conveniently, anywhere, at any time. In 2022, all employees participated in various training courses for an average of 58.44 hours per person.
- Apart from aiming to foster excellence among Krungsri people by encouraging employees to express themselves through Krungsri Core Values, and showing strong leadership and professionalism in order to offer customers the most satisfactory experience, Krungsri has designed learning programs that support its employees to be good and ethical citizens and exhibit responsibility toward stakeholders, society, and the environment. Examples

of these programs include the Personal Data Protection course, Policy for Enterprise Information Security (IT) course, Anti-Money Laundering and Countering Terrorism Financing (AML/CFT) course, Good Corporate Governance course, Environmental, Social, and Governance (ESG) for Sustainable Growth course, ESG: The Next Big Thing of Banking, Occupational Health, Safety, and Environment course, etc. Krungsri has also designed the Wellness Booster Series Wholeness of Being (Health & Fitness, Mental & Emotional, Wealthy, Work Environment, Purposeful & Spiritual) learning programs, developed especially so that employees are well both physically and mentally, within a positive emotional, financial, and work environment, as well as being aware of the purpose of living with happiness in all dimensions, which affects the efficiency and effectiveness of the organization's operations as a whole, i.e., Prioritizing Mental Health and Well-Being During COVID-19, Alternative Wellness Solutions, Happiness Mastery: Work-Life Integration, Wealth Management in New Normal Market: Customer Insight Perspectives, and Provident Fund is More Important than You Think.

- In terms of employees' safety and healthcare, Krungsri established a set of principles on the working environment, health, and safety as stated in S&L. Krungsri has set up a committee specifically to oversee safety, occupational health, and the working environment in order to ensure that employees' lives and property are always secure. For example, Krungsri provides annual physical examinations, annual influenza vaccinations, and examinations for respiratory- and hearing-vulnerable groups. Other services include a Krungsri medical room, antiseptic spraying at workplaces, and cleaning of office equipment and devices to prevent the spread of contagions. In addition, Krungsri has created health, life, and accident insurance programs to complement the government's social security program, set up the Krungsri Happy Heart Center to provide psychological consultancy by mental health experts for employees who are suffering from work-related or life-related stress, and set up a '5 Soh' activity, as well as an indoor exercise area where employees can relax from work. In addition, there are a number of clubs including bicycling, jogging, badminton, and soccer; details are shown in Krungsri's Sustainability Report. In 2022, two employees suffered work-related accidents; however, no employee had a work-related illness.
- Under the COVID-19 pandemic, Krungsri set out various measures to take care of employees and prevent the spread of the pandemic, such as measures to control the entrance and exit of the building and establishing a screening point before entering the building, health

insurance for allergies or side effects from vaccination to prevent COVID-19 for employees; requiring employees to work from home in order to reduce the risk of mass gatherings; providing vaccines; and coordinating with hospitals for vaccination to prevent infection and the spread of COVID-19. Krungsri provided antigen test kit equipment (ATK) for infection screening as well as sending employees to take real-time polymerase chain reaction (RT-PCR) examinations at hospitals that Krungsri coordinated with. Krungsri also coordinated with hospitals to arrange for a hospital in case of emergency illness caused by the COVID-19 and the necessity to separate from family for medical reasons, and updates were provided in the event of an employee being infected with COVID-19, along with preventive measures and risk reduction methods as well as giving special incentives to operational and temporary employees of Krungsri as a gift and a form of encouragement.

## ▶ SHAREHOLDER STRUCTURE AND RELATIONSHIP

The Board of Directors understands shareholder structure and relationship and is aware of MUFG Group's policy as Krungsri's parent company. Krungsri closely cooperates with them with the aim of enhancing the efficiency and development of Krungsri's operations in various areas for the maximum benefit of all shareholders as well as fairness to all groups of stakeholders.

## PRACTICE 5: INNOVATION ESCALATION AND RESPONSIBLE BUSINESS OPERATIONS

### ▶ INNOVATION ESCALATION, IT MANAGEMENT, AND RESPONSIBLE BUSINESS OPERATIONS

- The Board of Directors has ensured creation of innovations in adding value to the business together with benefits to all stakeholders and being responsible toward society and the environment. The Board of Directors has also followed up on the management's implementation of effective and efficient resource allocation and management. In addition, Krungsri has focused on financial business transformation in the digital era through innovation development in terms of products as well as the adoption of innovations for better working processes, creating a culture of innovation in the organization through both internal and external resources, and service enhancement. In particular, Krungsri places importance on creating new ecosystems and partnerships to create more value





for customers, e.g., applying the agile way of working to support and enhance employees' work in coping with changes and the use of new technologies.

- The Board of Directors has ensured the establishment of enterprise information technology governance and management frameworks which are in line with Krungsri Group's needs, ensured adoption of information technology to stimulate new business opportunities, and developed business operations and risk management for achievement of Krungsri Group's objectives and key goals. The IT Management Committee is responsible for considering information technology strategies and policies to support and align with Krungsri's strategies and goals, including considering the priorities of the project (Prioritization) which must be allocated information technology resources in accordance with what is available, as well as transferring/allocating new resources as appropriate.
- In this connection, the Policy and Procedure for Information Technology Risk Management and Policy and Procedure for Enterprise Information Security have been formulated. Moreover, information technology resource allocation and management are also in place. Krungsri has established policies and procedures on information technology risk management. Information security policies and procedures are used as a guideline for managing and protecting Krungsri's information assets. Krungsri operates under the framework of three important principles: Confidentiality, Integrity, and Availability. In addition, a process for allocation and management of information technology resources has been established in order for Krungsri to be able to resolve abnormal events that result in system interruption or damage in a manner where the business continues to run and the system is restored to normal within an acceptable period of time, including establishing measures to manage information security as a guideline for managing the Bank's information assets. Krungsri has appropriately allocated budget and allocated information technology resources.
- Krungsri monitors and ensures compliance with the policy as well as reporting results to the Board of Directors on a regular basis.
- The Board of Directors oversees Krungsri Group's business operations to ensure their responsibility to society and the environment, e.g., support green energy loans to increase renewable energy sources which will be integrated with existing energy sources of the country and the world, promote and support investments in the energy infrastructure and green energy technology, as well as operate the business according to sustainable banking principles by providing responsible lending and taking into consideration the environmental, social, and governance (ESG) aspects. In addition, Krungsri has collaborated with MUFG Bank to implement ESG business practices with the aim of becoming an organization that reduces greenhouse gas emissions from the Bank's operations for sustainability by declaring carbon neutral goals and is the first bank in Thailand to launch credit and debt instrument products related to sustainability.

## ▶ TREATMENT OF STAKEHOLDERS AND BUSINESS DEVELOPMENT FOR SUSTAINABILITY

Krungsri is committed to doing business with sustainable growth and driving the organization toward goal achievement as well as showing responsibility for stakeholders with fair treatment. Krungsri also supports sustainable growth and development of the economy, society, and environment; therefore, we have established best practices which demonstrate our equal treatment toward all stakeholders; details are presented in the annual Sustainability Report. Furthermore, we have defined our business philosophy and roles toward stakeholders in the Good Corporate Governance Principles, details of which are below:

- Investors:** Krungsri recognizes the importance of disclosure of both financial and general information that is accurate, adequate, transparent, regular, and in a timely manner, through various channels and media for investors. Krungsri has established the Investor Relations function, currently overseen by the Corporate Affairs Department, being responsible for coordinating, answering enquiries, presenting Krungsri's operating results, and establishing a good relationship with investors and stakeholders.
- Shareholders:** Krungsri respects and gives equal priority to all shareholders' rights, and provides its shareholders opportunities to consider any important issues and provide comments or suggestions, which may then be applied for improvement of business operations to drive growth and improved performance, leading to appropriate returns for shareholders in the long term. Significant information is routinely disclosed to shareholders in a correct and adequate manner, with transparency and accountability. In addition, Krungsri supports shareholders through ensuring that they can fully exercise their rights.
- Board of Directors:** Krungsri provides opportunities for all directors to fully perform their duties with independence, including expressing opinions and giving recommendations to the management on Krungsri's operations. In this regard, the Corporate Secretariat Department is the function responsible for ensuring that the Board of Directors' performance and activities are in line with the Principles and relevant laws. In addition, Krungsri provides each director updated content and information of training courses organized by the Thai Institute of Directors Association (IOD) on a quarterly basis, as well as any other significant and relevant external trainings and in-house trainings for performing the directors' duties, suited to the dynamic business environment and their available time to participate.
- Executives:** Krungsri provides opportunities for executives to perform their duties independently under their assigned roles and responsibilities and offers them training courses in various areas, on a regular basis, for their personal development and career path.
- Employees:** Krungsri adheres to all applicable laws and standards, as well as giving fair treatment to its employees and respecting human rights. Krungsri follows international human rights principles and is bound by laws concerning freedom of association, privacy, working time, wages, and working hours, as well as non-discrimination in employment. Krungsri is determined to create an environment with attention paid to all employees wherever Krungsri does its business. In this regard, Krungsri has determined appropriate policies of employment, compensation, and welfare, including rules and guidelines on fair employment. Krungsri not only complies with the law declaring a strong intention of preserving human rights, but also promotes a culture of mutual respect.

The Board of Directors, executives, and employees shall adhere to human rights standards and not support any activities violating human rights according to the Good Corporate Governance Principles. Krungsri also provides proper welfare, arranges for a safe workplace and working conditions, ensures compliance with laws and regulations regarding the environment, hygiene, and safety, creates a work environment without discrimination, and protects as well as manages employee information through employee consent as stipulated by the Personal Data Protection Act B.E. 2562 (2019).

- Customers:** Krungsri operates its business under a core value of customer centricity by focusing on compliance with all applicable laws and standards, establishing a market conduct policy as well as providing them accurate, adequate, clear, and trustworthy information in order to protect their interests and avoid misunderstandings while delivering maximum customer satisfaction. In addition, Krungsri serves its customers with honesty, integrity, fairness, and verifiable processes to realize its aspiration to 'Be the preferred Thai bank connecting customers' needs across ASEAN' with three strategic thrusts focusing on ASEAN Connectivity, Trusted Partner, and Digital & Innovation.

Amidst the COVID-19 situation which has had widespread impacts on business sectors for more than two years, Krungsri maintains its commitment to proactively provide assistance to both retail customers and business owners affected by the situation through various measures continuously, e.g., soft loan schemes to strengthen customers' liquidity as well as relief measures and

restructuring, as well as enhancing business opportunities and knowledge through various activities to help increase business efficiency for customers while maintaining strong operational efficiency by being highly adaptable. Also, Krungsri provides customers a communication channel for more convenience and speed for those who need assistance measures related to impacts of the COVID-19 pandemic specifically.

In addition, Krungsri has stipulated stringent measures for safeguarding customers' personal information to prevent any violation of their related rights in collecting, using, disclosing, or transferring customer data in accordance with the Personal Data Protection Act B.E. 2562 including other relevant laws, in the Employee Handbook. The measures require that the customers' information not be disclosed, unless required by law or authorized in writing by the customers, and the use of customers' information for employees' own benefit is prohibited. The personal data protection notice can be found on Krungsri's website.

Krungsri also arranges training programs which extend knowledge and understanding of customer-centric values to employees, in order to enhance their variety of skills and develop a positive attitude toward customer services as well as competencies in efficiently responding to customers' needs and expectations. Examples of the training programs include, 'CX Wow Service Mind Spirit, Omotenashi', 'Build the Way Forward to an Improved Customer Experience', 'Understanding Your Customers', 'Winning Customers' Minds', and 'Wealth Management in the New Normal Era through the Perspective of Customers'.

Krungsri encourages customers to share their opinions for further improvement of services. Krungsri assesses customer satisfaction and designates clear targets by providing a customer satisfaction survey. Krungsri has also developed the 'Instant Feedback' system, which is a multifunction self-service kiosk that allows branch employees to know customers' feedback immediately after making transactions, the results of which are annually analyzed to develop and improve the quality of services provided by the employees. Moreover, customers can file complaints or make recommendations to Krungsri via several channels.

- **Vendors/Suppliers:** Krungsri treats its vendors/suppliers with honesty, integrity, fairness, and transparency. Krungsri provides each vendor/supplier with correct and complete information without distorting the facts, in a standardized manner. In addition, Krungsri has drawn up guidelines for treatment toward vendors/suppliers

as stated in The Spirit & The Letter (S&L), including the Policy of Supplier Relationships, the Procurement Department Manual, and Announcement Supplier Code of Conduct which covers the matters promoting the vendors'/suppliers' business operations in compliance with the Good Corporate Governance Principles as well as laws and relevant regulations; the keys are as follows:

1. Have a selection process to ensure that vendors/suppliers are operating business in compliance with laws and agreed conditions not listed in the UN & OFAC & JFEL SDN List or the AMLO SDN List, and to verify whether the vendors/suppliers have any relationship with Krungsri's directors or executives (Related Party). In case of being the related party, the declaration and the operations shall strictly comply with Krungsri's relevant disclosure and other regulations. Vendors/suppliers shall adhere to the Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) requirements.
2. Ensure transparency and fairness, provide correct, complete information to all vendors/suppliers, and work against corruption in all forms, whether directly or indirectly, in accordance with the anti-bribery and corruption policies and measures to avoid conflicts of interest.
3. Foster vendors/suppliers who operate business in compliance with laws, relevant regulations, adherence to integrity and transparency, respect for human rights, commitment to fair employment, and responsibility for society and the environment.
4. Prepare purchase order forms with precise and appropriate terms and conditions, and monitor and conduct vendors'/suppliers' performance assessment for further improvement as well as efficiency enhancement and cost reduction to foster sustainable vendors/suppliers.
5. Maintain personal information of vendors/suppliers by providing appropriate security and safety measures to prevent loss, access, use, change, revision, or unauthorized or improper disclosure of personal data.

Moreover, Krungsri has taken into account the relationship with customers by delivering a statement regarding honesty in working and responsibility toward society and the environment for sustainability to vendors/suppliers for acknowledgement according to Thai Private Sector Collective Action Against Corruption (CAC). Krungsri communicates to vendors/suppliers regarding no gifts or entertainment from vendors/suppliers to show transparency, fairness, and vendors'/suppliers' verifiable selection process. In addition,

Krungsri provides whistleblowing channels for vendors/suppliers to prevent and resolve any instance of unfair treatment toward them.

- **Creditors:** Krungsri shows awareness of its responsibility to every group of creditors by strictly following the agreed-upon conditions, relevant regulations, and laws on the basis of honesty, equality, and fairness. Krungsri does not disclose creditors' confidential information, while providing them accurate and adequate information as well as promoting activities leading to a better mutual understanding.

Krungsri has comprehensively structured its management for business operations and established a clear strategy on capital management for the organization's stability and strength, to ensure that Krungsri will not fall into any financial difficulty that would result in its inability to repay debts. Krungsri has managed its liquidity to ensure the ability to repay debts on time according to maturity periods, as well as have readiness to repay debts in an emergency. This managerial structure ensures that Krungsri is capable of repaying its debts even when faced with a liquidity crisis. If Krungsri cannot comply with the agreed-upon conditions, creditors will be notified in advance so that they can jointly consider the issues and seek solutions.

Krungsri has also established a clear and concrete policy on fair treatment and responsibility to creditors, in particular guarantee conditions, capital management, and default of repayment. Additional details are shown in the annual Sustainability Report.

- **Commercial Banks or Related Financial Institutions:** Krungsri requires every employee to comply with the laws regarding competition, without exception. Punitive measures will be imposed in case of violation to uphold the rules of fair competition. This is in line with international principles under the scope of laws relating to business competition.

Krungsri provides cooperation in activities beneficial to the overall business to prevent any impact on the commercial banking system and promotes activities that foster better understanding, while competing fairly with other commercial banks under the specified rules and regulations. In addition, Krungsri has established a No Gift Policy with regards to receiving gifts from customers and vendors/suppliers to prevent bribery or conflicts of interest in doing business, except for cases in which gift-receiving is necessary in order to maintain business relationships. However, any gifts that are received must

be managed in accordance with Krungsri's guidelines, e.g., donated to charities or public interest non-government organizations.

Moreover, Krungsri also provides cooperation in reducing the costs and expenses of the commercial banking system and the overall economic system. Additional details are shown in the annual Sustainability Report.

- **Responsibility to Society and the Environment:** Krungsri established the Sustainability Committee to formulate Krungsri and Krungsri Group companies' policy, direction, and framework on Environmental, Social, and Governance (ESG) or sustainability as well as corporate social responsibility (CSR), with the President and Chief Executive Officer as the Chairman of the Committee. Krungsri also established the Environmental, Social, and Governance Division (ESG Division), under supervision of the Corporate Strategy and Planning Group, to ensure clear and concrete operations, strategic policies, and activities under the framework of sustainable banking with integration of ESG considerations, as well as operation of the activities in alignment with MUFG's Medium-Term Business Plan as its subsidiary. Krungsri also aligns our sustainable development agendas to both national and international goals.

Krungsri has prepared a Sustainability Report, separate from the Annual Registration Statement /Annual Report (Form 56-1 One Report), to disclose the sustainability of Krungsri and Krungsri Group. It covers environmental, social, and governance (ESG) dimensions as well as economic dimensions under the Global Reporting Initiatives Standards (GRI Standards). It also presents the link between the organization's approach to actions and the United Nations' Sustainable Development Goals 2030: SDG 2030.

#### Responsibility to Society

Krungsri established the framework of CSR activities, or 'Krungsri's 4 CSR Pillars', so that the operations of social activities can be responsive in supporting sustainable growth at both the domestic and international level; details are as follows:

1. Creating sustainable value: focusing on employees' and executives' understanding of CSR and sustainability. In addition, it focuses on practices regarding long-term engagement with stakeholders as well as conducting sustainability reporting on an annual basis in order to evaluate corporate sustainability performance and raise awareness among stakeholders.



2. Giving back to the community: focusing on community engagement, for areas surrounding Krungsri's operational sites and society at large through diverse social projects/activities such as:
  - Financial literacy and education support, e.g., providing financial knowledge, educational facilities and equipment support, etc.
  - Social and community development, e.g., Krungsri Breast Cancer Awareness Project, blood donation mobilization activity, etc.
  - Art, cultural, and traditional support, e.g., historical site preservation
3. Preserving the environment: focusing on cultivation of employees' habits and awareness toward environmental preservation through related projects/activities, along with promotion of environmental impact minimization throughout our operational process such as Krungsri Zero Waste Project, reforestation activity, check dam building activity, etc.
4. Providing financial support: focusing on financial support and social aid in various cases, e.g., scholarships, disaster relief, donations to public benefit organizations, etc.

#### Environmental Management

Although doing business in the financial sector may not have a severe or direct impact on the environment, Krungsri, as a financial service provider, recognizes the importance of accounting for the environmental impact that may arise from Krungsri's business operations by driving positive environmental impacts through internal environmental management. Krungsri sets environmental management guidelines as well as encouraging employees to realize the importance of environmental management. The Policy for Environment, Resource, Occupational Health, and Safety has been established to promote and support such management, including communication of environmental information to employees and provision of channels for whistleblowing or complaints about environmental issues.

#### Efficient Resource Utilization

Krungsri established a Policy for Environment, Resource, Occupational Health, and Safety in order to encourage conservation by mandating the efficient use of eco-friendly resources for its operations. Any materials used will be made with eco-friendly manufacturing processes. In addition, Krungsri encourages its employees to recognize and participate in the use of resources with maximum efficiency and has established measures for achieving concrete results. In addition, executives and employees at

all levels are required to take responsibility and cooperate in promoting and complying with policies and measures related to resource management and environmental stewardship, including the efficient use of energy and resources, and environmental conservation.

Krungsri also established a working group on energy management and its evaluators in accordance with the Building Control Act B.E. 2535 (1992) (amended B.E. 2550 (2007)) to ensure efficient energy management. Krungsri organizes training and public relations information and activities in the area of proper energy conservation and management, whereby Krungsri will annually review the members of the Energy Management Working Group.

To enhance employees' knowledge of sustainable development, Krungsri provides both in-house and external training for them to improve their knowledge and application of sustainable development including environmental sustainability. Details of Krungsri and Krungsri Group sustainability practices regarding environmental, social, and governance (ESG) as well as economic aspects are disclosed in the annual Sustainability Report.

### ► RESPECT FOR INTELLECTUAL PROPERTY OR COPYRIGHT

Krungsri shows respect for intellectual property by stipulating such concern in The Spirit & The Letter (S&L) and a clear Policy on Entity, Identity, and Intellectual Property, requiring employees to protect intellectual property including patents, trademarks, copyrights, trade secrets, and other information belonging to Krungsri, and to respect the intellectual property rights of others, as well as prohibiting its employees from using intellectual property of other people without authorization.



## PRACTICE 6: STRENGTHEN EFFECTIVE RISK MANAGEMENT AND INTERNAL CONTROL

To ensure that Krungsri has an appropriate risk management and internal control system and complies with applicable laws and standards, the Board of Directors, therefore, has appointed subcommittees reporting to the Board of Directors to support the implementation of such matters as follows:

**Audit Committee:** The committee performs the duty of reviewing operations to be in compliance with the policy, regulations, as well as laws and regulations of regulatory agencies, and encourages the development of financial and accounting reports to be in accordance with the standards, including reviewing the internal control system and internal audit system, and ensuring a concise and efficient risk management system. The Audit Committee can perform duties and express opinions independently.

**Risk and Compliance Committee:** The committee is responsible for determining and reviewing the effectiveness of policies, strategies, and risk governance frameworks including overall business governance; its duties and responsibilities cover the responsibilities set by the Bank of Thailand regarding the Risk Oversight Committee under the context of the financial institutions' governance criteria.

Each of the above committees will assess the performance of the Bank's Chief Compliance Officer and Chief Risk Officer to maintain independence in the performance of the duties of the top management of the supervisory authority and risk management function which is responsible for overseeing the business operations of Krungsri and companies in the Krungsri Group to ensure their compliance with the specified rules and risk levels.

In addition to meetings of each committee, during the year, the Risk and Compliance Committee regularly discusses and exchanges views with the Audit Committee, and the two committees have an annual meeting to jointly consider guidelines for improvement and continually develop policy and risk management. In 2022, there was one meeting of the Risk and Compliance Committee and the Audit Committee, on December 21.

### ► GOVERNING RISK MANAGEMENT, INTERNAL CONTROL, AND INTERNAL AUDIT

- Krungsri has established policies and procedures for efficient governance of risk management, internal control, and internal audit to comply with relevant laws and standards.

- In the event of significant investments in other businesses, Krungsri and/or its subsidiaries should consider the results of their internal control and risk management assessments.
- Krungsri has established a clear internal audit system in line with international practice, consisting of the Three Lines Model: the business, compliance, and internal audit units. These three units cooperate to ensure effective internal control.
- Krungsri requires the Compliance Group to report any non-compliance with regulatory rules to the Board of Directors through the Audit Committee for acknowledgment and has established an independent unit reporting to the Audit Committee, i.e., the Internal Audit Group, which is responsible for assessing the adequacy and appropriateness of the internal control system, overseeing compliance with the system, and reporting to the Audit Committee and the Board of Directors for acknowledgement. In this regard, the Board of Directors has appointed Miss Puntipa Hannoraseth, Head of Internal Audit Group, to be responsible for internal audit work. Also, every appointment, transfer, termination of employment, determination of remuneration, and annual merit review for the Head of Internal Audit Group must be considered and approved by the Audit Committee.
- The Board of Directors plays a vital role in overseeing and managing the overall risk of the organization, and has therefore appointed the Risk Management Committee to support the Board of Directors in supervising Krungsri's overall risk management in compliance with the Good Corporate Governance Principles, and to provide suggestions to the Board of Directors for consideration regarding policies and procedures related to risk management, as well as the policy of the business continuity management plan. In this regard, all policies are regularly reviewed.
- The Board of Directors has established a risk appetite framework and assigned the Risk Management Committee to define levels of material risk including other risks and to define Key Risk Indicators (KRIs) under the Policy for Enterprise-Wide Risk Management and Internal Capital Adequacy Assessment Process Policy. The Enterprise-Wide Risk Management Department is responsible for assessing, monitoring, and ensuring the appropriate risk levels via Enterprise-Wide Risk Management Framework tools. A summary of these risks is shown in the Enterprise Risk Management report, including reporting on significant events that may affect Krungsri's business, which is presented to the Risk Management Committee, the Executive Committee, the Risk and Compliance Committee, and the Board of Directors, respectively.

- Krungsri places importance on and supports financial products and services by taking into account and linking with environmental, social, and governance (ESG) dimensions, along with economic dimensions, in accordance with the 'Responsible Lending' guideline, by focusing on supporting businesses or transactions that generate positive results, creating long-term sustainable values and benefits to society and the environment. Krungsri has a management approach of defining the nature and types of transactions for credit approval by taking into account ESG risk management, specifying prohibited transactions and restricted transactions, as well as requiring employees involved in all parties to adhere to policy and consider credit prudently. In addition, Krungsri operates according to Know Your Customer (KYC) and Customer Due Diligence (CDD) to ensure that Krungsri does not support, promote, or become involved in wrong actions or create adverse impacts on society and the environment.
- Krungsri discloses related details in the annual Registration Statement / Annual Report (Form 56-1 One Report) under the topics, 'Risk Management' and 'Internal Control and Related Party Transactions.'

#### ► PREVENTING THE USE OF INSIDER INFORMATION AND CONFLICT OF INTEREST

- Krungsri has stipulated policy and procedure on preventing insider trading and conflict of interest in The Spirit & The Letter (S&L), which must be strictly observed by directors, executives, and all staff members of Krungsri.
- Krungsri states the details, e.g, monitoring compliance, and training for directors, executives, and all staff members, in Form 56-1 One Report under the topic of 'Policies and Measures Related to Use of Insider Information' and 'Monitoring to Ensure Compliance with Good Corporate Governance Practices'.

#### ► TRANSACTIONS BETWEEN KRUNGSRI OR OUR SUBSIDIARIES AND STAKEHOLDERS

- Krungsri's directors and executives with conflicts of interest will abstain from consideration and have no right to vote on any transactions between Krungsri or our subsidiaries and any related party having either actual or potential conflicts of interest.
- Transactions are normally executed fairly on an arm's length basis and shall be considered and approved by the

authorized person and/or the Board of Directors, whereby the Audit Committee will provide opinions concerning the necessity of such transactions and the propriety of the pricing, and consider the disclosure of any transaction that may incur a conflict of interest in order to ensure its accuracy, adequacy, and transparency. However, type, value, and procedure for each transaction shall comply with Krungsri's internal rules regarding related party transactions.

- In case of a related party transaction requiring approval from a meeting of shareholders, Krungsri will disclose details and rationale of the transaction as well as opinions of the Board of Directors to the shareholders before making the transaction. In 2022, Krungsri had no related party transactions that required approval from the shareholders' meeting.

#### ► CONFLICT OF INTEREST OF DIRECTORS AND/OR SENIOR EXECUTIVES OF KRUNGSRI

- Directors and senior executives of Krungsri are obligated to provide reports on their own and any other related persons' conflict of interest related to the management of Krungsri Group in terms of holding of position, shareholding, and transaction; the reporting procedures are clearly established. The reports shall be delivered to the Chairman of the Audit Committee and the Chairman of the Board for acknowledgement, respectively.
- In any meeting of the Board of Directors, the Corporate Secretary will inform the meeting before each agenda for which directors have a related interest, and that they will not participate in consideration nor have they any right to vote on such agenda. As for the agenda of which directors may have related interest, those directors would refrain from participating in consideration of that agenda and abstain from voting. If a director is aware that they have related interest in any agenda other than what has been informed by the Corporate Secretary, they will inform the meeting before beginning such agenda. The information on related interest of directors in each agenda is recorded in the minutes of the meeting.
- Krungsri has established a policy prohibiting the granting of any loan, loan-like transaction, or debt guarantee to its directors, senior executives, or other related persons, except loans granted in the form of credit card or loan as a part of welfare loan, in compliance with the regulations of the Bank of Thailand.

## ► RECEIPT OF COMPLAINTS FROM, AND COMMUNICATION CHANNELS WITH, STAKEHOLDERS

Krungsri provides channels for all groups of stakeholders as well as those affected by Krungsri's operations through which they can inquire or make complaints, whistleblowing or provide information to Krungsri when witnessing, perceiving, or having questions or reasonable grounds to believe in good faith that the Bank's function or employee has acted in violation of or does not comply with the laws, regulations, The Spirit & The Letter (S&L), applicable policies and procedures, good corporate governance, or business ethics, which may cause damage to the Bank.

- Mail to:
  - The Audit Committee or Secretary to the Audit Committee and send to
  - Bank of Ayudhya PCL, Head Office
  - 1222 Rama III Road, Bang Phongphang, Yan Nawa, Bangkok 10120
- email: [audit.committee@krungsri.com](mailto:audit.committee@krungsri.com)
- Krungsri's website under the heading 'About Us', sub-heading 'Receipt of Complaints'
- Whistleblowing or other enquiries can be made via
  - Krungsri's website under the heading, 'Contact Us'
  - Social media channels, i.e., Facebook KrungsriSimple or Line@KrungsriSimple.
  - Call Center at 1572 (Overseas Dial 66-2296-2000 #1)
  - The Bank's branches

Krungsri has set up a function to consider complaints received and inform the relevant departments to investigate the facts of the complaints and take appropriate corrective action with a clear timeline for implementation. The relevant functions will give notice of the results to the complainants within a reasonable period of time.

In order to protect the rights of complainants and informants who act in good faith, Krungsri will conceal the name, address, or any other information that can identify the complainant or the information provider and keep the information of the complainant and the informant confidential. Only those responsible for the investigation of complaints will have access to such information. Those involved are responsible for keeping information, complaints, and documentary evidence of the complainant and the information provider confidential, and cannot disclose information to any other person who does not have a relevant duty, unless it is a disclosure in accordance with the duty required by law.

## PRACTICE 7: MAINTAIN RELIABLE FINANCE AND INFORMATION DISCLOSURE

### ► MONITORING AND ASSESSING LIQUIDITY RISK

The Bank recognizes the importance of regulatory requirements, as the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) are always maintained over the minimum requirement, by considering regulatory compliance, deposit restructuring, and effective cost management. To keep liquidity risk within acceptable levels at all times, the Bank manages its liquidity position as deemed appropriate for market conditions under both normal and crisis situations. In addition, the Bank has disclosed essential information on LCR to shareholders and investors for assessing the Bank's liquidity risk and encouraging market discipline.

In addition, the Bank has a liquidity contingency plan together with action plans and potential countermeasures intended to allow the Bank to promptly manage crisis events and successfully resume normal operations.

### ► INFORMATION DISCLOSURE

Krungsri is aware of the importance of information disclosure concerning both financial and general matters to its shareholders, investors, and the public. Consequently, guidelines for information disclosure have been drawn up whereby it must be disclosed in Thai and English for both financial and other information via easily accessible channels in a correct, adequate, transparent, prompt, timely, and equal manner under prescribed criteria and in compliance with the relevant laws and regulations of government authorities; this includes updating important information as needed. Krungsri regularly reviews and assesses the effectiveness of its disclosure process.

#### Information Disclosure Guidelines

Krungsri has set information disclosure guidelines in accordance with related regulations of the Stock Exchange of Thailand to be used as standard practices in preparing information to disclose and/or communicate to investors, analysts, fund managers, and other parties. The guidelines are as follows:

- Information to be disclosed to investors, analysts, fund managers, and other parties must have consent for release and/or be able to be disclosed to the public and investors through the Stock Exchange of Thailand and the Securities and Exchange Commission, Thailand;



- Krungsri will not disclose any sensitive information that may affect its reputation to investors, analysts, fund managers, or other parties, unless otherwise authorized by senior executives or until the actions related to raising the issue are complete. The information will be thoroughly and equitably disclosed to the stakeholders, investors, analysts, fund managers, and other parties;
- For any information disclosure regarding unusual securities trading, Krungsri shall comply with the regulations prescribed by the Stock Exchange of Thailand, the Securities and Exchange Commission, Thailand, and/or other relevant authorities. Such information to be disclosed to the investors, analysts, fund managers, and other parties shall be the same as that already disclosed to the Stock Exchange of Thailand, the Securities and Exchange Commission, Thailand, and/or other relevant authorities;
- Krungsri will avoid disclosure of information such as that which is viewed as aiming to persuade, convince, or propagandize, for product and service marketing purposes, including unsubstantiated information that aims to create a sense of superiority;
- Any person preparing, involved in, or with knowledge of unreleased information is not allowed to disclose or convey the same to any person closely related to them or other persons without permission from the authorized person, and such information shall be treated as confidential until the permission is granted and/or such information has already been reported to the Stock Exchange of Thailand;
- Disclosure channels to the public must be suitable for each group of stakeholders, and in compliance with the rules applicable to each channel;
- Information to be disclosed by means of presentation at any press conference or analysis meeting must be reviewed and endorsed by the Chief Financial Officer, related Head of Group/Chief Officer, and/or President and Chief Executive Officer;
- The Corporate Affairs Department shall be responsible for monitoring and verifying the information disclosed via analyst reviews of securities companies, asset management companies, and other institutions related to investments. If the information is found to be incorrect, the Corporate Affairs Department, with approval from the Chief Financial Officer, shall issue a clarification and provide the correct information. Any analyst review with Krungsri's information shall be conveyed to the employees via Krungsri Portal Sharepoint;
- The President and Chief Executive Officer and the Chief Financial Officer shall be responsible for disclosing the official information of Krungsri to investors, analysts, fund managers, and other parties. If there is any question within the domain of any particular Head of Group/Chief Officer, such Head of Group/Chief Officer will be designated to act as the spokesperson of Krungsri in providing the information that has been approved by the President and Chief Executive Officer. Krungsri spokespersons must complete communications training to ensure the credibility and effectiveness of their communications;
- The Corporate Affairs Department shall be the center for handling interview and information requests from investors, analysts, fund managers, and other parties, and issuing proposals to the Chief Financial Officer for consideration of giving interviews and approval of information disclosure;
- Information of investors, analysts, fund managers, and other parties shall be kept in a database categorized by type (investors, analysts, fund managers, and other parties), and shall include their basic information, particularly names, addresses, and contact phone numbers, which must be updated from time to time.

### Information Disclosure Channels

Krungsri has disclosed its information related to both financial and general matters so that the stakeholders can access the information easily, thoroughly, and equally. The contents are publicized via various channels such as its website (www.krungsri.com), the Annual Registration Statement /Annual Report (Form 56-1 One Report) (publicized within 120 days from the end of the accounting period), quarterly performance reports, meetings with analysts and investors by varied means, press conferences, and the delivery of notification of shareholder meetings by post.

#### • **Disclosure in the Annual Registration Statement /Annual Report (Form 56-1 One Report):**

Krungsri discloses useful information for its shareholders as follows:

1. Compliance with good corporate governance principles according to the corporate governance criteria and guidelines stipulated by the Securities and Exchange Commission, Thailand, the Stock Exchange of Thailand, the Thai Institute of Directors Association, and the Banking Industry Code of Conduct of the Thai Bankers' Association, separated into eight practices as per Corporate Governance Code for Listed Companies 2017 of the Securities and Exchange Commission, Thailand.

2. Vision and Mission for business operations of Krungsri, which are fundamental aims and medium- to long-term goals, and Krungsri has identified our Core Values, which are fundamental behaviors to build organizational culture and make the employees aware of Krungsri's expectations. This will enable Krungsri to accomplish its Vision and Mission.
3. Krungsri discloses our financial status and operating performance to the stakeholders as follows:
  - Krungsri discloses our financial statements audited by a certified public accountant and endorsed by the Securities and Exchange Commission, Thailand, as being presented correctly in all material aspects in accordance with generally accepted accounting principles. In the previous year, Krungsri prepared and submitted our annual and quarterly financial statements within the prescribed timeline. The Securities and Exchange Commission, Thailand, has never ordered Krungsri to make any corrections to these financial statements.
  - Management Discussion and Analysis (MD&A): To provide information to investors for their acknowledgement and better understanding of Krungsri's performance in each quarter.
  - Krungsri's financial statements, including financial information being shown in the the Annual Registration Statement / Annual Report (Form 56-1 One Report) of Krungsri, are produced in compliance with financial reporting standards. In this regard, Krungsri chooses to apply an accounting policy based on principles of prudence, to which consistent adherence is made, and to apply appropriate projection methods. Essential information is adequately disclosed in the notes to the financial statements audited with unqualified opinions by an independent auditor. The financial statements reflect Krungsri's actual financial status and performance, which are beneficial to the shareholders and general investors. The 2022 financial statements were certified with an unqualified opinion by an independent auditor.
4. Krungsri has received a number of awards which reflect its success and excellence in various aspects, i.e., corporate governance, business operations, employee engagement, innovation, and other initiatives in marketing as well as brand building. Krungsri also measures customers' satisfaction via the customer satisfaction measurement scheme called the Net Promoter Score (NPS) for the purpose of tracking the interests and preferences of customers toward the Krungsri brand. NPS serves as a channel for receiving feedback from one of the most important stakeholders of Krungsri. In 2022, Krungsri's NPS score was at 70.
5. The nature of business and competition situation, as well as important developments in terms of government authorities' regulations, the business environment, and important advancements of Krungsri relevant to its performance in each year.
6. Information on Krungsri's subsidiaries and joint ventures, types of businesses, Krungsri's shareholding in subsidiaries and joint ventures, as well as income structure.
7. Important risk factors that may affect Krungsri's business operations including credit, market, liquidity, and operational risks. The nature of each type of risk and risk mitigation is also specified.
8. The dividend payment policy as per the Bank's Articles of Association and the government authorities' regulations.
9. Roles of stakeholders whereby complaint process and communication channels with Krungsri are specified so that all groups of stakeholders can contact Krungsri, ask for information, and make complaints or whistleblowing conveniently and rapidly.
10. The names of directors. Directors' profiles such as name-surname, age, position, educational background, work experience, shareholding, etc., as well as type of directorship, i.e., non-executive, independent, or executive director.
11. A comprehensive and transparent policy on remuneration of directors comparable to the industry, which must be approved by the AGM. Those directors who are assigned to perform additional duties as members of the committees reporting to the Board of Directors, i.e., the Audit Committee, the Nomination and Remuneration Committee, and the Risk and Compliance Committee, will receive increased remuneration corresponding to the additional work. The remuneration is disclosed on an individual basis and by each position.
12. The number of meetings of the Board of Directors and the committees reporting to the Board of Directors, and the number of meetings attended by each director.
13. Information on participation in development and training courses of directors in the previous year.

14. Information on any changes in shareholding of the directors and senior executives, showing the number of shares held at the end of the previous year and the end of the current year, and changes in the number of shares held during the year. The directors and executives as well as their related persons must report changes in their ownership of Krungsri's shares to the Securities and Exchange Commission, Thailand and the Board of Directors for acknowledgement.
  15. Remuneration of executives which is in line with the principles and policies stipulated by the Board of Directors, as well as Krungsri's operating performance and each individual executive's performance.
  16. A policy on related party transactions between Krungsri or its subsidiaries and any related party whereby significant transactions must be considered and approved by the authorized person and/or the Board of Directors. The directors and executives with conflict of interest will neither join the consideration nor vote on any transaction between Krungsri or our subsidiaries and any related party, or the one with potential for conflict of interest in the future. Krungsri discloses the related party transactions executed each year.
  17. Selection and appointment of an independent auditor whose qualifications are in compliance with the regulations of the Bank of Thailand and the Securities and Exchange Commission, Thailand. The selected auditor must not be related to or have any interest with Krungsri, our executives, major shareholders, or a related party in any manner that may lead to any impact on their independence in work. Krungsri also discloses the auditor's remuneration (audit fee and other service fees).
  18. Krungsri prepares a report on the Board of Directors' responsibility for financial reporting, whereby the Board of Directors is responsible for Krungsri's financial statements and the consolidated financial statements of Krungsri, subsidiaries, and joint ventures, as well as the financial information of the Annual Registration Statement /Annual Report (Form 56-1 One Report), which is prepared in accordance with the Financial Reporting Standards. Krungsri always follows appropriate accounting policies together with justified projections in preparing the financial statements. Krungsri also sufficiently discloses key information in the notes to the financial statements. Krungsri's financial statements therefore reflect actual financial position and performance, which is beneficial to the shareholders and general investors.
- **Information Disclosed on Krungsri's Website:** Various information including financial information and other important information of Krungsri that may affect Krungsri's stock price or affect the rights of shareholders that are disclosed through channels of the Stock Exchange of Thailand, information notified to shareholders, as well as information about Krungsri that will benefit shareholders and investors; all has been organized into categories on Krungsri's website so it can be accessed and searched easily, and is prepared in both Thai and English, e.g., the nature of its business operations, financial statements, newsletters, shareholding structure, organizational structure, business group structure, information related to the Board of Directors, the committees reporting to the Board of Directors and executives, investor relations information, the Bank's Articles of Association, historical annual reports, and downloadable notifications of the shareholder meetings.
  - **The unit to foster relationships with investors and stakeholders:** Krungsri has established a unit to foster relationships with investors and stakeholders responsible for disclosing information, coordinating the dissemination of information, and building good relationships between Krungsri and its shareholders, investors, analysts, and other related parties.
  - Krungsri established the Investor Relations Section in 2002. Its core mission is to manage work related to investor relations, particularly the disclosure of financial and non-financial information of Krungsri, under good corporate governance which is in line with related disclosure policies and relevant laws. This section is also responsible for the disclosure of information related to Krungsri Group, including comparisons of financial performance and position, current operations, and competitiveness. In 2018, Krungsri established the Environmental, Social, and Governance Division and transferred the Investor Relations to report directly to this division, to create confidence and foster good relationships with investors, analysts, fund managers, credit rating agencies, correspondent banks, and other relevant organizations in order to reflect the intrinsic value of Krungsri's securities while creating value-added. In July 2020, the Investor Relations Section was elevated and renamed to the Corporate Affairs Department with roles and responsibility to disclose information, support, foster good relationships, and establish confidence for shareholders, investors, and analysts, in order to reflect the long-term intrinsic value of Krungsri's securities and build investor confidence.

Krungsri employs effective communication tools and channels in disclosing important information such as details related to significant strategies, strategic developments, and information that may affect Krungsri's stock price. These communication channels include electronic communication to stakeholders. The Corporate Affairs Department also provides historical financial information on a quarterly basis, which is regularly updated so that investors and other persons interested in Krungsri's financial information can download it from Krungsri's website under the Investor Relations topic (<https://www.krungsri.com/en/investor-relations/financial-information/krungsri-timeseries-sheet>). Also, the Corporate Affairs Department continuously delivers updated news such as operating performance reports and other key developments of Krungsri to investors, so that they always have the latest information. In addition, communication channels with a contact person are disseminated on Krungsri's website.

Contact Information:

Corporate Affairs Department

Ms. Virachorn Srisup

Bank of Ayudhya PCL, Head Office, Floor 17

1222 Rama III Road, Bang Phongphang, Yan Nawa, Bangkok 10120

Tel.: 0-2296-2977 Fax: 0-2683-1341

e-mail: [irgroup@krungsri.com](mailto:irgroup@krungsri.com)

- **Major Stakeholders:** Shareholders, investors, employees, securities analysts, and credit rating agencies both domestic and abroad.
- **Number of Activities and Scope of Responsibility of Corporate Affairs Department** have become far more developed and cover a wider scope since Krungsri became a subsidiary of Mitsubishi UFJ Financial Group (MUFG). The Corporate Affairs Department communicates Krungsri's increasing business potential to its stakeholders in addition to meeting with MUFG's investor relations team to coordinate and share their experience and discuss practical guidelines for information disclosure and investor relations activities.
- **Engagement by Senior Executives**, both in planning and participating in investor relations activities, is an essential factor in reinforcing the effectiveness of two-way communication with stakeholders. The senior executives meet with investors both domestic and foreign to exchange perspectives on business development, strategy, and trends.

Amidst the COVID-19 pandemic, Krungsri has pressed ahead with investor relations activities by the Corporate

Affairs Department through the arrangement of meetings to communicate with investors and analysts via video conferencing, one-on-one, and in groups, and participating in domestic and international conferences. Such activities also reflect how investors, securities analysts, and analysts from credit rating agencies are keenly interested in Krungsri, which is recognized as the leader in retail banking and a member of MUFG. In 2022, the President and Chief Executive Officer, the Chief Financial Officer, the Chief Risk Officer, the Chief Strategy Officer, the Executive Vice President and Head of the Environmental, Social, and Governance Division, and executives participated in ESG and investor relations activities as follows:

- The Corporate Affairs Department held a Virtual Analyst Briefing in which the President and Chief Executive Officer and the Chief Financial Officer provided information regarding 2021 financial performance, operating direction, and 2022 financial objectives, and Krungsri's Visions under the Medium-Term Business Plan (MTBP) which covers operations in 2021-2023. In the event, the Chief Risk Officer, the Chief Strategy Officer, and Executive of the Research Division helped provide information and answer questions.
- The Corporate Affairs Department held a virtual analyst briefing via video conference for securities analysts, fund managers, and credit rating agencies. The Chief Financial Officer, the Chief Risk Officer, and the Chief Strategy Officer also shared a summary of the Bank's operating performance for the first half of 2022, including business trends, and the operating performance projection for the second half of 2022.
- President and Chief Executive Officer of Mitsubishi UFJ Financial Group reaffirmed MUFG's steadfast commitment to advancing the sustainability agenda through the role of a Global Systemically Important Bank (G-SIB) at a panel discussion titled, 'Building Sustainable Economies, Businesses and Societies', under the APEC CEO Summit 2022 in Thailand where he joined heads of state, policymakers, CEOs of leading corporations, and prominent thought leaders across the Asia Pacific region in discussing key pressing global issues. Joining him at this international business forum were the President and Chief Executive Officer and Krungsri Director.
- President and Chief Executive Officer and a co-sponsoring CEO of the Sustainability Theme of the Thai Bankers' Association (TBA), and Executive Vice President of ESG Division, together with senior executives of TBA member banks, jointly launched the ESG Declaration.



The Minister of Natural Resources and Environment and the Governor of the Bank of Thailand presided over the event held at the Bank of Thailand Learning Center. Krungsri played an important role in jointly formulating the ESG Declaration approved by TBA member banks and Board of Directors, as well as the Bank of Thailand.

- Chief Financial Officer and Chief Risk Officer joined 'Thanachart Virtual Bank and Finance Day', an investor engagement and outreach program organized by Thanachart Securities PLC., sharing an update on solid performance and strong asset quality with ample and prudential safeguards.
- Head of Corporate and Investment Banking Group participated in a panel discussion titled, 'Meeting the Business Masters in the Metaverse Era', organized by Chulalongkorn University, an important forum for exchanging strategic perspectives, innovations, and trends toward the economy and society in 2022. At the event, Dr. Armida Salsiah Alisjahbana, Deputy Secretary-General of the United Nations (UN), delivered the keynote address, and was joined by leaders from the country's leading organizations, public and private, including the Bank of Thailand, the Securities and Exchange Commission, Thailand, Kasikornbank, and Bitkub Online.
- Head of Corporate and Investment Banking Group, together with Head of Global Corporate Banking Division, provided a sustainable financing solutions advisory at a seminar titled, 'Green & Sustainable Finance', aimed at encouraging business operators to integrate environmental, social, and governance (ESG) considerations into their business strategies. The online seminar was arranged by the Carbon Markets Club.
- Managing Director of Krungsri Finnovate shared insights and exchanged views with fund managers on Krungsri's digital innovation and strategic partnerships with startups at the Finansia Online Investment Conference 2022, held under the theme of, 'Reshaping Business amid the Digital Revolution'.
- Executive Vice President and Head of Commercial Credit Risk Management Division shared their experience in developing sustainable credit policy at an online forum titled, 'The Fourth Annual Policy Assessment of Thai Banks: Toward a Sustainable and Fair Future'. Organized by Fair Finance Thailand, the discussion at the forum was also joined by representatives from the Bank of Thailand, Siam Commercial Bank, and Kasikornbank.
- Executive Vice President and Head of Environmental, Social, and Governance Division shared information at Thailand Focus 2022, which is the biggest annual meeting held by the Stock Exchange of Thailand for institutional investors, under the topic, 'The New Hope'.
- Executive Vice President and Head of Environmental, Social, and Governance Division gave an exclusive interview to National Geographic Thailand on Krungsri's leading position as the first finance institution in Thailand that tangibly drives ESG endeavors and products.
- Executive Vice President and Head of Environmental, Social, and Governance Division participated in 'SPRING News Special Forum: INNOVATION x SUSTAINABILITY', a live virtual meeting broadcasted through Facebook and YouTube, emphasizing Krungsri's vision, 'To be the most sustainable commercial bank in Thailand', and the Bank's successful lead-by-example efforts to advocate sustainable financial innovations, driven by the tone at the top regarding ESG commitments. At the event, the Minister of Natural Resources and Environment also delivered a keynote speech on the adoption of ESG principles to boost sustainable business growth.
- Executive Vice President and Head of Environmental, Social, and Governance Division expedited combating climate change, among the Bank's most urgent environmental priorities, through partnership with the Ministry of Natural Resources and Environment in support of the 'Action for Climate Empowerment: ACE Youth Camp 2022' which aimed to unleash youth potential to become exemplary low-carbon leaders driving toward an eco-friendly society. At the activity, Krungsri contributed to youth educational enhancement with a training session entitled, 'Green Banking and Finance'. The youth camp opening ceremony was presided over by the Natural Resources and Environment Minister.
- Executive Vice President and Head of Environmental, Social, and Governance Division participated in a virtual seminar, 'Krungsri Business Talk: Driving Business Sustainability with ESG', held exclusively for Krungsri's business customers and interested entrepreneurs, sharing insights of the increasing importance of ESG business practices and risk management that take into account environmental, social, and governance dimensions.
- Executive Vice President and Head of Environmental, Social, and Governance Division joined a panel discussion as a guest lecturer for the Certificate in ESG Management (C-ESG): Corporate Governance

Management program, titled, 'Cultivating GRC (Governance, Risk, Compliance) Culture', convened by the Stock Exchange of Thailand, and gave a lecture on integrating GRC into Krungsri's ESG business framework. Other panelists on stage were executives from leading companies, namely Taokaenoi Food & Marketing PLC. and TMBThanachart Bank PLC.

- Executive Vice President and Head of Environmental, Social, and Governance Division showcased Krungsri's visions and leadership in sustainable finance at Invest ASEAN 2022, one of the most prestigious regional investment conferences, organized by Maybank Investment Banking Group. The online forum, titled, 'Sustainable Finance: The Big Shift is Visible', was also joined by leading ASEAN ESG experts, among others, CEOs and senior executives from Sustainable Finance Institute Asia Limited, Asian Development Bank, and Singapore Exchange Limited.
- Executive Vice President and Head of Environmental, Social, and Governance Division participated in the 'EGCO Group Forum 2022: Carbon Neutral Pathway' to showcase Krungsri's endeavors in encouraging the Thai business sector to pursue the green transition toward more sustainability. Joining him at the forum were senior executives from the public and private sectors, while the event was well-received by around 15,000 audience members both in the face-to-face format at Grand Hyatt Erawan Bangkok Hotel and those viewing the event through online channels.
- Executive Vice President and Head of Environmental, Social, and Governance Division was recently invited to join a panel discussion as a guest speaker at STAT Network 2022, titled, 'Adapting for Green Economy and Finance', convened by the Bank of Thailand at its Northern Office, Chiang Mai. Among panelists on stage were senior executives from leading organizations, namely SCG Packaging PLC., Grab Financial Group, and Aegistek Corporation Ltd. The event was attended by more than 50 executives from the public and private sectors, the management team, and officers of the Bank of Thailand.
- Head of Business Banking Division joined a panel discussion webinar titled 'Financial Tips and Liquidity for SMEs' jointly organized by the Thai Chamber of Commerce and Board of Trade of Thailand, the Bank of Thailand, the Thai Bankers' Association, the Government Financial Institutions Association, and the Office of Small and Medium Enterprises Promotion.
- The Environmental, Social, and Governance Division together with relevant internal divisions organized a knowledge-sharing forum inviting Fitch Ratings (Thailand) Limited to discuss the rating agency's recent introduction of ESG Relevance Scores as part of its credit rating exercise. The framework entails the integration of environmental, social, and governance (ESG) considerations into its credit rating analytical process, signifying the pertinent relevance as well as significance of 'sustainability' or 'ESG' fundamentals as key drivers for company creditworthiness.
- The Environmental, Social, and Governance Division in collaboration with Mitsubishi UFJ Research and Consulting Co., Ltd. and MU Research and Consulting; MURC (Thailand) Co., Ltd. hosted a virtual seminar on the topic of Thailand's Decarbonization Mechanism and ESG Finance Trend. As a founding member of the Carbon Markets Club (CMC), Krungsri executives highlighted innovative financial products and services as solutions to combat urgent issues of climate change as well as the carbon trading mechanism.
- Environmental, Social, and Governance Division in collaboration with the Corporate and Investment Banking Group, organized a seminar titled, 'Client Engagement under Current Global Environment'. Director, ESG Finance APAC, Asian Investment Banking Division, MUFG Bank Ltd., underlined the importance of prioritizing and advocating business and industrial transformations through strategic customer engagement approaches—highlighting enormous business opportunities for financing transitions towards climate change mitigation and adaptation.
- The Environmental, Social, and Governance Division introduced the Bank's sustainable banking best practices to 35 senior executives from leading banks in Nepal, as well as executives and professors from Siam University, during their site visit to Krungsri Head Office.
- The Environmental, Social, and Governance Division and Asia Research and Engagement (ARE) jointly organized a seminar on the topic of Banking Asia's Future: How to Align with National Policies. The event was attended by more than 73 executives from the Thai Bankers' Association, Bangkok Bank, Bank of Ayudhya, Kasikornbank, and Siam Commercial Bank.
- The Environmental, Social, and Governance Division and Debt Capital Markets Department jointly organized virtual roadshows on the topics of Krungsri's Thai Baht Capital Tier 2 Investor Roadshow and Fixed Income Investor Roadshow.

Major investor relations activities in 2022 are summarized below:

Type of Meeting	Number	Number of Companies	Number of Participants
Company visit by investors/analysts	3	5	7
Conference call/ Video conference	10	11	27
Participation in international and domestic conference/ meeting	7	215	486
Meeting with securities analysts *	2	61	75
Meeting with credit rating agencies for Krungsri Group **	4	4	20
Site visit	1	12	35
Press conference	4	320	347
Press release on financial position of Krungsri	4	-	-

**Remarks** \* President and Chief Executive Officer, Chief Financial Officer, Chief Risk Officer and Chief Strategy Officer participated.  
 \*\* Chief Financial Officer, Chief Risk Officer, and Chief Strategy Officer participated.

• **Information Reported to the Board of Directors and Senior Executives of Krungsri**

In order for the Board of Directors and senior executives of Krungsri to receive adequate, appropriate, and timely information, the Corporate Affairs Department follows up on Krungsri's operating performance and other factors related to Krungsri's business operations for regular reports to the Board of Directors and senior executives, and reports on comments and viewpoints of securities analysts, important developments that may impact Krungsri's stock price, as well as analyses of appropriate shareholding structure. In addition, the Corporate Affairs Department reports on its activities (participation in meetings and conferences with local and foreign investors) and related plans to the Board of Directors on a quarterly basis.



## PRACTICE 8: ENCOURAGING PARTICIPATION AND COMMUNICATION WITH SHAREHOLDERS

Krungsri has established policies and guidelines regarding shareholders, as summarized below:

### ► PROTECTION OF SHAREHOLDERS' RIGHTS

Krungsri recognizes and puts emphasis on the equal rights of all shareholders and commits no actions that would violate or deprive the shareholders of their rights or limit their access to vital information about Krungsri. Shareholders can access Krungsri's information via the Stock Exchange of Thailand's disclosure channels as well as Krungsri's website, under the heading, 'Investor Relations', which contains updated operating performance, shareholders' and investors' information, opportunities for shareholders to exercise their rights, as well as Krungsri's activities.

Krungsri encourages its shareholders to exercise their basic legal rights including but not limited to the right to purchase or sell shares, to participate in and vote at shareholder meetings, to receive profits/dividends, and the right to equitable treatment in share buybacks (if any) and to take part in decision-making on issues stipulated by law and those affecting Krungsri's business direction, such as deciding directors' remuneration, amendments to the Articles of Association or Memorandum of Association, capital increase or a decrease of shares, approval of significant agenda, and business acquisition where the price appraisal is done by an independent party.

In addition, Krungsri's current shareholder structure has no cross or pyramid shareholding among Krungsri Group.

## ► EQUAL TREATMENT OF ALL SHAREHOLDERS

All shareholders are regarded as the owner of Krungsri. Thus, Krungsri places importance on and upholds this as a governance policy to treat shareholders equally, whether they are minority, majority, or foreign shareholders. Also, Krungsri equally protects shareholders' rights regardless of gender, age, nationality, religion, political opinion, or physical disability.

## ► MEETINGS OF SHAREHOLDERS

Given the situation of the COVID-19 pandemic, and Krungsri's concern for the safety and health of shareholders and those involved in meeting preparation, the Annual General Meeting of Shareholders 2022 (e-AGM) No.110 was therefore conducted via electronic means on April 28, 2022, at 2:00 p.m., using a video conferencing system with a meeting controller, namely Digital Access Platform Co. Ltd., a company under the Stock Exchange of Thailand's Group whereby the standards comply with the conditions and methods stipulated in the Royal Decree and notifications of regulators on Electronic Media Conference with a standard system according to the Royal Decree and notifications of regulators on Electronic Media Conference with a high-security system which has passed a self-assessment from the Electronic Transactions Development Agency. In addition, the aforementioned meeting was held under Krungsri's Articles of Association, related regulations and laws. It is also consistent with the AGM Checklist quality assessment, good corporate governance criteria set by regulators, as well as criteria for surveying and evaluating the level of corporate governance of Thai listed companies according to the ASEAN CG Scorecard. Furthermore, guidelines and measures for those who participate in meetings were established to meet the requirements and measures to prevent the spread of COVID-19 issued by the authorities and related agencies.

The conduct of e-AGM No. 110 can be summarized as follows:

- Minority shareholders were entitled to propose agendas and nominate qualified persons to be elected as the directors, three months prior to the end of the fiscal year (September 1 - November 30, 2021). The criteria, procedures, and methods for exercising such rights were disseminated on Krungsri's website, and shareholders were informed via the Stock Exchange of Thailand's disclosure channels. In addition, the shareholders were informed at the e-AGM that no shareholder had proposed any agenda or nominated any person for director election.
- The notification of the e-AGM was published in both Thai and English and dispatched by post together with the Annual Report (Form 56-1 One Report) using QR Code, 29 days prior to the e-AGM date. It was also disseminated on Krungsri's website more than 43 days prior to the e-AGM date, giving the shareholders adequate time to study the information.
- Request forms for a hard copy of Form 56-1 One Report / Making Enquiry in Advance were sent to all shareholders through which they could submit their questions concerning Krungsri or e-AGM agendas requiring replies at the e-AGM. These request forms were attached to the notification of the e-AGM; shareholders could also download the form on Krungsri's website.
- The notification of the e-AGM was posted at the Head Office and all Krungsri branches 14 days prior to granting rights to attend the shareholders meeting, and advertised for three consecutive days in a newspaper more than three days prior to the e-AGM date.
- The notification contained clear information on the date, time, meeting type, weblink to attend the meeting, and details of the agendas which clearly indicated the purpose of requesting either acknowledgement or approval. The details of agendas comprised sufficient facts and reasons, together with adequate and precise opinions given by the Board of Directors and relevant committees, as supporting information for consideration. In addition, details on the registration and proxy process, identification documents in case of attending the e-AGM, an excerpt from the Bank's Articles of Association relating to the meeting of shareholders, voting, and counting of votes, including information for inquiries regarding the use of the meeting system, etc., were also disseminated by Krungsri on its website.
- Krungsri neither added any agenda nor changed any significant information in the notification of the e-AGM without prior notice to shareholders.
- The proxy form was prepared as prescribed by the Ministry of Commerce and enclosed with the notification of the e-AGM. In case a shareholder wanted another person to be present and vote at the meeting on their behalf, they could use the proxy form to make their vote. Moreover, Krungsri clearly indicated a list of required documents and procedures with simple conditions for proxy appointment under the guidelines of the relevant regulators. Two independent directors were nominated as options for the shareholders to appoint as their proxies, whereby their brief profiles were also provided. Krungsri also provided stamp duty.



- In appointing a proxy for a director who may be a stakeholder in any agenda, if the shareholder did not mark any resolution to vote, that proxy director would not vote on that agenda. But if a shareholder gave a proxy to any other person, that person would have the right to attend and vote in the same way as the shareholder in all respects.
- Krungsri set the date and time of the e-AGM meeting, and the system was opened for shareholders to register and present themselves at the meeting one hour before the meeting time, so that shareholders could prepare and study how to use the system before the meeting started at 2:00 p.m. Shareholders could easily and safely attend meetings, and it did not obstruct or create obstacles preventing shareholders' communications with each other. Krungsri has an electronic traffic data collection of all attendees.
- Krungsri arranged seating in the meeting room for five directors attending the meeting in person, including those who participated in the meeting with social distancing in accordance with the regulations and measures to prevent the spread of COVID-19 that had been issued by the authorities and relevant agencies. All remaining directors, executives, auditors, and inspector attended via electronic means instead of attending the meeting in person.
- For the agenda on election of directors, voting was made on individual directors being nominated, whereby their brief profiles, i.e., name-surname, age, educational background, working experience, and positions in other companies separated by listed and non-listed companies were provided, together with information on selection criteria and procedures, types of directors, shareholding of Krungsri's securities, the number of Board meetings and the committees reporting to the Board of Directors meeting which they attended in the previous year, and appointment date. Other information useful for shareholders' consideration was also provided as per the regulations.
- For the agenda on directors' remuneration, the policy and criteria for consideration were specified, together with the amount and each type of remuneration i.e. retainer fee, attendance fee, and other annual compensation. Other benefits including entitlement to medical fee, annual health check, and company car are in accordance with the Bank's regulations, as well as remuneration for the committee members reporting to the Board of Directors.
- For the agenda on auditor appointment and auditor fees, details of nominated auditor(s) to be appointed/reappointed, including companies they are working for, their work experience, competence, independence, number of years serving as Krungsri's auditor, audit and non-audit fees, and other relevant and necessary information as per the regulations, were provided for the shareholders' consideration.
- The meeting is legally held via e-meeting whereby Krungsri completely performs each process according to the law, and technology has been applied to the shareholders' meeting. The technology was applied to facilitate registration, making inquiries, and the vote-counting process, which was able to calculate and present results instantly and accurately.
- Twelve out of 12 directors attended the meeting. Directors attending the e-AGM held position as the chairman of every committee reporting to the Board of Directors. The latter comprised the Chairman of the Audit Committee, the Chairman of the Nomination and Remuneration Committee, the Chairman of the Risk and Compliance Committee, and the Chairman of the Executive Committee so that the chairmen of all committees attended the meeting.
- The Chairman of the Board presided over the meeting to ensure that the meeting was in accordance with relevant laws and regulations including the Bank's Articles of Association by allocating an appropriate time for each agenda as stipulated in the notification of the e-AGM. The Chairman of the Board introduced all directors one-by-one and introduced the auditors of Krungsri and inspector to ensure compliance with laws and regulations and inspect the vote count, as well as a delegate from the Thai Investors Association, whom Krungsri invited to join the e-AGM as an observer.
- Krungsri arranged for all senior executives to attend the meeting through the video conference system where they could listen and answer questions from the shareholders throughout the meeting.
- Before the meeting, the Chairman of the Board assigned the Corporate Secretary to announce the number and percentage of shareholders participating in the e-AGM, both in person and by proxy, and explained the criteria and procedures for meeting, vote casting, and vote counting. All shareholders and proxies were entitled to express their opinions or raise questions about either the agenda under discussion or Krungsri, independently. Each shareholder could make an inquiry through the system; the officer then passed those questions relating to each agenda to the Corporate Secretary to read, and the Chairman of the Board answered or assigned any other persons to respond.

- For each agenda, after the vote counting, the results including approval, disapproval, abstention, and no right to vote (except for agendas that required approval by majority vote from the shareholders who attended and casted their votes) were announced by the Corporate Secretary to the meeting. Krungsri allocated sufficient time for the meeting.
- Currently, Krungsri has one type of share, i.e., common share. One share is equal to one vote, and a majority vote is required unless otherwise specified by law. The shareholders with specific conflicts of interest on any agenda were not permitted to vote on that agenda, except for the agenda of director election. For this agenda, the Bank's Articles of Association state that the nominated directors and shareholders who are nominated have the right to vote.
- For Krungsri's shareholding structure, none of the directors hold more than 25 percent of the registered and paid-up common shares.
- Krungsri video recorded the entire meeting and disseminated the recording on Krungsri's website.
- Krungsri conveyed a summary of the meeting resolutions and the voting results for each agenda to the shareholders and the public via the Stock Exchange of Thailand's disclosure channels on the meeting date. The results of the votes were posted on Krungsri's website on the following business day. Additionally, Krungsri sent the said resolutions and results and a thank you letter from the proxies to all shareholders for exercising their rights and entrusting the directors as their proxies.
- Krungsri prepared accurate, complete, and comprehensive minutes of the e-AGM, with the name list and titles of the directors and the senior executives who attended or did not attend the meeting, including the percentage of directors attending the e-AGM. The minutes also specified the the vote-count inspector, methods of vote casting and vote counting, details and opinions of the Board of Directors on each agenda, summary of questions and answers, important observations and suggestions of the shareholders, and meeting resolutions on an item-by-item basis, together with the voting results for each agenda, which were clearly separated into approval, disapproval, abstention, no right to vote (except for agendas that required approval by majority vote from the shareholders who attended and casted their votes), and voided ballot. The draft minutes were presented to the Chairman of the Board and all independent directors for a review of their

accuracy and completeness before being submitted to the Chairman of the Board for sign-off, and then sent to the relevant government authorities within 14 days after the e-AGM date. Furthermore, the minutes were also disseminated on Krungsri's website. In order to comply with the Personal Data Protection Act B.E. 2562 (2019), the Corporate Secretary informed the meeting that the name and surname of the shareholders and proxies who made inquiries and expressed their opinions would also appear in the minutes of the meeting.

## SIGNIFICANT CHANGES AND KEY DEVELOPMENTS OF POLICY, PROCEDURE, AND CORPORATE GOVERNANCE SYSTEM IN 2022

### ► SIGNIFICANT CHANGES AND KEY DEVELOPMENTS

In 2022, Krungsri took actions related to the good corporate governance system resulting in significant changes and key developments which can be summarized as follows:

- Continuously review the policy, procedure, and corporate governance system on an annual basis or without delay if there is a material change so as to increase the efficiency of supervision in accordance with the situations and relevant regulations: Policies related to governance principles were updated in 2022, e.g., Policy for Enterprise Information Security, Policy for Operational Risk: Consolidated Supervision, and Policy for Market Risk and Liquidity Risk Management: Consolidated Supervision; in addition, Policy for Human Rights was established for use as a basic framework for respecting human rights that covers all stakeholder groups.
- Comply with the guidelines according to the Bank of Thailand Notification on Corporate Governance of Financial Institutions and adopt the principles of good corporate governance for listed companies in 2017 of the Securities and Exchange Commission regarding the requirement for independent directors to hold office continuously for no more than 9 years from the date of first appointment as independent directors, effective from April 29, 2022: At present, no independent directors in the Board of Directors have held office for more than 9 consecutive years.
- Set hybrid work guidelines for employees whereby employees must be approved and confirmed in the work agreement in hybrid work, in order to provide employees more flexibility in their work and in line with the new way

of life (next normal), but still maintain the importance of responsibility to work, and responsibility toward and serving both internal and external customers, including the safety and welfare of employees.

#### ▶ APPLYING CRITERIA FROM CORPORATE GOVERNANCE CODE FOR LISTED COMPANIES 2017 (CG CODE) PRESCRIBED BY THE SECURITIES AND EXCHANGE COMMISSION, THAILAND

In 2022, the Board of Directors conducted its annual review of Krungsri's Good Corporate Governance Principles and considered that the existing Principles are still applicable to the current situation and are consistent with the regulations of regulatory agencies. Therefore, the key content of the Principles was not revised.

In addition, the Board of Directors reviewed Krungsri's operations to ensure its ongoing compliance with the good corporate governance criteria promulgated by various agencies. For the previous year, most of them were found to have already been applied; however, some were sensitive and complicated to the extent that the Board of Directors resolved that their implementation should be suspended. Nonetheless, other preventive and control measures against those issues are already in place so as to ensure good corporate governance.

As for some criteria from CG Code prescribed in 2017 by the Securities and Exchange Commission which Krungsri has not yet applied, Krungsri has already proposed the matter to the Board of Directors for consideration, and it was reported in the Minutes of the Board of Directors Meeting as follows:

1. The Chairman is not an independent director. However, Krungsri allows other directors, including independent directors, to consider, express their opinions, and determine the agenda before sending the meeting invitation letter to the Board of Directors.
2. Currently, the Nomination and Remuneration Committee is comprised of the Chairman who is an independent director, and who shall cast the deciding vote in case of a tie vote. In this regard, the majority of the members are non-executive directors. This is to ensure that the Nomination and Remuneration Committee can perform their duties independently.

#### ▶ GOOD CORPORATE GOVERNANCE IN OTHER AREAS

Krungsri ensures compliance with the Principles, as evidenced below:

- Krungsri has never been acted upon or accused by regulators for failing to announce significant events within the time set by regulators or disclosing any information that does not comply with the requirements.
- There has been no case involving an accusation or fine imposed due to misconduct or violation of the regulations of the Bank of Thailand, the Securities and Exchange Commission, the Stock Exchange of Thailand, or the Office of Insurance Commission.
- There has been no case of fraud or violation of moral standards;
- No non-executive director has resigned for a reason related to Krungsri's corporate governance;
- There has been no case of defamation resulting from a failure of the Board of Directors to perform its supervisory duty;
- During the past two years, no directors or senior executives have worked for or been a partner of the outside audit company which provides services to Krungsri.

Furthermore, in 2022, Krungsri received the following assessment results on good corporate governance:

- The result of the Corporate Governance Report of Thai Listed Companies (CGR) for the year 2022 by the Thai Institute of Directors Association (IOD) in the criteria of 'Excellent'.
- A full 100 score from the evaluation of the quality of 2022 annual general meetings of shareholders (AGM checklist) of listed companies, carried out by the Thai Investors Association.

## COMPLIANCE

The Bank firmly believes that good corporate governance is essential to our business growth, whereby the Bank focuses on the importance of the Environment, Social, and Governance (ESG) matters in driving the banking business to continuously grow along with Thailand's economy under a sustainable banking environment, serving as guidelines which are always observed by the Bank.

Hence, the internal management of the Bank has a structure designed per the principles of checks and balances. The Compliance Group is also designated as an independent function to serve the Management in overseeing the Bank's compliance with applicable laws, regulations, and good corporate governance principles.

In any case, preventive measures coupled with monitoring measures continue to be the core elements of the Bank's compliance framework. The Bank proactively encourages compliance culture in addition to knowledge sharing about relevant regulatory requirements as the preventive measures. In 2022, training sessions were provided on multifaceted rules and regulations—namely information technology risk management, market conduct, charging of default interest and debt payment hierarchy, criteria for asset classification and provisioning of financial institutions, the Anti-Money Laundering Act B.E. 2542 and its amendments, the foreign exchange control law, regulations on limited brokerage dealing and underwriting (LBDU), policies and procedures of personal data protection, and the revised Volcker Rule training course online. Additionally, Krungsri invited experts from internal and external organizations to transfer their knowledge and experience to employees through online channels. Multiple channels were continually used to disseminate laws and regulations to employees, such as the 'Central Compliance' group email and through intranet namely WE Connect, participating in the monthly meeting of Retail and Consumer Banking Group, the online Compliance On-Tour to the five subsidiaries entering into the Center of Excellence (COE) pilot project by the IT Compliance Department, for example. These initiatives aim to ensure that the Krungsri employees are informed about knowledge and understanding in various regulations comprehensively.

With respect to monitoring activity to ensure the efficiency and effectiveness of the Compliance Group's oversight, the Bank carried out compliance testing in accordance with different risk levels as identified by the Compliance Risk Assessment Framework, which covers multiple risk variables in many dimensions. Based on the assessment results, measures including compliance checklists, as well

as offsite and onsite testing, were deployed holistically to reflect the actual risks as deemed necessary. In 2022, the Bank had the Compliance Champions conduct compliance risk assessment and offsite testing within their own functions (1.5 Line of Defense). Also, a review of the activities of the Bank's Compliance Group was self-assessed by the Bank's own Compliance Strategy and Planning Department (2.5 Line of Defense) to affirm every compliance activity being complied with the established plans and standards. Consequently, testing results and compliance activities were presented to the Board of Directors throughout relevant subcommittees and senior management on a monthly basis.

The Bank also considerably emphasized on complying with the regulations regarding anti-money laundering, counterterrorism, and proliferation of weapons of mass destruction (AML/CTPF), including those of MUFG's financial crime compliance standards to elevate the Bank's alignment with international standards. Moreover, the Bank coordinated with related government agencies and provided them with financial information and documentary evidence as required by law for effective legal action against offenders.

In 2022, the Bank continually deployed new technologies to support the ongoing compliance measures and the efficiency in monitoring compliance with the regulations, e.g., the 'Tableau' for doing the gift and entertainment (G&E) report, the 'KarE' mobile application for collective acknowledgment of the policies in accordance with Market Conduct from the management and staff of the Retail and Consumer Banking Group.

## CORPORATE GOVERNANCE FOR COMPANIES IN THE FINANCIAL BUSINESS GROUP

Krungsri Group has regulatory mechanisms in place for supervising and overseeing the operations of companies in the Financial Business Group across Krungsri Group in order to maintain its best-in-class standards of corporate governance. In this regard, the Bank assigns relevant executives to be directors of companies in the Bank's Financial Business Group to supervise business operations, plans, and annual budgets, under which important transactions as stipulated by regulatory requirements and the Bank's policies must be proposed to the Bank for approval before taking any action. The Bank monitors the operation of companies in the Financial Business Group through monthly operational reports submitted to the Bank and reported to the Bank's Board of Directors.



The Bank has clearly established procedures and practices for the nomination of candidates for the position of directors of companies in the Bank's Financial Business Group. According to the procedures, the Bank shall nominate qualified executives of the Bank for appointment as directors of companies in the Financial Business Group to ensure that business operations of these companies are in alignment with the Bank's business directions, strategies, and policies, as well as in compliance with relevant laws and regulations. In so doing, executives of Krungsri Group who are fully qualified according to regulatory requirements will be nominated for consideration of suitability by the Nomination and Remuneration Committee as well.

As for managing directors of companies in the Financial Business Group, after the Bank's Board of Directors grants endorsement, the Secretary of the Nomination and Remuneration Committee shall proceed to ensure that a letter is submitted to related government agencies in accordance with laws and regulatory requirements to request endorsement for the appointment. The Secretary of the Nomination and Remuneration Committee shall inform companies in the Bank's Financial Business Group of the resolution of the Bank's Board of Directors and the endorsement granted by the Bank of Thailand (as the case may be) for further action.

Roles and responsibilities of directors of companies in the Financial Business Group are clearly stated to ensure that operations are carried out in compliance with the law and are consistent with the companies' Code of Conduct and the Good Corporate Governance Principles. The directors of companies in the Bank's Financial Business Group shall consider and approve significant matters of the companies as stipulated by law, Articles of Association, and the Bank's direction. In addition, directors must ensure the establishment of policies and procedures important for the companies' operations, and supervise management's effective and efficient implementation of the policies for the benefit of the companies and their shareholders. The Bank disclosed information regarding the related-party transactions under Section 7.26 of notes to the consolidated financial statement and the Bank's financial statement for the year ended December 31, 2022.

In case that the Bank and companies in the Financial Business Group conduct related-party transactions, such transactions—according to the Bank and companies in the Financial Business Group's guidelines—must be conducted with the same conditions as those applied to other customers and through a screening process approved by authorized persons in strict compliance with regulatory requirements and the Bank and companies in the Financial Business Group's

regulations. The allowance for expected credit loss policy complies with the same Bank of Thailand regulations which are applied to other debtors. The details can be found in the Related-Party Transactions section.

The Bank recognizes the importance of internal controls over companies in the Financial Business Group. Each company is required to maintain an adequate internal control system. This should encompass the business function units, supervisory units, and the internal audit function to ensure effectiveness in promoting proper business operations in compliance with good governance principles. It also contributes to the risk management system and allows management teams to formulate viable business strategies to achieve the Bank's goals. Details can be found in the Internal Control and Internal Audit sections.

## POLICIES AND MEASURES RELATED TO USE OF INSIDER INFORMATION

The Bank strongly believes that stakeholder confidence is the key to achieving stable and sustainable business growth. Therefore, the Bank must operate its business with honesty, transparency, and accountability. The Bank's personnel must not seek illicit interests by abusing the Bank's or its customers' inside information. Doing so would not only breach the Bank's internal policy and procedures but also be potentially considered the violation of laws and regulations. In this regard, the Bank has stipulated a ban on such actions as one of its key prohibitions in 'The Spirit & The Letter (S&L)', which must be strictly adhered to and complied with by every director, executive, and employee of the Bank. The Bank's personnel at all levels are obliged to sign an acknowledgement and pledge to adhere to such requirements on a yearly basis as a reminder of the importance of strict compliance with the principle of prohibition against seeking illicit interests for themselves or others. Moreover, there is the officially signing ceremony in which the President and Chief Executive Officer of the Bank commit their bonds and acknowledgement. This ceremony is broadcast as the role model to highlight the matter as the foremost priority of this organization. In addition, the Bank translates prohibiting of an act of insider information into the mandatory training namely S&L course through e-learning platform which staff and executives must pass with a minimum score of 70 percent. A refresher course must also be taken and passed every two years.

Regarding supervision dimension, the Bank requires employees in functions that may be privy to insider information to report their holdings of securities and assigns the compliance function to review these holdings to determine whether there has been any use of insider information for trading of securities in violation of the laws, rules, regulations, and requirements, including internal policies and procedures of the Bank. As one of preventive measures, the Bank also prohibits its directors and employees from trading shares issued by the Bank and other entities inside the financial group, for example shares issued by Ngern Tid Lor Public Company Limited, during a period of not less than three working days prior to and after the announcement of the Bank's performance or financial statements (blackout period). The Bank's directors, restricted employees, and related persons are also required to hold the shares issued by the Bank and/or Ngern Tid Lor Public Company Limited for a period of no less than 90 days after their acquisition of these stocks. In certain circumstances, the Bank may prohibit certain groups of staff (restricted persons) from trading the Bank's shares.

Moreover, the Bank requires functions involved in certain types of transactions in association with 'material non-public information (MNPI)', which refers to any insider information (not generally available to investors) that is sensitive to customers' interests, such as merger and acquisition transactions, to check for conflict of interest prior to executing business transactions. In any case where a potential conflict of interest exists, various measures as specified by the Bank must be enacted, for example, establishing 'Chinese wall' to prevent disclosure of information that may cause any advantages or disadvantages from conducting transactions, classifying data, and monitoring email exchanges and communications among them.

The Bank firmly believes that the above measures in conjunction with enhancing knowledge to the employees and senior management members, auditing process, multiple preventive measures and the adoption of technologies to create awareness among each personnel enable fostering a strong compliance culture inside the organization. Additionally, the Bank applies the sustainable growth concept to effectively mitigate both compliance and reputation risk to result in credibility and ultimately creating positive images and satisfaction among the Bank's customers and stakeholders as well.

## INTERNAL CONTROL AND INTERNAL AUDIT

### INTERNAL CONTROL SYSTEMS

Krungsri recognizes the importance of internal controls and has adopted the Three Lines Model – an international governance standard involving the business function, the compliance supervision function, and the internal audit function. The three functions collaborate through work processes and controls applicable to each line of defense to ensure that we practice good governance and apply effective internal control principles based on the COSO (the Treadway Commission's Committee of Sponsoring Organizations) Internal Control-Integrated Framework.

The Bank complies with the Sarbanes-Oxley Act (SOX), including US-SOX of the United States and J-SOX of Japan. The SOX laws include applying COSO internal control principles focusing on Internal Control over Financial Reporting (ICFR) of business units in the Bank to be aligned with MUFG's requirements.

### INTERNAL AUDIT FUNCTION

The internal audit function assesses the adequacy and appropriateness of internal controls for operational processes and work systems, and for Krungsri Group as well as outsourced activities, and evaluates the effectiveness of the Internal Control over Financial Reporting (ICFR). The Internal Audit Group performs its duties independently and reports directly to the Audit Committee comprising independent directors. (Internal auditors are not involved in any business operations.)

### INTERNAL AUDIT GROUP RESPONSIBILITIES AND GOALS

#### 1. ASSURANCE SERVICE

The annual audit plan is formulated using a risk-based approach including discussion with senior executives, and external auditors. The plan is then considered and approved by the Audit Committee. During the year, there is a follow-up on emerging risks which is used as part of amending the audit plan on a regular basis.

In order to enhance audit efficiency, audit software is used to support our end-to-end audit processes (e.g., planning, execution, and reporting) as well as the follow-up process of audit findings rectification through the e-Audit Tracking System. Furthermore, data analytics tools are used for more effective auditing with in-depth analysis.

In 2022, the Bank continued to make the audit process more effective and efficient by revisiting the agile approach for audit assignments and enhancing the use of data analytics for various audits.

## 2. CONSULTING SERVICE

The Internal Audit Group advises on the implementation of internal controls for diverse business units. The Internal Audit Group has also developed a cooperative relationship with the second line of defense (e.g., compliance, risk management, fraud management) and the Branch Operational Risk Management Department, to continually mitigate the risks arising from the Bank's operations.

## 3. PERSONNEL DEVELOPMENT

The Bank's auditors are given continuous training, including professional training courses and certified courses on internal auditing, as well as training courses that are important to today's banking business. With regards to emerging areas for auditing that are particularly complicated, the Bank may consider hiring external consultants to participate in such auditing operations to share knowledge and enhance auditing competency.

The Bank continues to exchange audit knowledge with external auditors, including MUFG auditors in various areas (e.g., ESG). In addition, the Internal Audit Group established the Data Analytics Audit Champion and Repository program to enhance processes, sharpen audit competency, and upskill and reskill employees in data analytics and visualization.

The Bank has promoted relevant professional certifications. Currently, there are a total of 127 auditors with 190 certifications, increasing by three certificates compared to the previous year.

## 4. AUDIT QUALITY CONTROL AND IMPROVEMENT

The audit quality of Krungsri is regularly reviewed by an independent party, and external quality assessment that is performed by an external consulting firm every five years. The latest overall assessment results revealed that the activities generally conform with the International Internal Audit (IIA) Standards. Furthermore, the Audit-on-Audit process is conducted by MUFG to provide additional recommendations on our audit practices. The Bank also performs continuous monitoring over the internal audit function of subsidiaries in the Financial Business Group in adherence with internal audit standards and guidelines, and conducts the Audit-on-Audit of subsidiaries' internal audit offices where appropriate.

## 5. VALUE-ADDED SERVICE

To achieve good governance and effectiveness of internal controls, the Bank developed an e-learning program, Internal Control Framework under COSO Principles, as a training course to be completed every two years by all employees. The Bank has continuously monitored risks relating to operations and business units, thus ensuring a timely response to significant risks. In addition, continuous audit using data analytics is regularly performed to identify risks and control deficiencies occurring during business processes, and there is coordination with relevant units to rectify such events in a timely manner.

Krungsri evaluates management's risk awareness and risk management (Risk Awareness and Response Assessment: RARA), and encourages business units to self-identify issues or control deficiencies (Management Self-Identified Issues: MSIs) together with formal action plans via the M-Si system, which was developed by the Internal Audit Group, in order to enhance risk management of each business unit efficiently and effectively.

Furthermore, the Bank developed the robotic process automation (RPA) project to improve the auditing process by using automation to replace the human workforce in certain areas.

## THAI PRIVATE SECTOR COLLECTIVE ACTION AGAINST CORRUPTION

Krungsri Group upholds the Anti-Bribery and Corruption Policy and Program with integrity, transparency, and accountability in our business practices, together with the No Gift Policy on various occasions in accordance with Krungsri's core values and good governance practices. In addition to other Krungsri Group entities, Krungsri is one of the commercial banks certified as a member of Thailand's Private Sector Collective Action Against Corruption (CAC), on October 8, 2013, and was certified for the third time on February 7, 2020, confirming our determination to counter all forms of corruption and bribery regardless of directly and indirectly in accordance with our written document of the Anti-Bribery and Corruption Policy and Program. Every director, executive, and employee of the Krungsri Group must sign and observe a binding agreement to adhere to our anti-bribery and corruption efforts, with disciplinary action taken against those violating these provisions.



Krungsri Group also establishes channels and processes for receiving whistleblowing cases and complaints and promoting them to employees accordingly. All whistleblowing leads will be investigated to determine facts, rectifications, and preventions for further reported to senior executives and relevant committees. And importantly every whistleblower and complainant's information is being protected. Retaliative actions are breaching of Krungsri Group's policy, resulting in disciplinary action toward those who commit such acts.

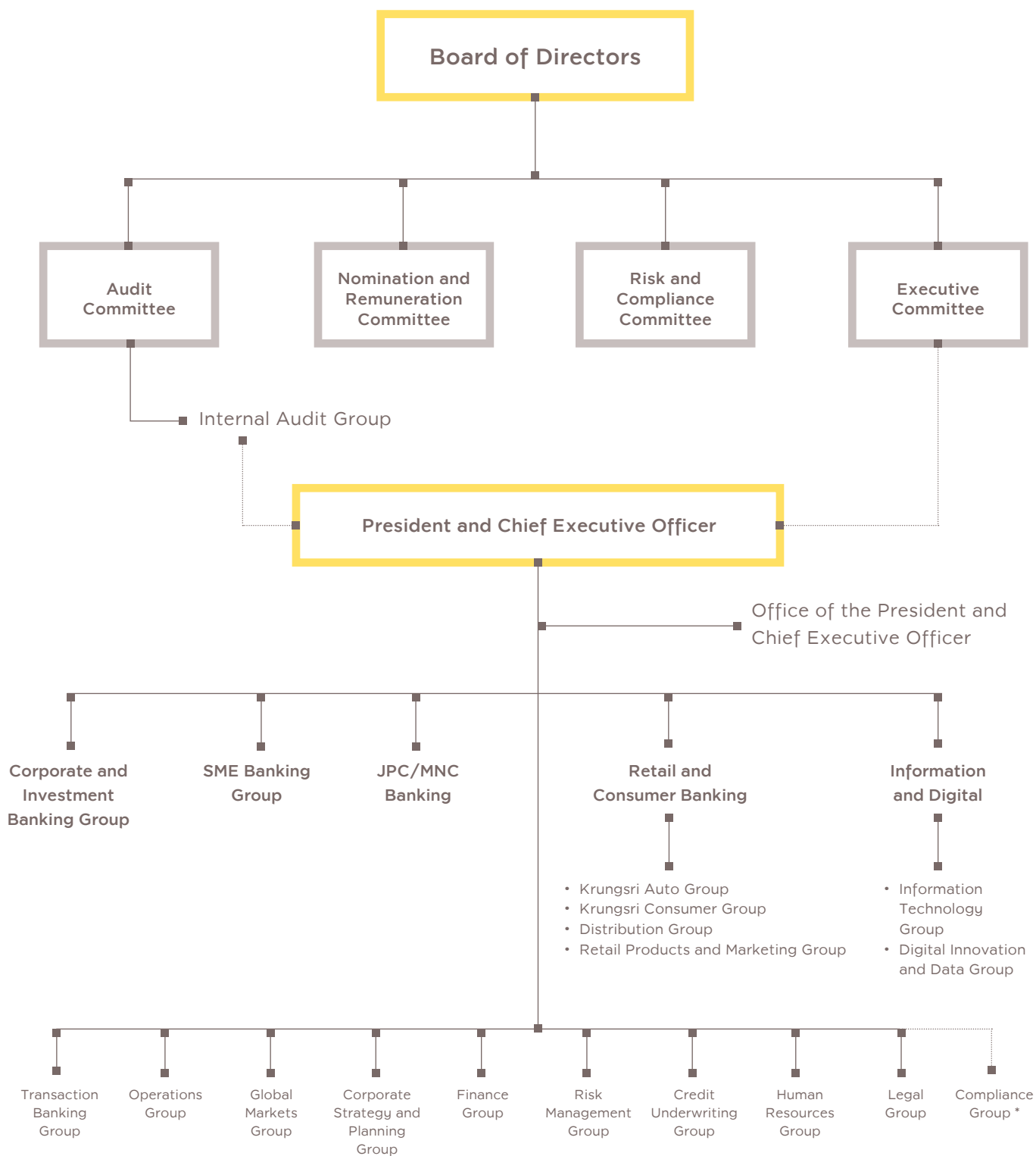
In addition, employees and executives must enroll in training via a compulsory e-learning course on a bi-annual basis to comprehend the purpose of the Policy and Program for Anti-Bribery and Corruption. In the meantime, Krungsri Group uses many forms e.g., short films and posters to encourage employees' engagement in many activities regarding anti-bribery and corruption campaigns, and to promote and reinforce the importance that staff must perform their duties with integrity, transparency, and accountability – the key principles of a comprehensive anti-bribery and corruption program.

As to contributions related to society and the general public, Krungsri Group executives and employees participated

in many country activities to endeavor anti-corruption and bribes. Krungsri together with the Thai Bankers' Association (TBA), the Thai Institute of Directors (IOD), and other leading organizations in Thailand participated in the Anti-Corruption Day 2022 event on September 6, 2022 under the 'Leaders in the Fight Against Corruption' theme, organized by the Anti-Corruption Organization of Thailand that holds our determination to encourage anti-corruption bribes with the community. On December 9, 2022, Krungsri executives and employees participated in the International Anti-Corruption Day (Thailand) event, based on the theme of, 'Zero Tolerance: Thailand Does Not Tolerate Corruption – Don't Commit, Don't Tolerate, Don't Ignore, Thais Unite to Fight Corruption', organized by the Thai Government, the Office of the National Anti-Corruption Commission, the Office of the Public Sector Anti-Corruption Commission, and the Anti-Corruption Organization of Thailand (ACT) as well as its anti-corruption alliance network, as part of the social forces to drive and create further networks of related business partners, with a commitment to support and adhere to the Anti-Bribery and Corruption Policy and Program along with a pledge to perform duties with integrity, transparency, and accountability.



## ORGANIZATION STRUCTURE



\* The Compliance Group reports directly to the Risk and Compliance Committee

## MANAGEMENT STRUCTURE

Krungsri's management structure consists of the Board of Directors and four committees reporting to the Board of Directors to assist in performing duties and to ensure supervision and control of business risks. Krungsri's operations are divided into two parts based on the responsibilities, namely business units and support units.

## ROLES AND RESPONSIBILITIES

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

Currently, the Chairman of the Board is not the same person as the President and Chief Executive Officer and their responsibilities are clearly separated.

## BOARD OF DIRECTORS

The Board of Directors consists of 12 directors (including three women, one of whom is an independent director), i.e., six non-executive directors, four independent directors and two executive directors.

### ► STRUCTURE AND COMPOSITION

In principle, the shareholders will appoint directors in an appropriate and sufficient number for performing duties. The Board of Directors shall consist of not less than three independent directors or at least one-third of all the directors, whichever is greater. Not less than half of all directors shall have domiciles in Thailand.

### ► QUALIFICATIONS

The Board of Directors comprises the members with directorship qualifications for financial institutions as required by laws and that are appointed under the prescribed nomination process. In addition, they shall have expertise, extensive knowledge, and experience as prescribed, and have comprehensive understanding on their roles and responsibilities as well as the nature of the business, and be able to devote their time to perform as directors. Besides, at least one director shall possess knowledge or experience in information technology.

### ► TERM OF OFFICE

The directors' term of office is clearly specified in the Bank's Articles of Association and in accordance with the Public Limited Company Act B.E. 2535 (1992); at every annual general meeting of shareholders, one-third of all directors who hold the longest term of office shall retire by rotation and may be re-elected. If the number of directors is not a multiple of three, the number nearest to one-third shall retire.

According to the Bank's internal guidelines, a director is to retire when reaching the age of 75 years. If a director reaches the age of 75 while holding the directorship position, the director is allowed to hold the office until the end of their term of office. If a director has not yet reached the age of 75 at the time of nomination for election, the director may be re-elected for another term.

### ► ROLES AND RESPONSIBILITIES OF THE CHAIRMAN OF THE BOARD

1. Ensure proper structure of the Board of Directors, including overseeing and monitoring their performance as balanced in terms of corporate governance and achieving key objectives and goal of the organization.
2. Encourage all directors to ensure effective implementation of policies and decision making of the Board of Directors.
3. Summon Board of Directors meetings, consider and determine meeting agendas together with the President and Chief Executive Officer and other directors including independent directors.
4. Preside over the Board of Directors meetings, oversee the time allocated for the management to complete each agenda presentation and encourage all directors to ask questions, express opinions or make recommendations in order to exercise due consideration before casting their votes freely.
5. Encourage the non-executive directors to have meetings without the presence of executive directors.
6. Preside over the meetings of shareholders and conduct the meetings in compliance with the Bank's Articles of Association and follow the sequence of meeting agenda stipulated in the notification of the meeting, unless the meeting of shareholders resolves otherwise.
7. Encourage the directors to attend seminars and training courses related to their duties and good corporate governance for knowledge development.

8. Promote and be a role model of compliance in accordance with Good Corporate Governance Principles as well as ensuring that the directors perform their duties in line with Good Corporate Governance Principles.
9. Promote activities of good corporate governance as well as environment and corporate social responsibility in order to encourage awareness and compliance among the directors, executives and all employees.
10. Be a role model to promote good relationships between the executive and non-executive directors, and between the Board of Directors and the management.
2. Define objectives, goals, strategies and operational policies and provide key resources for achieving them as well as follow up, evaluate and monitor the performance report.
3. Consider and set the overall business direction and strategic goals of the Group, ensure that oversight mechanism over the Group's policies and operations is in place, and promote comprehensive and correct understanding on the same.
4. Ensure the establishment and communication of the corporate governance policy to the directors, executives, and employees, with regular review.

### ▶ ROLES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors must be properly accountable for their duties and allocate sufficient time to discharge their duties effectively as well as have independence in making decisions under principles and guidelines of Business Judgment Rule. In addition, the Board of Directors must recognize and uphold the interest of the organization including its stakeholders as well as undertake the fiduciary duties of overseeing the management of Krungsri and the companies in the Financial Business Group (the Group) as follows:

1. Duty of Care, which requires a director to be diligent and prudent in managing the Group's affairs.
2. Duty of Loyalty, which dictates that a director must act in good faith and must not allow his/her personal interest to prevail over the interest of the Group.
3. Duty of Obedience, which requires a director to comply with the laws, the Bank's objectives and Articles of Association, the resolutions of the Board of Directors and shareholders' meetings and the Good Corporate Governance Principles.
4. Duty of Disclosure, which requires a director to reveal the information that is accurate, adequate, transparent and timely.
5. Consider and approve the annual business plan and budget proposed by the management.
6. Consider and approve significant matters of the Group as stipulated by laws, the Bank's Articles of Association and direction.
7. Ensure effective internal control and internal audit systems which are in compliance with applicable laws and standards.
8. Ensure the establishment of the policy relating to prevention of use of insider information and the formation of the system for monitoring conflicts of interest and related party transactions as well as compliance with such policy.
9. Ensure the establishment of the policy and control mechanism relating to risk management with regular reviews, and support Risk Management Committee in performing efficient and professional duties with independence from business units.
10. Ensure the establishment and communication of the policy and program relating to anti-fraud and anti-corruption.
11. Ensure the establishment of supporting system for the Board of Directors' full performance of their roles and responsibilities including access of necessary information as well as effective and sufficient reporting of information by the management.
12. Monitor the Group's financial liquidity and solvency and set a recovery plan in regards to financial difficulties.
13. Promote the innovation that creates value to the business together with benefits to customers or other stakeholders, society and environment, and ensure that the management allocates and manages the resources efficiently and effectively.

In addition, the Board of Directors must perform the following duties:

1. Have a thorough understanding of roles and responsibilities of the Board of Directors, act as a coordinator between the shareholders and the management, formulate policies relating to business operations and direction as well as ensure good corporate governance and compliance with the policies.

14. Ensure the establishment of a framework for the governance of enterprise information technology that is aligned with the Group's needs, stimulates business opportunities and performance, strengthens risk management, and supports the Group's objectives and key goals.
15. Ensure clear and transparent policy and procedures for selection and nomination of the directors, and determination of director remuneration which requires a meeting of shareholders' approval, conduct performance evaluation, support training and knowledge development to enhance the directors' understanding on their roles and responsibilities, nature of business and related laws including shareholders structure and relationship, and regularly update and refresh the directors' skill and knowledge necessary to perform their duties.
16. Ensure a proper mechanism for the nomination and remuneration of the President and Chief Executive Officer including senior executives, support training and development, conduct performance evaluation, establish succession plan and report on its implementation.
17. Define clear roles and responsibilities of the President and Chief Executive Officer and the management and monitor their proper performance of duties.
18. Establish appropriate and necessary committees reporting to the Board of Directors to support the Board of Directors' performance of duties and ensure the conduct of evaluation, report and disclosure of those committees' performance.
19. Ensure effective human resources management and development programs in terms of manpower, knowledge, skill, experience and compensation.
20. Appoint a corporate secretary who possesses appropriate and necessary knowledge and experience to support the Board of Directors in fully performing their duties in compliance with laws.
21. Ensure that the Group's business operations reflect the Group-wide implementation of environmental and social responsibility standards.
22. Ensure the defining, communication and fulfillment of the Group's responsibilities towards the stakeholders as well as adherence to the code of conduct, ethics of the directors, executives and employees including Banking Industry Code of Conduct.
23. Ensure proper, adequate, clear and transparent procedures of preparation and disclosure of important information, both financial and non-financial, to government agencies, shareholders, investors and general public, within a reasonable period of time and in compliance with applicable regulations, standards and practices as well as reflecting material corporate practices that supports sustainable value creation.
24. Ensure shareholders' opportunities to participate in decision making of significant corporate matters and proper, transparent and efficient shareholders' meetings which facilitates the shareholders to exercise their rights, as well as complete and accurate disclosure of the meeting resolutions and preparation of the minutes.
25. Ensure the establishment of function or appointment of person responsible for investor relations for effective, fair and timely communication with shareholders and other stakeholders such as investors and analysts as well as promoting the effective information technology in disseminating information.
26. Ensure the Group's creation of a mechanism for handling complaints and whistleblowing.

The Board of Directors' approval authority, in brief, is the approval of significant matters of Krungsri Group, the matters as stipulated by laws, regulations of the regulators, as well as the Bank's Articles of Association and direction including the important policies for Krungsri Group's operations, the annual operating plan, and budget, as well as following up on the management to ensure the efficient and effective implementation of those approved policies/plans. In addition, the Board of Directors shall approve the interim dividend payment, the related party transactions having specific transaction type and value, the appointment and change of the authorized signatory directors, the appointment and determination of the authority of the committees reporting to the Board of Directors, the appointment, transfer, and/or change of positions of senior executives, as well as the appointment of Krungsri's executives to serve as the directors of the companies in Krungsri Group.



## ► ROLES AND RESPONSIBILITIES OF EXECUTIVES

Executives shall perform duties under the moral and ethical framework as follows:

1. Adhere to integrity, fairness, morality, responsibility, and business ethics, as well as perform duties and supervise the business with prudence and thoroughness for the best interest of the organization and stakeholders under the principles and guidelines of business judgment rule. In addition, executives must recognize and uphold the organization's interests with awareness of organizational matters and operations.
2. Play key roles in promoting good governance in order to enhance the trust of shareholders, customers, supervisory agencies and all stakeholders for the best interests of the organization, industrial sector, and country.
3. Manage the business in accordance with strategies, policies, and plans approved by the Board of Directors.
4. Support the Board of Directors in formulating and reviewing strategies, goals and operating plan; ensure the appropriateness and adequacy of risk management and internal control systems; define the management's authority to be in accordance with their responsibilities; set policies related to resource allocation, development, and budgeting; monitor and evaluate the Group's operating performance and ensure the disclosure of important information, both financial and non-financial.
5. Fulfill the management's duties to ensure the appropriate and efficient implementation of the policies.
6. Strictly comply with policy and systems of risk management, realize any possible risks and protect Krungsri Group's interests as well as control any possible damage to be at an acceptable level under efficient risk management.
7. Avoid any possible conflict of interest and if there is a conflict of interest, such conflict of interest shall be handled fairly without delay. Executives' transactions toward Krungsri Group shall be executed in an appropriate manner or on an arms' length basis as a normal business of Krungsri Group made with our customers, without significant relationship, whereby the benefits of the organization must be the main consideration.

## ► ROLES AND RESPONSIBILITIES OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

The President and Chief Executive Officer as the top executive of Krungsri shall be responsible for performing duties as one of the directors and an executive, as well as the following duties as a leader of all executives:

1. Perform tasks assigned by the Board of Directors and committees reporting to the Board of Directors as well as any other acts as stipulated by laws or regulations of government agencies.
2. Monitor and control the Bank's operations to ensure compliance with policy, goals, strategies, operating plan and annual budget of the Bank and our subsidiaries as approved by the Board of Directors as well as compliance with applicable laws and regulations.
3. Report significant operating performance to the Board of Directors on regular basis.
4. Promote compliance with Good Corporate Governance Principles as well as highest standards of integrity, ethics, and corporate social responsibility.
5. Structure and manage the organization under the Board of Directors' given guidelines as well as build and retain a capable management team to effectively perform duties according to the Bank's strategies and objectives.
6. Represent the Bank in dealing with government agencies and other regulatory agencies with the authority to assign other person to act on his/her behalf.
7. Seek business opportunities which are consistent with the Bank's vision and strategic direction.

## ► MEMBERS OF THE BOARD OF DIRECTORS

As of December 31, 2022, the Board of Directors consists of 12 directors as listed below:

Name - Surname		Position
<b>Non-Executive Directors</b>		
1.	Mr. Karun Kittisataporn	Chairman
2.	Mr. Daisuke Ejima	Vice Chairman (Authorized Signatory) / Nomination and Remuneration Committee Member
3.	Mr. Virat Phairatphiboon	Director / Chairman of the Risk and Compliance Committee / Nomination and Remuneration Committee Member
4.	Mr. Jiro Omori	Director / Risk and Compliance Committee Member
5.	Miss Nopporn Tirawattanagool	Director (Authorized Signatory) / Nomination and Remuneration Committee Member / Risk and Compliance Committee Member
6.	Mr. Pornsanong Tuchinda	Director / Risk and Compliance Committee Member
<b>Independent Directors</b>		
7.	Mrs. Tongurai Limpiti	Independent Director / Chairman of the Audit Committee
8.	Dr. Jamlong Atikul	Independent Director / Chairman of the Nomination and Remuneration Committee / Audit Committee Member
9.	Dr. Wittaya Watcharawittayakul	Independent Director / Audit Committee Member
10.	Professor Dr. Sakda Thanitcul	Independent Director / Audit Committee Member
<b>Executive Directors</b>		
11.	Mr. Seiichiro Akita	President and Chief Executive Officer (Authorized Signatory) / Chairman of the Executive Committee
12.	Miss Duangdao Wongpanitkrit	Director (Authorized Signatory) / Executive Committee Member
Mrs. Thidarat Sethavaravichit serves as the Secretary to the Board of Directors.		

The last updated profiles of directors are as detailed in Attachment 1. (The topic 'Details of Directors, Executives, Persons with Managerial Authority, the Person taking the Highest Responsibility in Finance and Accounting, Person having Accounting Control and Corporate Secretary').

The directors authorized to sign on behalf of Krungsri are Mr. Daisuke Ejima and Mr. Seiichiro Akita, who jointly sign and affix the Company's seal; or either Mr. Daisuke Ejima or Mr. Seiichiro Akita co-sign with either Miss Nopporn Tirawattanagool or Miss Duangdao Wongpanitkrit, for a total of two directors who jointly sign and affix the Company's seal.

The signatory authority of Mr. Daisuke Ejima and Miss Nopporn Tirawattanagool shall be subject to the condition that the binding signature must be made according to the items approved by the resolution of the Board of Directors on a case-by-case or temporary basis and co-signed with another director so that both directors possess the qualifications of Non-Executive Director in accordance with the rules stipulated by the Bank of Thailand.

## ▶ MEETINGS OF THE DIRECTORS

In 2022, Krungsri held meetings of the Board of Directors in a hybrid form either attending in person or via electronic means. In summary, the meeting attendance of the Bank's Board of Directors was as follows:

Number of Meetings Attended / Total Number of Meetings Held								
List of the Directors	Board of Directors		Nomination and Remuneration Committee	Audit Committee	Risk and Compliance Committee	Executive Committee	The Annual General Meeting of Shareholders	The Extraordinary General Meeting of Shareholders
	Ordinary Meeting	Special Meeting						
Non-Executive Directors								
1. Mr. Karun Kittisataporn <sup>1/</sup>	12/12	3/4					1/1	1/1
2. Mr. Daisuke Ejima <sup>2/</sup>	6/6	2/2	5/5				-	1/1
3. Mr.Virat Phairatphiboon <sup>3/</sup>	11/12	3/4	14/16	4/4	11/12		1/1	1/1
4. Mr. Jiro Omori <sup>4/</sup>	6/6	2/2			6/6		-	1/1
5. Miss Nopporn Tirawattanagool	12/12	4/4	16/16		12/12		1/1	1/1
6. Mr. Pornsanong Tuchinda <sup>5/</sup>	12/12	4/4			8/8		1/1	1/1
Independent Directors								
7. Mrs. Tongurai Limpiti <sup>6/</sup>	12/12	4/4		13/13	4/4		1/1	1/1
8. Dr. Jamlong Atikul	12/12	4/4	16/16	13/13			1/1	1/1
9. Dr. Wittaya Watcharawittayakul <sup>7/</sup>	8/8	3/3		9/9			-	1/1
10. Professor Dr. Sakda Thanitcul <sup>8/</sup>	4/4	2/2		4/4			-	-
Executive Directors								
11. Mr. Seiichiro Akita	12/12	4/4				38/38	1/1	1/1
12. Miss Duangdao Wongpanitkrit	12/12	4/4				38/38	1/1	1/1
Members who resigned or whose membership ended during the year								
1. Miss Potjaneer Thanavaranit <sup>9/</sup>	4/4	1/1		4/4			1/1	-
2. Miss Junko Kawano <sup>9/</sup>	4/4	1/1					1/1	-
3. Mr. Takanori Sazaki <sup>10/</sup>	6/6	1/2	11/11				1/1	-
4. Mr. Hisashi Kanamori <sup>10/</sup>	6/6	2/2			6/6		1/1	-

**Remarks:**

<sup>1/</sup> Changed the director type from independent directors to non-executive directors, effective April 29, 2022

<sup>2/</sup> Appointed as the Vice Chairman and a Nomination and Remuneration Committee member, effective July 20, 2022

<sup>3/</sup> Changed the director type from independent director to non-executive director, effective April 29, 2022 and the membership of the Audit Committee ended on April 28, 2022

<sup>4/</sup> Appointed as the Director and a Risk and Compliance Committee member, effective July 20, 2022

<sup>5/</sup> Changed the director type from executive director to non-executive director, effective January 1, 2022 and appointed as a Risk and Compliance Committee member, effective April 28, 2022

<sup>6/</sup> Appointed as the Chairperson of the Audit Committee and the membership of the Risk and Compliance Committee ended on April 28, 2022

<sup>7/</sup> Appointed as the independent director and an Audit Committee member, effective April 28, 2022

<sup>8/</sup> Appointed as the independent director and an Audit Committee member, effective September 1, 2022

<sup>9/</sup> Retired by rotation from the Bank's directorship upon the end of office term, effective April 28, 2022

<sup>10/</sup> Resigned from the Bank's directorship, effective July 20, 2022

In addition, one meeting of non-executive directors was held on May 25, 2022.

## EXECUTIVES (AS DEFINED BY THE CAPITAL MARKET SUPERVISORY BOARD)

### ► MEMBERS OF THE EXECUTIVES

The executives as defined by the Capital Market Supervisory Board are the President and Chief Executive Officer, Executive Vice President and above reporting directly to the President and Chief Executive Officer, Chief Financial Officer and another person designated as Acting for the above-mentioned, for a total of 17 persons as listed below:

Name – Surname	Position
1. Mr. Seiichiro Akita	President and Chief Executive Officer
2. Miss Duangdao Wongpanitkrit	Chief Financial Officer
3. Mr. Yoshiyuki Horio	Head of JPC/MNC Banking
4. Mr. Phonganant Thanattrai	Head of Retail and Consumer Banking
5. Mr. Sayam Prasitsirigul	Chief Information and Digital Officer
6. Mr. Chandrashekar Subramanian Krishoolndmangalam	Chief Risk Officer
7. Miss Puntipa Hannoraseth	Head of Internal Audit Group
8. Mr. Pairote Cheunkrut	Chief Strategy Officer
9. Mr. Vasin Udomratchatavanich	Chief Human Resources Officer
10. Mr. Kenichi Nishii	Head of Global Markets Group
11. Mr. Prakob Phiencharoen	Head of Corporate and Investment Banking Group
12. Miss Duangkamol Limpuangthip	Head of SME Banking Group
13. Mr. Kittichai Singha	Chief Compliance Officer
14. Mr. Wirote Chuenratanakul	Head of Operations Group
15. Mr. Yoshio Ueyama	Chief Credit Officer
16. Mrs. Yingluk Kongkasai	Head of Transaction Banking Group
17. Mr. Thitivorn Chothayaphorn	Head of Legal Group

The last updated profiles of executives are as detailed in Attachment 1.

#### • Person taking the Highest Responsibility in Finance and Accounting

The person taking the highest responsibility in finance and accounting is Miss Duangdao Wongpanitkrit, Chief Financial Officer whose last updated profile is detailed in Attachment 1.

#### • Person having Accounting Control

The person having accounting control is Mr. Kriangsak Jongsukkgiparnich, Executive Vice President-Head of Accounting Division, Finance Group whose last updated profile is as detailed in Attachment 1.

#### • Corporate Secretary

Mrs. Thidarat Sethavaravichit, Senior Vice President, Head of the Corporate Secretariat Department, has been appointed as the Corporate Secretary and Secretary to the Board of Directors having the qualifications, duties and responsibilities of the Corporate Secretary, whose last updated profile is as detailed in Attachment 1.

The Board of Directors encourages the Corporate Secretary, including executives, and persons who have a duty related to compliance to continuously take related training courses, not only external courses but also internal learning courses via Krungsri Learning Companion (KLC) which can be accessed through personal computer, mobile phone, or tablet that can connect to the internet. For example, Good Corporate Governance (CG), The Spirit and The Letter (S&L), and IT Security Policy

The Corporate Secretary takes various related training courses that are of benefits to the performance of duties, as organized by the Thai Institute of Directors Association (IOD) and other agencies to continually develop herself, e.g., Business Sustainability Foundation, Innovation for Society held by Social Innovation School, Company Secretary's Roles in Enhancing CG regarding Anti-Corruption, and Ethical Leadership Program (ELP) held by the Thai Institute of Directors Association (IOD).



In 2022, the Corporate Secretary attended training courses, namely Subsidiary Governance Program (SGP), National Director Conference 2022, and Company Secretary 1/2022: Company Secretary Challenges in Building Trust in the Board held by the Thai Institute of Directors Association (IOD).

## NOMINATION AND REMUNERATION COMMITTEE

### ► STRUCTURE AND COMPOSITION

The Board of Directors appoints the Nomination and Remuneration Committee which consists of not less than three members who are independent directors or non-executive directors (currently, it consists of one independent director and three non-executive directors). The Chairman of the Nomination and Remuneration Committee shall be an independent director, and the Chief Human Resources Officer shall be appointed as Secretary to the Nomination and Remuneration Committee.

### ► QUALIFICATIONS

The Nomination and Remuneration Committee members shall have extensive knowledge, capability and experience, and thorough understanding of their roles and responsibilities.

### ► TERM OF OFFICE

The Nomination and Remuneration Committee members shall have term of office concurrent with their directorship term of office. In case of vacancy due to any reason other than completion of term, the Board of Directors shall appoint a fully qualified person to fill the vacancy at the earliest opportunity. During the process of nomination and appointment, remaining members can continue to perform their duties even if the number of the committee members does not meet the full composition. Such a person shall hold office concurrent with his/her directorship term. Upon completion of a term, the member may be re-appointed to the Committee.

### ► SCOPE OF AUTHORITIES, DUTIES AND RESPONSIBILITIES

1. To determine and endorse policies with clear and transparent principles for submission to the Board of Directors for consideration and approval and for submission to the Bank of Thailand upon request as follows:

1.1 The policies and framework for nomination of Bank's directors, members of the subcommittees whose authority, roles and responsibilities are directly assigned by the Bank's Board of Directors, senior executives at the level of Executive Vice President and above, and

Bank's advisors equivalent to Director or executive at Executive Vice President level and above.

1.2 The policies and framework for nomination as well as selection and/or screening of the names of the suitable candidates as the case may be for directors, managing directors or persons holding equivalent positions regardless of title, and senior executives at the level of Executive Vice President and above that is equivalent to the Bank's Executive Vice President level of the entities in which the Bank holds more than 50% of shares. Such selection and/or screening are also applicable to internal candidates suitable for appointment to these positions.

1.3 The policies and framework for payment of remuneration and other benefits to directors, subcommittee members, senior executives at the level of Executive Vice President and above of the Bank as well as directors, managing directors or persons holding equivalent positions regardless of title, and senior executives at the level of Executive Vice President and above that is equivalent to the Bank's Executive Vice President level of the entities in which the Bank holds more than 50% of shares.

2. To select and/or screen candidates and endorse the appointment of the candidates to the following positions for submission to the Board of Directors or the shareholders meeting for consideration and approval, as the case may be:

2.1 Directors of the Bank.

2.2 Members of the various subcommittees reporting directly to the Bank's Board of Directors.

2.3 Appointment or removal or position change of senior executives at the level of Executive Vice President and above of the Bank.

2.4 Appointment or removal or position change of directors of the entities in which the Bank holds shares whereby the number and composition of directors will be as stipulated in the Articles of Association of each entity and in accordance with the Bank's guidelines on determination of numbers of directors of Krungsri Entities, directorship proportion according to JV agreement, and relevant regulatory requirements.

2.5 Appointment or removal or position change of managing directors or persons holding equivalent positions regardless of title, and senior executives at the level of Executive Vice President and above that is equivalent to the Bank's Executive Vice President

level of the entities in which the Bank holds more than 50% of shares or as specified by the NRC.

2.6 Appointment or removal or position change of directors, managing directors or persons holding equivalent positions regardless of title of the entities in which the Bank indirectly holds shares through another entity in the Bank's financial business group (sub-subsidiaries): The NRC may assign the Executive Committee to consider and endorse the matter for further submission to the entity which is the parent company, and the matter shall be reported to the NRC for acknowledgement.

2.7 Appointment or removal of the Bank's advisors equivalent to Director or executive at Executive Vice President level and above.

This shall exclude a person who is employed by the Bank for his/her special technical expertise or special skill, such as accounting advisor, legal advisor, information technology advisor, tax advisor, language advisor, corporate communication advisor, insurance advisor, or advanced quantitative model advisor, etc. or as stipulated by the Bank of Thailand.

3. To determine the policies on and the amount of remuneration and other benefits commensurate with roles and responsibilities, reflect the objectives and relevant risks of the Bank and/or companies in its financial business group and are in accordance with the clear and transparent criteria as well as comparable to the industry benchmark.

3.1 To determine and endorse remuneration and other benefits for Bank's directors, members of the various subcommittees, senior executives at the level of Executive Vice President and above, and Bank's advisors equivalent to Director or executive at Executive Vice President level and above for submission to the Board of Directors or the shareholders meeting for consideration and approval, as the case may be.

3.2 To determine and endorse remuneration and other benefits for directors, managing directors or persons holding equivalent positions regardless of title, and senior executives at the level of Executive Vice President and above that is equivalent to the Bank's Executive Vice President level of the entities in which the Bank holds more than 50% of shares or as specified by the NRC for submission to the Board of Directors for consideration and approval.

3.3 To ensure that Bank's directors, senior executives of the Bank at the level of Executive Vice President and above, as well as directors, managing directors or persons holding equivalent positions regardless of title, and senior executives at the level of Executive Vice President and above that is equivalent to the Bank's Executive Vice President level of the entities in which the Bank holds more than 50% of shares who are assigned additional roles and responsibilities shall receive additional remuneration commensurate with the additional assignments.

3.4 To consider and endorse the salary structure of executives and employees of the Bank to ensure alignment with the Bank's business strategies and market-competitive pay taken into consideration the relevant risks before submission to the Board of Directors for consideration and approval.

3.5 To consider and endorse the annual performance bonus and merit increase framework of the Bank and the entities in which the Bank holds more than 50% of shares or as specified by the NRC before submission to the Board of Directors for consideration and approval.

For entities in which the Bank indirectly holds shares through another entity in the Bank's financial business group (sub-subsidiaries), the NRC may assign the Executive Committee to consider and endorse the matter for further submission to the entity which is the parent company, and the matter shall be reported to the NRC for acknowledgement by document.

4. To ensure that the size and composition of the Board of Directors are appropriate for the organization and modify them as appropriate in consideration of the changes in the environment. Also, to ensure that the mechanisms or tools that support director selection and nomination process are in place so as the Board of Directors is endowed with members who exhibit behaviors and possess competency and experience in a variety of fields beneficial to the Bank's business operation in the long run and in line with the Bank's business direction and strategies.
5. To ensure that the evaluation of the performance is undertaken uniformly across the Bank and companies in Krungsri Group taking into account the increase in the valuation of shareholders' equity in the long-term based on duties, responsibilities and risks involved.

- 5.1 To consider and endorse performance evaluation guidelines and performance evaluation forms prepared by the Bank in appropriate formats for use in evaluating the Board of Directors' performance before submission to the Board of Directors for consideration and approval.
  - 5.2 To consider and endorse performance evaluation guidelines, goals and objectives and performance targets of senior executives of the Bank at the level of Executive Vice President and above as well as directors, managing directors or persons holding equivalent positions regardless of title, and senior executives at the level of Executive Vice President and above that is equivalent to the Bank's Executive Vice President level of the entities in which the Bank holds more than 50% of shares or as specified by the NRC in order to consider the annual remuneration before submission to the Board of Directors for consideration and approval.
  - 5.3 To consider and provide opinions regarding the performance of the highest executive position of the Bank or a person holding equivalent position regardless of title in order to consider the annual remuneration prior to submission of the matter to the Board of Directors for consideration and approval.
  - 5.4 To consider and endorse the performance of senior executives of the Bank at the level of Executive Vice President and above as well as directors, managing directors or persons holding equivalent positions regardless of title, and senior executives at the level of Executive Vice President and above that is equivalent to the Bank's Executive Vice President level of entities in which the Bank holds more than 50% of shares or as specified by the NRC in order to consider the annual remuneration prior to submission of the matter to the Bank's Board of Directors for consideration and approval.
- For directors, managing directors or persons holding equivalent positions regardless of title of the entities in which the Bank indirectly holds shares through another entity in the Bank's financial business group (sub-subsidiaries), the NRC may assign the Executive Committee to consider and endorse the matter for further submission to the entity which is the parent company, and the matter shall be reported to the NRC for acknowledgement by document.
6. To consider a succession plan for the highest executive position of the Bank or a person holding an equivalent position regardless of title for submission to the Board of Directors for consideration and approval. Also, to consider and approve a succession plan for the various functional group heads.
  7. To consider appropriateness of the Bank's organization restructuring at Functional Group level and above or substantial or major changes in the Bank's organization structure and endorse the organization restructuring proposals before submission to the Board of Directors for consideration and approval.
  8. To perform other tasks assigned by the Board of Directors and/or the Chairman of the Board of Directors.
  9. To disclose nomination and remuneration policies and present a summary of the operations of the Nomination and Remuneration Committee in the Bank's Annual Report.
    - 9.1 To disclose nomination process for Bank's directors and senior executives at the level of Executive Vice President and above.
    - 9.2 To disclose remuneration policy and various form of compensation as well as details regarding criteria for overall performance assessment, goals and activities, the Committee's opinions, and methodology and tools for remuneration payment that reflects risks (if any).
  10. The Committee may seek advice from external consultant experts (independent) such as for salary surveys, selection of directors and senior executives, etc., as needed, with the Bank being responsible for the expenses incurred.
  11. To work closely with the Risk and Compliance Committee to ensure that remuneration policy reflects material risks of the Bank.
  12. To consider the investigation results and/or opinions proposed by the Chief Human Resources Officer and the President and CEO on disciplinary actions/ liability for losses for the wrongdoing in case the investigated employees are senior executives of the Bank at the level of Executive Vice President and above as well as directors, managing directors or persons holding equivalent positions regardless of title, and senior executives at the level of Executive Vice President and above that is equivalent to the Bank's Executive Vice President level of entities in which the Bank holds more than 50% of shares or as specified by the NRC.

In case where the NRC does not agree with the investigation results and/or the opinions of the Chief Human Resources Officer and the President and Chief Executive Officer, the decision of the NRC shall be deemed final.

13. To consider whistleblowing cases according to the Whistleblowing Policy as follows:

13.1 To propose to the Board of Directors the appointment of the working committee consisting of the Head of Internal Audit Group, Chief Human Resources Officer, and Chief Compliance Officer to consider

whistleblowing cases involving employees at Senior Vice President level and above.

13.2 To consider and make decision on the result of whistleblowing cases regarding executives at Senior Vice President level and report the matter to the Board of Directors.

13.3 To report and recommend course of action to the Board of Directors on the result of whistleblowing cases involving senior executives at the level of Executive Vice President and above.

## ► NAMES OF MEMBERS AND MEETINGS OF THE NOMINATION AND REMUNERATION COMMITTEE

In 2022, there were a total of 16 ordinary meetings scheduled in advance as detailed below:

Members of the Nomination and Remuneration Committee	Position	Number of Meetings Attended/ Total Number of Meetings Held
1. Dr. Jamlong Atikul	Chairman	16/16
2. Mr. Daisuke Ejima <sup>1/</sup>	Member	5/5
3. Mr. Virat Phairatphiboon	Member	14/16
4. Miss Nopporn Tirawattanagool	Member	16/16
<b>Members who resigned or whose membership ended during the year</b>		
1. Mr. Takanori Sazaki <sup>2/</sup>	Member	11/11

Secretary to the Nomination and Remuneration Committee is Mr. Vasin Udomratchatavanich

**Remarks:** <sup>1/</sup> Appointed as a Nomination and Remuneration Committee member, effective July 20, 2022

<sup>2/</sup> Membership of the Nomination and Remuneration Committee ended on July 20, 2022

## AUDIT COMMITTEE

### ► STRUCTURE AND COMPOSITION

The Board of Directors appoints the Audit Committee which consists of no fewer than three independent directors (currently, it consists of four independent directors). The Head of Internal Audit Group shall be appointed as Secretary to the Audit Committee.

### ► QUALIFICATIONS

The Audit Committee members shall possess qualifications as required by the Securities and Exchange Commission, the Capital Market Supervisory Board, the Bank of Thailand, and other regulatory bodies (if any) and shall not be the directors being assigned by the Board of Directors to make decisions regarding business operations of the Bank, subsidiaries, associated companies, fellow subsidiaries with

the same level of ownership stake by the parent company, major shareholders or persons with control authority over the Bank, and shall not be directors of listed companies which are subsidiaries or fellow subsidiaries with the same level of ownership stake by the parent company. One of the committee members shall be appointed as the Chairman of the Audit Committee. However, the Chairman of the Audit Committee must not serve as the Chairman of the Board and any other sub-committee appointed by the Board of Directors.

Audit Committee members shall possess knowledge and experience as well as a thorough understanding of their duties and responsibilities. They shall also understand the nature of business operations and risk management of the Bank and our group companies. In addition, at least one Committee member shall possess knowledge and experience at a level sufficient to review the reliability of financial statements.



## ► TERM OF OFFICE

The Audit Committee members shall have term of office concurrent with their directorship term of office. In case of vacancy due to any reason other than completion of term, the Board of Directors shall appoint a fully qualified person to fill the vacancy within three months from the date of such vacancy. During the process of nomination and appointment, remaining members can continue to perform their duties. Such a person shall hold office concurrent with his/her directorship term. Upon completion of a term, the member may be re-appointed to the committee.

## ► SCOPE OF AUTHORITIES, DUTIES AND RESPONSIBILITIES

### - Financial reports and external auditor

1. Review and cooperate with the senior management, internal audit team, and external auditor in overseeing internal control over financial reporting (ICFR) and consider the plan or the scopes of audit to ensure they cover material risk and financial reporting requirements including follow up the audit findings whether such findings are correctly, appropriately, and timely rectified to ensure internal controls and financial reporting preparation process was designed effectively, and the Bank's financial reports and any disclosed documents relating to the financial performance of the Bank and its group companies is accurate, adequate, reliable and reflect the true and fair view of the financial status of the Bank and its group companies while complying with accounting standards and practices.
2. Consider, select and propose the independent and qualified candidates to the Board of Directors for appointment or termination of the external auditor, including their remunerations. Hold at least one meeting a year with the external auditor without the presence of management.
3. Review the process in relation to non-audit services from the audit firm of the external auditor and give consent to the engagement of such service and related fees to ensure that it will not impair the independence of the external auditor.

### - Internal control, risk management system, compliance system, and internal audit

4. Review internal control, risk management system and compliance system of the Bank and its group companies, to ensure that they are suitable, adequate and efficient. Internal audit practice complies with

internal audit standards and ensure internal audit unit's independence, as well as approve the appointment, transfer, dismissal, and notify to the Bank of Thailand as specified, evaluate efficiency and effectiveness of operations, remuneration and annual merit review of the Head of Internal Audit Group of the Bank.

5. Consider internal control, risk management, and compliance with relevant laws and regulations by considering minutes of meetings of Risk and Compliance Committee, Risk Management Committee, and Compliance Committee or another relevant Committee.
6. Consider and approve Internal Audit's plan, Credit Review Plan as well as consider the Internal Audit Charter, Internal Audit Policy, and Policy for reviewing of credits, credit-like transactions and contingent liabilities, before submission to the Bank's Board of Directors for approval.
7. Ensure that relevant appropriate and sufficient actions are in place for the review of procedure in relation to the Self-Evaluation Tool for Countering Bribery of the Bank under the anti-corruption policy. In addition, review the report on Self-Evaluation Tool prepared by internal audit for Countering Bribery of the Bank and certain group companies which have not established audit committees, to ensure correctness and completeness before submission to the Bank's Board of Directors and/or concerned board of directors of the group companies.
8. Review and cooperate with the senior management and internal audit team in reviewing and examining irregular, errant or suspicious matters as well as reviewing report progression of credit review including problems and obstacles of the credit review to establish corrective methods and finalize solutions to rectify such matters.

### - Related parties transactions or transactions that may create conflict of interest

9. Consider the matters relating to connected transactions or transactions with possible conflict of interest, to ensure compliance with the relevant regulations of the Stock Exchange of Thailand, the Securities and Exchange Commission, the Bank of Thailand, or other relevant laws and regulations including reasonableness and highest benefit to the Bank as well as the accuracy and completeness of disclosure of such information.

## - Good governance

10. To serve as another whistleblowing or complaint channel for any situation concerning of any employees that may deem to be fraudulent or in violation of laws, regulations, as well as the Bank's policies, procedures, and Directive and also serve as a channel to receive reports or complaints that may have negative impact to the Bank.

## - Compliance with regulatory requirements

11. Oversee and monitor the operations, business undertaking or actions taken by the Bank to ensure compliance with Securities and Exchange Acts, the Stock Exchange of Thailand regulations or laws, announcements and regulations pertaining to commercial banking business including internal policies and procedures.

## - Others

12. Ensure that preliminary investigation is carried out after receiving the external auditor's report on behavior suspicious of fraud or violation of laws by the Bank's board members and management. The Audit Committee shall report the results of such investigation to the Securities and Exchange Commission and the external auditor under Section 89/25 of the Securities and Exchange Act within 30 days from the date they are notified by the external auditor. The further detail investigations shall be carried out as appropriate and report the result to the Bank's Board of Directors to rectify within appropriate timeline.
13. Consider inviting the management of internal control, risk management and compliance function for meeting as necessary to assure the appropriateness of internal control, risk management and compliance with relevant laws and regulations.
14. Prepare the Audit Committee's report and disclose the same in the Bank's Annual Report, comprising of at least the following information:
  - (1) opinion on the accuracy, completeness and creditability of the Bank's financial report;
  - (2) opinion on the adequacy of the internal control system;
  - (3) opinion on the compliance with the laws on securities and exchange, the Stock Exchange of Thailand's regulations, or laws pertaining to commercial banking business;
  - (4) opinion on the suitability of an external auditor;
  - (5) opinion on the transactions that may lead to conflict of interest;

- (6) the number of audit committee meetings and the attendance of such meetings by each committee member;
- (7) opinion or overall observation of the audit committee from its performance of duties in accordance with its charter; and
- (8) other matters which, according to the audit committee's opinion, should be revealed to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Bank's Board of Directors.

15. Where there is a material change in the composition or in the duties of the audit committee, review the duties of Audit Committee's and term of office and present the same to the Board of Directors to consider amendments as deem appropriate.

16. Ensure clear written announcement of the Audit Committee's scope of duties and any material change which may affect the audit committee's performance and disclose the same to the shareholders in the Bank's Annual Report.

17. Submit timely reports to the Board of Directors for remedial action upon the audit committee finding or suspects any misconduct in the following areas:
  - Any transaction with conflict of interest.
  - Any fraud or irregularity or material defect in the internal control system.
  - Any breach of the Bank's rules and regulations, the Articles of Association as well as laws governing the banking business.

If the Board of Directors or the senior management does not take remedial action within the timeline determined by the Audit Committee, the Audit Committee shall disclose such failure in the Bank's Annual Report and report to the Securities and Exchange Commission and the Bank of Thailand.

18. The Audit Committee shall have authority to access to any document and information it requires and to request a meeting with management, employees or external parties, as appropriate and also have authority to seek independent professional opinions or advices, as necessary, at the Bank's expense.
19. Conduct annual performance assessment of the Audit Committee and report the assessment result to the Bank's Board of Directors.
20. Perform any other tasks as assigned by the Bank's Board of Directors as consented by the Audit Committee.

## ► NAMES OF MEMBERS AND MEETINGS OF THE AUDIT COMMITTEE

In 2022, there were a total of 13 meetings, i.e., 12 ordinary meetings scheduled in advance and one special meeting; two out of 13 meetings were made with the external auditors without the management. Details are shown below:

Members of the Audit Committee	Position	Number of Meetings Attended/ Total Number of Meetings Held
1. Mrs. Tongurai Limpiti <sup>1/</sup>	Chairman	13/13
2. Dr. Jamlong Atikul	Member	13/13
3. Dr. Wittaya Watcharawittayakul <sup>2/</sup>	Member	9/9
4. Professor Dr. Sakda Thanitcul <sup>3/</sup>	Member	4/4
<b>Members who resigned or whose membership ended during the year</b>		
1. Miss Potjaneer Thanavarani <sup>4/</sup>	Chairman	4/4
2. Mr. Virat Phairatphiboon <sup>5/</sup>	Member	4/4

Secretary to the Audit Committee is Miss Puntipa Hannoraseth

**Remarks:** <sup>1/</sup> Appointed as the Chairman of the Audit Committee, effective April 28, 2022

<sup>2/</sup> Appointed as an Audit Committee member, effective April 28, 2022

<sup>3/</sup> Appointed as an Audit Committee member, effective September 1, 2022

<sup>4/</sup> The Chairmanship of the Audit Committee ended on April 28, 2022

<sup>5/</sup> The Membership of the Audit Committee ended on April 28, 2022.

All four members are competent and experienced in reviews of financial statements.

## RISK AND COMPLIANCE COMMITTEE

### ► STRUCTURE AND COMPOSITION

The Board of Directors appoints the Risk and Compliance Committee which consists of at least three non-executive directors (currently, it consists of four non-executive directors). The Chairman of the Risk and Compliance Committee shall be an independent director or non-executive director, and the Chief Compliance Officer shall be appointed as Secretary to the Risk and Compliance Committee.

### ► QUALIFICATIONS

The Risk and Compliance Committee members shall possess knowledge, experience as well as a thorough understanding of their duties and responsibilities, including good judgments for the best interest of the Bank and/or companies within the Financial Business Group.

### ► TERMS OF OFFICE

The Risk and Compliance Committee members shall have the terms of office concurrent with their directorship terms of office. In case of vacancy due to the reason other than completion of the terms, the Board of Directors shall appoint a qualified individual to fill the vacancy at the earliest opportunity. During the process of nomination and appointment, other remaining members can continue to perform their

duties even if the number of committee members does not meet the requirement as specified. Such person shall hold the committee terms of office concurrently with his/her directorship term. Upon completion of a term, the member may be re-appointed to the committee.

### ► SCOPE OF AUTHORITIES, DUTIES AND RESPONSIBILITIES

1. Provide suggestions to the Board of Directors on the overall strategies, policies, and framework on risk management and compliance.
2. Prescribe Risk Management Group and Compliance Group's duties and scope of work to commensurate with the complexity of the bank's business and in accordance with the Charter. The Risk and Compliance Committee is to also oversee that Senior Management Team (SMT) and the Chief Risk Officer comply with the risk management policies, strategies, and the acceptable level of risk appetite.
3. Oversee and monitor the implementation of strategies for integrated risk management, inclusive of capital, liquidity and compliance management in mitigating the major risks, i.e. credit risk, market risk, liquidity risk, operational risk, legal risk, information technology risk including cyber risk, reputational risk, and compliance risk.

4. Revisit and review the sufficiency and effectiveness of the overall risk management policies and strategies as well as the annual compliance plan and risk appetite level at least once a year or when there is any significant change to ensure their effectiveness. The Risk and Compliance Committee should discuss and exchange views with the Audit Committee to ensure the comprehensiveness of the risk management policies and strategies and their effectiveness which should cover all existing and new types of risk and whether the actions taken per these policies and strategies are effective and efficient.
5. Regularly report to the Board of Directors on the risk exposure, efficiency of risk management, progress on the implementation of risk culture, as well as significant factors and issues, and the required enhancement to be in line with the established risk and compliance policy and strategy. The Risk and Compliance Committee is to also communicate to the Audit Committee on any non-compliance issue for acknowledgement.
6. Review and monitor all pending/overdue issues from Bank of Thailand, National Credit Bureau Co., Ltd., Securities and Exchange Commission, Anti-Money Laundering Office, etc. and compliance related issues to ensure that they are rectified per the specified timeline.
7. Evaluate the performance of the Chief Compliance Officer and the Chief Risk Officer to ensure independency and prevent possible conflict of interest.
8. Provide recommendations on best practices, development and improvement plans and information communicated to the public regarding Good Corporate Governance.
9. Determine/review recommendations on Code of Business Conduct and The Spirit & The Letter including business ethics and good practices of the Bank's senior management and employees, ensure publication and communication to all staff for acknowledgement and use as guidelines.
10. Conduct an annual performance assessment of the Risk and Compliance Committee and report the assessment result to the Board of Directors.
11. Perform any other tasks as assigned by the Board of Directors as agreed by the Risk and Compliance Committee.

## ► NAMES OF MEMBERS AND MEETINGS OF THE RISK AND COMPLIANCE COMMITTEE

In 2022, there were a total of 12 ordinary meetings scheduled in advance as detailed below:

Members of the Risk Compliance Committee	Position	Number of Meetings Attended/ Total Number of Meetings Held
1. Mr. Virat Phairatphiboon	Chairman	11/12
2. Miss Nopporn Tirawattanagool	Member	12/12
3. Mr. Pornsanong Tuchinda <sup>1/</sup>	Member	8/8
4. Mr. Jiro Omori <sup>2/</sup>	Member	6/6
<b>Members who resigned or whose membership ended during the year</b>		
1. Mr. Hisashi Kanamori <sup>3/</sup>	Member	6/6
2. Mrs. Tongurai Limpiti <sup>4/</sup>	Member	4/4

Secretary to the Risk and Compliance Committee is Mr. Kittichai Singha <sup>5/</sup>.

**Remarks:** <sup>1/</sup> Appointed as a Risk and Compliance Committee member, effective April 28, 2022  
<sup>2/</sup> Appointed as a Risk and Compliance Committee member, effective July 20, 2022  
<sup>3/</sup> Membership of the Risk and Compliance Committee ended on July 20, 2022  
<sup>4/</sup> Membership of the Risk and Compliance Committee ended on April 28, 2022  
<sup>5/</sup> Held the position as the Secretary to the Risk and Compliance Committee, effective December 1, 2022



In addition, the Risk and Compliance Committee held one meeting with the Nomination and Remuneration Committee on December 21, 2022, and one meeting with the Audit Committee on December 21, 2022.

## EXECUTIVE COMMITTEE

### ► STRUCTURE AND COMPOSITION

The Board of Directors appoints the Executive Committee consisting of no less than 12 members, namely the President and Chief Executive Officer as the Chairman of the Executive Committee, Head of JPC/MNC Banking, Head of Retail and Consumer Banking, Chief Information and Digital Officer, Chief Financial Officer, Chief Risk Officer, Chief Strategy Officer, Chief Human Resources Officer, Chief Compliance Officer, Head of Corporate and Investment Banking Group, Head of SME Banking Group, Head of Global Markets Group, and other suitable executives. In this regard, the Chairman of the Executive Committee shall be the one who appoint the Secretary to the Executive Committee.

### ► QUALIFICATIONS

The Executive Committee members shall possess knowledge and experience as well as a thorough understanding of their duties and responsibilities, including good judgments to ensure the benefits of the Bank and/or companies in the Financial Business Group.

### ► TERM OF OFFICE

The Executive Committee members shall have a term of office for two years at a time. In case of additional members, they have a term of office as per the directive of their appointments. In case of vacancy due to any reasons other than completion of term, the Board of Directors shall appoint a fully qualified person to fill the vacancy for the remaining period. During the process of nomination and appointment, other remaining members can continue to perform their duties even if the number of committee members does not meet the established requirement. Members of the committee may be re-appointed upon completion of their term to ensure continuity in their function.

### ► SCOPE OF AUTHORITIES, DUTIES AND RESPONSIBILITIES

1. To be in charge of the Bank's operations to ensure compliance with all relevant laws and the Bank's regulations.
2. To be in charge of the Bank's business management to achieve the set goals, policies, strategies, and business plans.
3. To assist the Board of Directors in setting optimal policies and plans by providing full and accurate information.
4. To screen strategic plans, annual business plan, capital expenditure budgets, operational objectives, and other project plans, including income/non-interest expenditure controls before submitting to the Board of Directors.
5. To assign the Management Committees to consider matters which occur from the Bank's ordinary operations.
6. To prepare reports as assigned by the Board of Directors.
7. To review policy and business plans prepared by the President and Chief Executive Officer and propose the business plans which have been reviewed to the Board of Directors for approval.
8. To consider policy and business plans endorsed by the Board of Directors on a quarterly basis and present views relating to the policy and business plans to the Board of Directors.
9. To consider, approve and monitor the following operations:
  - 9.1 High cost investment.
  - 9.2 Launching of new product or cessation of providing service or adjustment of prices which have been approved.
  - 9.3 Go into business by capital investment, share investment, business partnership, or contracts or agreements.
  - 9.4 Provision of credits or guarantee apart from the Bank's ordinary operations.
  - 9.5 Any actions resulting in property rights or right over the Bank's assets.
  - 9.6 Liability payments or liability payment before due date.
  - 9.7 Changes of strategies relating to the provision of credit and acceptance of deposits.
  - 9.8 Credit limits opening and closing.
  - 9.9 To enter into agreements or the setting of policy relating to agreements with the departments monitoring the Bank's business operations in cases other than those which the Bank's high-level executives have been empowered to do.
  - 9.10 Credit requests and also relevant operations relating to credit within its scope of authorizations delegated from the Board of Directors in accordance with the credit policy and based on acceptable risk in accordance with the risk policy of the Bank.
10. To monitor operations of the Bank's departments to ensure compliance with plans and goals in an efficient and effective manner.
11. To review, monitor, provide suggestions and directions to ensure that the management system and operational process of various departments are modern, up-to-date and correspond to the fast-changing economic situation.

12. To have the authority to examine the Bank's documents and data and summon relevant employees for questioning so that the Committee may fulfill its objectives.
13. To have the authority to appoint and set the roles and responsibilities of the Management Committees and/or individuals as deemed appropriate to assist the management of the Bank.
14. To undertake assignments from the Board of Directors.
15. To report the Bank's operations and various activities that has major implications to the Board of Directors.

16. To operate matters relating to the Bank's overall businesses or operations.
17. To monitor operations of the Management Committees reporting to the Executive Committee.
18. To approve quarterly (reviewed) financial statements after review by the Audit Committee.

Any matter to be proposed to the Committee should be filtered by at least one of the related management committees (if any).

## ► NAMES OF MEMBERS AND MEETINGS OF THE EXECUTIVE COMMITTEE

In 2022, there were a total of 38 ordinary meetings scheduled in advance as detailed below:

Members of the Executive Committee	Position	Number of Meetings Attended/ Total Number of Meetings Held
1. Mr. Seiichiro Akita	Chairman	38/38
2. Mr. Yoshiyuki Horio	Member	22/38
3. Mr. Phonganant Thanattrai	Member	34/38
4. Mr. Sayam Prasitsirigul	Member	36/38
5. Miss Duangdao Wongpanitkrit	Member	38/38
6. Mr. Chandrashekar Subramanian Krishoolndmangalam	Member	33/38
7. Mr. Pairote Cheunkrut	Member	35/38
8. Mr. Vasin Udomratchatavanich	Member	32/38
9. Mr. Kittichai Singha <sup>1/</sup>	Member	3/3
10. Mr. Prakob Phiencharoen <sup>2/</sup>	Member	36/38
11. Miss Duangkamol Limpuangthip <sup>2/</sup>	Member	31/38
12. Mr. Kenichi Nishii	Member	36/38
<b>Members who resigned or whose membership ended during the year</b>		
1. Mr. Saengchart Wanichwatphibun <sup>3/</sup>	Member	10/13

Secretary to the Executive Committee is Mrs. Thidarat Sethavaravichit

**Remarks:** <sup>1/</sup> Appointed as an Executive Committee member, effective December 1, 2022

<sup>2/</sup> Appointed as an Executive Committee member, effective January 1, 2022

<sup>3/</sup> Membership of the Executive Committee member, effective on May 1, 2022

## SUSTAINABILITY COMMITTEE

### ► STRUCTURE AND COMPOSITION

The Executive Committee appointed the Sustainability Committee consisting of no less than 12 members namely the President and Chief Executive Officer as the Chairman of the Sustainability Committee, Chief Strategy Officer as the Vice Chairman of the Committee, Head of JPC/MNC Banking, Head of Retail and Consumer Banking, Chief Information and Digital Officer, Chief Financial Officer, Chief Risk Officer, Chief Human Resources Officer, Chief Compliance Officer, Head of Global Markets Group, Head of Corporate and Investment Banking Group and Head of SME Banking Group, whereas the

Head of Environmental, Social, and Governance Division shall be appointed as Secretary to the Sustainability Committee.

### ► QUALIFICATIONS

The Sustainability Committee members shall be knowledgeable and experienced and have a thorough understanding of their duties and responsibilities, including exercising good judgement in advancing businesses in a socially and environmentally responsible manner throughout the entire business chains of the Bank and the companies under the Bank's financial business group (Krungsri Group) with the goal of creating shared value between the business sector and the civil society towards sustainable banking development goals.

## ► TERM OF OFFICE

Members of the committee shall have a term of office for two years unless otherwise directed by the Executive Committee. In case of additional members, they shall have a term of office as per the directive of their appointments. In case of vacancy due to any reasons other than the completion of term, the Executive Committee shall appoint a fully qualified person to fill the vacancy for the remaining period. During the process of nomination and appointment, other remaining members can continue to perform their duties even if the number of the committee members does not meet the requirement. The committee members may be re-appointed upon completion of their term to ensure continuity in their function.

## ► SCOPE OF AUTHORITIES, DUTIES AND RESPONSIBILITIES

1. Develop the Bank's and the companies under the Bank's Financial Business Group (Krungsri Group)'s policy, direction, and framework on ESG or sustainability as well as CSR, in alignment with the principle of sustainable banking development and regulators' guidance and expectation as well as The United Nations Sustainable Development Goals (the UN's SDGs) at large, to be proposed to the Executive Committee for approval.
2. Determine material ESG matters and maintain oversight of ESG matters including climate change risks and

opportunities which may affect Krungsri's financing activities.

3. Ensure consistency and alignment of Krungsri's corporate sustainability agenda and that of MUFG Bank, Ltd. and international best practices.
4. Monitor progress on strategies and targets, particularly key milestones established by the Bank of Thailand and/or the Thai Bankers' Association on sustainable banking.
5. Ensure leading practices in the management and disclosure of corporate sustainability issues, opportunities, progress, and results.
6. Develop an annual CSR program and budget for approval by the Executive Committee.
7. Acknowledge and/or approve a CSR action plan and expenditures required to execute on Krungsri Group's CSR initiatives as approved by the Executive Committee, including supervising compliance with the action plan and coordinating with the Krungsri Foundation and other concerned entities as appropriate.
8. Review and provide advice on sustainability reporting to ensure that Krungsri Group's sustainability reporting complies with recommendations and regulations prescribed by the Securities and Exchange Commission and the Stock Exchange of Thailand.

## ► NAMES OF MEMBERS AND MEETINGS OF THE SUSTAINABILITY COMMITTEE

In 2022, there were a total of four ordinary meetings scheduled in advance as detailed below:

Members of the Sustainability Committee	Position	Number of Meetings Attended/ Total Number of Meetings Held
1. Mr. Seiichiro Akita	Chairman	4/4
2. Mr. Pairote Cheunkrut	Vice Chairman	4/4
3. Mr. Yoshiyuki Horio	Member	4/4
4. Mr. Phonganant Thanattrai	Member	4/4
5. Mr. Sayam Prasitsirigul	Member	3/4
6. Miss Duangdao Wongpanitkrit	Member	4/4
7. Mr. Chandrashekar Subramanian Krishoolndmangalam	Member	3/4
8. Mr. Vasin Udomratchatavanich	Member	4/4
9. Mr. Kittichai Singha <sup>1/</sup>	Member	1/1
10. Mr. Kenichi Nishii	Member	4/4
11. Mr. Prakob Phiencharoen	Member	2/4
12. Miss Duangkamol Limpuangthip	Member	2/4

Secretary to the Sustainability Committee is Mr. Poonsit Wongthawatchai

**Remark:** <sup>1/</sup> Appointed as a Sustainability Committee member, effective December 1, 2022.

## SELECTION AND APPOINTMENT OF DIRECTORS AND SENIOR EXECUTIVES

### ► NOMINATION OF DIRECTORS

Krungsri, by the Nomination and Remuneration Committee (NRC), has established qualifications of the directors which are suitable and in accordance with Krungsri's strategic necessity. The qualifications and criteria for the nomination of the directors are as follows:

- **Qualifications of the Directors**

1. A director shall have the following characteristics:
  - (1) Demonstrate integrity and accountability.
  - (2) Make decisions based on information (informed judgment).
  - (3) Be mature and stable, a good listener and willing to provide different and independent opinions.
  - (4) Work in accordance with principles.
  - (5) Spend sufficient time dedicating oneself to performing one's duties as a director.
  - (6) Attentively perform duties within one's scope of responsibilities.
2. A director should have the knowledge and expertise as well as experience which are beneficial to business operations such as determination of visions and strategies, and knowledge of the banking industry, international trade, risk management, accounting and finance, legal and compliance, organization and human resources management, IT and digital, etc.

In addition to the aforementioned characteristics, knowledge and expertise, a director shall possess qualifications in compliance with the Articles of Association and the Corporate Governance Principles of the Bank, laws, and requirements of regulators, i.e., the Bank of Thailand, the Securities and Exchange Commission, the Stock Exchange of Thailand, and other relevant regulators.

- **Method for the Nomination of Directors**

1. Nomination  
There are several methods stipulated by Krungsri for the nomination of appropriate persons to serve as a director such as (1) Nominated by a director, (2) Nominated by the NRC, (3) Nominated by an outsource firm hired by Krungsri, and (4) Nominated by a minority shareholder.

2. Consideration process

The Secretary to the NRC proposes the names of the candidates to the NRC for further selection/screening by taking into consideration all of the required characteristics and qualifications before passing the matter on to the Board of Directors for consideration and appointment or for further proposing to the shareholders' meeting for election, as the case may be.

- **Voting on Election/Appointment of Directors:** There are two voting approaches as follows:

1. Election of the directors by a general meeting of shareholders' resolution, i.e., election of new director to replace a director whose term of office expires and/or election of additional director (new director), will be in accordance with the rules and procedures stipulated in the Bank's Articles of Association as follows:
  - (1) Each shareholder shall have one vote for one share.
  - (2) Candidates for directors are elected on an individual basis, and the shareholders must cast all their votes and may not divide their votes among more than one of the candidates.
  - (3) The election of candidates is decided by a majority vote, and in the event of a tie vote, the Chairman of the meeting shall have the deciding vote.
2. As to the appointment of a replacement directors by the Board of Directors for reasons other than retirement by rotation which requires the votes of not less than three-quarters of the remaining directors, such replacement director shall serve only the remaining term of the director whom he/she replaces.

Every year Krungsri entitles the shareholders to nominate persons to be elected as the directors three months before Krungsri delivers the notification of the annual general meeting of shareholders. In this respect, an announcement for exercising their rights is disseminated to the shareholders via the Stock Exchange of Thailand's system and the nomination criteria are disclosed on Krungsri's website.

- **Qualifications for Independent Directors**

Krungsri has established the following qualifications for independent directors which conform to the notification of the Capital Market Supervisory Board, with a more



stringent provision on shareholding in order to bolster investor confidence and maintain the balance of sound management as detailed below:

1. Holding not more than 0.5 percent of the total voting shares of the Bank, parent company, subsidiary company, associated company, major shareholder or control person of the Bank. Any shares held by related persons\* must also be counted.
2. Within two years prior to the appointment, not being or never having been a non-independent director, manager, person with power of management, contract staff, employee, salaried advisor or control person of the Bank, parent company, subsidiary company, associated company, same-level subsidiary company, major shareholder or control person of the Bank.
3. Having no family blood or legitimate registration relationship as father, mother, spouse, brother, sister, child and child's spouse with other director(s), any executive, major shareholder, control person or person nominated as a director, executive or control person of the Bank, subsidiary company or associated company.
4. Within two years prior to the appointment, not having or having never had business relationship with the Bank, parent company, subsidiary company, associated company, major shareholder or control person of the Bank in a manner that may obstruct independent discretion. Also, not being or having never been a principal shareholder or control person of those having business relationship with the Bank, parent company, subsidiary company, associated company, major shareholder, or control person of the Bank.
5. Within two years prior to the appointment, not being or having never been the auditor of the Bank, parent company, subsidiary company, associated company, major shareholder or control person of the Bank including principal shareholder, control person or partner of an audit firm which employed the auditor of the Bank, parent company, subsidiary company, associated company, major shareholder, or control person of the Bank.
6. Within two years prior to the appointment, not being or having never been the professional service provider including legal advisor or financial advisor obtaining more than 2.0-million-baht annual service fee from the Bank, parent company, subsidiary company, associated company, major shareholder or control person of the Bank, including a principal shareholder,

control person, or partner of such professional firm.

7. Not being the director who was appointed as the representative of the Bank's directors, major shareholder, or other shareholder related to the major shareholder of the Bank.
8. Not operating any business which has the same nature as and is in competition with the business of the Bank, subsidiary company or associated company, or being principal partnership or executive director, contract staff, employee, salaried advisor, or holding more than 0.5 percent of the total voting shares of another company/partnership which operates the same business and is in competition for the business of the Bank, subsidiary company or associated company.
9. Not having any other characteristics which may cause inability to provide independent opinions related to the business operation of Krungsri Group.

Also, consideration of the above relationship period must be in accordance with notifications of the Capital Market Supervisory Board.

Independent directors who have qualifications under items 1-9 may be assigned by the Board of Directors to make collective decisions related to business operations of Krungsri, parent company, subsidiary company, same-level subsidiary company, or any juristic persons which may have a conflict of interest with Krungsri. In this regard, it shall not be deemed that such independent directors participate in the management.

**Remarks:** \* Related person' as defined by the Capital Market Supervisory Board means a person or a partnership having relationship with a person in any of the following manners:

- (a) a spouse of such person;
- (b) a minor child of such person;
- (c) an ordinary partnership in which such person or the person under (a) or (b) is a partner;
- (d) a limited partnership in which such person or the person under (a) or (b) is a partner with unlimited liabilities, or a partner with limited liabilities holding shares in an aggregate number of more than 30 percent of the total number of shares of such limited partnership;
- (e) a limited company or a public limited company in which such person or the person under (a) or (b) or the partnership under (c) or (d) holds shares in an aggregate number of more than 30 percent of the total paid-up shares of such company;
- (f) a limited company or a public limited company in which such person or the person under (a) or (b) or the partnership under (c) or (d) or a company under (e) holds shares in an aggregate number of more than 30 percent of the total paid-up shares of such company;
- (g) a juristic person in which such person has managing authority as a representative of the juristic person.



## ► NOMINATION OF SENIOR EXECUTIVES

Krungsri, by the NRC, has established the criteria for the nomination/promotion/appointment of executives at the level of Executive Vice President and above as follows:

### • Qualifications of Executives

1. Characteristics
  - (1) Demonstrate integrity and accountability.
  - (2) Make decisions based on informed judgment.
  - (3) Be mature and stable, a good listener and willing to provide different and independent opinions.
  - (4) Work in accordance with principles.
2. Have knowledge and expertise as well as experience relating to the banking industry.
3. Possess qualifications in compliance with the requirements of government authorities, i.e., the Bank of Thailand, the Securities and Exchange Commission, and the Stock Exchange of Thailand.

### • Method for the Nomination/Promotion/Appointment of Executives at the Level of Executive Vice President and above

The Human Resources Group considers the succession plan and selects appropriate executives as candidates for vacancies. In cases where there are no appropriate internal candidates, the Human Resources Group will consider external candidates who possess appropriate qualifications and propose their names to the NRC for consideration and endorsement. The names of the persons who have been endorsed by the NRC will be further proposed to the Board of Directors for consideration and approval.

# SHAREHOLDING OF DIRECTORS AND EXECUTIVES IN KRUNGSRI

(As defined by the Capital Market Supervisory Board)

Name-Surname	December 31, 2022			December 31, 2021			Total Shares Increase/ (Decrease) During the Year (shares)
	No. of Shares		Total Shareholding (%) <sup>1/</sup>	No. of Shares		Total Shareholding (%) <sup>1/</sup>	
	Directors/ Executives	Spouse and Minor children		Directors/ Executives	Spouse and Minor children		
Non-Executive Directors							
1. Mr. Karun Kittisataporn	-	-	-	-	-	-	-
2. Mr. Daisuke Ejima	-	-	-	N.A. <sup>2/</sup>	N.A. <sup>2/</sup>	N.A. <sup>2/</sup>	N.A. <sup>2/</sup>
3. Mr. Virat Phairatphiboon	-	-	-	-	-	-	-
4. Mr. Jiro Omori	-	-	-	N.A. <sup>2/</sup>	N.A. <sup>2/</sup>	N.A. <sup>2/</sup>	N.A. <sup>2/</sup>
5. Miss Nopporn Tirawattanagool	-	-	-	-	-	-	-
6. Mr. Pornsanong Tuchinda	-	-	-	-	-	-	-
Independent Directors							
7. Mrs. Tongurai Limpiti	-	-	-	-	-	-	-
8. Dr. Jamlong Atikul	-	-	-	-	-	-	-
9. Dr. Wittaya Watcharawittayakul	-	-	-	N.A. <sup>2/</sup>	N.A. <sup>2/</sup>	N.A. <sup>2/</sup>	N.A. <sup>2/</sup>
10. Professor Dr. Sakda Thanitcul	-	-	-	N.A. <sup>2/</sup>	N.A. <sup>2/</sup>	N.A. <sup>2/</sup>	N.A. <sup>2/</sup>
Executive Directors							
11. Mr. Seiichiro Akita	-	-	-	-	-	-	-
12. Miss Duangdao Wongpanitkrit	-	-	-	-	-	-	-
Executives							
13. Mr. Yoshiyuki Horio	-	-	-	-	-	-	-
14. Mr. Phonganant Thanattrai	-	-	-	-	-	-	-
15. Mr. Sayam Prasitsirigul	-	-	-	-	-	-	-
16. Mr. Chandrashekar Subramanian Krishoolndmangalam	-	-	-	-	-	-	-
17. Miss Puntipa Hannoraseth	-	-	-	-	-	-	-
18. Mr. Pairote Cheunkrut	-	-	-	-	-	-	-
19. Mr. Vasin Udomratchatavanich	-	-	-	-	-	-	-
20. Mr. Kenichi Nishii	-	-	-	-	-	-	-
21. Mr. Prakob Phiencharoen	-	-	-	N.A. <sup>2/</sup>	N.A. <sup>2/</sup>	N.A. <sup>2/</sup>	N.A. <sup>2/</sup>
22. Miss Duangkamol Limpuangthip	-	-	-	N.A. <sup>2/</sup>	N.A. <sup>2/</sup>	N.A. <sup>2/</sup>	N.A. <sup>2/</sup>
23. Mr. Kittichai Singha	-	-	-	N.A. <sup>2/</sup>	N.A. <sup>2/</sup>	N.A. <sup>2/</sup>	N.A. <sup>2/</sup>
24. Mr. Wirote Chuenratanakul	-	-	-	-	-	-	-
25. Mr. Yoshio Ueyama	-	-	-	-	-	-	-
26. Mrs. Yingluk Kongkasai	-	-	-	-	-	-	-
27. Mr. Thitivorn Chothayaphorn	-	-	-	-	-	-	-

**Remarks:** <sup>1/</sup> Including spouse and minor children. As at December 31, 2021 and December 31, 2022, Krungsri had a total of 7,355,761,773 issued shares.

<sup>2/</sup> In 2021, he/she was not the director and/or the executive under the definition of the Capital Market Supervisory Board.

## KEY CORPORATE GOVERNANCE PERFORMANCE REPORT

### SUMMARY OF THE BOARD OF DIRECTORS' PERFORMANCE FOR THE YEAR 2022

- The Board of Directors has reviewed Krungsri's Mission, Vision, and Core Values, and resolved to leave them unchanged on the grounds that they are still aligned with long-term business direction.
- The Board of Directors has supervised and monitored the management to ensure that the business is in accordance with the specified policies, strategies, and business plans in the Medium-Term Business Plan. The management shall report the operating results to the Board of Directors meeting for acknowledgment, for example, monthly performance report, monthly enterprise-wide risk report, and quarterly report on the implementation of the Medium-Term Business Plan. The Board of Directors will express their opinions or recommendations to the management to ensure that the business plans are implemented in the same direction and the goals have been accomplished.
- Krungsri organized the 2022 Krungsri Leadership Meeting, at which there was a communication to the executives of the group for acknowledgement and focusing on ensuring that the business operations of Krungsri's financial business group are moving in the same direction under the aforementioned business plan. In addition, a recorded video summarizing important content from the event was released for Krungsri employees to access in order to ensure that it is communicated to all employees thoroughly.
- The Board of Directors has determined and reviewed various policies covering Krungsri and companies in Krungsri's financial business group such as the Policy for Personal Data Protection, Policy for Conflict of Interest, and Policy and Program for Anti-Bribery and Corruption, which is a policy that has combined the Policy for Gift and Entertainment and Policy for Anti-Corruption.

### ► DIRECTORS' NOMINATION AND INDUCTION

In 2022, nomination of directors was carried out by the Nomination and Remuneration Committee whereby individual qualifications and other prerequisites are as stipulated in relevant laws, regulations of Krungsri's regulators, and the Bank's Articles of Association, and are in line with international good corporate governance principles as well as Board

diversity which includes knowledge, specialized proficiencies, and gender of nominated persons.

The following four directors were retired by rotation at the e-AGM No. 110: 1. Ms. Potjanee Thanavarant (Independent Director); 2. Mr. Takanori Sazaki (Non-Executive Director); 3. Ms. Junko Kawano (Non-Executive Director); and 4. Ms. Nopporn Tirawattanagool (Non-Executive Director). The Nomination and Remuneration Committee then proposed to the Board of Directors to consider proposing to the e-AGM the re-election of the following two directors who will retire by rotation to serve as Bank directors for another term, namely Mr. Takanori Sazaki (Non-Executive Director) and Ms. Nopporn Tirawattanagool (Non-Executive Director), who both have full qualifications as required by law and possess extensive knowledge and experience beneficial to the Bank's business operations, and had fully performed their duties throughout their directorships with accountability, prudence, and integrity, and were suited to continue serving as Bank directors. In this regard, the Nomination and Remuneration Committee proposed that the Board of Directors consider proposing to the e-AGM to elect Dr. Wittaya Watcharawittayakul, who has full and suitable qualifications for the Bank's business operations, to serve as a Bank director (Independent Director) as replacement for Ms. Junko Kawano who will retire by rotation from the Bank directorship upon the end of their present term. As for Ms. Potjanee Thanavarant (Independent Director), who will be retiring from the Bank directorship upon the end of their present term and to comply with the Bank of Thailand Notification re: Corporate Governance of Financial Institutions which determined that the independent director cannot hold the position more than 9 years consecutively. The Nomination and Remuneration Committee proposed the nominated person to the Board of Directors and granted endorsement to propose to the e-AGM to consider and elect the nominated person as replacement for Ms. Potjanee Thanavarant, which has been endorsed by the Bank of Thailand, and gave notice of the resolution of the Board of Directors to the Stock Exchange of Thailand on February 23, 2022, accordingly. Later, the person express their intention to withdraw from being nominated to the e-AGM due to other obligations and said they might not be able to fully perform their duties as Bank director. Therefore, on March 14, 2022, the Bank notified the Stock Exchange of Thailand of the withdrawal of the nominated person to this e-AGM. As a result, the Board of Directors of the Bank consists of 11 members.

In voting for electing directors, Krungsri facilitated shareholders in electing directors individually by allowing shareholders to cast their votes in selecting each director being nominated.



The shareholders were also entitled to propose agenda items and nominate other qualified persons to be elected as directors according to criteria posted on Krungsri's website. However, no shareholder proposed any agenda item or nominated any other person for director election.

Then, the Board of Directors Meeting No. 6/2022 resolved to appoint two new directors, Mr. Daisuke Ejima, who was elected to serve as Vice Chairman (Non-Executive Director) and Nomination and Remuneration Committee Member in replacement of Mr. Takanori Sazaki, and Mr. Jiro Omori, who was elected to serve as the Bank Director (Non-Executive Director) and Risk and Compliance Committee Member in replacement of Mr. Hisashi Kanamori (Non-Executive Director), effective from July 20, 2022, onwards.

Later, the Electronic Extraordinary General Meeting of Shareholders (e-EGM) No. 1/2022 resolved to increase the number of directors by one, from the current Board of Directors comprising 11 directors to 12 directors, and elected Professor Dr. Sakda Thanitcul to serve as the Bank director (Independent Director), the 12<sup>th</sup> director, in replacement of Ms. Potjanee Thanavarant (Independent Director) who was retired from the Bank directorship upon the end of their term of office at the 2022 e-AGM. Based on the Nomination and Remuneration Committee and the Board of Directors' consideration process, the person is qualified and has been endorsed by the Bank of Thailand. In this regard, the Nomination and Remuneration Committee has proceeded with the specific criteria and process for selecting suitable persons to serve as the Bank's directors based on knowledge, competence, and experience in bringing maximum benefit to the Bank as well as alignment with the Bank's business strategy, including the diversity of the Bank's Board of Directors' structure in terms of professional skills, expertise, age, and gender.

Krungsri arranged inductions for the aforementioned four new directors, presented by the Chairman, the President and Chief Executive Officer, and the senior executives who are responsible for core business groups of Krungsri, e.g., Head of Corporate and Investment Banking Group, Head of JPC/MNC Banking, Head of Retail and Consumer Banking, Chief Information and Digital Officer, Chief Financial Officer, and Chief Risk Officer, in order for the new directors to be informed and have the opportunity to ask questions about Krungsri's business operations in various areas. Furthermore, the Corporate Secretary was called upon to provide the new directors information on Krungsri Group's good corporate governance, performance of duties, Board of Directors meetings, and access to meeting documents and other important information prepared for directors to carry out their work, by means of an e-document system.

## ► DIRECTORS' DEVELOPMENT

In 2022, Krungsri organized internal training for the Board of Directors in a Cyber Security Awareness course, lectured by Mr. Rishi Anand from PricewaterhouseCoopers Consulting (Thailand) Company Limited, whereby all directors attended the training courses. Krungsri also presented training courses on a variety of topics by external speakers both in and outside the country. In addition, there were trainings through an e-learning system that were selected as being useful or in the interest of the directors, for each director to choose to attend.

Furthermore, in addition to attending other training courses of directors organized by various regulatory agencies/institutions, at the Board of Directors meetings, all directors had the opportunity to receive useful information that helped to broaden their perspective on the performance of their duties from various departments, e.g., analysis of information on economic conditions, and risks and cybersecurity updates.

Details on training history are shown in Attachment 1 of the Annual Registration Statement/Annual Report (Form 56-1 One Report).

## ► PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS AND THE COMMITTEES REPORTING TO THE BOARD OF DIRECTORS

Krungsri arranged for the 2022 performance evaluation of the Board of Directors and the committees reporting to the Board of Directors, i.e., the Audit Committee, the Nomination and Remuneration Committee, the Risk and Compliance Committee, and the Executive Committee, according to set criteria and guidelines, and reported the results, comments, and suggestions to the Board of Directors and other committees so that they could be informed and use that information to enhance operational efficiency for maximum benefit.

In this regard, overall results of the Board of Directors and the committees reporting to the Board of Directors 2022 evaluation were given as 'good.'

## ► BOARD OF DIRECTORS MEETING

During the COVID-19 pandemic, Krungsri has strictly followed defensive protocols, e.g., limited overseas travel to reduce the risk of infection. Furthermore, Krungsri took into account the adjustment of the working style in accordance with the 'next normal' lifestyle. Krungsri arranged for Board of Directors meetings in the form of electronic meeting (e-meeting) via WebEx system to enable the directors living in Thailand and overseas to attend the meetings and provide opinions without difficulty. The directors were required to identify themselves

in order to sign in and join the meetings. Participants were recorded either via audio, or both video and audio, for the entirety of each meeting. Electronic traffic of all participants was kept as evidence, and all actions stipulated by laws were adhered to.

## MONITORING TO ENSURE COMPLIANCE WITH GOOD CORPORATE GOVERNANCE PRACTICES

### (1) Prevention of Conflict of Interest

- Krungsri has established a Policy for Conflict of Interest; directors, executives, and all employees shall avoid any direct or indirect action that may be seen as a conflict of interest. Misuse of resources or the image of Krungsri is prohibited. Also, conflict in business practices must be resolved to ensure fair treatment and avoid Krungsri's reputation risk. In this regard, implementations have been taken as specified, e.g.:
  - Krungsri's directors and executives as stipulated by laws and Krungsri have reported their stakes and those involved, including reporting information on holding positions and holding securities in other companies, through the Related Party Information System (RPIS) in accordance with the method and within the specified period (first-time report, quarterly, and inter-quarter report in case of any change of information), which the Corporate Secretary collects and proposes to the Chairman and the Chairman of the Audit Committee for acknowledgment. In 2022, none of the executive directors served as a director of other listed companies.
  - The directors and executives with a conflict of interest will neither join the consideration nor vote on the agenda item in question. The information on related interests of directors in each agenda item is recorded in the resolutions of the meeting.
  - The Audit Committee considered related-party transactions or transactions that could create conflicts of interest before submission to the Board of Directors. The Audit Committee is of the opinion that such transactions are conducted on an arm's length basis under laws and regulations as a normal business transaction between the Group and its customers.

- Krungsri discloses related-party transactions in the Annual Registration Statement/Annual Report (Form 56-1 One Report) under the topic, 'Related-Party Transactions'.

- The Board of Directors Meeting No. 4/2022 reviewed Policy for Conflict of Interest with no significant changes in topics. This was to ensure that the content is consistent with internal relevant structures and policies in Krungsri, which makes them more clear. This is in accordance with Krungsri's requirement that all policies be reviewed every two years or upon any significant change.
- Krungsri communicated to directors, senior management, and employees by email to acknowledge policy and procedures for conflict of interest as well as require disclosure of activities or relationships that may lead to conflicts of interest. In addition, all employees and executives must attend a compulsory S&L course in the e-learning platform, which is refreshed every two years, and pass with a minimum score of 70 percent. Training materials have been sent to all directors to study the information as well.
- In 2022, Krungsri neither violated nor failed to comply with the criteria for related-party transactions or the sale and purchase of assets.

### (2) Use of inside information to seek unlawful benefits for oneself or others

- All Krungsri's directors, executives, and employees are required to strictly abide by the relevant laws, regulations, policies, and directives, as well as Good Corporate Governance Principles of Krungsri. Use of Krungsri's inside information or information undisclosed to the public for the benefit of oneself or others is prohibited.
- Use of Material Non-Public Information (MNPI), which means the use of internal or inside information (which is not publicly disclosed to investors) for the purpose of trading securities, is prohibited since it is a violation of the laws and conflict of interest regulations. All directors, executives, and employees of Krungsri must strictly comply with relevant laws and regulations, including the law on financial institutions' business and the law on securities and stock exchange.
- Employees shall take appropriate care of information that is not yet publicly available and take any action based on the principle of the 'need to know' basis.

- Krungsri's directors and executives as stipulated by laws and Krungsri shall report any changes of their holding of Krungsri's securities or derivatives of themselves or persons with a relationship as specified by regulations within three business days after the date of purchase, sale, transfer, or acceptance of a transfer of Krungsri's securities or derivatives to the Securities and Exchange Commission for acknowledgement (except for newly appointed directors and executives whose names have not yet been listed in the Securities and Exchange Commission's Directors and Executives Information System; they are required to report their changes in securities and derivatives holding to the Securities and Exchange Commission within seven business days after the changes) and are required to inform the Corporate Secretary to report to the Board of Directors.
- In terms of governance, Krungsri requires employees who may have inside information to report their securities holdings and assigns the compliance function to review the securities holdings of such employees with regards to whether they have used or may have used inside information for trading in securities in violation of the laws and Krungsri's internal procedures. In addition, Krungsri directors, executives, and employees are prohibited from trading shares of Krungsri and/or financial business group including shares of Ngern Tid Lor Public Company Limited during a period of not less than three business days before and after the announcement of Krungsri's financial results or financial statements (blackout period), including requiring directors, executives, and restricted employees and related persons to hold shares of Krungsri and/or financial business group including shares of Ngern Tid Lor Public Company Limited for not less than 90 days after the date of acquisition, and certain groups of employees may be prohibited from trading Krungsri's shares (restricted persons) in some cases.
- In 2022, there were no cases of insider trading of securities or derivatives committed by Krungsri's directors, executives, or employees.

### (3) Anti-Bribery and Corruption

Krungsri is committed to the continuous improvement and strengthening of anti-bribery and anti-corruption measures, and understands that being an organization with transparent operations and free of fraud and corruption will help build confidence among all stakeholders, and is also in line with the Good Corporate Governance Principles. Details of Krungsri Group's policies and programs related to anti-fraud and anti-bribery and corruption efforts are shown in

the Annual Registration Statement/Annual Report (Form 56-1 One Report) under the topic, 'Thai Private Sector Collective Action Against Corruption'.

### (4) Whistleblowing

- Krungsri has established a Policy for Whistleblowing as a basic framework for whistleblowing to encourage the reporting of employees' actions that may violate the law, policies, procedures, and business ethics, as well as to build confidence for whistleblowers and all stakeholders that they will be treated fairly.
- Whistleblowers or complainants can report matters or complaints through the following channels:
  1. Supervisor or next-level supervisor who is trusted by the complainant
  2. Compliance Group (Compliance executive)
  3. Ombudspersons through three channels:
    - Phone: For Head Office Tel. 85588, Branch Tel. 0-2296-5588
    - Mail: P.O. Box 169, Yannawa, Bangkok 10120
    - Intranet: Krungsri Portal Sharepoint
  4. Branch Standards Supervision Department Tel. 83456, press 1, then press 2
  5. Human Resources Group HR Hotline Tel. 85577
  6. Audit Committee
    - email: audit.committee@krungsri.com
    - Mail to: The Audit Committee  
Bank of Ayudhya PCL, Head Office  
1222 Rama III Road, Bang Phongphang, Yan Nawa, Bangkok 10120
  7. MUFG Channel (English or Japanese language only)
    - Nishimura & Asahi Law Firm  
Otemon Tower, 1-1-2 Otemachi, Chiyoda-ku, Tokyo, 100-8124, Japan  
email: mufgwhistleblow@nishimura.com
    - MUFG Audit Committee  
JP-Tower, 2-7-2, Marunouchi, Chiyoda-ku, Tokyo, 100-0005, Japan  
email: mufg-group-helpline\_kansaiinkai\_PF@mufg.jp
- Information of the whistleblower or complainant, and persons involved, will be treated as confidential; it cannot be accessed by unrelated persons and, if necessary, shall be disclosed subject to laws or permission from the whistleblower or complainant and only to the person(s) involved.

- All investigation processes are carried out without delay and with fair consideration. Krungsri will collect information from whistleblowers or complainants, coordinate with the functions involved, track progress, and report the results of the investigation to the whistleblower or the complainant in case the identity of the whistleblower or the complainant is known, including reporting the results of operations to the executives and committees involved, as the case may be. Any clues or complaints related to senior management will be reported to the President and Chief Executive Officer. In cases involving the President and Chief Executive Officer, the Chairman of the Board of Directors shall receive the report.
- Krungsri strictly prohibits any retribution, persecution, or harassment against whistleblowers or persons involved in the examining process. Any acts of retribution will result in a severe disciplinary action, including termination of employment.
- Providing false whistleblowing or complaints, falsifying, distorting, or destroying evidence, suppressing the investigation of relevant facts, and obstruction of investigation by the competent authority is considered a violation of the Bank's disciplinary measures and may be considered an illegal act.
- In 2022, Krungsri received whistleblowing on matters that may be considered an act of fraud or a violation of the law and regulations, The Spirit & The Letter (S&L), policies, and procedures including the directive on Good Corporate Governance Principles and business ethics through the abovementioned whistleblowing channels, for a total of 15 issues (information from December 21, 2021, to December 31, 2022), which can be summarized as follows:

**1. Investigations were conducted and completed for 15 issues,** divided into:

- No issues of compliance with laws, policies, procedures, or business ethics
- Other issues, e.g., improper performance of duties, inappropriate behavior, and unfair compensation: a total of 15 issues

**2. No complaints regarding human rights still pending**

Krungsri has not received any complaints, reports, or lawsuits regarding human rights issues arising from the activities and business operations of Krungsri Group that are still in process.

## REPORT ON THE PERFORMANCE OF THE COMMITTEES REPORTING TO THE BOARD OF DIRECTORS (DIRECTOR LEVEL) IN THE PAST YEAR

### ▶ AUDIT COMMITTEE

The Audit Committee performed duties within the scope and responsibilities specified in the Charter of the Audit Committee as assigned by the Board of Directors. In 2022, there were 13 meetings in total, including meetings with the management, senior executives from relevant groups, and internal auditor, as well as a meeting with the auditor specifically without the management. The meeting attendance of the individual Audit Committee members appears in the topic, 'Meetings of the Directors'.

In addition, the Audit Committee reported the results of each meeting to the Board of Directors for acknowledgement, which covers the following matters:

1. Financial reports
2. Internal control system and internal audit
3. Related-party transactions or transactions that may create conflicts of interest
4. Good governance
5. Risk management
6. Compliance with regulatory requirements
7. External auditor
8. Others

### ▶ OTHER COMMITTEES

Committees reporting to the Board of Directors (Director level), i.e., the Nomination and Remuneration Committee, the Risk and Compliance Committee, and the Sustainability Committee, for which the President and Chief Executive Officer serves as Chairman, have performed duties as assigned by the Board of Directors as stipulated in the committee charters. In 2022, each subcommittee held a meeting and reported its operations to the Board of Directors each time; the meeting attendance of each committee member appears in the Annual Registration Statement/Annual Report (Form 56-1 One Report) under the topic, 'Management Structure'.

Details of the report on the performance of the committees reporting to the Board of Directors (Director level) in the past year are shown in Attachments 6, 8, and 9.



## REMUNERATION OF DIRECTORS AND EXECUTIVES

(as per definitions determined by the SEC)

- **Remuneration of Directors:** The Bank has established clear and transparent policies related to directors' remuneration which is comparable to the level paid in the industry and the remuneration has been approved by the shareholders' meeting. Directors appointed as members of the Audit Committee, the Nomination and Remuneration Committee, or the Risk and Compliance Committee receive additional compensation commensurate with the increased workload.
- **Remuneration of executives:** Remuneration of executives is in accordance with the principles and policies set by the Board of Directors and linked to business performance of the Bank and their individual performance.
- **Remuneration in 2022:** Remuneration paid by the Bank in 2022 to directors and executives is as per the following details:
  - ▶ **Cash remuneration**
    - (1) Total directors' remuneration (retainer fee, other annual compensation, and attendance fee) of the 16 directors amounts to 67,390,933.33 baht. Details of the remuneration paid to each director are as follows:

Unit: Baht

List of Directors	Remuneration of the Board of Directors			Remuneration of the Audit Committee	Remuneration of the Nomination and Remuneration Committee	Remuneration of the Risk and Compliance Committee	Total Remuneration
	Retainer fee	Attendance fee	Other Annual Compensation				
Non-Executive Directors							
1. Mr. Karun Kittisataporn - Chairman of the Board of Directors	3,873,600.00	1,724,700.00	2,409,000.00	-	-	-	8,007,300.00
2. Mr. Takanori Sazaki <sup>1/</sup> - Vice Chairman - Member of the Nomination and Remuneration Committee	1,753,566.67	845,566.67	888,100.00	-	464,333.33	-	3,951,566.67
3. Mr. Hisashi Kanamori <sup>2/</sup> - Member of the Risk and Compliance Committee	3,084,933.34	1,483,666.67	1,542,466.66	-	-	1,029,000.00	7,140,066.67
4. Mr. Pornsanong Tuchinda <sup>3/</sup> - Member of the Risk and Compliance Committee	2,577,000.00	1,240,500.00	1,288,500.00	-	-	567,000.00	5,673,000.00
5. Mr. Jiro Omori <sup>4/</sup> - Member of the Risk and Compliance Committee	1,169,933.33	563,500.00	584,966.67	-	-	375,666.67	2,694,066.67
6. Ms. Daisuke Ejima <sup>5/</sup> - Vice Chairman - Member of the Nomination and Remuneration Committee	1,459,733.33	703,033.33	740,600.00	-	375,666.67	-	3,279,033.33
7. Ms. Junko Kawano <sup>6/</sup> - Director	818,133.33	393,333.33	409,066.67	-	-	-	1,620,533.33
8. Ms. Nopporn Tirawattanagool - Member of the Nomination and Remuneration Committee - Member of the Risk and Compliance Committee	2,577,000.00	1,240,500.00	1,288,500.00	-	840,000.00	840,000.00	6,786,000.00
9. Mr. Virat Phairatphiboon <sup>7/</sup> - Chairman of the Risk and Compliance Committee - Member of the Audit Committee - Member of the Nomination and Remuneratio Committee	2,577,000.00	1,240,500.00	1,288,500.00	273,400.00	840,000.00	908,000.00	7,127,400.00
Independent Directors							
10. Ms. Potjanee Thanavaranit <sup>8/</sup> - Chairman of the Audit Committee	818,133.33	393,333.33	409,066.67	287,133.33	-	-	1,907,666.66

Unit: Baht

List of Directors	Remuneration of the Board of Directors			Remuneration of the Audit Committee	Remuneration of the Nomination and Remuneration Committee	Remuneration of the Risk and Compliance Committee	Total Remuneration
	Retainer fee	Attendance fee	Other Annual Compensation				
11. Dr. Jamlong Atikul - Chairman of the Nomination and Remuneration Committee - Member of the Audit Committee	2,577,000.00	1,240,500.00	1,288,500.00	840,000.00	908,400.00	-	6,854,400.00
12. Ms. Tongurai Limpiti <sup>9/</sup> - Chairman of the Audit Committee - Member of the Risk and Compliance Committee	2,577,000.00	1,240,500.00	1,288,500.00	896,000.00	-	273,700.00	6,275,700.00
13. Dr. Wittaya Watcharawittayakul <sup>10/</sup> - Member of the Audit Committee	1,765,800.00	850,500.00	882,900.00	567,000.00	-	-	4,066,200.00
14. Prof. Dr. Sakda Thanitcul <sup>11/</sup> - Member of the Audit Committee	872,000.00	420,000.00	436,000.00	280,000.00	-	-	2,008,000.00
<b>Executive Directors *</b>							
15. Mr. Seiichiro Akita	-	-	-	-	-	-	-
16. Ms. Duangdao Wongpanitkrit	-	-	-	-	-	-	-

**Remark:** \* Executive directors are not entitled to remuneration paid to directors.

<sup>1/</sup> End of tenure effective on July 20, 2022

<sup>2/</sup> End of tenure effective on July 20, 2022

<sup>3/</sup> Appointed as Director/Member of the Risk and Compliance Committee effective on January 1, 2022

<sup>4/</sup> Appointed as Director/Member of the Risk and Compliance Committee effective on July 20, 2022

<sup>5/</sup> Appointed as Vice Chairman (authorized signatory) / Member of the Nomination and Remuneration Committee effective on July 20, 2022

<sup>6/</sup> End of tenure effective on April 29, 2022

<sup>7/</sup> Ceased to serve as Audit Committee Member effective on April 28, 2022

<sup>8/</sup> End of tenure effective on April 29, 2022

<sup>9/</sup> Appointed as Chairman of the Audit Committee and ceased to serve as Member of the Risk and Compliance Committee effective on April 28, 2022

<sup>10/</sup> Appointed as Independent Director/Member of the Audit Committee effective on April 28, 2022

<sup>11/</sup> Appointed as Independent Director/Member of the Audit Committee effective on September 1, 2022

(2) The Executive Committee is not paid any remuneration.

(3) The total executives' remuneration paid in 2022 are as follows:

- (3.1) Remuneration in the form of salary and bonus paid to the executives as defined by the Capital Market Supervisory Board, i.e. President and Chief Executive Officer, executives at Executive Vice President level and above who report directly to the President and Chief Executive Officer, Chief Financial Officer, and any persons assigned to act on behalf of the aforesaid positions totaling 17 persons, amounts to 238,098,621.22 baht.
- (3.2) Remuneration in the form of salary and bonus paid to the executives as defined by the Bank of Thailand, i.e. executives at Executive Vice President level and above, totaling 99 persons, amounts to 889,583,348.42 baht.

**Remark:** - 10 executives newly joined/appointed during the year  
- 10 executives resigned from Krungsri during the year

## ► Other remuneration

Directors and executives are entitled to receive other benefits and welfare in accordance with Krungsri's regulations. Directors are entitled to receive medical benefits, annual health check-up, and company car. Krungsri executives are entitled to receive other benefits and welfare, i.e. medical benefits, health check-up, life and accident insurance,

staff loans, social security contribution and provident fund contribution. In 2022, the Bank's provident fund contribution for executives under item (3.1) was 10,613,750.40 baht in total while the provident fund contribution for executives under item (3.2) was 41,380,846.64 baht in total. In addition, Krungsri does not provide any non-cash remuneration such as shares/warrants to executives.

## PERSONNEL

### ▶ NUMBER OF EMPLOYEES

As of December 31, 2022, Krungsri had a total number of 13,760 employees, which could be classified into 4,286 males and 9,474 females; and classified by education level into Lower than Bachelor's Degree 158 persons, Bachelor's Degree 9,940 persons, and Master's Degree and Higher 3,662 persons. Also, they could be classified by functional groups as follows:

	No. of employees (person)
<b>Executives (Executive Vice President and above)</b>	<b>93</b>
<b>JPC/MNC Banking</b>	<b>169</b>
<b>Retail and Consumer Banking</b>	<b>1</b>
Krungsri Auto Group	1,744
Krungsri Consumer Group	0
Distribution Group	5,826
Retail Products and Marketing Group	242
High Net-Worth Division	23
Mass Retail Division	58
Retail and Consumer Banking Strategy Division	6
Regional Business Division	2
<b>Information and Digital</b>	<b>0</b>
Information Technology Group	674
Digital Innovation and Data Group	252
IT Security Division	43
IT and Digital Delivery Management Division	128
IT and Digital Strategy Management Division	35
<b>Office of the President and Chief Executive Officer</b>	<b>0</b>
<b>Corporate and Investment Banking Group</b>	<b>339</b>
<b>SME Banking Group</b>	<b>752</b>
<b>Transaction Banking Group</b>	<b>167</b>
<b>Operations Group</b>	<b>1,324</b>
<b>Credit Underwriting Group</b>	<b>260</b>
<b>Global Markets Group</b>	<b>114</b>
<b>Internal Audit Group</b>	<b>179</b>
<b>Risk Management Group</b>	<b>459</b>
<b>Corporate Strategy and Planning Group</b>	<b>354</b>
<b>Finance Group</b>	<b>189</b>
<b>Human Resources Group</b>	<b>204</b>
<b>Legal Group</b>	<b>24</b>
<b>Compliance Group</b>	<b>82</b>
<b>Corporate Secretariat Department</b>	<b>17</b>

### ▶ CHANGE IN THE NUMBER OF EMPLOYEES

In 2022, the number of employees of Krungsri decreased by approximately 2.36 percent when compared to the previous year. There is no significant matter relating to labor dispute during the past three years.

### ▶ EMPLOYEE REMUNERATION

The total remuneration of 13,760 employees in 2022 was 14,713,163,492.78 baht, consisting of salary, bonus, economic assistance, and provident fund contribution.

Krungsri has determined remuneration and fringe benefit policies as follows:

- Krungsri would provide fair and competitive remunerations compared with those of other banks and leading companies based on Krungsri's criteria and the remuneration survey results from the country's leading firms in human resources consultation.
- Krungsri would provide fringe benefits in line with employees' needs such as annual leave, life and health insurance, provident fund, and employee scholarships.

### ▶ HUMAN RESOURCES DEVELOPMENT

Krungsri fully recognizes that our human capital is an invaluable asset and a key factor that propels Krungsri toward attainment of our short- and long-term goals. With that in mind, we focus on promoting people excellence to enhance individual performance and support the organization to effectively leverage and ride the digital wave. We prepare our personnel to address the changes in the 'next normal' era and encourage innovation to enhance employee productivity and competitiveness to achieve sustainable business growth. On top of that, we have attached importance to upskilling and reskilling, and providing our human capital with opportunities for personal development and career advancement, amid the challenges of business and technological revolution.

In 2022, Krungsri designed six learning programs for Krungsri executives and staff as follows:

1. **Achieving Everyday Success:** To develop fundamental skills to support employees in delivering results smoothly and achieving success in everyday working life. The program covers content including Krungsri Core Values and leadership competencies.
2. **Striving Beyond Your Best:** To support employees in enhancing their skills to deliver improved results through increased personal, team, and business effectiveness.

3. **Getting Ready for the Future:** To upskill/reskill as well as to prepare human capital for their professional development and career advancement through developing mindset, broadening knowledge, and enhancing necessary skills. Also, the program focuses on creating well-rounded employees who can demonstrate creativity in their work to create an innovative organization and increase productivity at the individual, team, and organizational levels to maximize the value and strengthen business competitiveness for the organization to achieve sustainable business growth. The program includes Data Analytics Bootcamp 2022 and Personalized Data Development Track under the Krungsri School of Data to enhance skills in data analytics to improve decision-making and increase business value for the organization, as well as the Krungsri School of Digital and Tech to enhance digital and technology skills, etc.
4. **Winning Business Challenges:** To broaden knowledge necessary for learners to keep pace with and win business challenges.
5. **Growing Expertise:** To enhance specific expertise and professionalism as well as service excellence of specific groups of employees in order to support Krungsri toward becoming a customer-centric organization that delivers the best customer experience.
6. **Leading to the NEXT Level:** To prepare talents and successors to grow further to the next career level and lead the organization toward sustainable growth. The program includes the 'TRANSCEND' and 'TRANSITION' executive development programs, and 'People Manager 101' to deepen managers' understanding of the People Manager role in managing a team, promoting compliance culture, and fostering Krungsri culture. Furthermore, People Managers' Toolkits have been developed to equip managers with tools for managing a team and promoting a positive employee experience. Focus is also given to succession planning for critical positions and formulation of individual development plans, etc.

Krungsri also offers our people an opportunity to develop and grow in their careers amid the business challenges and technological revolution. We encourage all our executives and staff to enhance their competencies through various modern learning channels with a variety of learning formats that can effectively cater to different learning styles and needs, as well as digital learning solutions available on various platforms to effectively respond to continuous personal development and skill enhancement and learning agility development in a convenient manner, anytime and anywhere. Also, we attach importance to instilling a growth mindset in all of our executives and staff to encourage them to enjoy learning new things and continuously improve themselves as

well as efficiently adapt to the hybrid work environment. In 2022, Krungsri employees received 58.44 hours of training on average.

In addition to creating people excellence, Krungsri has designed learning programs that reinforce good corporate citizenship, fostering ethical behaviors and responsibility to stakeholders, society, and the environment, including courses on personal data protection, IT security, anti-money laundering & combating financing of terrorism (AML/CFT), good corporate governance principles, Environmental, Social, and Governance (ESG) for Sustainable Growth, ESG: The Great Future of the Banking Industry, occupational health, safety, and environment, etc. Moreover, the Wholeness of Being (Health & Fitness, Mental & Emotional, Wealthy, Work Environment, Purpose & Spiritual) program has been specifically developed to ensure the physical and mental fitness of our employees so that they could enjoy every aspect of their lives, resulting in overall work efficiency and effectiveness for the organization. The program includes courses on maintaining physical and mental fitness during COVID-19, how to be healthy, work-life integration, wealth management in the 'next normal' era, provident fund, etc.

In 2022, Krungsri continued to emphasize the use of technology to deliver integrated and effective learning and development to our human capital including talents and successors. An individual development plan has been established for each Krungsri executive. In addition to competency-based management, Krungsri also designs career development plans to provide Krungsri executives opportunities to gain critical experiences that are crucial for them to further take on key roles in the organization.

## AUDITOR'S FEE

### 1. Audit fees\*

The Bank and its affiliates paid audit fees as the following:

- To the Bank's auditors of 30,222,000 baht and LAK 220,378,000.
- To auditing firms, individuals or businesses whom the Bank's auditors employed, USD 101,500 and LAK 327,307,000.

### 2. Other audit fee

The Bank paid other audit fee for special purpose audit engagement audit to the Bank's auditors, in year 2022, sum of 30,000 baht, and in the future, an additional sum of 50,000 baht will be paid for services in year 2022 agreed upon but not yet fully provided.

**Remark:** \* Audit fees do not include other actual expenses, such as transportation and per diem payments.



# SUMMARY OF MAJOR RELATED PARTY TRANSACTIONS WITH INDIVIDUALS OR RELATED BUSINESS ENTITIES

As of December 31, 2022

No	Related Companies	Unit: Million baht														
		Interbank and market items (Assets)	Investment	Loans and accrued interest receivables	Derivatives (Assets)	Premises and equipment, net	Other assets	Deposits	Interbank and market items (Liabilities)	Derivatives (Liabilities)	Debt issued and borrowings	Provisions	Other liabilities	Derivatives (Notional amount)	Contingent Liabilities	Relationship
1	AGC Technology Solutions (Thailand) Co., Ltd.	-	-	-	-	-	-	55.00	-	-	-	-	-	-	-	C
2	Aiya (Thailand) Company Limited	-	-	-	-	-	-	10.60	-	-	-	-	-	-	-	C
3	Altech Asia Pacific Co., Ltd.	-	-	-	-	-	-	22.50	-	-	-	-	-	1.70	0.20	C
4	Asahi Kokusai Technelon (Thailand) Co., Ltd.	-	-	-	-	-	-	6.50	-	-	-	-	-	-	-	C
5	BBTV Equity Co., Ltd.	-	-	-	-	27.00	15.10	2,191.70	-	-	-	-	29.70	-	7.40	B
6	Banco MUFG Brasil S.A.	-	-	-	-	-	-	-	1.00	-	-	-	-	-	-	C
7	Bangkok Broadcasting & T.V. Co., Ltd.	-	-	-	-	-	-	6,951.10	-	-	-	0.10	2.90	-	32.90	B
8	Bangkok MUFG Limited	-	-	-	-	-	-	257.50	-	-	-	-	-	-	-	C
9	Bangkok Mitsubishi HC Capital Co., Ltd.	-	-	3,373.90	173.40	-	-	20.10	-	59.90	-	-	-	6,527.80	-	C
10	BBTV Asset Management Co., Ltd.	-	-	-	-	-	-	111.40	-	-	-	-	-	-	-	B
11	BBTV New Media Co., Ltd	-	-	0.50	-	-	-	62.80	-	-	-	-	-	-	-	B
12	BBTV Productions Co., Ltd.	-	-	-	-	-	-	40.00	-	-	-	-	-	-	-	A
13	BBTV Satelvision Co., Ltd.	-	-	-	-	-	-	320.20	-	-	-	-	-	-	-	A
14	Belle Assets Company Limited	-	-	-	-	-	-	24.10	-	-	-	-	-	-	-	B
15	Ben Decs Company Limited	-	-	-	-	-	-	0.60	-	-	-	-	-	-	-	A
16	BOT Lease (Thailand) Company Limited	-	-	1,246.60	24.10	-	-	133.20	-	11.40	-	-	-	2,245.90	-	C
17	B-Quik Company Limited	-	-	-	-	-	-	2.10	-	-	-	-	-	-	-	C
18	MUFG Holding (Thailand) Co., Ltd.	-	-	-	-	-	-	1,294.70	-	-	-	-	0.10	-	-	C
19	MUFG Participation (Thailand) Co., Ltd.	-	-	-	-	-	-	382.60	-	-	-	-	0.10	-	-	C
20	C.K.R. Company Ltd.	-	-	-	-	-	-	146.00	-	-	-	-	-	-	-	B
21	CKS Holding Co., Ltd.	-	-	-	-	-	-	242.00	-	-	-	-	-	-	-	B
22	Conwood Co., Ltd.	-	-	0.20	-	-	-	20.70	-	-	-	1.70	-	-	0.60	B
23	Cyber Venture Company Limited	-	-	-	-	-	-	94.90	-	-	-	-	-	-	-	A
24	Daiki Engineering Thai Co., Ltd.	-	-	-	-	-	-	1.70	-	-	-	-	-	-	-	C
25	Dherakupt International Law Office Ltd.	-	-	-	-	-	-	16.00	-	-	-	-	-	-	-	B
26	Eastern Star Real Estate Public Company Limited	-	-	-	-	-	-	172.30	-	-	-	0.10	-	-	-	B
27	Eastern Star Resort Co., Ltd.	-	-	-	-	-	-	8.70	-	-	-	-	-	-	-	B
28	Easy Buay Public Company Limited	-	-	4,666.20	30.70	-	-	40.10	-	9.40	-	-	-	2,900.00	-	C
29	Exclusive Senior Care International Co., Ltd.	-	-	-	-	-	-	147.30	-	-	-	-	-	-	-	A
30	Federal Air Services Co., Ltd.	-	-	-	-	-	-	4.80	-	-	-	-	1.10	-	3.50	D

No.	Related Companies	Interbank and money items (Assets)	Investment	Loans and accrued interest receivables	Derivatives (Assets)	Premises and equipment, net	Other assets	Deposits	Interbank and money items (Liabilities)	Derivatives (Liabilities)	Debt issued and borrowings	Provisions	Other liabilities	Derivatives (Notional amount)	Contingent liabilities	Relationship
31	Federal Aviation Co., Ltd.	-	-	-	-	-	-	1.70	-	-	-	-	0.30	-	3.50	D
32	Federal Travel International Co., Ltd.	-	-	-	-	-	-	25.50	-	-	-	-	1.10	-	47.30	D
33	Fujichemi Co., Ltd.	-	-	-	-	-	-	0.20	-	-	-	-	-	-	-	C
34	GL Assets Co., Ltd.	-	-	-	-	-	-	1,851.10	-	-	-	-	0.10	-	-	B
35	Grand Canal Land Public Company Limited	-	-	-	-	-	-	80.20	-	-	-	-	-	-	-	B
36	Grand Fortune Limited	-	-	-	-	-	-	41.10	-	-	-	-	-	-	-	B
37	Grand Lam Luang Co., Ltd.	-	-	-	-	-	-	6.30	-	-	-	-	-	-	-	A
38	Great Fortune Equity Company Limited	-	-	-	-	-	-	130.60	-	-	-	-	0.10	-	1.10	B
39	Horkos (Thailand) Co., Ltd.	-	-	-	-	-	-	8.80	-	-	-	-	-	-	-	C
40	Insee Digital Co., Ltd.	-	-	-	-	-	-	93.90	-	-	-	-	-	-	-	B
41	Insee Eco Cycle Co., Ltd.	-	-	-	-	-	-	32.20	-	-	-	-	-	-	-	B
42	Insee Super Block Co., Ltd.	-	-	-	-	-	-	35.00	-	-	-	2.20	-	-	2.40	B
43	Iriso Electronics (Thailand) Ltd.	-	-	-	-	-	-	55.10	-	-	-	-	-	-	-	C
44	ITBC Business Consultant Group Co., Ltd.	-	-	-	-	-	-	0.20	-	-	-	-	-	-	-	A
45	Iwatani Gas And Machinery (Thailand) Ltd.	-	-	-	-	-	-	1.40	-	-	-	-	-	-	-	C
46	Japan Electrical Testing Laboratory (Thailand) Co., Ltd.	-	-	-	-	-	-	22.30	-	-	-	-	-	-	-	C
47	JBCC (Thailand) Co., Ltd.	-	-	-	-	-	-	7.00	-	-	-	-	-	-	-	C
48	JCI (Thailand) Company Limited	-	-	-	-	-	-	11.20	-	-	-	-	-	-	-	C
49	K R & Associates Co., Ltd.	-	-	-	-	-	-	15.60	-	-	-	-	-	-	-	B
50	K R O Co., Ltd.	-	-	-	-	-	-	49.10	-	-	-	-	0.10	-	10.40	C
51	K. Group Co., Ltd.	-	-	-	-	-	-	50.30	-	-	-	-	-	-	-	B
52	K.S. Fortune Co., Ltd.	-	-	-	-	-	-	1.00	-	-	-	-	-	-	-	A
53	Kawata (Thailand) Co., Ltd.	-	-	-	-	-	-	14.60	-	-	-	-	-	-	-	C
54	Khao Kheow Country Club Co., Ltd.	-	-	-	-	-	-	8.20	-	-	-	-	-	-	0.50	B
55	Kose (Thailand) Co., Ltd.	-	-	-	-	-	-	2.80	-	-	-	-	-	-	-	C
56	Kumon (Thailand) Co., Ltd.	-	-	-	-	-	-	0.30	-	-	-	-	-	-	-	C
57	Kyudenko (Thailand) Co., Ltd.	-	-	-	-	-	-	1.10	-	-	-	-	-	-	-	C
58	Lanna Resources Public Company Limited	-	-	-	-	-	-	901.10	-	-	-	-	0.30	-	50.00	B
59	Mahakij Holding Co., Ltd.	-	-	-	-	-	-	368.90	-	-	-	-	-	-	-	D
60	Management Solutions Company Limited	-	-	-	-	-	-	0.20	-	-	-	-	-	-	-	D
61	Marubeni Software And Technology (Thailand) Co., Ltd.	-	-	-	-	-	-	1.70	-	-	-	-	-	-	-	C
62	Maruha Holdings (Thailand) Co., Ltd.	-	-	-	-	-	-	0.30	-	-	-	-	-	-	-	C

Unit: Million baht

No.	Related Companies	Interbank and money items (Assets)	Investment	Loans and accrued interest receivables	Derivatives (Assets)	Premises and equipment, net	Other assets	Deposits	Interbank and money items (Liabilities)	Derivatives (Liabilities)	Debt issued and borrowings	Provisions	Other liabilities	Derivatives (Notional amount)	Contingent liabilities	Relationship
63	Media Studio Company Limited	-	-	-	-	-	-	1,003.90	-	-	-	-	260	-	2.00	B
64	Meiji (Thailand) Co., Ltd.	-	-	-	-	-	-	93.30	-	-	-	-	-	-	-	C
65	Meiko Trans (Thailand) Co., Ltd.	-	-	-	-	-	-	164.50	-	-	-	-	-	5.50	1.70	C
66	MUFG Securities Asia Limited	-	-	-	-	-	-	-	0.10	-	-	-	-	-	-	C
67	MUFG Securities EMEA plc London	-	-	-	-	-	-	-	0.10	-	-	-	-	-	-	C
68	Mitsubishi UFJ Trust and Banking Corporation	-	-	-	-	-	-	-	3,912.40	-	-	-	146.00	-	-	C
69	Thai MHC Co., Ltd.	-	-	-	-	-	-	14.60	-	-	-	-	-	-	-	C
70	Nadex (Thailand) Co., Ltd.	-	-	-	-	-	-	37.90	-	-	-	-	-	-	-	C
71	Nichidai Asia Co., Ltd.	-	-	-	-	-	-	25.10	-	-	-	-	-	-	-	C
72	Nissan Trading (Thailand) Co., Ltd.	-	-	-	-	-	-	457.30	-	-	-	-	0.20	-	-	C
73	Omori (Thailand) Co., Ltd.	-	-	-	-	-	-	5.30	-	-	-	-	-	-	-	C
74	OTC Daihen Bangkok Co., Ltd.	-	-	-	-	-	-	28.50	-	-	-	-	-	-	-	C
75	Phokeethra Resort & Spa Co., Ltd.	-	-	-	-	-	-	1.00	-	-	-	-	-	-	-	D
76	Pola Cosmetics (Thailand) Co., Ltd.	-	-	-	-	-	-	18.30	-	-	-	-	-	-	-	C
77	PPNS Associate Company Limited	-	-	-	-	-	-	0.20	-	-	-	-	-	-	-	D
78	Ratanaraks Co., Ltd.	-	-	-	-	-	-	733.30	-	-	-	-	-	-	-	B
79	Ryokosha (Thailand) Co., Ltd.	-	-	-	-	-	-	0.10	-	-	-	-	-	-	-	C
80	Ryosho Engineering (Thailand) Co., Ltd.	-	-	-	-	-	-	21.20	-	-	-	-	-	-	-	C
81	Sankyo International Trading (Thailand) Co., Ltd.	-	-	-	-	-	-	0.10	-	-	-	-	-	-	-	C
82	Sato Auto-id (Thailand) Co., Ltd.	-	-	-	-	-	-	125.70	-	-	-	-	-	-	4.50	C
83	Sato Holding (Thailand) Co., Ltd.	-	-	-	-	-	-	17.00	-	-	-	-	-	-	-	C
84	Sekisui Plant (Thailand) Company Limited	-	-	-	-	-	-	16.80	-	-	-	-	-	-	-	C
85	Shinko Microelectronics (Thailand) Co., Ltd.	-	-	-	-	-	-	15.90	-	-	-	-	-	-	-	C
86	Siam City Cement Public Company Limited	-	-	2,001.30	0.40	-	-	227.10	-	-	-	0.20	0.10	170.90	30.10	B
87	Siam City Cement Trading Company Limited	-	-	0.30	-	-	-	17.50	-	-	-	0.10	-	-	-	B
88	Siam City Concrete Co., Ltd.	-	-	0.10	-	-	-	121.50	-	-	-	-	0.10	-	11.60	B
89	Siam City Power Co., Ltd.	-	-	-	-	-	-	19.10	-	-	-	-	-	-	-	B
90	Siam Marubeni International Co., Ltd.	-	-	-	-	-	-	1.00	-	-	-	-	-	-	-	C
91	Siam Purimongkol Co., Ltd.	-	27.70	-	-	-	-	126.00	-	-	-	-	0.10	-	0.40	B
92	Stronghold Assets Co., Ltd.	-	-	-	-	-	-	290.10	-	-	-	-	-	-	-	B
93	Sunrise Equity Co., Ltd.	-	-	-	-	-	-	73.80	-	-	-	-	-	-	-	B
94	Super Assets Co., Ltd.	-	-	-	-	-	-	326.90	-	-	-	-	-	-	8.10	B
95	Suzuyo (Thailand) Ltd.	-	-	-	-	-	-	91.00	-	-	-	-	-	-	2.10	C

No.	Related Companies	Interbank and money items (Assets)	Investment	Loans and accrued interest receivables	Derivatives (Assets)	Premises and equipment, net	Other assets	Deposits	Interbank and money items (liabilities)	Derivatives (liabilities)	Debt issued and borrowings	Provisions	Other liabilities	Derivatives (Notional amount)	Contingent liabilities	Relationship
96	Tak Thai Trading Ltd.	-	-	-	-	-	-	14.30	-	-	-	-	-	-	-	C
97	Thai Agro Energy Public Company Limited	-	-	1,678.10	-	-	-	0.70	-	-	-	0.20	0.10	-	15.60	B
98	Thai Nakorn Patana Company Limited	-	-	-	-	-	-	9.40	-	-	-	-	-	-	-	A
99	Thai Takenaka International Ltd.	-	-	-	-	-	-	829.30	-	-	-	-	0.40	-	-	C
100	The Bangkok Lighters Co., Ltd.	-	-	-	-	-	-	374.30	-	-	-	-	-	-	-	A
101	MUFG Bank (China) Ltd.	118.80	-	-	-	-	-	-	8.30	-	-	-	-	-	-	C
102	MUFG Bank (Malaysia) Berhad	88.50	-	-	-	-	-	-	52.40	-	-	-	-	62.80	-	C
103	MUFG Bank (Europe) NV.	-	-	-	-	-	-	-	130.80	-	-	-	-	-	-	C
104	The Great Luck Equity Company Limited	-	-	-	-	-	-	315.10	-	-	-	-	-	-	-	B
105	The Thai Nishimatsu Construction Co., Ltd.	-	-	-	-	-	-	30.10	-	-	-	-	-	-	-	C
106	The Thai Tapioca Flour Produce Co., Ltd.	-	-	-	-	-	-	58.20	-	-	-	-	-	-	-	A
107	TNP Health Care Co., Ltd.	-	-	-	-	-	-	3.10	-	-	-	-	-	-	-	A
108	Tonson Property Co., Ltd.	-	-	0.80	-	-	-	1.00	-	-	-	-	-	-	-	B
109	Towa Denki (Thai) Co., Ltd.	-	-	-	-	-	-	31.10	-	-	-	-	-	-	-	C
110	Toyota Auto Body Thailand Company Limited	-	-	-	-	-	-	1,302.00	-	-	-	-	0.40	-	-	C
111	Toyota Body Service Co., Ltd.	-	-	-	-	-	-	70.90	-	-	-	-	0.10	-	-	C
112	Trancy Logistics (Thailand) Co., Ltd.	-	-	-	-	-	-	164.90	-	-	-	-	-	-	-	C
113	TSK Engineering (Thailand) Co., Ltd.	-	-	-	0.10	-	-	381.20	-	-	-	-	0.10	12.50	1.40	C
114	Tun Rungrueng Co., Ltd.	-	-	-	-	-	-	305.90	-	-	-	-	-	-	-	B
115	V&V Bangkok Co., Ltd.	-	-	-	-	-	-	1.70	-	-	-	-	-	-	-	A
116	V-Cube (Thailand) Co., Ltd.	-	-	-	-	-	-	1.40	-	-	-	-	-	-	-	C
117	Yushin Precision Equipment (Thailand) Co., Ltd.	-	-	-	-	-	-	13.70	-	-	-	-	-	-	-	C
118	Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A.	-	-	-	-	-	-	-	-	-	-	-	0.10	-	-	C
119	MUFG Bank Turkey Anonim Sirketi	-	-	-	-	-	-	-	-	-	-	-	-	-	-	C
120	Federal Holdings Co., Ltd.	-	-	-	-	-	-	3.70	-	-	-	-	-	-	-	A
121	Vietnam Joint Stock Commercial Bank for Industry and Trade (Vietinbank)	0.10	-	-	-	-	-	-	-	-	-	-	-	-	-	C
122	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	-	-	-	-	-	-	-	0.20	-	-	-	-	-	-	C
123	Sanaru (Thailand) Co., Ltd.	-	-	-	-	-	-	6.10	-	-	-	-	-	-	-	C
124	Hoshisaki (Thailand) Co., Ltd.	-	-	-	-	-	-	23.10	-	-	-	-	-	-	-	C
125	Ryoyo Service (Thailand) Co., Ltd.	-	-	-	-	-	-	19.20	-	-	-	-	-	-	-	C
126	Kikuchi (Thailand) Co., Ltd.	-	-	-	-	-	-	4.00	-	-	-	-	-	-	-	C
127	MU Research And Consulting (Thailand) Co., Ltd.	-	-	-	-	-	-	16.70	-	-	-	-	-	-	-	C

Unit: Million baht



No.	Related Companies	Unit: Million baht														
		Interbank and money items (Assets)	Investment	Loans and accrued interest receivables	Derivatives (Assets)	Premises and equipment, net	Other assets	Deposits	Interbank and money items (Liabilities)	Derivatives (Liabilities)	Debt issued and borrowings	Provisions	Other liabilities	Derivatives (Notional amount)	Contingent liabilities	Relationship
128	Jeol Asia (Thailand) Co., Ltd.	-	-	-	-	-	-	24.50	-	-	-	-	-	-	-	C
129	D-Net Solution Co., Ltd.	-	-	-	-	-	-	0.20	-	-	-	-	-	-	-	A
130	National Digital ID Co., Ltd.	-	10.30	-	-	-	2.50	-	-	-	-	-	-	-	-	A
131	Genghis Holdings Co., Ltd.	-	-	0.70	-	-	-	1.30	-	-	-	-	-	-	-	B
132	Daiso Holdings (Thailand) Co., Ltd.	-	-	-	-	-	-	0.50	-	-	-	-	-	-	-	C
133	Siam Toyo Denki Co., Ltd.	-	-	-	-	-	-	14.00	-	-	-	-	-	-	-	C
134	Shoei Asia Co., Ltd.	-	-	-	-	-	-	16.30	-	-	-	-	-	-	-	C
135	Konica Minolta Solutions & Services (Thailand) Co., Ltd.	-	-	-	-	-	-	3.80	-	-	-	-	-	-	-	C
136	Bangna Auto Sale Co., Ltd.	-	-	0.90	-	-	-	1.70	-	-	0.10	-	-	-	-	A
137	Takeda Printing (Thailand) Co., Ltd.	-	-	-	-	-	-	7.60	-	-	-	-	-	-	-	C
138	MSEK Power Co., Ltd.	-	-	-	-	-	-	10.60	-	-	-	-	-	-	-	C
139	MHC Nishimatsu Property (Thailand) Co., Ltd.	-	-	-	-	-	-	6.00	-	-	-	-	-	-	-	C
140	Iwai Plant Tech (Thailand) Co., Ltd.	-	-	-	-	-	-	4.90	-	-	-	-	-	-	-	C
141	Morgan Stanley And Co.Head Office (London)	-	-	-	-	-	-	-	-	0.20	-	-	-	2,178.80	-	C
142	PT Bank Danamon Indonesia, Tbk	0.30	-	-	-	-	-	-	0.60	-	-	-	-	-	-	C
143	Mitsubishi HC Capital (Thailand) Co., Ltd.	-	-	1,862.00	-	-	-	144.00	-	-	-	-	-	-	-	C
144	Hitachi Channel Solutions (Thailand) Co., Ltd.	-	-	-	-	-	-	-	-	-	-	0.10	-	-	12.10	C
145	SY Solutions Bangkok Co., Ltd.	-	-	-	-	-	-	4.20	-	-	-	-	-	-	-	C
146	A&D Instruments (Thailand) Limited	-	-	-	-	-	-	6.50	-	-	-	-	-	-	-	C
147	MHC Management (Thailand) Co., Ltd.	-	-	-	-	-	-	2.10	-	-	-	-	-	-	-	C
148	LAO Nishimatsu Construction Co., Ltd.	-	-	-	-	-	-	47.80	-	-	-	-	-	-	-	C
149	Smart Factory & Services Holdings (Thailand) Co., Ltd.	-	-	-	-	-	-	2.60	-	-	-	-	-	-	-	C
150	Hitachi Channel Solutions Holding (Thailand) Ltd.	-	-	-	-	-	-	9.30	-	-	-	-	-	-	-	C
151	NOE Asia Pacific Co., Ltd.	-	-	-	-	-	-	2.70	-	-	-	-	-	-	-	C
152	HR Pro Security and Services Co., Ltd.	-	-	-	-	-	-	9.00	-	-	-	-	-	-	-	B
153	IJJ Global Solutions (Thailand) Co., Ltd.	-	-	-	-	-	-	2.20	-	-	-	-	-	-	-	C
154	SS & JJ Co., Ltd.	-	-	-	-	-	-	1.60	-	-	-	-	-	-	-	C
155	BCI (Thailand) Co., Ltd.	-	20.90	-	-	-	-	-	-	-	-	-	-	-	-	A
156	Hattha Kaksekar Financial Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	A
157	Trust Committee of Hattha Kaksekar	-	-	-	-	-	-	-	-	-	-	-	-	-	-	A
158	Security Bank Corporation	-	-	-	-	-	-	-	1.10	-	-	-	-	-	-	C
		207.70	58.90	14,831.60	228.70	27.00	17.60	24,978.70	4,107.90	80.90	267.10	4.70	186.30	14,105.90	249.40	

**Relationship**

A = Director and/or Executive officer of the Bank and/or subsidiaries is appointed as director of the entity and/or hold shares totally equal or greater than 20 percent.

B = Bangkok Broadcasting &amp; T.V. Co., Ltd and/or its related persons hold shares totally equal or greater than 20 percent.

C = BTMU group and/or its related persons hold shares totally equal or greater than 20 percent.

D = The Bank and/or its related persons hold shares totally equal or greater than 20 percent.



# 3

## FINANCIAL STATEMENTS

**REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS****TO THE SHAREHOLDERS AND BOARD OF DIRECTORS  
BANK OF AYUDHYA PUBLIC COMPANY LIMITED****Opinion**

We have audited the consolidated financial statements of Bank of Ayudhya Public Company Limited and its subsidiaries (the “Bank and subsidiaries”) and the Bank’s financial statements of Bank of Ayudhya Public Company Limited (the “Bank”), which comprise the consolidated and Bank’s statements of financial position as at December 31, 2022, and the related consolidated and Bank’s statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and Bank’s financial statements present fairly, in all material respects, the financial position of Bank of Ayudhya Public Company Limited and its subsidiaries and of Bank of Ayudhya Public Company Limited as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”) and Bank of Thailand’s regulations.

**Basis for Opinion**

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Bank’s Financial Statements section of our report. We are independent of the Bank and subsidiaries in accordance with the Code of Ethics for Professional Accountants including Independence Standards issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to our audit of the consolidated and Bank’s financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and Bank's financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and Bank's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	Audit Responses
<p><b>Allowance for expected credit loss</b></p> <p>The allowance for expected credit loss ("ECL") on loans to customers and provisions for loan commitments and financial guarantee contracts are considered to be a matter of most significance as they require the application of judgment, estimation and the use of subjective assumptions by management of the Bank and subsidiaries.</p> <p>The Bank and subsidiaries have applied the Thai Financial Reporting Standard No. 9 - Financial Instruments ("TFRS 9") and related Bank of Thailand (the "BOT")'s regulations. This standard requires the Bank and subsidiaries to recognize impairment loss based on expected credit loss.</p> <p>The ECL is measured based forward-looking information basis by calculating on a probability-weighted credit losses with respective risk of expected cash shortfalls either based on credit events arising in the 12 months from the reporting date or based on credit events arising over the lifetime of the financial instrument; depending on the significant increase in credit risk ("SICR") since initial recognition.</p>	<p>Based on our risk assessment, we established an audit approach including controls and substantive testing as a basis for our opinion. Accordingly, we have performed the following procedures amongst others. Our procedures include:</p> <p>We have assessed the design and implementation as well as operating effectiveness of the controls related to the process and policy for ECL methodology including model monitoring and validation which have been performed by the Bank and its subsidiaries, and post model adjustment of the ECL and; we have assessed the control system in this process, including automated controls in the IT systems.</p> <p>We collectively and individually assessed loans to customers regarding the appropriateness of allowance for expected credit loss and the recognition at the reporting date as follows:</p> <ul style="list-style-type: none"> <li>For the collectively assessed loans to customers, we have performed, among the others, the following procedures: <ul style="list-style-type: none"> <li>With the involvement of our internal specialist, we have analyzed the applied methodology for estimating ECL, including the adequacy of risk parameters applied, model performance testing, post model adjustment and compliance with the requirements of TFRS 9 and the BOT's regulations.</li> <li>Independent recalculation by our internal specialist on sample basis of the value of ECL for selected portfolios in the collective assessment method.</li> </ul> </li> </ul>



Key Audit Matters	Audit Responses
<p><b>Allowance for expected credit loss (continued)</b></p> <p>The post model adjustment may also be recorded by the Bank and subsidiaries using credit expert assumptions and judgment where the inputs, assumptions and/or modelling techniques do not capture all relevant risk factors in respect to the current economic conditions and market circumstances.</p> <p>Accounting policy and related the BOT's regulations for the allowance for expected credit loss, detail of allowance for expected credit loss were disclosed in Notes 4.7, 6.2, 7.9 and 7.42 to the financial statements, respectively.</p>	<ul style="list-style-type: none"> <li>• For the individually assessed loans to customers, we have performed, among the others, the following procedures: <ul style="list-style-type: none"> <li>• We have assessed the appropriateness of the process for identifying indicators of impairment.</li> <li>• We assessed the appropriateness of estimation of allowances for a selected sample of exposures with identified evidence of impairment with respect to the appropriateness of the assumed collateral values and assumptions concerning other cash flows.</li> </ul> </li> <li>• Our audit procedures included reconciliation of the data used in the ECL calculation to confirm the accuracy and completeness of the recognition of loans to customers, loan commitments and financial guarantee contracts that are the basis for the calculation of impairment losses and provision, as well as the value of these ECL and provisions for loan commitments and financial guarantee contracts.</li> <li>• In respect of post model adjustment, based on current economic conditions and market circumstances, our audit procedures included the evaluation of the design and implementation of internal control in this process. We assessed the completeness and appropriateness of the assumptions, input data and performed the calculation of the post model adjustment with support from our internal specialist.</li> </ul> <p>For the IT systems and individual data processing systems used in the ECL calculation, we have assessed the relevant effectiveness of application controls and general IT controls with the involvement of our internal IT specialists.</p>

## **Other Information**

Management is responsible for the other information. The other information comprises information in the annual report, but does not include the consolidated and Bank's financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and Bank's financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and Bank's financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to management and those charged with governance for correction of the misstatement.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated and Bank's Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated and Bank's financial statements in accordance with TFRSs and Bank of Thailand's regulations, and for such internal control as management determines is necessary to enable the preparation of the consolidated and Bank's financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and Bank's financial statements, management is responsible for assessing the Bank and subsidiaries' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank and subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank and subsidiaries' financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated and Bank's Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated and Bank's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and Bank's financial statements.

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and Bank's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank and subsidiaries' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank and subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank and subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and the Bank's financial statements, including the disclosures, and whether the consolidated and Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank and subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and Bank's financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**BANGKOK**  
February 22, 2023

Chavala Tienpasertkij  
Certified Public Accountant (Thailand)  
Registration No. 4301  
**DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.**



**BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2022**

Unit : Thousand Baht

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
ASSETS					
CASH		29,809,734	29,370,777	27,557,900	27,577,248
INTERBANK AND MONEY MARKET ITEMS, NET	7.3	460,919,592	346,816,011	451,780,007	336,834,880
FINANCIAL ASSETS MEASURED AT FAIR VALUE					
THROUGH PROFIT OR LOSS	7.4	998,296	735,901	-	98,188
DERIVATIVES ASSETS	7.5	30,027,490	24,993,090	31,211,473	25,073,637
INVESTMENTS, NET	7.6	145,166,925	182,710,312	142,054,873	179,767,795
INVESTMENTS IN SUBSIDIARIES, ASSOCIATE					
AND JOINT VENTURES, NET	7.7	16,580,435	14,457,378	63,694,747	62,965,806
LOANS TO CUSTOMERS AND ACCRUED					
INTEREST RECEIVABLES, NET	7.8	1,873,490,845	1,816,869,472	1,680,007,809	1,641,530,695
PROPERTIES FOR SALE, NET	7.10	5,212,261	3,273,214	4,825,272	2,790,791
PREMISES AND EQUIPMENT, NET	7.11	31,004,015	30,821,335	28,126,237	28,147,201
GOODWILL AND OTHER INTANGIBLE ASSETS, NET	7.12	16,672,311	17,021,650	3,677,349	3,827,429
DEFERRED TAX ASSETS	7.13	4,248,698	4,510,329	428,675	279,160
OTHER ASSETS, NET	7.14	22,820,220	27,529,161	17,547,129	22,285,756
TOTAL ASSETS		2,636,950,822	2,499,108,630	2,450,911,471	2,331,178,586

Notes to the consolidated and the Bank's financial statements form an integral part of these financial statements

**BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**AS AT DECEMBER 31, 2022**

Unit : Thousand Baht

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
LIABILITIES AND EQUITY					
DEPOSITS	7.15	1,804,692,244	1,779,138,526	1,782,186,063	1,760,331,274
INTERBANK AND MONEY MARKET ITEMS	7.16	289,976,590	202,149,529	272,705,448	186,988,210
LIABILITY PAYABLE ON DEMAND		4,226,086	4,041,826	4,223,431	4,041,362
DERIVATIVES LIABILITIES	7.5	37,340,384	21,671,872	38,722,867	21,729,182
DEBT ISSUED AND BORROWINGS	7.17	98,198,641	118,977,170	67,367,179	90,182,193
PROVISIONS	7.18	10,605,835	12,014,547	8,571,009	9,753,437
DEFERRED TAX LIABILITIES	7.13	1,049,581	1,125,626	-	-
OTHER LIABILITIES	7.19	49,102,437	41,752,882	31,359,593	24,135,702
TOTAL LIABILITIES		2,295,191,798	2,180,871,978	2,205,135,590	2,097,161,360
EQUITY					
SHARE CAPITAL	7.23				
Authorized share capital					
7,574,143,747 ordinary shares of					
Baht 10 each		75,741,437	75,741,437	75,741,437	75,741,437
Issued and paid-up share capital					
7,355,761,773 ordinary shares of					
Baht 10 each		73,557,618	73,557,618	73,557,618	73,557,618
PREMIUM ON ORDINARY SHARES		52,878,749	52,878,749	52,878,749	52,878,749
OTHER RESERVES		2,586,999	4,299,561	3,678,146	5,121,683
RETAINED EARNINGS					
Appropriated					
Legal reserve		7,574,144	7,574,144	7,574,144	7,574,144
Unappropriated		204,321,373	179,205,803	108,087,224	94,885,032
TOTAL BANK'S EQUITY		340,918,883	317,515,875	245,775,881	234,017,226
NON-CONTROLLING INTEREST		840,141	720,777	-	-
TOTAL EQUITY		341,759,024	318,236,652	245,775,881	234,017,226
TOTAL LIABILITIES AND EQUITY		2,636,950,822	2,499,108,630	2,450,911,471	2,331,178,586

Notes to the consolidated and the Bank's financial statements form an integral part of these financial statements

(Mr. Seiichiro Akita)  
President and Chief Executive Officer

(Miss Duangdao Wongpanitkrit)  
Director

**BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

Unit : Thousand Baht

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
		2022	2021	2022	2021
INTEREST INCOME	7.31	105,428,252	99,803,755	72,309,148	68,850,088
INTEREST EXPENSES	7.32	21,650,327	21,823,669	17,472,542	18,606,575
INTEREST INCOME, NET		83,777,925	77,980,086	54,836,606	50,243,513
FEES AND SERVICE INCOME		24,237,147	24,053,016	12,412,266	12,201,227
FEES AND SERVICE EXPENSES		7,292,419	7,201,753	5,518,992	4,962,119
FEES AND SERVICE INCOME, NET	7.33	16,944,728	16,851,263	6,893,274	7,239,108
GAINS ON FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS, NET	7.34	4,732,652	4,095,788	5,031,232	4,391,525
GAINS (LOSSES) ON INVESTMENTS, NET	7.35	(40,035)	10,925,241	(122,035)	11,096,898
SHARE OF PROFIT FROM INVESTMENT USING EQUITY METHOD		1,556,501	1,930,465	-	-
DIVIDEND INCOME		449,744	366,328	3,118,174	6,270,425
BAD DEBTS RECOVERIES		6,728,858	6,586,684	2,953,766	2,459,874
OTHER OPERATING INCOME		2,265,711	4,170,541	1,933,750	2,255,287
TOTAL OPERATING INCOME		116,416,084	122,906,396	74,644,767	83,956,630
OTHER OPERATING EXPENSES					
Employee's expenses		27,142,994	26,717,401	18,894,899	18,655,235
Directors' remuneration		69,617	64,604	63,503	58,716
Premises and equipment expenses		7,397,827	7,194,404	6,029,594	5,907,916
Taxes and duties		2,507,258	2,216,677	1,562,897	1,449,740
Others		13,917,801	12,761,187	7,894,734	7,617,022
Total other operating expenses		51,035,497	48,954,273	34,445,627	33,688,629
EXPECTED CREDIT LOSS	7.36	26,652,373	31,604,341	17,086,724	21,221,407
PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES		38,728,214	42,347,782	23,112,416	29,046,594
INCOME TAX EXPENSES	7.37	7,838,517	8,293,292	4,027,651	4,613,080
<b>NET PROFIT</b>		<b>30,889,697</b>	<b>34,054,490</b>	<b>19,084,765</b>	<b>24,433,514</b>

Notes to the consolidated and the Bank's financial statements form an integral part of these financial statements

**BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

Unit : Thousand Baht					
		CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	Notes	2022	2021	2022	2021
OTHER COMPREHENSIVE INCOME					
Items that will be reclassified subsequently to profit or loss:					
Gain (loss) on investments in debt instruments at fair value					
through other comprehensive income		(1,402,025)	(718,832)	(1,402,025)	(718,832)
Gain (loss) on cash flow hedges		91,671	50,703	(96,949)	50,703
Gain (loss) arising from translating the financial statements					
of foreign operation		208,133	1,167,030	-	-
Share of other comprehensive income of associate and joint venture		(60,996)	5,437	-	-
Income tax relating to components of					
other comprehensive income	7.38	168,577	(102,153)	299,795	133,626
Items that will not be reclassified subsequently to profit or loss:					
Gain (loss) on investments designated at fair value					
through other comprehensive income		(1,092,284)	1,000,767	(652,802)	864,537
Actuarial gain (loss) on defined benefit plans		1,006,446	1,234,956	809,636	1,040,273
Share of other comprehensive income of associate and joint ventures		7,151	(1,507)	-	-
Income tax relating to components of					
other comprehensive income	7.38	17,168	(447,145)	(31,367)	(380,962)
Total other comprehensive income, net		(1,056,159)	2,189,256	(1,073,712)	989,345
TOTAL COMPREHENSIVE INCOME		29,833,538	36,243,746	18,011,053	25,422,859
NET PROFIT ATTRIBUTABLE					
Owners of the Bank		30,712,985	33,794,188	19,084,765	24,433,514
Non-controlling interest		176,712	260,302	-	-
		30,889,697	34,054,490	19,084,765	24,433,514
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
Owners of the Bank		29,655,325	35,988,558	18,011,053	25,422,859
Non-controlling interest		178,213	255,188	-	-
		29,833,538	36,243,746	18,011,053	25,422,859
EARNINGS PER SHARE OF OWNERS OF THE BANK					
BASIC EARNINGS PER SHARE	BAHT	4.18	4.59	2.59	3.32
WEIGHTED AVERAGE NUMBER OF					
ORDINARY SHARES	SHARES	7,355,761,773	7,355,761,773	7,355,761,773	7,355,761,773

Notes to the consolidated and the Bank's financial statements form an integral part of these financial statements

(Mr. Seiichiro Akita)  
President and Chief Executive Officer

(Miss Duangdao Wongpanitkrit)  
Director



Notes to the consolidated and the Bank's financial statements form an integral part of these financial statements

**BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

THE BANK'S FINANCIAL STATEMENTS										Unit : Thousand Baht
Notes	Issued and Paid-up Share Capital	Premium on Share Capital	Other reserves				Retained Earnings		Total	
			Asset Appraisal Surplus	Revaluation Surplus on Investments	Cash Flow Hedging Reserve	Deficit from Business Combination under Common Control	Appropriated Legal Reserve	Unappropriated		
7.23.2	Balance as of January 1, 2021	52,878,749	10,297,818	257,257	(128,811)	(5,217,755)	7,279,800	75,244,537	214,169,213	
	Change in asset revaluation surplus	-	(243,952)	-	-	-	-	243,952	-	
	Fair value through other comprehensive income	-	-	-	-	-	-	(58,025)	(58,025)	
	Dividend payment	-	-	-	-	-	-	(5,516,821)	(5,516,821)	
	Increase in legal reserve	-	-	-	-	-	294,344	(294,344)	-	
7.23.2	Total comprehensive income	-	-	116,563	40,563	-	-	25,265,733	25,422,859	
	Balance as of December 31, 2021	52,878,749	10,053,866	373,820	(88,248)	(5,217,755)	7,574,144	94,885,032	234,017,226	
7.23.2	Balance as of January 1, 2022	52,878,749	10,053,866	373,820	(88,248)	(5,217,755)	7,574,144	94,885,032	234,017,226	
	Change in asset revaluation surplus	-	(223,090)	-	-	-	-	223,090	-	
	Dividend payment	-	-	-	-	-	-	(6,252,398)	(6,252,398)	
	Transfer of investment revaluation reserve upon disposal of equity investments designated as at FVTOCI	-	-	500,973	-	-	-	(500,973)	-	
	Total comprehensive income	-	-	(1,643,861)	(77,559)	(165,807)	(5,217,755)	7,574,144	18,011,053	
7.23.2	Balance as of December 31, 2022	52,878,749	9,830,776	(769,068)	(165,807)	(5,217,755)	7,574,144	108,087,224	245,775,881	

Notes to the consolidated and the Bank's financial statements form an integral part of these financial statements

(Mr. Seichiro Akita)

President and Chief Executive Officer

(Miss Duangdao Wongpanitkrit)

Director

**BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

Unit : Thousand Baht

	<b>CONSOLIDATED</b>		<b>THE BANK'S</b>	
	<b>FINANCIAL STATEMENTS</b>		<b>FINANCIAL STATEMENTS</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income from operating before income tax expenses	38,728,214	42,347,782	23,112,416	29,046,594
Adjustments to reconcile income to cash received (paid)				
from operating activities:				
Depreciation and amortization	4,568,757	4,761,064	3,728,170	3,917,071
Expected credit loss	26,652,373	31,604,341	17,086,724	21,221,407
(Gain) loss on translation in foreign currencies	(2,696,300)	1,772,698	(2,696,300)	1,772,698
Unrealized loss from revaluation of derivatives	12,178,431	3,381,013	12,211,549	3,389,581
Share of profit from investment using equity method	(1,556,501)	(1,930,465)	-	-
(Gain) loss on investments	40,035	(10,925,241)	122,035	(11,096,898)
Increase in discount on investments	476,415	558,215	476,415	558,215
Gain on sales of properties for sale	(999,619)	(1,476,540)	(888,947)	(1,317,486)
Loss on sales of premises and equipment	322,445	209,009	116,437	109,802
Loss on impairment of properties for sale (reversal)	277,051	(58,567)	219,104	(115,584)
Reversal loss on impairment of other assets	(4,613)	(19,479)	(45,697)	(14,941)
Increase (decrease) in other reserves	(661,864)	(806,921)	158,862	272,186
Interest income, net	(83,777,925)	(77,980,086)	(54,836,606)	(50,243,513)
Interest received	104,285,219	98,144,442	71,272,537	67,227,012
Interest paid	(20,010,682)	(22,994,644)	(16,381,382)	(19,912,602)
Dividend income	(449,744)	(366,328)	(3,118,174)	(6,270,425)
Dividends received	449,727	366,328	443,694	364,647
Increase in other accrued expenses	933,559	271,076	1,867,655	251,977
Income tax paid	(6,798,700)	(8,037,612)	(2,973,301)	(4,358,836)
Income from operations before changes in				
operating assets and liabilities	71,956,278	58,820,085	49,875,191	34,800,905
(Increase) decrease in operating assets				
Interbank and money market items	(115,099,038)	180,429,574	(117,024,584)	181,149,010
Financial assets measured at fair value through profit or loss	(262,395)	50,435	96,051	626,763
Loans to customers	(99,493,171)	(100,232,050)	(70,084,553)	(68,701,620)
Properties for sale	16,897,563	24,300,754	15,187,089	22,469,165
Other assets	5,424,902	(200,775)	5,219,897	(175,935)

**BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Unit : Thousand Baht			
	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2022	2021	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)</b>				
Increase (decrease) in operating liabilities				
Deposits	29,784,946	(62,033,789)	26,086,018	(65,558,748)
Interbank and money market items	85,267,555	(51,625,708)	83,993,229	(48,190,956)
Liability payable on demand	240,651	(1,643,145)	238,460	(1,642,734)
Other liabilities	4,827,388	(1,460,207)	3,031,203	(2,196,278)
Net cash from operating activities	(455,321)	46,405,174	(3,381,999)	52,579,572
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sales of investments in securities	65,863,060	81,951,737	65,504,881	77,141,964
Cash paid for purchases of investments in securities	(31,412,933)	(102,114,526)	(30,443,557)	(101,705,879)
Proceeds from sales of investments in joint venture	-	12,696,670	-	12,696,670
Cash paid for investment in subsidiaries and joint venture	(810,941)	(1,545,027)	(810,941)	(3,331,427)
Dividend received from subsidiaries and associate	-	-	2,674,462	5,905,779
Proceeds from sales of premises and equipment	238,268	218,815	94,429	121,202
Cash paid for purchases of premises and equipment	(2,617,835)	(1,823,585)	(2,161,008)	(1,448,224)
Cash paid for purchases of intangible assets	(1,312,901)	(1,184,593)	(1,138,802)	(897,101)
Net cash from investing activities	29,946,718	(11,800,509)	33,719,464	(11,517,016)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from debts issued and borrowings	45,501,864	27,455,784	32,000,000	10,003,333
Repayment of debts issued and borrowings	(65,524,871)	(54,834,278)	(54,894,989)	(46,009,142)
Payment for lease liabilities	(1,640,870)	(1,578,659)	(1,213,611)	(1,256,556)
Dividend payment	(6,311,246)	(5,516,821)	(6,252,398)	(5,516,821)
Net cash from financing activities	(27,975,123)	(34,473,974)	(30,360,998)	(42,779,186)
Total	1,516,274	130,691	(23,533)	(1,716,630)
Effect arising from translating the financial statements of foreign operations	10,845	896,030	-	-
Effect of exchange rate change on cash	4,185	78,460	4,185	78,460
Net increase (decrease) in cash and cash equivalents	1,531,304	1,105,181	(19,348)	(1,638,170)
Cash and cash equivalents as at January 1,	38,717,903	37,612,722	27,577,248	29,215,418
<b>Cash and cash equivalents as at December 31,</b>	<b>40,249,207</b>	<b>38,717,903</b>	<b>27,557,900</b>	<b>27,577,248</b>

Notes to the consolidated and the Bank's financial statements form an integral part of these financial statements

(Mr. Seiichiro Akita)  
President and Chief Executive Officer

(Miss Duangdao Wongpanitkrit)  
Director



**BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

<b>NOTE</b>	<b>CONTENT</b>
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7.36	Expected credit loss
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**NOTE**

**CONTENT**

- 7.39 The agreements related to the transactions of the purchase and receipt the transfer of charter capital in SHBank Finance Company Limited
- 7.40 The acquisition of Capital Nomura Securities Public Company Limited
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**BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**1. GENERAL INFORMATION**

Bank of Ayudhya Public Company Limited (“the Bank”) is a public company registered in the Kingdom of Thailand with its head office located at 1222 Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok. The Bank’s main business is commercial banking and the Bank conducts its business through a network of branches throughout Thailand and other countries. The immediate and ultimate parent company of the Bank are MUFG Bank, Ltd. and Mitsubishi UFJ Financial Group, Inc., respectively, both companies are registered in Japan. As at December 31, 2022 and 2021, the Bank has a total of 23 subsidiaries, associate and joint ventures as follows:

- 1.1 Ayudhya Development Leasing Company Limited was incorporated in Thailand on July 25, 1991, and is located at 550, Krungsri Ploenchit Tower, 14<sup>th</sup> Floor, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary’s main business includes leasing and hire-purchase.
- 1.2 Ayudhya Capital Auto Lease Public Company Limited was incorporated in Thailand on November 27, 1995, and is located at 550, Krungsri Ploenchit Tower, 16<sup>th</sup> Floor, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary’s main business is auto hire-purchase, leasing service and refinancing to individual and corporate customers.
- 1.3 Ayudhya Capital Services Company Limited was incorporated in Thailand on November 9, 1994, and is located at 550, Krungsri Ploenchit Tower, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary’s main business is credit cards and personal loans.
- 1.4 General Card Services Limited was incorporated in Thailand on January 24, 1995, and is located at 550, Krungsri Ploenchit Tower, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary’s main business is credit cards and personal loans.
- 1.5 Krungsriayudhya Card Company Limited was incorporated in Thailand on August 29, 1996, and is located at 550, Krungsri Ploenchit Tower, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary’s main business is credit cards and personal loans.
- 1.6 Siam Realty and Services Security Company Limited was incorporated in Thailand on June 20, 1988, and is located at 1222 Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok. The subsidiary’s main business is car rental services and personnel services.
- 1.7 Total Services Solutions Public Company Limited was incorporated as a public company limited in Thailand on May 19, 1997, and is located at 2/3 Moo 14, Bangna Towers B, Bang Na-Trat Km 6.5 Road, Bang Kaeo Subdistrict, Bang Phli District, Samutprakan. The subsidiary’s main business is collection services.

- 1.8 Krungsri Asset Management Company Limited was incorporated in Thailand on December 19, 1996, and is located at 898, Ploenchit Tower Building, 1<sup>st</sup>-2<sup>nd</sup> Floor zone A, 12<sup>th</sup> and 18<sup>th</sup> Floor zone B, Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary's main business is mutual funds and private fund management.
- 1.9 Krungsri Ayudhya AMC Limited was incorporated in Thailand on August 18, 2000, and is located at 1222 Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok. The subsidiary's main business is to develop, manage and sell non-performing assets and other assets transferred from financial institutions.
- 1.10 Krungsri Securities Public Company Limited was incorporated in Thailand on April 16, 2004, and is located at 898, Ploenchit Tower, 3<sup>rd</sup> Floor, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is a securities business.
- 1.11 Krungsri Nimble Company Limited was incorporated in Thailand on February 1, 2007, and is located at 1222, Bank of Ayudhya Public Company Limited, 21<sup>st</sup> Floor, Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok. The subsidiary's main business is factoring and information technology services.
- 1.12 Krungsri Life Assurance Broker Limited which is 99.99% owned by Ayudhya Capital Services Company Limited, the Bank's subsidiary, was incorporated in Thailand on March 2, 2007, and is located at 550, Krungsri Ploenchit Tower, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is as a life insurance broker.

On January 1, 2023, Krungsri Life Assurance Broker Limited (KLAB) completed the transfer of its life insurance broker business to Krungsri General Insurance Broker Limited (KGIB) at net book value amounting to approximately Baht 0.2 million, having total assets and total liabilities related to its life insurance broker business of Baht 1.3 million and Baht 1.1 million, respectively, on the transfer date, as approved by the Extraordinary General Meeting of Shareholders of KLAB and KGIB No. 1/2022 held on December 13, 2022.

In addition, the Extraordinary General Meeting of Shareholders of KLAB No. 1/2022 approved KLAB to operate new business for money lending with respect to the Civil Commercial Code.

In February 2023, KLAB changed the Company's name from Krungsri Life Assurance Broker Limited to Krungsri Genesis Company Limited.

- 1.13 Krungsri General Insurance Broker Limited which is 99.99% owned by Ayudhya Capital Services Company Limited, the Bank's subsidiary, was incorporated in Thailand on March 2, 2007, and is located at 550, Krungsri Ploenchit Tower, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is as a general insurance broker.
- 1.14 Krungsri Finnovate Company Limited was incorporated in Thailand on March 27, 2017, and is located at 1222, 21<sup>st</sup> Floor, Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok. The subsidiary's main business is venture capital.



- 1.15 Krungsri Leasing Services Company Limited, which is owned by Ayudhya Capital Auto Lease Public Company Limited of 75% and Ayudhya Capital Services Company Limited of 25%, the Bank's subsidiaries, was incorporated in Laos People's Democratic Republic (Lao PDR) on February 18, 2014, and is located at 196, Unit 12, Kamphengmeung Road, Phonthan Village, Saysettha District, Vientiane Capital, Lao PDR. The subsidiary's main business is hire-purchase, leasing and sales finance.
- 1.16 Krungsri Non-Deposit Taking Microfinance Institution Co.,Ltd., which is owned by Krungsri Leasing Services Company Limited of 99.99%, the Bank's subsidiary, was incorporated in Laos People's Democratic Republic (Lao PDR) on February 7, 2020, and is located at 197, Unit 12, Kamphengmeung Road, Phonthan Village, Saysettha District, Vientiane Capital, Lao PDR. The subsidiary's main business is non-deposit taking microfinance.
- 1.17 Hattha Bank Plc. was incorporated in Cambodia in November 1996, and is located at 606, Street 271, Sansam Kosal 3 Village, Sangkat Boeng Tumpun 1, Khan Mean Chey, Phnom Penh, the Kingdom of Cambodia. The subsidiary's main business is banking business.
- 1.18 Hattha Services Company Limited which is 49% owned by Hattha Bank Plc., the Bank's subsidiary. However, the Bank has power to participate in management and control over Hattha Services Company Limited. Accordingly, the voting power held by the Bank is 100%. The company was incorporated in Cambodia in October 8, 2019, and is located at 606, Street 271, Sansam Kosal 3 Village, Sangkat Boeng Tumpun 1, Khan Mean Chey, Phnom Penh, the Kingdom of Cambodia. The subsidiary's main business is lease real estate.
- 1.19 Ngern Tid Lor Public Company Limited ("TIDLOR") was incorporated in Thailand on October 24, 2006, and is located at 428 Ari Hills Building 9<sup>th</sup>-15<sup>th</sup> Floor, Phahonyothin Road, Samsen Nai Subdistrict, Phaya Thai District, Bangkok. The associate's main business is hire-purchase loan for all types of vehicles, non-life insurance broker and life insurance broker.
- 1.20 Lotus's Money Services Limited, which is 49.99% owned by Ayudhya Capital Services Company Limited, the Bank's subsidiary, was incorporated in Thailand on March 2, 2007, and is located at 550, Krungsri Ploenchit Tower, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The joint venture's main business is credit cards and personal loans.
- 1.21 Lotus's Life Assurance Broker Limited, which is 99.99% owned by Lotus's Money Services Limited, the Bank's joint venture, was incorporated in Thailand on March 2, 2007, and is located at 550, Krungsri Ploenchit Tower, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The joint venture's main business is as a life insurance broker.
- 1.22 Lotus's General Insurance Broker Limited, which is 99.99% owned by Lotus's Money Services Limited, the Bank's joint venture, was incorporated in Thailand on March 2, 2007, and is located at 550, Krungsri Ploenchit Tower, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The joint venture's main business is as a general insurance broker.

- 1.23 SB Finance, Inc. (formerly SB Finance Company, Inc.) was incorporated in Philippines in 1960, and is located at Keyland Arnaiz Building, 849 Antonio Arnaiz Avenue, Legazpi Village, Makati City, Philippines. The joint venture's main business is personal loans.

## **2. BASIS FOR PREPARATION OF THE CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS**

- 2.1 The consolidated and the Bank's financial statements have been prepared in accordance with Thai Financial Reporting Standards issued by Federation of Accounting Professions, the regulation of the Thai Securities and Exchange Commission ("SEC") and the Stock Exchange of Thailand ("SET") and the Bank of Thailand ("BOT")'s requirement, where the form of financial statements is based on Thai Accounting Standard No. 1 "Presentation of Financial Statements", including the Procedures, Policies and Presentation in accordance with BOT Notification Sor.Nor.Sor. 21/2561 regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Holding Companies that is the Parent Company of a Financial Group dated October 31, 2018.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies.

The financial statements are presented in Thai Baht, which is the Bank's functional currency. All financial information presented in Thai Baht has been rounded in the financial statements to the nearest thousand and in the notes to financial statements to the nearest million unless otherwise stated.

The Bank prepares its financial statements in the Thai language in conformity with Thai Financial Reporting Standards ("TFRSs") and the Notifications noted above. However, for convenience of readers, the Bank also prepares its financial statements in English language, by translating from the Thai version.

The Bank and its subsidiaries have adopted Accounting Treatment Guidance no.37/2564 on "Guidelines regarding the provision of financial assistance to the debtors who are impacted by the COVID-19", which the objective is to grant the temporary relief measures for entities helping their debtors who are impacted by the COVID-19 with the supporting period during January 1, 2022 to December 31, 2023 or until there are any changes announced from the Bank of Thailand. The entities who elect to apply these temporary relief measures should disclose such fact including the guidelines of credit risk management and its impact on the measurement of expected credit losses in the financial statements.

### **Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective**

On September 26, 2022, the revised TFRSs have been announced in the Royal Gazette which will be effective for the financial statements for the period beginning on or after January 1, 2023, onwards. TFRSs which have been amended and relevant to the Bank and its subsidiaries are as follows:

### Thai Accounting Standard No.37 “Provisions, Contingent Liabilities and Contingent Assets”

The amendments specify that the “cost of fulfilling a contract” comprises the “costs that relate directly to the contract”. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be costs of direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate.

### Thai Financial Reporting Standard No.3 “Business Combinations”

The amendments are to align with the Conceptual Framework for Financial Reporting which is currently effective. In addition, the amendments add requirements that, for obligations within the scope of TAS 37 “Provisions, Contingent Liabilities and Contingent Assets”, an acquirer shall determine whether at the acquisition date a present obligation exists as a result of past events. Also, for a levy that would be within the scope of TFRIC 21 “Levies”, an acquirer shall determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer shall not recognize contingent assets acquired in a business combination.

### Thai Financial Reporting Standard No.9 “Financial Instruments”

The amendment clarifies that in applying the “10 percent” test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The Bank and its subsidiaries management will adopt such TFRSs in the preparation of the Bank and its subsidiaries financial statements when it becomes effective. The Bank and its subsidiaries management has assessed the impact of these TFRSs and considered that the adoption of these financial reporting standards does not have any significant impact on the financial statements of the Bank and its subsidiaries in the period of initial application.

2.2 The consolidated financial statements included the accounts of the head office and all branches of the Bank and its subsidiaries. These subsidiaries are as follows:

Subsidiaries	Business Type	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Bank (%)	
			As at	
			December 31, 2022	2021
Ayudhya Development Leasing Company Limited	Hire-purchase and leasing	Thailand	99.99	99.99
Ayudhya Capital Auto Lease Public Company Limited	Hire-purchase and auto leasing	Thailand	100.00	100.00
Ayudhya Capital Services Company Limited	Credit cards and personal loans	Thailand	100.00	100.00
General Card Services Limited	Credit cards and personal loans	Thailand	100.00	100.00
Krungsriayudhya Card Company Limited	Credit cards and personal loans	Thailand	100.00	100.00
Siam Realty and Services Security Company Limited	Car rental services and personnel services	Thailand	100.00	100.00
Total Services Solutions Public Company Limited	Collection services	Thailand	100.00	100.00
Krungsri Asset Management Company Limited	Fund management	Thailand	86.86	86.86
Krungsri Ayudhya AMC Limited	Asset management	Thailand	100.00	100.00
Krungsri Securities Public Company Limited	Securities	Thailand	99.84	99.84
Krungsri Nimble Company Limited	Factoring and information technology services	Thailand	100.00	100.00
Krungsri Life Assurance Broker Limited <sup>(1)</sup>	Life assurance broker	Thailand	100.00	100.00
Krungsri General Insurance Broker Limited <sup>(1)</sup>	General insurance broker	Thailand	100.00	100.00
Krungsri Finnovate Company Limited	Venture capital	Thailand	100.00	100.00
Krungsri Leasing Services Company Limited <sup>(2)</sup>	Hire-purchase, leasing and sales finance	Lao PDR	100.00	100.00
Krungsri Non-Deposit Taking Microfinance Institution Co., Ltd. <sup>(3)</sup>	Micro finance	Lao PDR	99.99	99.99
Hattha Bank Plc.	Commercial bank	Cambodia	100.00	100.00
Hattha Services Company Limited <sup>(4)</sup>	Lease real estate	Cambodia	100.00	100.00

<sup>(1)</sup> Indirectly holding via Ayudhya Capital Services Company Limited of 100%.

<sup>(2)</sup> Indirectly holding via Ayudhya Capital Auto Lease Public Company Limited of 75% and Ayudhya Capital Services Company Limited of 25%.

<sup>(3)</sup> Indirectly holding via Krungsri Leasing Services Company Limited of 99.99%.

<sup>(4)</sup> The Bank indirectly holds ordinary shares of Hattha Services Company Limited via Hattha Bank Plc. of 49%. However, the Bank has the power to participate in management and control over Hattha Services Company Limited. Accordingly, the voting power held by the Bank is 100%.

All material intercompany transactions and balances have been eliminated.



### 3. ADOPTION OF REVISED THAI FINANCIAL REPORTING STANDARDS

Thai Financial Reporting Standards affecting the presentation and disclosure in the current year financial statements

In 2022, the Bank and its subsidiaries have adopted the revised financial reporting standards issued by the Federation of Accounting Professions which are effective for fiscal years beginning on or after January 1, 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes towards revision of wording and terminology and accounting requirements. The adoption of these financial reporting standards does not have significant impact on the Bank and its subsidiaries' financial statements, except the following item:

#### The Interest Rate Benchmark Reform

In the prior year, the Bank and its subsidiaries adopted the Phase 1 amendments of Interest Rate Benchmark Reform which are the amendments to Thai Financial Reporting Standard No. 7 “Financial Instruments: Disclosures” and Thai Financial Reporting Standard No. 9 “Financial Instruments”. These amendments provide the temporary exceptions from applying specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

In the current year, the Bank and its subsidiaries continue to apply the temporary exceptions from applying specific hedge accounting requirements from Phase 1 amendments of TFRS 9 Financial Instruments for derivatives and non-derivative financial instruments that mature post 2022 which are not yet amended as a result of the interest rate benchmark reform until the uncertainty arising from the interest rate benchmark reform with respect to the timing and the amount of the underlying cash flows ends. In addition, the Bank and its subsidiaries have adopted the requirements of Phase 2 amendments of Interest Rate Benchmark Reform related to the amendments to Thai Financial Reporting Standard No.7 “Financial Instruments: Disclosures” and Thai Financial Reporting Standard No.9 “Financial Instruments” by applying the practical expedients for the modification of the contractual cash flows of financial assets or financial liabilities resulted from the interest rate benchmark reform, including temporary exceptions from specific hedge accounting requirements for some derivatives and non-derivative financial instruments which were amended as a result of the interest rate benchmark reform, and additional disclosure requirements of TFRS 7.

The adoption of these financial reporting standards does not have any significant impact on financial statements of the Bank and its subsidiaries.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Cash and cash equivalents

In the Bank's statement of cash flows, cash and cash equivalents consist of cash on hand and cash on collection of the Bank, in accordance with the BOT's Notification Sor.Nor.Sor. 21/2561 regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Holding Companies of Financial Industry dated October 31, 2018.

In the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents of the Bank and cash on hand, deposits at banks, except for fixed deposits whose terms are greater than 3 months and deposits at banks used as collaterals, and investments of subsidiaries with maturities of 3 months or less.

### 4.2 Financial Assets

#### Classification and measurement

All financial assets are recognized under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction fees and costs, except for those financial assets classified as at fair value through profit or loss (FVTPL). Transaction fees and costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognized immediately in profit or loss. The financial assets are required to be subsequently measured at amortized cost or fair value on the basis of the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

For the purpose of solely payments of principal and interest ("SPPI") test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Bank and its subsidiaries determine the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The classification and measurement requirements for financial assets which include debt and equity instruments are described below:

## 1. Debt instruments

### 1.1 Debt instruments at amortized cost

Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are SPPI, are subsequently measured at amortized cost.

Such debt instruments include debt securities and loans to customers are presented as “Investments, net”, and “Loans to customers and accrued interest receivables, net” in the statement of financial position, respectively.

Subsequent to initial recognition, these debt instruments are measured at amortized cost using the effective interest method. Gains and/or losses are recognized in profit or loss upon derecognition, reclassification or impairment, and through the amortization process.

Interest income calculated using the effective interest method is recognized in profit or loss. A modification gain or loss is recognized in profit or loss when the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset.

### 1.2 Debt instruments at fair value through other comprehensive income (FVOCI)

Debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at FVOCI.

Subsequent to initial recognition, debt instruments at FVOCI are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognized in other comprehensive income, except that impairment losses, interest income and foreign exchange gains or losses are recognized in profit or loss. The cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognized. Interest income is calculated using the effective interest method. Except investments in unit trust of fixed income fund which are recorded as investment designated at fair value through other comprehensive income, the cumulative gain or loss previously recognized in other comprehensive income is not be reclassified subsequently to profit or loss according to BOT's notification Sor.Nor.Sor. 6/2563 regarding holding or having the investment in unit trust of fixed income fund to enhance the liquidity of the money market dated March 25, 2020.

### 1.3 Debt instruments at FVTPL

Debt instruments measured at FVTPL are financial assets that do not meet the criteria for amortized cost or FVOCI which are presented as Financial assets measured at FVTPL in the statement of financial position.

After initial recognition, debt instruments at FVTPL are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognized in profits or loss.

## 2. Equity instruments

Equity instruments are subsequently measured at fair value through profit or loss which are presented as Financial assets measured at FVTPL in the statement of financial position.

Except where the Bank and its subsidiaries have elected, at initial recognition, to irrevocably designate an equity instrument at FVOCI which is presented as “Investments, net” in the statement of financial position. When the election to FVOCI is made, the cumulative gain or loss previously recognized in OCI is not subsequently reclassified to profit or loss but transferred to retained earnings.

Dividend income whilst holding the equity instruments is presented as dividend income in profit or loss.

### Reclassifications

If the business model under which the Bank and its subsidiaries hold financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the financial assets. Changes in contractual cash flows are considered under the accounting policy on Modification and derecognition of financial assets described below.

### Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date.

The Bank and its subsidiaries renegotiate loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.



A financial asset is derecognized when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

Modification without derecognition means the non-substantial modification arising from renegotiation or modification of the contractual cash flows of financial assets that has not resulted in derecognition (Modified financial assets). In this case, a modification gain or loss which is the difference between the existing gross carrying amount and the present value of the renegotiated or modified contractual cash flows discounted by the original effective interest rate (“OEIR”) or the credit-adjusted effective interest rate for purchased or originated credit-impaired (“POCI”) financial assets shall be recognized in profit or loss. Any costs of fees incurred as part of the modification shall be adjusted to the carrying amount of the modified financial assets and amortized over the remaining term of the modified financial asset.

#### Offsetting

Financial assets and financial liabilities are offset, and the net amount is presented in the statement of financial position when the Bank and its subsidiaries have a legal right to offset the amounts and intend to settle on a net basis or to realise the asset and settle the liability simultaneously.

### 4.3 Derivatives

The Bank and its subsidiaries enter into a variety of derivative financial instruments some of which are held for trading while others are held to manage its exposure to interest rate risk and foreign exchange rate risk.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Bank and its subsidiaries designate certain derivatives as either hedges of the fair value, cash flow, or hedges of net investments in foreign operations.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability.

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

For derivatives embedded in financial asset host contracts, the entire hybrid contract, including all embedded features, are classified in accordance with the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

For derivatives embedded in financial liabilities and non-financial host contracts, embedded derivatives will be separated from the host contract and accounted for as derivatives when the following conditions are met:

1. the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract
2. a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and
3. the hybrid instrument is not measured at fair value with changes in fair value recognized in profit and loss

If embedded derivatives are separated, the host contract will be accounted for according to the appropriate standard. The embedded derivative will be recognized at fair value on the statement of financial position with changes to fair value being recognized in profit and loss.

If embedded derivatives are required to be separated but the fair value of the embedded derivative cannot be determined either at acquisition or at a subsequent financial reporting date, the entire hybrid contract will have to be recognized at fair value through profit and loss.

#### 4.4 Hedge accounting

##### General hedge

The Bank and its subsidiaries designate certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations as appropriate.

At the inception of the hedge relationship, the Bank and its subsidiaries document the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Bank and its subsidiaries document whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Bank and its subsidiaries actually hedge and the quantity of the hedging instrument that the Bank and its subsidiaries actually use to hedge that quantity of hedged item.

The Bank and its subsidiaries designate only the change in the value of the spot element of a forward contract and the foreign currency basis spread separated and excluded from the designation of a financial instrument as the hedging instrument for some hedge relationships. The changes in the fair value of the forward element of a forward contract or the foreign currency basis spreads of financial instruments are recognized in other comprehensive income and accumulated in the cost of hedging reserve. If the hedged item is transaction-related, the forward element of a forward contract or the foreign currency basis spreads of financial instruments is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is time-period related, then the amount accumulated in the cost of hedging reserve is reclassified to profit or loss on a systematic and rational basis, the Bank and its subsidiaries apply straight-line amortization. Those reclassified amounts are recognized in profit or loss in the same line as the hedged item. If the hedged item is a non-financial item, then the amount accumulated in the cost of hedging reserve is removed directly from equity and included in the initial carrying amount of the recognized non-financial item. Furthermore, if the Bank and its subsidiaries expects that some or all of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Note 7.5 Derivatives sets out details of the fair values of the derivative instruments used for hedging purposes and movements in the hedging reserve in equity.

#### Fair value hedges

The fair value change on qualifying hedging instruments is recognized in profit or loss except when the hedging instrument hedges an equity instrument designated at FVOCI in which case it is recognized in OCI.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at FVOCI, the carrying amount is not adjusted as it is already at fair value, but the part of the fair value gain or loss on the hedged item associated with the hedged risk is recognized in profit or loss instead of OCI. When the hedged item is an equity instrument designated at FVOCI, the hedging gain or loss remains in OCI to match that of the hedging instrument.

Where hedging gains/losses are recognized in profit or loss, they are recognized in the same line as the hedged item.

The Bank and its subsidiaries discontinue hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of hedged items for which the effective interest method is used (i.e. debt instruments measured at amortized cost or at FVOCI) arising from the hedged risk is amortized to profit or loss commencing no later than the date when hedge accounting is discontinued.

### Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in the cash flow hedging reserve, a separate component of OCI, limited to the cumulative change in fair value of the hedged item from inception of the hedge less any amounts recycled to profit or loss.

Amounts previously recognized in OCI and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. If the Bank and its subsidiaries no longer expect the transaction to occur that amount is immediately reclassified to profit or loss.

The discontinuation is accounted for prospectively. Any gain or loss recognized in OCI and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is reclassified and recognized immediately in profit or loss.

### Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in OCI and accumulated in the foreign currency translation reserve.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified from equity to profit or loss in the same way as exchange differences relating to the foreign operation as described above.

### Derivatives that do not qualify for hedge accounting

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss.

### Dynamic risk management

The Bank and its subsidiaries enter into dynamic risk management which has the characteristics (a) risk management is undertaken for open portfolio(s), to which new exposures are frequently added and existing exposures mature; and (b) as the risk profile of the open portfolio(s) changes, risk management is updated on a timely basis in reaction to the changed net risk position. The derivatives under dynamic risk management are recognized on an accrual basis.



#### 4.5 Investments, net

Investments, net consist of:

- 1) Debt instruments at amortized cost
- 2) Debt instruments at fair value through other comprehensive income
- 3) Equity instruments designated at fair value through other comprehensive income

Investments in debt instruments and equity instruments have been initially recognized on the settlement date and trade date, respectively.

#### 4.6 Investments in subsidiaries, associate and joint ventures, net

In the consolidated financial statements, investments in associates and joint ventures are accounted for by the equity method. In the Bank's financial statements, investments in subsidiaries, associates and joint ventures are accounted for by the cost method less impairment loss.

#### 4.7 Allowance for expected credit loss

The Bank and its subsidiaries recognize a loss allowance for expected credit loss ("ECL") on financial assets measured at amortized cost or measured at fair value through other comprehensive income. No impairment loss is recognized on equity instruments measured at fair value through other comprehensive income.

With the exception of purchased or originated credit-impaired financial assets, which are considered separately below, ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows under the contract and the cash flows that the Bank and its subsidiaries expect to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's effective interest rate ("EIR"). The ECL is adjusted with a management overlay where considered appropriate.

For undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows if the holder of the commitment draws down the loan and the cash flows that the Bank and its subsidiaries expect to receive if the loan is drawn down.

For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Bank and its subsidiaries expect to receive from the holder, the debtor or any other party.

The Bank and its subsidiaries measure ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's OEIR, regardless of whether it is measured on an individual basis or a collective basis.

In subsequent reporting period, if the credit quality of the financial assets and financial commitments improves so that there is no longer a significant increase in credit risk since initial recognition, then a loss allowance can be recognized based on 12-month ECL. The changes in the reversal of loss allowance are recognized in profit or loss as an impairment gain or loss.

#### Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets.

The Bank and its subsidiaries assess whether debt instruments measured at amortized cost or FVOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Bank and its subsidiaries consider factors such as bond yields, credit ratings and the ability of the borrower to raise funding. A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default includes unlikelihood to pay indicators.

The unlikelihood to pay indicators might include the following event:

- Significant financial difficulty of the issuer or borrower without remediated actions
- A significant breach of contract such as default or overdue for 90 days or more
- It is become probable that the borrower will enter bankruptcy

### Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (“PD”) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Bank and its subsidiaries consider the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Bank and its subsidiaries; or
- the borrower is unlikely to pay its credit obligations to the Bank and its subsidiaries in full.

### Significant increase in credit risk

The Bank and its subsidiaries monitor all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Bank and its subsidiaries will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank and its subsidiaries compare the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, the Bank and its subsidiaries consider both quantitative and qualitative information that is reasonable and supportable, including historical experience that is available without undue cost or effort, based on the Bank and its subsidiaries’ historical experience and expert credit assessment.

The following information might be taken into account when assessing whether credit risk has increased significantly since initial recognition:

- Significant deterioration in the financial instrument’s external (if applicable) or internal credit rating
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations
- An actual or expected significant deterioration in the operating results of the debtor
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor’s ability to meet its debt obligations

As a back-stop when an asset becomes 30 days past due, the Bank and its subsidiaries consider that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding.

Despite the foregoing, the Bank and its subsidiaries assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

The Bank and its subsidiaries consider a financial asset to have low credit risk when the asset has PD equivalent to external credit rating of “investment grade” in accordance with the globally understood definition.

The Bank and its subsidiaries regularly monitor the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revise them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

#### Purchased or originated credit-impaired financial assets

Purchased or originated credit-impaired financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Bank and its subsidiaries recognize all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognized in profit or loss. If it is a change in lifetime ECL is favorable, the impairment gain is recognized even if the lifetime ECL are less than the amount of expected credit losses that were included in the estimated cash flows on initial recognition.

#### Write-off

The Bank and its subsidiaries directly reduce the gross carrying amount of a financial asset when the Bank and its subsidiaries have no reasonable expectations of recovering financial assets in their entirety or portion thereof. A write-off constitutes a derecognition event. Write-offs are recognized in the statement of profit or loss and other comprehensive income.

Bad debts recovered from written off receivables will be recognized in the Statement of profit or loss and other comprehensive income.

Loss allowances for ECL are presented in the statement of financial position as follows:

- For financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- For debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investments revaluation reserve;

- For loan commitments and financial guarantee contracts: as a provision; and where a financial instrument includes both a drawn and an undrawn component, and the Bank and its subsidiaries cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank and its subsidiaries present a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

#### 4.8 Troubled debt restructuring

A trouble debt restructuring (“TDR”) is a modification of loan of Stage 3 Borrowers (Impaired Loan or Non-performing Loan) who are in financial distress and unable to meet their original contractual repayment terms. For Stage 1 and Stage 2 borrowers, modification of loan would be considered as Pre-emptive action taken with an aim to prevent borrower from turning NPL. TDR can be initiated by the client, the Bank or a third party including government sponsored programmes. TDR may include the reduction of principal and accrued interest and other forms such as modifications of terms, asset transfers, equity securities transfers, and etc or any other criteria as specified by the Bank of Thailand. TDR loan that has been modified, and not derecognized, on terms that are not consistent with those readily available in the market or the conditions specified by BOT are considered credit impaired if there is a detrimental impact on cash flows. TDR loan may be subjected to modification gain or loss calculation. The amount of modification gain or loss arises from the difference between the gross carrying amount before modification and the present value of the expected future cash flow discounted by the original effective interest rate. The modification gain or loss is recognized in the statement of profit or loss and other comprehensive income with a corresponding increase or decrease in gross carrying value of the asset.

#### 4.9 Properties for sale

Properties for sale consist of immovable and movable properties which are recorded at the lower of net investment in the loan plus accrued interest including previously unrecognized contractual interest or the fair value of the property as of the date of foreclosure.

The Bank and its subsidiaries provided the allowance for impairment of properties for sale as disclosed in Note 6.3. Losses on impairment of properties for sale are shown as an expense in the statements of profit or loss and other comprehensive income.

Gains or losses on the disposal of such properties are realized upon disposition of the underlying asset and are included in other operating income in the statements of profit or loss and other comprehensive income.



In accordance with Sor Nor Sor. 4/2564, regarding “Measurement of asset warehousing for debt repayment”, the assets are transferred to the Bank for repayment based on agreed price with the buy-back conditions within 5 years since transferring date and rent-back conditions for business operation. The Bank derecognizes loans to customers and presents transferred assets as properties for sale in accordance with the ownership of the transferred assets. The transferred assets have the same measurement as other properties for sale. Income received from customers is recorded as other income.

#### 4.10 Property, premises and equipment

Land is stated at the appraised value. Premises are stated at the appraised value less accumulated depreciation. Equipment is stated at cost less accumulated depreciation.

##### Revaluation of assets

Land and premises have been revalued by independent appraisers based on the market value for land and depreciated replacement cost for premises. For the portion of land and premises which have been revalued, the increments above the previous appraisal are recorded in land revaluation surplus and premises revaluation surplus accounts. In case of a revaluation decrease, the decline in value is deducted from such revaluation surplus to the extent that the new value is above original cost and recognized in the statements of profit or loss and other comprehensive income for the decrease in value below original cost.

The Bank’s suite units in condominiums used as offices have been revalued by independent appraisers in accordance with the BOT’s guidelines using depreciated replacement cost. The Bank has recorded the increment per appraisal of premises as revaluation surplus. Any revaluation decrease in excess of the original cost is recorded by deducting from the revaluation surplus.

During the Bank’s usage of the revalued assets, the revaluation surplus will be gradually transferred directly to retained earnings equal to the difference between the depreciation calculated from book value of the revalued assets and the depreciation calculated from the original cost of such assets. All balances of the outstanding revaluation surplus will be transferred to retained earnings when the Bank writes off such assets from the financial statements.

##### Depreciation

Depreciation of premises (included revaluation) and equipment is calculated by the straight-line method, based on the estimated useful lives of the assets as follows:

Premises and building improvement	10 - 50 years
Equipment, furniture, fixtures, office equipment and vehicles	2 - 10 years

Gains or losses on the disposal of property, premises and equipment are recognized in other operating income or other operating expenses in the statements of profit or loss and other comprehensive income.

## 4.11 Lease

### Short-term leases and leases of low-value assets

The Bank and its subsidiaries assess whether a contract is or contains a lease, at inception of the contract. The Bank and its subsidiaries recognize a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (defined as leases with the underlying asset value not exceed Baht 150,000). For these leases, the Bank and its subsidiaries recognize the lease payments as an operating expense on a straight-line basis over the term of the lease.

### Right-of-use asset

A lease that has a lease term of more than 12 months and for which the underlying asset exceeds Baht 150,000 shall be recognized for a right-of-use asset at cost which consists of the amount of the initial measurement of the lease liability (that is the present value of the lease payments that are not paid at the commencement date, discounted by the incremental borrowing rate), any lease payments made at or before the commencement date, any initial direct costs incurred, and an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset (leased asset) to the condition required by the terms and conditions of the lease, less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability.

The right-of-use asset is presented in premises and equipment, net in the statement of financial position.

Depreciation of right-of-use assets is calculated based on the estimated useful lives in case the lease transfers ownership of the underlying asset; or calculated based on the shorter of the estimated useful lives or the lease term in case the lease does not transfer ownership of the underlying asset.

Impairment of right-of-use assets shall be determined using the TAS 36 Re: Impairment of Assets which explains how to review the carrying amount of its assets, how to determine the recoverable amount of an asset, and when an impairment loss is recognized or reversed.

### Lease liability

At the commencement date of the lease, the Bank and its subsidiaries recognize lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted by the incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.

Lease liability is presented in other liabilities in the statement of financial position. Finance charges are charged directly to the statements of profit or loss and other comprehensive income.

The Bank and its subsidiaries remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

#### 4.12 Intangible assets

Intangible assets with indefinite useful lives are stated at cost less allowance for impairment, if any. Intangible assets with finite useful lives are stated at cost less accumulated amortization and allowance for impairment.

##### Amortization

Software amortization is calculated by the straight-line method over the expected future economic benefit period between 3 - 10 years.

Amortization of other intangible assets received from business combinations such as information of customer relationships, dealer relationships and the distribution network, are calculated by the straight-line method over the expected future economic benefit period between 8 - 20 years.

Amortization incurred is recognized as other operating expense in the statements of profit or loss and other comprehensive income.

#### 4.13 Financial Liabilities

Financial liabilities are initially recognized at fair value plus transaction costs, and are subsequently measured at amortized cost using the effective interest method, except when the liabilities are held at fair value through profit or loss.

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognized in the statements of financial position when, and only when, the Bank and its subsidiaries become a party to the contractual provisions of the financial instrument. The financial liabilities measured at amortized cost, which is the amount at which the financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount.

Interest expense and EIR amortization as well as foreign exchange gains or losses on financial liabilities measured at amortized cost are recognized in the statement of profit or loss and other comprehensive income.

A financial liability is derecognized when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognized in profit or loss.

#### 4.14 Recognition of income

Interest income for all financial instruments except for those measured or designated as at FVTPL are recognized as interest income in profit or loss using the effective interest method.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees and costs paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts.

Interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortized cost of the financial asset before adjusting for any allowance for expected credit loss).

For credit-impaired financial assets, interest income is calculated by applying the EIR to the amortized cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)). For financial assets purchased or originated credit-impaired, the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

Interest income also includes the effective portion of fair value changes of derivatives designated as hedging instruments in cash flow hedges of interest rate risk. For fair value hedges of interest rate risk, the effective portion of fair value changes of the designated derivatives as well as the fair value changes of the designated risk of the hedged item are also included in interest income.

Fee and service income other than those that are an integral part of EIR, is recognized based on contracts with customers in the amount of consideration that the Bank and its subsidiaries expected to receive upon service providing. The timing of recognition depends on whether the Bank and its subsidiaries satisfy a performance obligation by providing services to a customer over time or at a point in time.

#### 4.15 Recognition of expenses

Interest expenses are recognized by using the effective interest method.

Fee and service expenses with regards to services are accounted for as the services are received.

Other expenses are recognized on an accrual basis.

#### 4.16 Employee benefits

The Bank and subsidiaries have 4 types of employee benefits as follows:

##### 4.16.1 Provident funds

The Bank and its subsidiaries established a provident fund under the Provident Fund Act B.E. 2530. The fund is managed by a financial institution which is an authorized fund manager.

Member is required to make contribution at the rate of not less than 3% of salary.

The Bank and its subsidiaries will contribute as follows:

<b>Service periods</b>	<b>Contribution rate (%)</b>
Less than 5 years	5 - 10
5 years but less than 10 years	6 - 12
10 years but less than 20 years	8 - 12
Over 20 years	10 - 12.5

The contributions to the provident fund made by the Bank and its subsidiaries are recorded as employees' expenses in the statements of profit or loss and other comprehensive income.

##### 4.16.2 Post-employment benefit obligations

###### - Pension plan

The employees of the Bank and a subsidiary who were permanently employed prior to January 1, 1998 and have completed at least 10 continuous service years are eligible to receive a pension payment when they leave. On January 1, 1998, the provident fund for employees was established to replace the pension plan. After the establishment of the provident fund, the amount due to a departing employee shall first be disbursed from the provident fund. If the estimated contributions made by the Bank and a subsidiary and interest thereon are less than the pension receivable under the pension plan, the Bank and a subsidiary will pay such difference by disbursing from the pension fund.



- Legal severance payment plan

All employees will receive severance payment upon retirement in accordance with the Labor Protection Act.

- Special retirement allowance

The employee will receive “Special Retirement Allowance” additional to legal severance payment plan upon resignation in accordance with the Bank’s policy.

The obligations of these plans are considered as unfunded defined benefit obligations and are separately measured by an actuary using the projected unit credit method to determine the present value of cash flows of employee benefit to be paid in the future. Under this method, the obligation is based on an actuarial calculation including the employee’s expected salary, business turnover rate, salary increase rate, mortality rate, discount rate, years of services and other factors.

The Bank and its subsidiaries recognize expenses for the defined benefit plan are recognized as employee’s expenses in the statement of profit or loss and other comprehensive income.

Past service cost related to the plan amendment is recognized as an employee’s expense in the statements of profit or loss and other comprehensive income when the plan amendment is effective.

Actuarial gains (losses) are recognized in other comprehensive income.

#### 4.16.3 Benefit from carry forward leave

The Bank and its subsidiaries recognize the benefit from cumulative carry forward leave is recognized as a liability in the statements of financial position and employee’s expenses in the statements of profit or loss and other comprehensive income when the employees render the service.

#### 4.16.4 Other benefit

The employee of a subsidiary will receive other benefit upon resignation or retirement in accordance with the subsidiary’s policy.

The cumulative of other benefit is recognized as a provision in the statement of financial position.

The expense is categorized as defined contribution plan and recorded as employee’s expenses in the statements of profit or loss and other comprehensive income.

### 4.17 Contributions to the Financial Institutions and Development Fund and the Deposit Protection Agency

Contributions to the Financial Institutions Development Fund and the Deposit Protection Agency are recognized on an accrual basis as expenses in the statements of profit or loss and other comprehensive income.

#### 4.18 Customer Loyalty Programmes

Customer Loyalty Programmes are to grant the points to customer who joins the program. The points are based on the certain transactions determined under customer loyalty programmes and able to be redeemed for free or discount of merchandise or services.

Obligation from granting the points is recognized and measured at the fair value of the consideration received or receivable which is derived from outstanding points expected future redemption multiplied by estimated fair value per point.

Such obligation is allocated from consideration received or receivable and recorded through deferred revenue customer loyalty programmes under other liabilities and recognized as fee income when the points are redeemed by customers.

#### 4.19 Taxation

Income tax expenses (income) represent the sum of the tax currently payable and deferred tax.

##### 4.19.1 Current tax

The current tax is the amount of income tax payable in respect of taxable profit for the year. Taxable profit differs from profit as reported in the statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Current tax is calculated using tax rates that have been enacted or substantively enacted on the reporting date.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognized amounts and the Bank and its subsidiaries intend to settle on a net basis or to realize the asset and settle the liability simultaneously and when they relate to income taxes levied by the same taxation authority.

##### 4.19.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit (tax base). The Bank and its subsidiaries recognize deferred tax liabilities for all taxable temporary differences and recognize deferred tax assets for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the reporting date. Deferred tax asset shall be reduced to the extent that utilized taxable profits are decreased. Any such reduction shall be reversed to the extent that it becomes probable that the Bank and its subsidiaries have sufficient taxable profit to allow total or part of the asset to be recovered. The Bank and its subsidiaries do not recognize deferred tax assets and liabilities for goodwill.

The Bank and its subsidiaries measure deferred tax assets and liabilities at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted on the end of the reporting period.

Deferred tax assets and liabilities must offset when the Bank and its subsidiaries have legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

The Bank and its subsidiaries present income tax expenses or income related to profit or loss in the statements of profit or loss and other comprehensive income. For current income taxes and deferred taxes related to items recognized directly in other comprehensive income in equity in the same or different period, they will be recognized directly in other comprehensive income in equity.

#### 4.20 Earnings per share

Basic earnings per share are calculated by dividing net income by the number of weighted-average ordinary shares outstanding during the year.

#### 4.21 Foreign currency transactions

##### 4.21.1 Translation of foreign currency transactions

Transactions denominated in foreign currency are translated into the functional currency as follows:

On transaction date, the foreign currency transactions are translated using the exchange rate at the date of transaction.

At the end of each reporting period, the balance of monetary assets and liabilities are translated using the exchange rate on the reporting date and the balance of non-monetary assets and liabilities measured at historical cost are translated using the exchange rate at the transaction date.

Foreign exchange gains or losses from translation are recognized as income or expenses in gains (losses) on financial instruments measured at fair value through profit or loss, net in the statements of profit or loss and other comprehensive income.

##### 4.21.2 Translation of financial statements of foreign operations

In preparation of the consolidated and the Bank's financial statements, the Bank translates the financial statements of foreign operations which its functional currency is other than Thai Baht currency as follows:

The assets and liabilities of foreign operations are translated to Thai Baht at the foreign exchange rate at the reporting date.

The revenue and expenses of foreign operations are translated to Thai Baht at the foreign exchange rate at the dates of the transactions.

Foreign exchange differences arising from translation of the financial statements of foreign operations are recognized in other comprehensive income and its cumulative amount is presented as foreign currency translation reserve in other reserves under equity.

#### 4.22 Business combination

Business combination which is not under common control

The Bank recognizes the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree separately from goodwill at fair value.

Goodwill in a business combination represents the excess of the cost of acquisition over the Bank's interest in the fair value of the identifiable net assets acquired as at the date of acquisition.

Negative goodwill arising on business acquisition represents the excess of the acquirer's interest in the fair value of the identifiable net asset acquired over the cost of acquisition as at the date of acquisition.

Other costs directly attributable to the business combination are recorded as acquisition costs. Since January 1, 2011, other costs have been recognized as expenses in the statements of profit or loss and other comprehensive income.

Goodwill in a business combination is recognized as an asset recorded as of the acquisition date. Negative goodwill is recognized as income in the statements of profit or loss and other comprehensive income.

Goodwill is stated at cost less allowance for impairment (if any).

Business combination under common control

The Bank recognizes the business combination under common control similar to pooling of interests in accordance with the accounting guidance "Business Combination Under Common Control". The assets and liabilities of the acquiree are recognized using the net book value at the date of business combination. The difference between the cost of business combination and the interest of the Bank in the acquiree's net book value is recognized as premium (deficit) from business combination under common control presented under the Bank's equity in the statement of financial position.

## 5. RISK MANAGEMENT

### 5.1 Market Risk

#### 1) Objective and Market Risk Management Policy

Market risk refers to the risk of loss caused by price fluctuations in the trading and banking books related to interest rates, exchange rates, equity instruments, and commodities.

The Bank places great importance on effective market risk management and controls by establishing market risk management policy. The Bank controls market risk under the risk appetite approved by the Board of Directors (Board). The risk limits have been regularly reviewed to ensure that they are commensurate with the scope, volume, and complexity of transactions, and support prudent business expansion. The Bank maintains sufficient capital for both normal and stressed business conditions.

#### 2) Organization and Structure

The Board has delegated the Risk and Compliance Committee (RCC) to supervise overall risk management, and compliance principles and practices of the Bank.

The Executive Committee has assigned the Risk Management Committee (RMC) to formulate strategies and confirm the adequacy of risk and control procedures and the Asset and Liability Management Committee (ALCO) to establish guidelines for appropriate management of assets, liabilities, and off-balance sheet items.

The organizational structure of market risk management clearly segregates the duties and responsibilities of the units responsible for execution transaction, operations, and risk management to avoid conflicts of interest. The Market Risk Management Division, an independent function reporting to the Chief Risk Officer, is responsible for risk management.

The division highlights and reports the potential market risk that the Bank may expose to, and provides strategic risk management options to relevant committees. The Global Markets Group executes transactions and manages positions as well as provides strategic options for effective market risk management.



### 3) Market Risk Management Framework

The Bank has continuously conducted the forward-looking risk management and closely monitor to support the business expansion in potential financial products and services to meet more complicated and varieties customers' demand at the acceptable market risk level amid high volatility in global financial markets and tightening regulation from BOT.

The Bank classified the market risk exposures into two main portfolios based on the nature and purpose of a transaction, namely trading book and banking book.

- **A trading book** consists of positions in financial instruments held either for trading or hedging other elements of the trading book.
- **A banking book** consists of positions in financial instruments or other transactions not intended for trading, or financial instruments meant to be held for a long period or until reaching maturity.

#### Market Risk Factors and Risk Management

The Bank's transactions are exposed to interest rate risk, foreign exchange risk, and equity price risk, all of which may affect income and/or shareholders' equity.

##### Interest Rate Risk

Interest rate risk arises from the structure and characteristics of the Bank's assets, liabilities and off-balance sheet items, and from the mismatch of their repricing rates and frequency.

The Bank employs various tools and methods for the interest rate risk management. Net interest income simulation is conducted to assess the impact on banking book position while Value-at-Risk (VaR) tool is employed for the trading book position to estimate the Bank's potential maximum loss.

##### Foreign Exchange Risk

The Bank has a policy to cap the net foreign currency position. Most foreign currency transactions are mainly from products and services provided to the Bank's customers.

In addition, the Bank enters into forward foreign exchange contracts as part of the risk management strategy of the foreign exchange risk arising from the Bank's underlying assets and liabilities and hedges that risk from customers' transactions. The utilization of forward foreign exchange contracts for these purposes is governed by policies and guidelines approved by the Bank's Board and controlling procedures set by the relevant departments and Committees.

The Bank monitors the risk level under the specified limits using the Value-at-Risk Method as one of the tools to manage the exchange rate risk.

## Equity Price Risk

The Bank assesses the potential of securities issuer companies and has a policy to buy/sell equity securities mainly for medium-term and long-term purpose. In managing equity position risk, which is held according to initial intention, as long-term for Banking Book, the Bank monitors and reports the equity price risk and ensure that the level of capital fund is appropriate and sufficient to absorb losses arising from the change of equity price.

For Trading Book, the Bank monitors the level of risk under the specified risk limits using the VaR Method to manage the equity price risk.

## Measurements of Market Risk in Trading Book

Market risk exposures in trading book

Financial business group: Value-at-Risk (VaR)

Financial business group: VaR (Trading book) as at December 31, 2022 and 2021

	Unit: Million Baht VaR*	
	2022	2021
<b>Overall</b>	<b>593</b>	<b>426</b>
Interest rate risk	178	96
Foreign currency risk	499	383
Equity risk	-	-

\* Confident level 99% Holding period 10 Days

The Bank: Sensitivity analysis

Bank's sensitivity analysis (Trading book) as at December 31, 2022 and 2021

	Unit: Million Baht Estimated profit (loss) Impact	
	2022	2021
<b>Interest Rate</b>		
1. Interest rate parallel increase 100 bps	33	159
2. Non-parallel: unchanged for tenor less than or equal to 1 year ; increase 50 bps for tenor over 1 year	1	20
<b>Foreign Exchange</b>		
3. USD/THB exchange rate increase 1%	7	13
<b>Equity</b>		
4. All equities price decrease for 10%	-	-

## Measurements of Interest Rate Risk in Banking Book

Interest rate risk exposures in banking book as at December 31, 2022 and 2021

Net interest income sensitivity\*  
(Earnings perspective)

Short-term effect analysis: assesses the potential impact on net interest income (NII Impact) as earnings perspective.

Currency	CONSOLIDATED SUPERVISION		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2022	2021	2022	2021
THB	(1,912)	(2,584)	(1,970)	(2,634)
USD	(450)	(256)	(340)	(118)
Other foreign currencies	(275)	(516)	(264)	(514)
Total impact	<u>(2,637)</u>	<u>(3,356)</u>	<u>(2,574)</u>	<u>(3,266)</u>
% of net interest income over the next 12 months	(3.01%)	(4.08%)	(4.77%)	(6.28%)

\* The changes in increase interest rates of 100 bps.

Book value of equity sensitivity\*  
(Economic value perspective)

Long-term effect analysis: analyzing the sensitivity of the economic value of shareholder equity (BVE Impact) as economic value perspective.

Currency	CONSOLIDATED SUPERVISION		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2022	2021	2022	2021
THB	(11,216)	(13,610)	(10,553)	(13,100)
USD	(832)	(607)	(235)	(76)
Other foreign currencies	(133)	(118)	(34)	(16)
Total impact	<u>(12,181)</u>	<u>(14,335)</u>	<u>(10,822)</u>	<u>(13,192)</u>
% of Total capital fund	(3.17%)	(3.98%)	(3.60%)	(4.52%)

\* The changes in increase interest rates of 100 bps.

Structure of assets and liabilities based on next repricing as at December 31, 2022 and 2021 are as follows:

Unit: Million Baht							
CONSOLIDATED FINANCIAL STATEMENTS							
	0 - 3 Months	More than 3 - 12 Months	More than 1 - 5 Years	2022 Over 5 Years	NPL	Non- Interest bearing	Total
<b>Financial assets</b>							
Interbank and money market items, net	395,461	5,651	4,252	1,039	-	54,517	460,920
Investments, net	16,432	31,228	88,090	890	-	8,527	145,167
Loans to customers	973,105	257,079	531,554	46,557	53,875	87,239	1,949,409
<b>Financial liabilities</b>							
Deposits	1,421,094	270,873	62,576	70	-	50,079	1,804,692
Interbank and money market items	250,065	12,736	21,718	1,543	-	3,915	289,977
Debt issued and borrowings	10,958	8,783	78,184	242	-	32	98,199

Unit: Million Baht							
CONSOLIDATED FINANCIAL STATEMENTS							
	0 - 3 Months	More than 3 - 12 Months	More than 1 - 5 Years	2021 Over 5 Years	NPL	Non- Interest bearing	Total
<b>Financial assets</b>							
Interbank and money market items, net	266,818	7,527	4,251	994	-	67,226	346,816
Investments, net	42,306	25,321	99,711	4,694	-	10,678	182,710
Loans to customers	907,869	281,716	523,737	49,921	47,448	79,685	1,890,376
<b>Financial liabilities</b>							
Deposits	1,423,705	280,380	25,662	68	-	49,324	1,779,139
Interbank and money market items	131,325	49,832	16,398	1,012	-	3,583	202,150
Debt issued and borrowings	8,922	59,142	47,945	2,932	-	36	118,977

Unit: Million Baht

## THE BANK'S FINANCIAL STATEMENTS

	0 - 3 Months	More than 3 - 12 Months	More than 1 - 5 Years	2022 Over 5 Years	NPL	Non- Interest bearing	Total
<b>Financial assets</b>							
Interbank and money market items, net	396,651	5,651	4,252	518	-	44,708	451,780
Investments, net	16,432	31,228	87,572	890	-	5,933	142,055
Loans to customers	972,168	224,141	455,249	40,029	43,750	4,528	1,739,865
<b>Financial liabilities</b>							
Deposits	1,419,026	252,815	59,347	-	-	50,998	1,782,186
Interbank and money market items	241,756	7,453	19,043	521	-	3,932	272,705
Debt issued and borrowings	4,100	2,440	60,826	-	-	1	67,367

Unit: Million Baht

## THE BANK'S FINANCIAL STATEMENTS

	0 - 3 Months	More than 3 - 12 Months	More than 1 - 5 Years	2021 Over 5 Years	NPL	Non- Interest bearing	Total
<b>Financial assets</b>							
Interbank and money market items, net	266,693	7,496	4,251	-	-	58,395	336,835
Investments, net	42,306	25,321	99,711	4,694	-	7,736	179,768
Loans to customers	909,630	247,743	454,635	45,097	38,709	3,807	1,699,621
<b>Financial liabilities</b>							
Deposits	1,421,203	267,185	21,821	-	-	50,122	1,760,331
Interbank and money market items	128,627	41,740	13,021	9	-	3,591	186,988
Debt issued and borrowings	2,900	54,355	32,926	-	-	1	90,182



## 5.2 Liquidity Risk

### 1) Objective and liquidity risk management policy

The Bank controls liquidity risk under the risk appetite approved by the Board of Directors (Board) with appropriate operating costs. The Bank places great importance on effective liquidity risk management and controls by establishing liquidity risk management policy and emergency contingency plan. Additionally, the Bank maintains liquid assets to comply with the Bank of Thailand's regulations and emphasizes on management of excess liquidity at an acceptable level and an adequate amount for both the Bank's and subsidiaries' business operations. Liquidity management utilizes both qualitative and quantitative approaches to ensure appropriate risk diversification and management.

### 2) Organization and structure

The Board delegates the authority to manage and control liquidity risk consistent with the Bank's policies to the relevant committees. The Bank also reviews risk policies and limits on regular basis or when there is any significant change in the market to ensure that they are commensurate with changing business and market conditions.

Liquidity risk management is overseen by the Risk Management Committee (RMC), the Asset and Liability Management Committee (ALCO), and the Risk and Compliance Committee (RCC).

The organizational structure of liquidity risk management clearly segregates the responsibilities and duties of the units responsible for executing transactions, operations and risk management to avoid conflicts of interest. The Market Risk Management Division, an independent function reporting to the Chief Risk Officer, is responsible for risk management.

The division provides strategic risk management options, while the Global Markets Group proposes funding strategic options, and manages daily liquidity positions under risk limits approved by the Board.

### 3) Liquidity risk management framework

The Bank fully aware and recognizes the importance of regulatory requirements and manage liquidity risks as deemed appropriate based on market conditions and acceptable risk levels

To ensure the efficiency of the liquidity risk management to generate sufficient liquidity for debt repayment and various obligations upon maturity or being called under normal and extreme circumstances, the Bank has clearly established the liquidity risk management framework to be able to manage and control such risk in accordance with its policy and strategy and maintain such risk within its liquidity risk tolerance approved by the Board.

## Liquidity Risk Measurements

The Bank's liquidity risk factors are from the mismatched structure of sources and uses of funds.

The Bank realizes the importance of adequate measuring tools for the size and complexity of transactions both on- and off-balance sheet.

The Bank employs liquidity risk measurement tools from maturity mismatches of cash flows from assets, liabilities and off-balance sheet such as cash flow/liquidity projection and liquidity gap analysis according to the remaining contractual maturity and the behavioral adjustment to align with the actual behavior. In this regard, consideration is given both to normal and crisis situations, together with sufficient liquidity reserves.

Additionally, the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) have been implemented to comply with BOT regulation to enhance short-term and long-term liquidity risk management.

Financial assets and financial liabilities based on remaining contractual maturity as at December 31, 2022 and 2021 are as follows:

							Unit: Million Baht
CONSOLIDATED FINANCIAL STATEMENTS							
2022							
	At call	Within 1 Year	Over 1 Year but within 5 years	Over 5 Years	No maturity	Non-Performing Loans	Total
<b>Financial Assets</b>							
Cash	29,810	-	-	-	-	-	29,810
Interbank and money market items, net	84,420	366,623	3,780	6,021	76	-	460,920
Financial assets measured at FVTPL	-	-	-	645	353	-	998
Derivatives assets	-	14,430	9,236	6,361	-	-	30,027
Investments, net	-	44,022	90,829	2,457	7,859	-	145,167
Loans to customers	62,106	638,678	852,379	342,371	-	53,875	1,949,409
<b>Total</b>	<b>176,336</b>	<b>1,063,753</b>	<b>956,224</b>	<b>357,855</b>	<b>8,288</b>	<b>53,875</b>	<b>2,616,331</b>
<b>Financial Liabilities</b>							
Deposits	1,085,072	614,270	105,284	66	-	-	1,804,692
Interbank and money market items	31,166	217,338	39,654	1,819	-	-	289,977
Liability payable on demand	4,226	-	-	-	-	-	4,226
Derivatives liabilities	-	22,883	7,068	7,389	-	-	37,340
Debt issued and borrowings	-	17,353	19,778	61,068	-	-	98,199
<b>Total</b>	<b>1,120,464</b>	<b>871,844</b>	<b>171,784</b>	<b>70,342</b>	<b>-</b>	<b>-</b>	<b>2,234,434</b>
<b>Net liquidity gap</b>	<b>(944,128)</b>	<b>191,909</b>	<b>784,440</b>	<b>287,513</b>	<b>8,288</b>	<b>53,875</b>	<b>381,897</b>

Unit: Million Baht

## CONSOLIDATED FINANCIAL STATEMENTS

	At call	Within 1 Year	Over 1 Year but within 5 years	2021 Over 5 Years	No maturity	Non- Performing Loans	Total
<b>Financial Assets</b>							
Cash	29,371	-	-	-	-	-	29,371
Interbank and money market items, net	78,175	253,184	10,863	4,517	77	-	346,816
Financial assets measured at FVTPL	-	25	7	600	104	-	736
Derivatives assets	-	11,919	8,429	4,645	-	-	24,993
Investments, net	-	62,132	105,193	7,113	8,272	-	182,710
Loans to customers	93,737	604,219	796,941	348,031	-	47,448	1,890,376
Total	201,283	931,479	921,433	364,906	8,453	47,448	2,475,002
<b>Financial Liabilities</b>							
Deposits	1,076,624	639,037	63,414	64	-	-	1,779,139
Interbank and money market items	15,582	162,815	22,754	998	1	-	202,150
Liability payable on demand	4,042	-	-	-	-	-	4,042
Derivatives liabilities	-	9,715	6,767	5,190	-	-	21,672
Debt issued and borrowings	-	33,663	23,625	61,689	-	-	118,977
Total	1,096,248	845,230	116,560	67,941	1	-	2,125,980
<b>Net liquidity gap</b>	<b>(894,965)</b>	<b>86,249</b>	<b>804,873</b>	<b>296,965</b>	<b>8,452</b>	<b>47,448</b>	<b>349,022</b>

Unit: Million Baht

## THE BANK'S FINANCIAL STATEMENTS

	At call	Within 1 Year	Over 1 Year but within 5 years	2022 Over 5 Years	No maturity	Non- Performing Loans	Total
<b>Financial Assets</b>							
Cash	27,558	-	-	-	-	-	27,558
Interbank and money market items, net	80,875	366,519	3,780	530	76	-	451,780
Financial assets measured at FVTPL	-	-	-	-	-	-	-
Derivatives assets	-	14,423	10,381	6,407	-	-	31,211
Investments, net	-	43,946	89,881	890	7,338	-	142,055
Loans to customers	61,449	557,249	742,987	334,430	-	43,750	1,739,865
Total	169,882	982,137	847,029	342,257	7,414	43,750	2,392,469
<b>Financial Liabilities</b>							
Deposits	1,089,208	590,924	102,054	-	-	-	1,782,186
Interbank and money market items	31,300	206,220	34,664	521	-	-	272,705
Liability payable on demand	4,223	-	-	-	-	-	4,223
Derivatives liabilities	-	22,814	8,359	7,550	-	-	38,723
Debt issued and borrowings	-	4,122	2,419	60,826	-	-	67,367
Total	1,124,731	824,080	147,496	68,897	-	-	2,165,204
<b>Net liquidity gap</b>	<b>(954,849)</b>	<b>158,057</b>	<b>699,533</b>	<b>273,360</b>	<b>7,414</b>	<b>43,750</b>	<b>227,265</b>

Unit: Million Baht

## THE BANK'S FINANCIAL STATEMENTS

	At call	Within 1 Year	Over 1 Year but within 5 years	2021 Over 5 Years	No maturity	Non- Performing Loans	Total
<b>Financial Assets</b>							
Cash	27,577	-	-	-	-	-	27,577
Interbank and money market items, net	72,760	253,134	10,864	-	77	-	336,835
Financial assets measured at FVTPL	-	(1)	(1)	100	-	-	98
Derivatives assets	-	11,921	8,506	4,647	-	-	25,074
Investments, net	-	62,133	105,193	4,690	7,752	-	179,768
Loans to customers	92,843	520,194	705,699	342,176	-	38,709	1,699,621
Total	193,180	847,381	830,261	351,613	7,829	38,709	2,268,973
<b>Financial Liabilities</b>							
Deposits	1,080,218	620,540	59,573	-	-	-	1,760,331
Interbank and money market items	16,177	152,768	18,034	9	-	-	186,988
Liability payable on demand	4,041	-	-	-	-	-	4,041
Derivatives liabilities	-	9,714	6,825	5,190	-	-	21,729
Debt issued and borrowings	-	22,932	6,439	60,811	-	-	90,182
Total	1,100,436	805,954	90,871	66,010	-	-	2,063,271
<b>Net liquidity gap</b>	<b>(907,256)</b>	<b>41,427</b>	<b>739,390</b>	<b>285,603</b>	<b>7,829</b>	<b>38,709</b>	<b>205,702</b>

## 4) Maintenance of Liquidity Coverage Ratio (LCR)

To comply with BOT Notification SorNorSor. 2/2561 regarding Liquidity Coverage Ratio Disclosure Standards dated January 25, 2018, the Bank has provided on its website essential information on LCR to shareholders and investors for assessing the liquidity risk of the Bank and encouraging market discipline with details as follows:

Information as at	December 31, 2022
Date of disclosure	Within 4 months after the period end date as indicated in the BOT's notification (within April 2023)
Location of disclosure	<a href="https://www.krungsri.com/en/investor-relations/financial-information/disclosure/liquidity-coverage-ratio">https://www.krungsri.com/en/investor-relations/financial-information/disclosure/liquidity-coverage-ratio</a>

### 5.3 Credit risk

Credit risk refers to the possibility of the Bank and its subsidiaries facing a loss caused by a decline or complete loss of asset value (including off-balance assets), resulting from deterioration in a borrower's financial conditions and a subsequent failure to meet financial obligation, or an event of default. Such development could negatively impact both capital and loan loss reserve adequacy.

Credit risk is the single largest risk for the Bank's business; management therefore carefully manages its exposure to credit risk. The Bank's strategy for managing credit risk is developed according to risk appetite of the Bank. To identify clear goals for practitioners, the Bank establishes policies and operational plans for reference in accordance with the Bank's strategy - credit policies, credit risk management policies, and credit rating policies etc. credit risk is managed under the Bank's strategy based on international standards and conforming to the Bank of Thailand's rules and regulations.

The Bank has developed models to support the quantification of the credit risk. These rating and scoring models are in use for all key credit portfolios and form the basis for measuring default risks.

#### Commercial credit risk management

The commercial credit risk is managed through the Bank's internal credit risk management framework that is enhanced continuously to meet international standards. The internal credit rating are developed and used to assign risk rating for customers at origination or acquisition, are reassessed annually, and are adjusted to changes in credit quality over the life of the exposure through the Bank's credit review process. In assessing the risk rating of a loan or lending-related commitment, the Bank considers factors that could potentially impact customer debt capacity including customer earnings and repayment sources, management's ability and track record, and the industry and location of the customer.

The Bank acknowledges that each customer is different, and thus the source of information used to evaluate debt repayment capacity must be tailored to each type of customer. Such evaluation and rating assignment would be based on financial statements, also accounting for other quantitative and qualitative factors to reflect business capacity and potential for growth.

The credit risk exposure of commercial credit portfolio can be shown as follows:

Credit risk exposure by credit rating as at December 31, 2022 and 2021

Risk rating	Unit: Million Baht					
	CONSOLIDATED FINANCIAL STATEMENTS					
	2022			2021		
	ECL staging			ECL staging		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Investment grade	677,954	2,384	-	604,480	1,207	-
Medium risk	234,175	53,490	192	272,104	48,383	1,975
High risk	-	24	16,727	-	-	14,411
Gross carrying amount	912,129	55,898	16,919	876,584	49,590	16,386
Expected credit loss	8,343	6,827	9,682	7,657	8,832	8,939



## Related collaterals as at December 31, 2022 and 2021

Credit-impaired asset (stage 3)	Unit: Million Baht					
	CONSOLIDATED FINANCIAL STATEMENTS					
	2022			2021		
	GCA	ECL	Collateral value*	GCA	ECL	Collateral value*
Large corporate	5,085	2,360	2,825	6,295	2,832	2,798
Small & medium enterprise	11,834	7,322	7,024	10,091	6,107	5,498

\* Value of collateral allocated to loans and credit obligations.

## Consumer credit risk management

Consumer portfolios are managed at the portfolio or homogeneous-pool level. The consumer credit risk management establishes product program criteria and proposal for approval by the Bank's Board of Directors or delegate authorities. For effective risk control and consistency in credit decisions, the Bank and its subsidiaries leverage risk technology and digitalization in the credit decision process. The credit risk assessment model is developed in accordance with the Bank of Thailand's regulations and international standards.

The credit risk exposure of consumer credit portfolio can be shown as follows:

Credit risk exposure by products as at December 31, 2022 and 2021

Portfolio	Unit: Million Baht					
	CONSOLIDATED FINANCIAL STATEMENTS					
	2022			2021		
	ECL staging			ECL staging		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Business banking	27,672	8,558	5,327	26,277	12,187	4,228
Mortgage	246,090	24,655	15,622	245,547	23,817	14,080
Personal	8,495	4,911	1,278	8,015	5,614	879
Auto business	355,028	61,120	9,542	365,371	49,459	6,714
Krungsri consumer	120,057	3,484	5,357	115,916	3,389	5,923
Others*	73,715	2,816	2,669	68,955	1,170	1,128
Gross carrying amount	<u>831,057</u>	<u>105,544</u>	<u>39,795</u>	<u>830,081</u>	<u>95,636</u>	<u>32,952</u>
Expected credit loss	30,131	12,582	20,286	28,925	13,546	16,461

\* Foreign subsidiaries, Securities, Insurance brokers, etc.

## Related collaterals as at December 31, 2022 and 2021

Credit-impaired asset (stage 3)	Unit: Million Baht					
	CONSOLIDATED FINANCIAL STATEMENTS					
	2022			2021		
	GCA	ECL	Collateral value*	GCA	ECL	Collateral value*
Business banking	5,327	1,988	3,399	4,228	1,600	2,583
Mortgage	15,622	6,341	9,426	14,080	5,922	8,470
Personal	1,278	1,214	-	879	846	-
Auto business	9,542	6,102	-	6,714	4,087	-
Krungsri consumer	5,357	3,314	-	5,923	3,651	-
Others**	2,669	1,327	25	1,128	355	30

\* Value of collateral allocated to loans and credit obligations.

\*\* Foreign subsidiaries, Securities, Insurance brokers, etc.

### Measuring credit risk

In measuring credit risk of loans and advances at a counterparty level, the Bank considers three components: (i) the “Probability of Default” (PD) by the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the Bank derives the “Exposure at Default” (EAD); and (iii) the likely recovery ratio on the defaulted obligations or the “Loss Given Default” (LGD). The models are reviewed regularly to monitor their robustness relative to actual performance and amended as necessary to optimize their effectiveness.

These credit risk measurements are required and served as the foundation to determine expected credit loss (ECL) under TFRS 9.

#### (i) Probability of Default

The Bank assesses the probability of default of individual counterparties or the collective group of customers that share similar risk characteristic using internal rating tools/scorecard tailored to the various categories of counterparty/portfolio. Such models have been developed internally and combine statistical analysis with risk management judgment. The rating/scoring methods are subject to an annual validation and recalibration so that they reflect the latest projection in the light of all observed defaults.

#### (ii) Exposure at Default

Exposure at default is based on the amounts expected to be owed at the time of default.

#### (iii) Loss Given Default

Loss given default represents the Bank and its subsidiaries’ expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure. It typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

### **Incorporation of forward-looking information**

Where applicable, the Bank and its subsidiaries incorporate forward looking adjustment in credit risk factors in measuring the customer credit risk, considering the impact of multiple probability-weighted future forecast economic scenario. The three macro-economic scenarios are applied to reflect an unbiased probability weighted range of possible future outcomes; namely

- Base scenario: Representing the most-likely condition that continue to prevail, and
- Upper and lower scenario: These scenarios are set in relative to base scenario and provide the outlook of better and worse case economic outlook based on subject matter expert best judgement.

In certain circumstance, where the incorporation of forward looking information cannot be explicitly reflected through the expected credit loss model or economic scenario, the Bank and its subsidiaries may set aside the additional provision based on the supporting rationale and such treatment shall not contradict with the applicable accounting standard and the Bank of Thailand regulations.

### **Credit risk management and review**

The Bank rigorously monitors and reviews customer and portfolio risk in the following ways:

#### **Reserve adequacy**

The adequacy of reserves is reviewed and approved by the Chief Risk Officer and the Chief Financial Officer. Specific reserves are allocated to portfolios as required, with regular stress tests conducted to ensure that reserves are adequate.

#### **Credit risk audit**

An independent central unit under the Internal Audit Group of the Bank is responsible for examining and reviewing all credit risk management operations, with scope and plans approved by the Audit Committee with delegation from the Board of Directors.

The audit and review scopes cover overall credit risk management, correctness of risk ratings, compliance with credit covenants, and compliance with the Bank's credit policies, along with relevant Bank of Thailand criteria.

#### **Credit information monitoring and management**

The Bank regularly report credit risk levels to the Board of Directors, relevant committees, and senior management. The Bank's monthly credit portfolio report includes information on portfolio quality and segment trends by facility, ratings, location, industry, and delinquency. In addition, ad hoc reports are occasionally conducted in response to irregular situations that may affect the Bank's credit portfolio.

### Stress testing

The Bank and its subsidiaries conduct stress tests based on the Bank's stress test policy for both commercial and consumer portfolios. Stress tests use past historical trends as well as future macroeconomic projections to determine potential losses and their possible impact on the Bank's capital. Regulator-required stress test results are reported to the Capital Management Subcommittee, the Risk Management Committee, the Risk and Compliance Committee, and the Board of Directors. Internal stress test results are conducted periodically and reported to the Capital Management Subcommittee. The Bank has strategies and action plans in place to prevent any adverse effects.

### Financial business group management

The Bank's financial business group maintain independent risk organizations headed by senior risk executives. The Bank's Chief Risk Officer supervises financial business group risk management activities. These subsidiary risk management units must comply with the Bank's overall risk management strategy, ensure sufficient capacity with the required risk-related infrastructure, and comply with the Bank's risk appetite objectives and reporting requirements.

### Non-performing loan management

Non-performing loans (NPLs) are managed by a dedicated unit of specialists experienced in handling past-due accounts. The unit determines the best approaches to optimize payment from customers so as to improve asset quality, minimize losses and maximize recovery. Such unit also conduct NPL sales based on guidance and approval from the Board of Directors.

## 5.4 Capital funds

The Bank maintains the internal capital adequacy assessment process in accordance with the supervisory review process of the BOT and monitors on a regular basis to ensure that the current and future capital requirements are aligned with the risk appetite in the Financial Business Group and the Bank.

The Bank maintains its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk weighted assets in accordance with the criteria, methodologies, and conditions prescribed by the BOT. The Bank is required to calculate its Capital Funds in accordance with Basel III. As at December 31, 2022 and 2021, the Consolidated Supervision and the Bank's total capital funds and capital adequacy ratios can be categorized as follows:

	Unit: Million Baht		
	Basel III		
	Consolidated Supervision		
	2022	2021	
Tier 1 capital			
Common Equity Tier 1 capital			
Issued and paid-up share capital	73,558	73,558	
Premium on share capital	52,879	52,879	
Legal reserve	7,574	7,574	
Cumulative profit after appropriation	201,924	178,396	
Other reserves			
Other comprehensive income	8,749	10,431	
Other items from owner changes	(6,178)	(6,170)	
Deduction items from Common Equity Tier 1 capital	(37,960)	(38,504)	
Total Common Equity Tier 1 capital	300,546	278,164	
Additional Tier 1 capital			
Non-Controlling interest	1,689	1,452	
Total Tier 1 capital	302,235	279,616	
Tier 2 capital			
Subordinated debentures	60,826	60,811	
General provision	20,320	19,183	
Non-Controlling interest	358	273	
Total Tier 2 capital	81,504	80,267	
Total capital fund	383,739	359,883	
Capital adequacy ratio (%)			
	BOT regulatory	Basel III	
	Minimum requirement	Consolidated Supervision	
		2022	2021
Total Common Equity Tier 1 capital /			
Total risk weighted assets	8.00	15.84	15.52
Total Tier 1 capital / Total risk weighted assets	9.50	15.93	15.60
Total capital / Total risk weighted assets	12.00	20.23	20.08
Capital after deducting capital add-on arising			
from Single Lending Limit (Million Baht)		383,739	359,883
Total capital after deducting capital add-on /			
Total risk weighted assets		20.23	20.08



Unit: Million Baht		
Basel III		
The Bank		
	2022	2021
Tier 1 capital		
Common Equity Tier 1 capital		
Issued and paid-up share capital	73,558	73,558
Premium on share capital	52,879	52,879
Legal reserve	7,574	7,574
Cumulative profit after appropriation	97,815	88,407
Other reserves		
Other comprehensive income	9,048	10,404
Other items from owner changes	(5,218)	(5,218)
Deduction items from Common Equity Tier 1 capital	(14,221)	(14,131)
Total Common Equity Tier 1 capital	221,435	213,473
Additional Tier 1 capital	-	-
Total Tier 1 capital	221,435	213,473
Tier 2 capital		
Subordinated debentures	60,826	60,811
General provision	18,443	17,510
Total Tier 2 capital	79,269	78,321
Total capital fund	300,704	291,794

**Capital adequacy ratio (%)**

	BOT regulatory Minimum requirement	Basel III	
		2022	2021
Total Common Equity Tier 1 capital /			
Total risk weighted assets	8.00	13.23	13.56
Total Tier 1 capital / Total risk weighted assets	9.50	13.23	13.56
Total capital / Total risk weighted assets	12.00	17.97	18.53
Capital after deducting capital add-on arising from Single Lending Limit (Million Baht)		300,704	291,794
Total capital after deducting capital add-on /			
Total risk weighted assets		17.97	18.53

Disclosure of capital maintenance information of the Financial Business Group and the Bank under the BOT's Notification regarding the Disclosure of the Capital Requirement of the Financial Business Group and regarding the Disclosure of the Capital Requirement of Commercial Banks with details as follows:

Location of disclosure	www.krungsri.com
Date of disclosure	October 31, 2022
Information as at	June 30, 2022

The disclosure as at December 31, 2022 will be provided on or before April 30, 2023 on the above Bank's website as indicated in the BOT's notification.

## 5.5 The interest rate benchmark reform

The Bank and its subsidiaries are exposed to the interest rate benchmarks within its financial instruments and cash flow hedge relationships under the interest rate benchmark reform, which are USD LIBOR, JPY LIBOR, and THBFIX (collectively “IBORs”). The exposures arise on financial instruments with reference to IBORs which have not yet transitioned to an alternate interest rate benchmark. Also, the exposures arise on derivatives and non-derivative financial liabilities, which are Interbank and money market items (Liability) and Debt issued and borrowings, designated in hedge accounting relationships as listed in Note 7.5.

In the current year, the Bank and its subsidiaries have amended some contracts of financial instruments, and derivatives and non-derivative financial liabilities designated in hedge accounting relationships under the interest rate benchmark reform and have adopted the requirements of Phase 2 amendments of TFRS 9 Financial Instruments by applying the practical expedients for the modification of the contractual cash flows of financial assets or financial liabilities resulted from the interest rate benchmark reform as well as temporary exceptions from specific hedge accounting requirements for some derivatives and non-derivative financial instruments which were amended as a result of the interest rate benchmark reform. In addition, the Bank and its subsidiaries have adopted the temporary exceptions from applying specific hedge accounting requirements from Phase 1 amendments of TFRS 9 Financial Instruments for some contracts of derivatives and non-derivative financial liabilities designated in hedge accounting relationships under the interest rate benchmark reform which have not yet amended until when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or the hedging instrument, or when the hedging relationship that the hedged item is part of is discontinued. The Bank and its subsidiaries expect this uncertainty will continue until the contracts that reference IBORs are amended to specify the date on which the interest rate benchmark will be replaced, the basis for the cash flows of the alternative benchmark rate is determined including any fixed spread. In the future, the contract amendments of derivatives and non-derivative financial liabilities designated in hedge accounting relationships under the interest rate benchmark reform may cause risks to the ineffectiveness recognized in profit or loss.

However, the Bank and its subsidiaries have closely monitored the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by IBOR regulators, including the Financial Conduct Authority (FCA), the US Commodity Futures Trading Commission, and the Bank of Thailand, regarding the transition from IBORs. In response to the transition, the Bank has established “Benchmark Transition Project (BTPJ)” to manage the transition comprised of negotiation and contract amendments, risk management and valuation models, accounting and tax, treasury, and system enhancements. The project is under the governance of Project Steering Committee.

As of December 31, 2022 the Bank and its subsidiaries have the financial instruments with reference to IBORs which have not yet transitioned to an alternate interest rate benchmark as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	Carrying amount		Carrying amount	
	Assets	Liabilities	Assets	Liabilities
<b>Financial instruments referred to USD LIBOR</b>				
Non-derivative financial assets				
- Interbank and money market items (Asset)	-	-	1,901	-
- Loans to customers	10,166	-	10,166	-
Non-derivative financial liabilities				
- Interbank and money market items (Liability)	-	8,986	-	5,184
- Debt issued and borrowings	-	2,419	-	2,419
Derivatives	11,707	10,241	11,707	10,864
<b>Financial instruments referred to THBFIX</b>				
Non-derivative financial assets				
- Interbank and money market items (Asset)	2,500	-	2,500	-
- Loans to customers	85,827	-	85,827	-
Derivatives	4,656	5,681	4,656	5,681

## 6. ESTIMATES AND ASSUMPTIONS

Preparation of financial statements in conformity with Thai Financial Reporting Standards principles require management to make estimates and assumptions under certain circumstances. Such estimates and assumptions affect reported amounts of revenues, expenses, assets and liabilities and require the disclosure of contingent assets and liabilities at the date of the financial statements which may differ from these estimates. The significant areas requiring management to make judgments and estimates that affect reported amounts and disclosures are as follows:

### 6.1 Fair value

For a business acquisition, the Bank's management estimates the fair value of assets, liabilities and other contingent liabilities of the acquiree's identifiable assets and liabilities at the acquisition date. In addition, any adjustments of the initial provision are finalized within 12 months after the acquisition date.

### 6.2 Allowance for expected credit loss

Significant increase of credit risk: ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. TFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Bank and its subsidiaries take into account qualitative and quantitative reasonable and supportable forward-looking information.

### Establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Bank and its subsidiaries monitor the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

**Models and assumptions used:** The Bank and its subsidiaries use various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

### Determination of life of revolving credit facilities

The Bank and its subsidiaries measure ECL considering the risk of default over the maximum contractual period. However, for financial instruments such as credit cards, revolving credit facilities and overdraft facilities that include both a loan and an undrawn commitment component, the Bank and its subsidiaries' contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank and its subsidiaries' exposure to credit losses to the contractual notice period. For such financial instruments the Group measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period.

Establishing the number and relative weightings of forward-looking scenarios for each type of product and determining the forward-looking information relevant to each scenario.

When measuring ECL the Bank and its subsidiaries use reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. In its measurement of ECL, the external and internal information are used to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data published by governmental bodies and monetary authorities.

The Bank and its subsidiaries use multiple scenarios to model the non-linear impact of assumptions about macroeconomic factors on ECL. The Bank and its subsidiaries apply probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome. The Bank and its subsidiaries have identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. In addition to the base case scenario, the Group uses the probability weighting, which is the base scenario which has the highest weighting, since it is the most likely outcome and the weighting of the upside and downside scenarios depend on the probability of the scenario.

**Probability of default:** PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

**Loss Given Default:** LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

**Fair value measurement and valuation process:** In estimating the fair value of a financial asset or a liability, the Bank and its subsidiaries use market-observable data to the extent it is available. Where such Level 1 inputs are not available, the Bank and its subsidiaries use valuation models to determine the fair value of its financial instruments. Refer to Note 7.22 for more details on fair value measurement.

### 6.3 Allowance for properties for sale

The Bank and its subsidiaries estimate the allowance for impairment of properties for sale when there is a decline in net realizable value. In consideration of net realizable value, the Bank and its subsidiaries consider the appraised value together with other factors which can affect the realizable value such as related selling expenses, holding costs and discounted future expenses.

### 6.4 Goodwill

Goodwill is tested for impairment using a fair value method of discounted cash flows on a semi-annual basis.

### 6.5 Impairment of non-financial assets

The carrying amounts of the Bank and its subsidiaries' assets are reviewed at each financial statements date to determine whether there are any indications of impairment. If any such indication exists, the assets' recoverable amounts are estimated by discounting expected cash flows.



## 6.6 Provisions

Provisions are recognized as liabilities in the statement of financial position when it is probable that an obligation has been incurred as a result of a past event, and result in the certain likelihood of an outflow of economic benefits to settle the obligation and the amount of such obligation can be reasonably estimated.

## 6.7 Provision for contingent liabilities

The Bank and its subsidiaries provide a provision for contingent liabilities for loan commitment and financial guarantee according to TFRS 9 applying the same methodology as determining allowance for expected credit losses for financial assets of the same debtor.

## 6.8 Significant judgement on classification of joint arrangement

Lotus's Money Services Limited is a company that Ayudhya Capital Services Company Limited (a subsidiary of the Bank) holds 50% of ordinary shares. The decision relating to operation is subject to the approval of the joint venture. The Bank and its subsidiaries classified the investment as a joint venture under TFRS 11 which is accounted for using the equity method accordingly. For Lotus's Life Assurance Broker Limited and Lotus's General Insurance Broker Limited, they are companies that Lotus's Money Services Limited wholly holds 100% of ordinary shares. Accordingly, Lotus's Life Assurance Broker Limited and Lotus's General Insurance Broker Limited are classified as joint ventures of the Bank and its subsidiaries.

The Bank holds 50% of ordinary shares of SB Finance, Inc. (formerly SB Finance Company, Inc.) The decision relating to operation is subject to the approval of the joint venture. The Bank classified the investment as a joint venture under TFRS 11 which is accounted for using the equity method accordingly.

## 7. ADDITIONAL INFORMATION

### 7.1 Additional information of cash flows

7.1.1 Non-cash transactions for the years ended December 31, 2022 and 2021 are as follows:

	CONSOLIDATED		Unit: Million Baht THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2022	2021	2022	2021
Increase (decrease) in revaluation surplus on investments	(2,494)	282	(2,055)	146
Amortization of premises appraisal surplus transferred to retained earning	(226)	(249)	(226)	(249)
Properties for sale debt repayment	18,107	22,674	16,556	21,164
Properties and premises transferred to be properties for sale	88	120	88	120

7.1.2 Changes in liabilities arising from financing activities for the years ended December 31, 2022 and 2021 are as follows:

	CONSOLIDATED		Unit: Million Baht THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2022	2021	2022	2021
Beginning balance	121,779	149,221	93,007	129,145
Financing cash flows	(21,664)	(28,957)	(24,109)	(37,262)
Addition in the year	877	1,286	615	963
Other non-cash items	(786)	229	30	161
Ending balance	<u>100,206</u>	<u>121,779</u>	<u>69,543</u>	<u>93,007</u>

7.1.3 Realized and unrealized gains (losses) on foreign exchange

In the preparation of cash flows statements, realized gains (losses) on foreign exchange are based on a cash basis. Unrealized gains (losses) on foreign exchange are based on the translation difference of assets and liabilities in foreign currencies as described in the accounting policies. It is presented as an adjustment to reconcile income before tax to cash received (paid) from operating activities.

## 7.2 Classification of financial assets and financial liabilities

Classification of financial assets and financial liabilities as at December 31, 2022 and 2021 consist of the following:

CONSOLIDATED FINANCIAL STATEMENTS						Unit: Million Baht
2022						
	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Investment in equity securities designated at fair value through other comprehensive income	Financial instruments measured at amortized cost	Accrual basis for derivatives assets and liabilities	Total
<b>Financial assets</b>						
Cash	-	-	-	29,810	-	29,810
Interbank and money market items, net	-	-	-	460,920	-	460,920
Financial assets measured at fair value through profit or loss	998	-	-	-	-	998
Derivatives assets	30,027	-	-	-	-	30,027
Investments, net	-	135,224	9,425	518	-	145,167
Loans to customers and accrued interest receivables, net	-	-	-	1,873,491	-	1,873,491
Others	-	218	-	2,177	-	2,395
Total	<u>31,025</u>	<u>135,442</u>	<u>9,425</u>	<u>2,366,916</u>	<u>-</u>	<u>2,542,808</u>
<b>Financial liabilities</b>						
Deposits	-	-	-	1,804,692	-	1,804,692
Interbank and money market items	-	-	-	289,977	-	289,977
Liability payable on demand	-	-	-	4,226	-	4,226
Derivatives liabilities	32,152	-	-	-	5,188	37,340
Debt issued and borrowings	-	-	-	98,199	-	98,199
Provisions	-	-	-	1,811	-	1,811
Others	-	-	-	3,870	-	3,870
Total	<u>32,152</u>	<u>-</u>	<u>-</u>	<u>2,202,775</u>	<u>5,188</u>	<u>2,240,115</u>

Unit: Million Baht

## CONSOLIDATED FINANCIAL STATEMENTS

2021

	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Investment in equity securities designated at fair value through other comprehensive income	Financial instruments measured at amortized cost	Accrual basis for derivatives assets and liabilities	Total
<b>Financial assets</b>						
Cash	-	-	-	29,371	-	29,371
Interbank and money market items, net	-	-	-	346,816	-	346,816
Financial assets measured at fair value through profit or loss	736	-	-	-	-	736
Derivatives assets	24,622	-	-	-	371	24,993
Investments, net	-	170,294	10,187	2,229	-	182,710
Loans to customers and accrued interest receivables, net	-	-	-	1,816,869	-	1,816,869
Others	2	248	-	2,534	-	2,784
Total	<u>25,360</u>	<u>170,542</u>	<u>10,187</u>	<u>2,197,819</u>	<u>371</u>	<u>2,404,279</u>
<b>Financial liabilities</b>						
Deposits	-	-	-	1,779,139	-	1,779,139
Interbank and money market items	-	-	-	202,150	-	202,150
Liability payable on demand	-	-	-	4,042	-	4,042
Derivatives liabilities	21,487	-	-	-	185	21,672
Debt issued and borrowings	-	-	-	118,977	-	118,977
Provisions	-	-	-	2,556	-	2,556
Others	-	-	-	2,217	-	2,217
Total	<u>21,487</u>	<u>-</u>	<u>-</u>	<u>2,109,081</u>	<u>185</u>	<u>2,130,753</u>

Unit: Million Baht

## THE BANK'S FINANCIAL STATEMENTS

2022

	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Investment in equity securities designated at fair value through other comprehensive income	Financial instruments measured at amortized cost	Accrual basis for derivatives assets and derivatives liabilities	Total
<b>Financial assets</b>						
Cash	-	-	-	27,558	-	27,558
Interbank and money market items, net	-	-	-	451,780	-	451,780
Financial assets measured at fair value through profit or loss	-	-	-	-	-	-
Derivatives assets	31,211	-	-	-	-	31,211
Investments, net	-	134,717	7,338	-	-	142,055
Loans to customers and accrued interest receivables, net	-	-	-	1,680,008	-	1,680,008
Others	-	218	-	1,523	-	1,741
Total	<u>31,211</u>	<u>134,935</u>	<u>7,338</u>	<u>2,160,869</u>	<u>-</u>	<u>2,334,353</u>
<b>Financial liabilities</b>						
Deposits	-	-	-	1,782,186	-	1,782,186
Interbank and money market items	-	-	-	272,705	-	272,705
Liability payable on demand	-	-	-	4,223	-	4,223
Derivatives liabilities	33,535	-	-	-	5,188	38,723
Debt issued and borrowings	-	-	-	67,367	-	67,367
Provisions	-	-	-	1,467	-	1,467
Others	-	-	-	2,724	-	2,724
Total	<u>33,535</u>	<u>-</u>	<u>-</u>	<u>2,130,672</u>	<u>5,188</u>	<u>2,169,395</u>



Unit: Million Baht

## THE BANK'S FINANCIAL STATEMENTS

2021

	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Investment in equity securities designated at fair value through other comprehensive income	Financial instruments measured at amortized cost	Accrual basis for derivatives assets and derivatives liabilities	Total
<b>Financial assets</b>						
Cash	-	-	-	27,577	-	27,577
Interbank and money market items, net	-	-	-	336,835	-	336,835
Financial assets measured at fair value through profit or loss	98	-	-	-	-	98
Derivatives assets	24,703	-	-	-	371	25,074
Investments, net	-	169,787	7,752	2,229	-	179,768
Loans to customers and accrued interest receivables, net	-	-	-	1,641,531	-	1,641,531
Others	-	247	-	1,873	-	2,120
Total	<u>24,801</u>	<u>170,034</u>	<u>7,752</u>	<u>2,010,045</u>	<u>371</u>	<u>2,213,003</u>
<b>Financial liabilities</b>						
Deposits	-	-	-	1,760,331	-	1,760,331
Interbank and money market items	-	-	-	186,988	-	186,988
Liability payable on demand	-	-	-	4,041	-	4,041
Derivatives liabilities	21,544	-	-	-	185	21,729
Debt issued and borrowings	-	-	-	90,182	-	90,182
Provisions	-	-	-	1,994	-	1,994
Others	-	-	-	1,608	-	1,608
Total	<u>21,544</u>	<u>-</u>	<u>-</u>	<u>2,045,144</u>	<u>185</u>	<u>2,066,873</u>

### 7.3 Interbank and money market items, net (Asset)

Interbank and money market items, net (Asset) as at December 31, 2022 and 2021 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2022	2021	2022	2021
<b>Domestic items</b>				
Bank of Thailand and Financial				
Institution Development Fund	317,209	213,066	317,209	213,066
Commercial banks	18,030	25,905	16,272	24,233
Specialized financial institutions	18,071	29,924	18,071	29,924
Other financial institutions	27,736	19,756	28,232	19,753
Total	381,046	288,651	379,784	286,976
<u>Add</u> Accrued and undue interest receivables	98	53	98	53
<u>Less</u> Allowance for expected credit loss	(543)	(486)	(543)	(486)
Total domestic items	380,601	288,218	379,339	286,543
<b>Foreign items</b>				
US Dollar	46,915	23,775	40,422	16,208
Yen	23,529	28,855	23,529	28,855
Euro	5,622	2,137	5,622	2,137
Other currencies	4,278	3,859	2,884	3,120
Total	80,344	58,626	72,457	50,320
<u>Add</u> Accrued and undue interest receivables	6	3	20	-
<u>Less</u> Allowance for expected credit loss	(31)	(31)	(36)	(28)
Total foreign items	80,319	58,598	72,441	50,292
Total domestic and foreign items	460,920	346,816	451,780	336,835

### 7.4 Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss as at December 31, 2022 and 2021 consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2022 Fair Value	2021 Fair Value	2022 Fair Value	2021 Fair Value
<b>Trading financial assets</b>				
Government and state enterprise securities	-	98	-	98
Domestic marketable equity securities	353	105	-	-
Total	353	203	-	98
<b>Other</b>				
Investments	645	533	-	-
<b>Total</b>	998	736	-	98

As at December 31, 2022 and 2021, financial assets measured at fair value through profit or loss includes investment in fund primarily investing in Private Equity Trust held by a venture capital subsidiary of Baht 576 million and Baht 500 million, respectively, with unit holding of 32.05% and 100%, respectively. The subsidiary also manages these investments on a fair value basis.

## 7.5 Derivatives

### 7.5.1 Derivatives - Trading

Fair value and the notional amount classified by type of risk as at December 31, 2022 and 2021 are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS						
Risk type	2022			2021		
	Fair value		Notional Amount	Fair value		Notional Amount
	Assets	Liabilities		Assets	Liabilities	
Exchange rate	18,409	21,698	1,003,300	15,871	13,175	1,139,420
Interest rate	9,802	8,191	601,985	8,057	7,196	601,012
Equity derivatives	7	9	354	2	2	105
Total	<u>28,218</u>	<u>29,898</u>	<u>1,605,639</u>	<u>23,930</u>	<u>20,373</u>	<u>1,740,537</u>

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS						
Risk type	2022			2021		
	Fair value		Notional Amount	Fair value		Notional Amount
	Assets	Liabilities		Assets	Liabilities	
Exchange rate	19,149	22,466	1,004,558	15,871	13,175	1,139,420
Interest rate	10,480	8,814	621,305	8,140	7,256	607,123
Total	<u>29,629</u>	<u>31,280</u>	<u>1,625,863</u>	<u>24,011</u>	<u>20,431</u>	<u>1,746,543</u>

### 7.5.2 Derivatives - Hedging

#### 7.5.2.1 Cash flow hedge

Fair value and the notional amount classified by type of risk as at December 31, 2022 and 2021 are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS						
Risk type	2022			2021		
	Fair value		Notional Amount	Fair value		Notional Amount
	Assets	Liabilities		Assets	Liabilities	
Exchange rate	1,582	2,254	53,388	692	1,113	16,188
Interest rate	227	-	3,802	-	1	5,848
Total	<u>1,809</u>	<u>2,254</u>	<u>57,190</u>	<u>692</u>	<u>1,114</u>	<u>22,036</u>

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS						
Risk type	2022			2021		
	Fair value		Notional Amount	Fair value		Notional Amount
	Assets	Liabilities		Assets	Liabilities	
Exchange rate	1,582	2,255	53,388	692	1,113	16,188
Total	<u>1,582</u>	<u>2,255</u>	<u>53,388</u>	<u>692</u>	<u>1,113</u>	<u>16,188</u>

The tables below summarize the derivatives designated as hedging instruments in qualifying cash flow hedge relationships and directly impacted by IBOR reform as at December 31, 2022 and 2021.

Unit: Million Baht

## CONSOLIDATED FINANCIAL STATEMENTS

Cash flow hedges	December 31, 2022			Line items in the statement of financial position where the hedging instrument is located	For the year ended December 31, 2022		
	Notional amount directly impacted by IBOR reform	Notional amount of the hedging instrument	Carrying amount of the hedging instrument		Changes in fair value used for calculating hedge ineffectiveness	Ineffectiveness recognized in profit or loss	Line item in profit or loss that include hedge ineffectiveness
Foreign exchange risk - Cross currency interest rate swap	4,953	4,953	1,627	Derivative liabilities	(515)	1	Gain (loss) on financial instrument measured at FVTPL
Foreign exchange and Interest rate risk - Cross currency interest rate swap	7,604	7,604	1,249	Derivative assets	240	76	Gain (loss) on financial instrument measured at FVTPL
Foreign exchange risk - Firm commitment	-	22,707	294	Derivative liabilities	-	-	Gain (loss) on financial instrument measured at FVTPL
Interest rate risk - Interest rate swap	3,802	3,802	227	Derivative assets	(228)	(4)	Gain (loss) on financial instrument measured at FVTPL

Unit: Million Baht

## CONSOLIDATED FINANCIAL STATEMENTS

Cash flow hedges	December 31, 2021			Line items in the statement of financial position where the hedging instrument is located	For the year ended December 31, 2021		
	Notional amount directly impacted by IBOR reform	Notional amount of the hedging instrument	Carrying amount of the hedging instrument		Changes in fair value used for calculating hedge ineffectiveness	Ineffectiveness recognized in profit or loss	Line item in profit or loss that include hedge ineffectiveness
Foreign exchange risk - Cross currency interest rate swap	5,518	5,518	1,112	Derivative liabilities	(136)	(1)	Gain (loss) on financial instrument measured at FVTPL
Foreign exchange and Interest rate risk - Cross currency interest rate swap	7,352	10,360	693	Derivative assets	1,272	(81)	Gain (loss) on financial instrument measured at FVTPL
Interest rate risk - Interest rate swap	3,175	3,175	-	Derivative liabilities	-	-	Gain (loss) on financial instrument measured at FVTPL

Unit: Million Baht

## THE BANK'S FINANCIAL STATEMENTS

Cash flow hedges	December 31, 2022				For the year ended December 31, 2022		
	Notional amount directly impact by IBOR reform	Notional amount of the hedging instrument	Carrying amount of the hedging instrument	Line items in the statement of financial position where the hedging instrument is located	Changes in fair value used for calculating hedge ineffectiveness	Ineffectiveness recognized in profit or loss	Line item in profit or loss that include hedge ineffectiveness
Foreign exchange risk - Cross currency interest rate swap	4,953	4,953	1,627	Derivative liabilities	(515)	1	Gain (loss) on financial instrument measured at FVTPL
Foreign exchange and Interest rate risk - Cross currency interest rate swap	7,604	7,604	1,249	Derivative assets	240	76	Gain (loss) on financial instrument measured at FVTPL
Foreign exchange risk - Firm commitment	-	22,707	294	Derivative liabilities	-	-	Gain (loss) on financial instrument measured at FVTPL

Unit: Million Baht

## THE BANK'S FINANCIAL STATEMENTS

Cash flow hedges	December 31, 2021				For the year ended December 31, 2021		
	Notional amount directly impact by IBOR reform	Notional amount of the hedging instrument	Carrying amount of the hedging instrument	Line items in the statement of financial position where the hedging instrument is located	Changes in fair value used for calculating hedge ineffectiveness	Ineffectiveness recognized in profit or loss	Line item in profit or loss that include hedge ineffectiveness
Foreign exchange risk - Cross currency interest rate swap	5,518	5,518	1,112	Derivative liabilities	(136)	(1)	Gain (loss) on financial instrument measured at FVTPL
Foreign exchange and Interest rate risk - Cross currency interest rate swap	7,352	10,360	693	Derivative assets	1,272	(81)	Gain (loss) on financial instrument measured at FVTPL

As at December 31, 2021, cash flow hedges for foreign exchange and interest rate risk, notional amount of Baht 3,008 million will be mature before it is affected by the IBOR reform.



The amounts relating to items designated as hedged items in qualifying cash flow hedge relationships to manage the exposure of the Bank and its subsidiaries to interest rate and foreign currency risk for the years ended December 31, 2022 and 2021 are as follows:

Unit: Million Baht

## CONSOLIDATED FINANCIAL STATEMENTS

2022

Cash flow hedges	Line item in the statement of financial position including the hedged item	Carrying amount of hedged items	Carrying amount of hedged items that directly impact from IBOR reform	Changes in fair value used for calculating hedge ineffectiveness	Cash flow hedge reserve	Cost of hedging reserve
Foreign exchange risk						
- Aggregated exposure of Borrowings and Foreign exchange swaps	Interbank and money market items (Liabilities)	4,953	4,953 Reference rate is Fallback TONA LIBOR / THBFX	(516)	(890)	385
Foreign exchange and Interest rate risk						
- Debt issued and borrowings	Interbank and money market items (Liabilities) / Debt issued and borrowings	7,604	7,604 Reference rate is USD LIBOR	311	298	26
Foreign exchange risk						
- Firm commitment	Contingencies	22,707	-	-	(444)	15
Interest rate swap						
- Debt issued and borrowings	Interbank and money market items (Liabilities)	3,802	3,802 Reference rate is USD LIBOR	-	224	-

Unit: Million Baht

## CONSOLIDATED FINANCIAL STATEMENTS

2021

Cash flow hedges	Line item in the statement of financial position including the hedged item	Carrying amount of hedged items	Carrying amount of hedged items that directly impact from IBOR reform	Changes in fair value used for calculating hedge ineffectiveness	Cash flow hedge reserve	Cost of hedging reserve
Foreign exchange risk						
- Aggregated exposure of Borrowings and Foreign exchange swaps	Interbank and money market items (Liabilities)	5,518	5,518 Reference rate is JPY LIBOR	(136)	(10)	(117)
Foreign exchange and Interest rate risk						
- Debt issued and borrowings	Interbank and money market items (Liabilities) / Debt issued and borrowings	10,360	7,352 Reference rate is USD LIBOR	1,256	1,185	41
Interest rate swap						
- Debt issued and borrowings	Interbank and money market items (Liabilities)	3,175	3,175 Reference rate is USD LIBOR	-	-	-

Unit: Million Baht

**THE BANK'S FINANCIAL STATEMENTS**  
**2022**

Cash flow hedges	Line item in the statement of financial position including the hedged item	Carrying amount of hedged items	Carrying amount of hedged items that directly impact from IBOR reform	Changes in fair value used for calculating hedge ineffectiveness	Cash flow hedge reserve	Cost of hedging reserve
Foreign exchange risk						
- Aggregated exposure of Borrowings and Foreign exchange swaps	Interbank and money market items (Liabilities)	4,953	4,953 Reference rate is Fallback TONA LIBOR / THBFIX	(516)	(890)	385
Foreign exchange and Interest rate risk						
- Debt issued and borrowings	Interbank and money market items (Liabilities) / Debt issued and borrowings	7,604	7,604 Reference rate is USD LIBOR	311	298	26
Foreign exchange risk						
- Firm commitment	Contingencies	22,707	-	-	(444)	15

Unit: Million Baht

**THE BANK'S FINANCIAL STATEMENTS**  
**2021**

Cash flow hedges	Line item in the statement of financial position including the hedged item	Carrying amount of hedged items	Carrying amount of hedged items that directly impact from IBOR reform	Changes in fair value used for calculating hedge ineffectiveness	Cash flow hedge reserve	Cost of hedging reserve
Foreign exchange risk						
- Aggregated exposure of Borrowings and Foreign exchange swaps	Interbank and money market items (Liabilities)	5,518	5,518 Reference rate is JPY LIBOR	(136)	(10)	(117)
Foreign exchange and Interest rate risk						
- Debt issued and borrowings	Interbank and money market items (Liabilities) / Debt issued and borrowings	10,360	7,352 Reference rate is USD LIBOR	1,256	1,185	41

As at December 31, 2021, cash flow hedges for foreign exchange and interest rate risk, notional amount of Baht 3,008 million will be mature before it is affected by the IBOR reform.

The table below summarizes the amounts that have affected the statement of comprehensive income as a result of applying cash flow hedge accounting for the years ended December 31, 2022 and 2021.

Unit: Million Baht

## CONSOLIDATED FINANCIAL STATEMENTS

Cash flow hedges	2022					Line items affected in profit or loss because of the reclassification
	Change in the value of the hedging instrument recognized in cash flow hedge reserve	Change in the value of the hedging instrument recognized in cost of hedging reserve	Hedge ineffectiveness recognized in profit or loss	Amount reclassified from cash flow hedge reserve to profit or loss	Cost of hedging amortized to profit or loss	
Foreign exchange risk	(890)	377	1	(571)	8	1. Gain (loss) on financial instrument measured at FVTPL 2. Interest expense
Foreign exchange risk / Cross currency interest rate swap	(146)	33	76	58	8	1. Gain (loss) on financial instrument measured at FVTPL 2. Interest expense
Interest rate swap	224	-	(4)	35	-	1. Gain (loss) on financial instrument measured at FVTPL 2. Interest expense

Unit: Million Baht

## THE BANK'S FINANCIAL STATEMENTS

Cash flow hedges	2022					Line items affected in profit or loss because of the reclassification
	Change in the value of the hedging instrument recognized in cash flow hedge reserve	Change in the value of the hedging instrument recognized in cost of hedging reserve	Hedge ineffectiveness recognized in profit or loss	Amount reclassified from cash flow hedge reserve to profit or loss	Cost of hedging amortized to profit or loss	
Foreign exchange risk	(890)	377	1	(571)	8	1. Gain (loss) on financial instrument measured at FVTPL 2. Interest expense
Foreign exchange risk / Cross currency interest rate swap	(146)	33	76	58	8	1. Gain (loss) on financial instrument measured at FVTPL 2. Interest expense

CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS						Unit: Million Baht
2021						
Cash flow hedges	Change in the value of the hedging instrument recognized in cash flow hedge reserve	Change in the value of the hedging instrument recognized in cost of hedging reserve	Hedge ineffectiveness recognized in profit or loss	Amount reclassified from cash flow hedge reserve to profit or loss	Cost of hedging amortized to profit or loss	Line items affected in profit or loss because of the reclassification
Foreign exchange risk	(10)	(126)	(1)	-	9	1. Gain (loss) on financial instrument measured at FVTPL 2. Interest expense
Foreign exchange risk / Cross currency interest rate swap	1,185	14	(81)	1,048	27	1. Gain (loss) on financial instrument measured at FVTPL 2. Interest expense

The following table shows a reconciliation of the separate components of equity that relate to cash flow hedge relationships for the years ended December 31, 2022 and 2021.

CONSOLIDATED		Unit: Million Baht
FINANCIAL STATEMENTS		
Cash flow hedges		Cash flow hedge reserve
<b>Balance as at January 1, 2022</b>		<b>88</b>
Effective portion of changes in fair value of cross currency interest rate swaps		812
Cost of hedging reserve		(426)
Amount recycled from reserves to profit or loss		(478)
Income tax related to amount transferred		18
<b>Balance as at December 31, 2022</b>		<b>14</b>

THE BANK'S		Unit: Million Baht
FINANCIAL STATEMENTS		
Cash flow hedges		Cash flow hedge reserve
<b>Balance as at January 1, 2022</b>		<b>88</b>
Effective portion of changes in fair value of cross currency interest rate swaps		1,036
Cost of hedging reserve		(426)
Amount recycled from reserves to profit or loss		(513)
Income tax related to amount transferred		(19)
<b>Balance as at December 31, 2022</b>		<b>166</b>

CONSOLIDATED AND THE BANK'S		Unit: Million Baht
FINANCIAL STATEMENTS		
Cash flow hedges		Cash flow hedge reserve
<b>Balance as at January 1, 2021</b>		<b>129</b>
Effective portion of changes in fair value of cross currency interest rate swaps		(1,175)
Cost of hedging reserve		76
Amount recycled from reserves to profit or loss		1,048
Income tax related to amount transferred		10
<b>Balance as at December 31, 2021</b>		<b>88</b>

### 7.5.2.2 Dynamic risk hedge

Readjustment based on an accrual basis and the notional amount classified by type of risk as at December 31, 2022 and 2021 are as follows:

Unit: Million Baht						
CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS						
Risk type	2022			2021		
	Readjustment based on an accrual basis		Notional Amount	Readjustment based on an accrual basis		Notional Amount
	Assets	Liabilities		Assets	Liabilities	
Exchange rate	-	5,188	148,177	371	185	140,506
Total	-	5,188	148,177	371	185	140,506

## 7.6 Investments, net

Investments, net as at December 31, 2022 and 2021 consist of the following:

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
	2022		2021	
	Amortized Cost / Fair Value	Dividend Income	Amortized Cost / Fair Value	Dividend Income
<b>Investment in debt securities measured at amortized cost</b>				
Private enterprise debt securities	518		2,229	
Less Allowance for expected credit loss	-		-	
Total	518		2,229	
<b>Investment in debt securities measured at fair value through other comprehensive income</b>				
Government and state enterprise securities	118,585		154,696	
Private enterprise debt securities	16,639		15,598	
Total	135,224		170,294	
<b>Investment in equity securities designated at fair value through other comprehensive income</b>				
Domestic marketable equity securities	6,941	351	7,402	313
Domestic non-marketable equity securities	1,075	52	987	34
Foreign marketable equity securities	467	-	-	-
Foreign non-marketable equity securities	942	1	1,798	1
Total	9,425	404	10,187	348
<b>Total investments, net</b>	<b>145,167</b>		<b>182,710</b>	



Unit: Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
	2022		2021	
	Amortized Cost / Fair Value	Dividend Income	Amortized Cost / Fair Value	Dividend Income
<b>Investment in debt securities measured at amortized cost</b>				
Private enterprise debt securities	-		2,229	
<u>Less</u> Allowance for expected credit loss	-		-	
Total	-		2,229	
<b>Investment in debt securities measured at fair value through other comprehensive income</b>				
Government and state enterprise securities	118,585		154,696	
Private enterprise debt securities	16,132		15,091	
Total	134,717		169,787	
<b>Investment in equity securities designated at fair value through other comprehensive income</b>				
Domestic marketable equity securities	6,941	351	7,402	313
Domestic non-marketable equity securities	395	52	348	34
Foreign non-marketable equity securities	2	-	2	-
Total	7,338	403	7,752	347
<b>Total investments, net</b>	<u>142,055</u>		<u>179,768</u>	

Unit: Million Baht								
CONSOLIDATED FINANCIAL STATEMENTS								
	For the year ended December 31, 2022				For the year ended December 31, 2021			
Investment in equity securities derecognition	Fair value as at derecognition	Dividend Income	Gain (loss) from derecognition	Reason for derecognition	Fair value as at derecognition	Dividend Income	Gain (loss) from derecognition	Reason for derecognition
<b>Investment in equity securities designated at fair value through other comprehensive income</b>								
Domestic marketable equity securities	1,412	41	(474)	Sale	367	14	(90)	Sale
Domestic non-marketable equity securities	-	-	-	-	18	3	17	Sale
Total	<u>1,412</u>	<u>41</u>	<u>(474)</u>		<u>385</u>	<u>17</u>	<u>(73)</u>	

Unit: Million Baht								
THE BANK'S FINANCIAL STATEMENTS								
	For the year ended December 31, 2022				For the year ended December 31, 2021			
Investment in equity securities derecognition	Fair value as at derecognition	Dividend Income	Gain (loss) from derecognition	Reason for derecognition	Fair value as at derecognition	Dividend Income	Gain (loss) from derecognition	Reason for derecognition
<b>Investment in equity securities designated at fair value through other comprehensive income</b>								
Domestic marketable equity securities	1,179	41	(626)	Sale	367	14	(90)	Sale
Domestic non-marketable equity securities	-	-	-	-	18	3	17	Sale
Total	<u>1,179</u>	<u>41</u>	<u>(626)</u>		<u>385</u>	<u>17</u>	<u>(73)</u>	

As at December 31, 2022 and 2021, investments in unit trust of fixed income funds in the consolidated financial statements of Baht 507 million and Baht 507 million, respectively, were recorded as investment designated at fair value through other comprehensive income that will not be reclassified subsequently to profit or loss according to BOT's Notification Sor.Nor.Sor. 6/2563 regarding holding or having the investment in unit trust of fixed income funds to enhance the liquidity of the money market dated March 25, 2020.

## 7.7 Investments in subsidiaries, associate and joint ventures, net

Investments in subsidiaries, associate and joint ventures, net as at December 31, 2022 and 2021 consist of the following:

Unit: Million Baht							
CONSOLIDATED FINANCIAL STATEMENTS							
2022							
Company Name	Business Type	Securities Investment Type	Issued and Paid-up Share Capital	Proportion of Ownership Interest and Voting Power Held by the Bank (%)	Investment (Cost Method)	Investment (Equity Method)	Dividend Income
<b>Associate</b>							
Ngern Tid Lor Public Company Limited	Loan and hire-purchase for all types of vehicles, non-life insurance broker and life insurance broker	Common stock	9,240	30.00	2,520	10,106	191 <sup>(3)</sup>
<b>Joint ventures</b>							
SB Finance, Inc. (formerly SB Finance Company, Inc.)	Personal loans	Common stock	2,592	50.00	1,923	1,988	-
Lotus's Money Services Limited <sup>(1)</sup>	Credit cards and personal loans	Common stock	2,080	50.00	1,040	4,122	-
Lotus's Life Assurance Broker Limited <sup>(2)</sup>	Life assurance broker	Common stock	12	50.00	-	120	-
Lotus's General Insurance Broker Limited <sup>(2)</sup>	General insurance broker	Common stock	107	50.00	-	244	-
<b>Investments in associate and joint ventures, net</b>					<u>5,483</u>	<u>16,580</u>	<u>191</u>

Unit: Million Baht							
CONSOLIDATED FINANCIAL STATEMENTS							
2021							
Company Name	Business Type	Securities Investment Type	Issued and Paid-up Share Capital	Proportion of Ownership Interest and Voting Power Held by the Bank (%)	Investment (Cost Method)	Investment (Equity Method)	Dividend Income
<b>Associate</b>							
Ngern Tid Lor Public Company Limited	Loan and hire-purchase for all types of vehicles, non-life insurance broker and life insurance broker	Common stock	8,580	30.00	2,520	9,207	-
<b>Joint ventures</b>							
SB Finance Company, Inc.	Personal loans	Common stock	970	50.00	1,112	1,210	-
Lotus's Money Services Limited <sup>(1)</sup>	Credit cards and personal loans	Common stock	2,080	50.00	1,040	3,690	-
Lotus's Life Assurance Broker Limited <sup>(2)</sup>	Life assurance broker	Common stock	12	50.00	-	107	-
Lotus's General Insurance Broker Limited <sup>(2)</sup>	General insurance broker	Common stock	107	50.00	-	243	-
<b>Investments in associate and joint ventures, net</b>					<u>4,672</u>	<u>14,457</u>	<u>-</u>

<sup>(1)</sup> Indirect holding via Ayudhya Capital Services Company Limited

<sup>(2)</sup> Indirect holding via Lotus's Money Services Limited

<sup>(3)</sup> During the year, the Bank received dividend income at the amount of Baht 191 million and stock dividend at the amount of 53.5 million shares from Ngern Tid Lor Public Company Limited.

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
2022						
Company Name	Business Type	Securities Investment Type	Issued and Paid-up Share Capital	Proportion of Ownership Interest and Voting Power Held by the Bank (%)	Investment (Cost Method)	Dividend Income
<b>Subsidiaries</b>						
Ayudhya Development Leasing Company Limited	Hire-purchase and leasing	Common stock	1,235	99.99	3,929	-
Ayudhya Capital Auto Lease Public Company Limited	Hire-purchase and auto leasing	Common stock	25,545	100.00	19,880	2,094
Ayudhya Capital Services Company Limited	Credit cards and personal loans	Common stock	5,925	100.00	11,941	-
General Card Services Limited	Credit cards and personal loans	Common stock	2,458	100.00	2,581	-
Krungsriayudhya Card Company Limited	Credit cards and personal loans	Common stock	5,906	100.00	6,275	-
Siam Realty and Services Security Company Limited	Car rental services and personnel services	Common stock	100	100.00	100	-
Total Services Solutions Public Company Limited	Collection services	Common stock	401	100.00	1,614	-
Krungsri Asset Management Company Limited	Fund management	Common stock	350	86.86	1,622	389
Krungsri Ayudhya AMC Limited	Asset management	Common stock	2,700	100.00	4,565	-
Krungsri Securities Public Company Limited	Securities	Common stock	1,350	99.84	1,497	-
Krungsri Nimble Company Limited	Factoring and information technology services	Common stock	300	100.00	300	-
Krungsri Finnove Company Limited	Venture capital	Common stock	2,500	100.00	2,500	-
Hattha Bank Plc.	Commercial Bank	Common stock	4,535	100.00	9,712	-
<b>Total investments in subsidiaries</b>					66,516	2,483
<b>Associate</b>						
Ngern Tid Lor Public Company Limited	Loan and hire-purchase for all types of vehicles, non-life insurance broker and life insurance broker	Common stock	9,240	30.00	2,520	191 <sup>(1)</sup>
<b>Joint venture</b>						
SB Finance, Inc. (formerly SB Finance Company, Inc.)	Personal loans	Common stock	2,592	50.00	1,923	-
<b>Investments in subsidiaries, associate and joint venture</b>					70,959	2,674
<b>Less Allowance for impairment</b>					(7,264)	-
<b>Investments in subsidiaries, associate and joint venture, net</b>					63,695	2,674

<sup>(1)</sup> During the year, the Bank received dividend income at the amount of Baht 191 million and stock dividend at the amount of 53.5 million shares from Ngern Tid Lor Public Company Limited.

Unit: Million Baht

**THE BANK'S FINANCIAL STATEMENTS**  
**2021**

Company Name	Business Type	Securities Investment Type	Issued and Paid-up Share Capital	Proportion of Ownership Interest and Voting Power Held by the Bank (%)	Investment (Cost Method)	Dividend Income
<b>Subsidiaries</b>						
Ayudhya Development Leasing Company Limited	Hire-purchase and leasing	Common stock	1,235	99.99	3,929	-
Ayudhya Capital Auto Lease Public Company Limited	Hire-purchase and auto leasing	Common stock	25,545	100.00	19,880	3,577
Ayudhya Capital Services Company Limited	Credit cards and personal loans	Common stock	5,925	100.00	11,941	-
General Card Services Limited	Credit cards and personal loans	Common stock	2,458	100.00	2,581	-
Krungsriayudhya Card Company Limited	Credit cards and personal loans	Common stock	5,906	100.00	6,275	-
Siam Realty and Services Security Company Limited	Car rental services and personnel services	Common stock	100	100.00	100	-
Total Services Solutions Public Company Limited	Collection services	Common stock	401	100.00	1,614	-
Krungsri Asset Management Company Limited	Fund management	Common stock	350	86.86	1,622	2,329
Krungsri Ayudhya AMC Limited	Asset management	Common stock	2,700	100.00	4,565	-
Krungsri Securities Public Company Limited	Securities	Common stock	1,350	99.84	1,497	-
Krungsri Nimble Company Limited	Factoring and information technology services	Common stock	300	100.00	300	-
Krungsri Finnivate Company Limited	Venture capital	Common stock	2,500	100.00	2,500	-
Hattha Bank Plc.	Commercial Bank	Common stock	4,535	100.00	9,712	-
<b>Total investments in subsidiaries</b>					66,516	5,906
<b>Associate</b>						
Ngern Tid Lor Public Company Limited	Loan and hire-purchase for all types of vehicles, general insurance broker and life assurance broker	Common stock	8,580	30.00	2,520	-
<b>Joint venture</b>						
SB Finance Company, Inc.	Personal loans	Common stock	970	50.00	1,112	-
<b>Investments in subsidiaries, associate and joint venture</b>					70,148	5,906
<u>Less Allowance for impairment</u>					<u>(7,182)</u>	<u>-</u>
<b>Investments in subsidiaries, associate and joint venture, net</b>					<u>62,966</u>	<u>5,906</u>

**The summarized financial information of associate and joint ventures**

Net profit and total comprehensive income of associate and joint ventures for the years ended December 31, 2022 and 2021 are as follows:

	2022		2021	
	Net profit	Total comprehensive income	Net profit	Total comprehensive income
Associate	3,640	3,654	2,169	2,161
Joint ventures	970	854	2,351	2,364

## DISCLOSURE OF THE STATEMENTS OF CASH FLOWS OF ASSET MANAGEMENT COMPANY

**KRUNGSRI AYUDHYA AMC LIMITED**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<b>Unit: Million Baht</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>		
Income before income tax	37	68
Adjustments to reconcile income to cash provided (paid) from operating activities		
Depreciation and amortization	7	4
Reversal expected credit loss	(6)	-
Gain on sales of properties for sale	(89)	(108)
Loss on impairment of properties for sale	46	80
Reversal loss on impairment of other assets	(9)	-
Reversal provision for contingent liabilities	-	(9)
Employment benefits expenses	2	2
Interest income, net	(47)	(91)
Interest received	38	83
Income tax paid	(2)	(38)
Loss from operations before changes in operating assets and liabilities	(23)	(9)
Decrease in operating assets		
Properties for sale	156	236
Other assets	28	31
Decrease in operating liabilities		
Provisions	(4)	-
Other liabilities	(20)	(63)
Net cash from operating activities	137	195
<b>Cash flows from investing activities</b>		
Cash paid for purchase of equipment	(1)	-
Net cash from investing activities	(1)	-
<b>Cash flows from financing activities</b>		
Cash paid for repayment of lease liabilities	(6)	(4)
Net cash from financing activities	(6)	(4)
Net increase in cash and cash equivalents	130	191
Cash and cash equivalents as at January 1,	2,704	2,513
Cash and cash equivalents as at December 31,	2,834	2,704



## 7.8 Loans to customers and accrued interest receivables, net

Loans to customers and accrued interest receivables, net as at December 31, 2022 and 2021 are as follows:

### (1) Classified by products

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2022	2021	2022	2021
Overdrafts	61,389	60,007	61,350	59,968
Loan against contract	1,048,579	994,097	947,981	908,367
Trade bill	334,739	335,667	351,510	354,026
Hire-purchase receivables	413,536	412,962	373,676	371,902
Lease contract receivables	6,615	9,161	1,457	1,719
Credit card receivables	78,484	73,301	-	-
Others	6,067	5,181	3,891	3,639
Total loans to customers	1,949,409	1,890,376	1,739,865	1,699,621
<u>Add</u> Accrued and undue interest receivables	11,933	10,853	9,530	8,553
Total loans to customers and accrued interest receivables	1,961,342	1,901,229	1,749,395	1,708,174
<u>Less</u> Allowance for expected credit loss	(87,851)	(84,360)	(69,387)	(66,643)
Total loans to customers and accrued interest receivable, net	1,873,491	1,816,869	1,680,008	1,641,531

### (2) Classified by residence of debtors

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2022	2021	2022	2021
Domestic	1,867,924	1,815,745	1,724,899	1,681,474
Foreign	81,485	74,631	14,966	18,147
Total	1,949,409	1,890,376	1,739,865	1,699,621

## (3) Classified by type of classification

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		2021	
	2022		2021	
	Loans to customers and accrued interest receivables	Allowance for expected credit loss	Loans to customers and accrued interest receivables	Allowance for expected credit loss
Stage 1 Performing	1,743,186	38,474	1,706,665	36,582
Stage 2 Under-performing	161,442	19,409	145,226	22,378
Stage 3 Non-performing	56,714	29,968	49,338	25,400
Total	1,961,342	87,851	1,901,229	84,360

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS		2021	
	2022		2021	
	Loans to customers and accrued interest receivables	Allowance for expected credit loss	Loans to customers and accrued interest receivables	Allowance for expected credit loss
Stage 1 Performing	1,553,419	28,793	1,532,803	26,722
Stage 2 Under-performing	149,856	17,150	135,233	20,070
Stage 3 Non-performing	46,120	23,444	40,138	19,851
Total	1,749,395	69,387	1,708,174	66,643

For the years ended December 31, 2022 and 2021, the Bank entered into agreements to sell non-performing loans (NPLs) to third parties and a related company as follows:

Unit: Million Baht

	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS	
	2022	2021
Book value	4,307	1,660
Net book value	2,866	1,097

Non-performing loans are defined as Stage 3 Non-performing loan accounts in accordance with the BOT's Notification Sor.Nor.Sor. 23/2561, regarding the "Classification and provision criteria of financial institution", dated October 31, 2018.

As at December 31, 2022 and 2021, the Bank and Krungsri Ayudhya AMC Limited (“AMC”) had non-performing loans which included interbank and money market items in accordance with BOT’s Notification as follows:

	Unit: Million Baht		
	2022		
	The Bank	AMC	The Bank and AMC
Non-performing loans	43,750	371	44,121
Percentage of total loans	2.07	100.00	2.09

	Unit: Million Baht		
	2021		
	The Bank	AMC	The Bank and AMC
Non-performing loans	38,709	377	39,086
Percentage of total loans	1.97	100.00	1.99

As at December 31, 2022 and 2021, the Bank and its subsidiaries’ non-performing loans which included interbank and money market items in accordance with BOT’s Notification are Baht 53,875 million and Baht 47,448 million, respectively.

#### (4) Modified loans to customers and trouble debt restructuring

For the years ended December 31, 2022 and 2021, loans to customers that were modified while they had a loss allowance measured at an amount equal to lifetime ECL as follows:

	Unit: Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK’S FINANCIAL STATEMENTS	
	2022	2021	2022	2021
<b>Loans to customers modified during the years *</b>				
Amortized cost before modification	45,027	3,054	44,063	2,946
Net modification (gain) loss	(111)	53	(111)	53
<b>Loans to customers modified since initial recognition</b>				
Gross carrying amount of loans to customers for which loss allowance has changed in the year from lifetime to 12-month ECL cost after modification as at December 31,	456	177	341	146

\* This excluded loans to customers modified under BOT’s relief program.

## (5) Lease receivables (Included hire-purchase and finance lease receivables)

Unit: Million Baht

## CONSOLIDATED FINANCIAL STATEMENTS

2022

	Amount due per agreements			
	Within 1 Year	Greater than 1-5 Years	Greater than 5 Years	Total
Minimum lease payments	141,994	330,361	35,237	507,592
<u>Less</u> Unearned interest income				<u>(87,441)</u>
Present value of the minimum lease payments				420,151
<u>Add</u> Accrued and undue interest receivables				292
<u>Less</u> Allowance for expected credit loss				<u>(28,841)</u>
Total lease receivables, net				<u>391,602</u>

Unit: Million Baht

## CONSOLIDATED FINANCIAL STATEMENTS

2021

	Amount due per agreements			
	Within 1 Year	Greater than 1-5 Years	Greater than 5 Years	Total
Minimum lease payments	139,427	332,611	33,992	506,030
<u>Less</u> Unearned interest income				<u>(83,907)</u>
Present value of the minimum lease payments				422,123
<u>Add</u> Accrued and undue interest receivables				94
<u>Less</u> Allowance for expected credit loss				<u>(25,702)</u>
Total lease receivables, net				<u>396,515</u>

Unit: Million Baht

## THE BANK'S FINANCIAL STATEMENTS

2022

	Amount due per agreements			
	Within 1 Year	Greater than 1-5 Years	Greater than 5 Years	Total
Minimum lease payments	118,970	300,617	34,081	453,668
<u>Less</u> Unearned interest income				<u>(78,535)</u>
Present value of the minimum lease payments				375,133
<u>Add</u> Accrued and undue interest receivables				244
<u>Less</u> Allowance for expected credit loss				<u>(24,691)</u>
Total lease receivables, net				<u>350,686</u>

Unit: Million Baht

**THE BANK'S FINANCIAL STATEMENTS**  
**2021**

	Amount due per agreements			
	Within 1 Year	Greater than 1-5 Years	Greater than 5 Years	Total
Minimum lease payments	116,005	300,643	31,519	448,167
<u>Less</u> Unearned interest income				<u>(74,546)</u>
Present value of the minimum lease payments				373,621
<u>Add</u> Accrued and undue interest receivables				74
<u>Less</u> Allowance for expected credit loss				<u>(21,450)</u>
Total lease receivables, net				<u>352,245</u>

## 7.9 Allowance for expected credit loss

Allowance for expected credit loss as at December 31, 2022 and 2021 are as follows:

Unit: Million Baht

**CONSOLIDATED FINANCIAL STATEMENTS**  
**2022**

Loans to customers measured at amortized cost	12-month ECL	Allowance for expected credit loss		Total
		Lifetime ECL-not credit impaired	Lifetime ECL-credit impaired	
Balance as at January 1, 2022	36,582	22,378	25,400	84,360
Transfer between stage	7,536	(15,481)	7,945	-
Net remeasurement of loss allowance	(16,016)	17,627	14,727	16,338
New financial assets originated or purchased	14,371	3,162	2,970	20,503
Financial assets that have been derecognized	<u>(3,999)</u>	<u>(8,277)</u>	<u>(21,074)</u>	<u>(33,350)</u>
Balance as at December 31, 2022	<u>38,474</u>	<u>19,409</u>	<u>29,968</u>	<u>87,851</u>

Unit: Million Baht

**CONSOLIDATED FINANCIAL STATEMENTS**  
**2021**

Loans to customers measured at amortized cost	12-month ECL	Allowance for expected credit loss		Total
		Lifetime ECL-not credit impaired	Lifetime ECL-credit impaired	
Balance as at January 1, 2021	32,982	18,214	25,211	76,407
Transfer between stage	9,503	(16,464)	6,961	-
Net remeasurement of loss allowance	(12,707)	23,817	10,578	21,688
New financial assets originated or purchased	9,807	317	745	10,869
Financial assets that have been derecognized	<u>(3,003)</u>	<u>(3,506)</u>	<u>(18,095)</u>	<u>(24,604)</u>
Balance as at December 31, 2021	<u>36,582</u>	<u>22,378</u>	<u>25,400</u>	<u>84,360</u>



Unit: Million Baht

**THE BANK'S FINANCIAL STATEMENTS  
2022**

Loans to customers measured at amortized cost	12-month ECL	Allowance for expected credit loss		Total
		Lifetime ECL-not credit impaired	Lifetime ECL-credit impaired	
Balance as at January 1, 2022	26,722	20,070	19,851	66,643
Transfer between stage	6,477	(11,514)	5,037	-
Net remeasurement of loss allowance	(13,592)	12,685	12,372	11,465
New financial assets originated or purchased	11,349	3,153	2,056	16,558
Financial assets that have been derecognized	(2,163)	(7,244)	(15,872)	(25,279)
Balance as at December 31, 2022	<u>28,793</u>	<u>17,150</u>	<u>23,444</u>	<u>69,387</u>

Unit: Million Baht

**THE BANK'S FINANCIAL STATEMENTS  
2021**

Loans to customers measured at amortized cost	12-month ECL	Allowance for expected credit loss		Total
		Lifetime ECL-not credit impaired	Lifetime ECL-credit impaired	
Balance as at January 1, 2021	26,356	14,285	18,568	59,209
Transfer between stage	6,302	(9,710)	3,408	-
Net remeasurement of loss allowance	(12,207)	17,809	9,271	14,873
New financial assets originated or purchased	7,805	312	733	8,850
Financial assets that have been derecognized	(1,534)	(2,626)	(12,129)	(16,289)
Balance as at December 31, 2021	<u>26,722</u>	<u>20,070</u>	<u>19,851</u>	<u>66,643</u>

The Bank and its subsidiaries recorded allowance for expected credit loss\* in the financial statements as follows:

Unit: Million Baht

	<b>2022</b>	<b>2021</b>
Consolidated financial statements	90,211	87,411
The Bank and Krungsri Ayudhya AMC Limited	71,668	69,395
The Bank's financial statements	71,412	69,133

\* Such allowance for expected credit loss consists of allowance for expected credit loss for loans to customers and accrued interest receivables, interbank and money market items and loan commitments and financial guarantee contracts.

As at December 31, 2022 and 2021, the Bank and its subsidiaries had loans to customers and accrued interest receivables to companies which have certain problems in financial position and result of operations as defined in the Guideline of SET dated July 8, 1998 regarding the disclosure of asset quality and related party transactions and the allowance for such loans as follows:

Unit: Million Baht

CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS 2022			
	Number	Outstanding Balance	Collateral Allowance for Expected Credit Loss
Companies subject to be delisted by SET	1	721	-
Total	1	721	-

Unit: Million Baht

CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS 2021			
	Number	Outstanding Balance	Collateral Allowance for Expected Credit Loss
Companies subject to be delisted by SET	2	2	-
Total	2	2	-

## 7.10 Properties for sale, net

Properties for sale, net as at December 31, 2022 and 2021 are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS				
Type of Properties for Sale	Balance as at January 1, 2022	Acquisition	Disposition	Balance as at December 31, 2022
1. Assets acquired from debt repayment				
1.1 Immovable	3,553	1,964	(266)	5,251*
1.2 Movable	870	16,154	(15,765)	1,259
Total	4,423	18,118	(16,031)	6,510
2. Others	362	88	(80)	370
Total properties for sale	4,785	18,206	(16,111)	6,880
Less Provision for impairment	(1,512)	(5,669)	5,513	(1,668)
Total properties for sale	3,273	12,537	(10,598)	5,212

\* Including properties for sale transferred under the Bank of Thailand's supportive measure for debt settlement through collateral assets transfers with buy-back options (Asset Warehousing).

Unit: Million Baht

## CONSOLIDATED FINANCIAL STATEMENTS

Type of Properties for Sale	Balance as at January 1, 2021	Acquisition	Disposition	Balance as at December 31, 2021
1. Assets acquired from debt repayment				
1.1 Immovable	3,378	464	(289)	3,553
1.2 Movable	1,348	22,209	(22,687)	870
Total	4,726	22,673	(22,976)	4,423
2. Others	341	117	(96)	362
Total properties for sale	5,067	22,790	(23,072)	4,785
<u>Less</u> Provision for impairment	(1,701)	(5,306)	5,495	(1,512)
Total properties for sale	3,366	17,484	(17,577)	3,273

Unit: Million Baht

## THE BANK'S FINANCIAL STATEMENTS

Type of Properties for Sale	Balance as at January 1, 2022	Acquisition	Disposition	Balance as at December 31, 2022
1. Assets acquired from debt repayment				
1.1 Immovable	2,802	1,951	(118)	4,635*
1.2 Movable	767	14,604	(14,229)	1,142
Total	<u>3,569</u>	<u>16,555</u>	<u>(14,347)</u>	<u>5,777</u>
2. Others	361	88	(80)	369
Total properties for sale	<u>3,930</u>	<u>16,643</u>	<u>(14,427)</u>	<u>6,146</u>
<u>Less</u> Provision for impairment	<u>(1,139)</u>	<u>(4,853)</u>	<u>4,671</u>	<u>(1,321)</u>
Total properties for sale	<u>2,791</u>	<u>11,790</u>	<u>(9,756)</u>	<u>4,825</u>

\* Including properties for sale transferred under the Bank of Thailand's supportive measure for debt settlement through collateral assets transfers with buy-back options (Asset Warehousing).

Unit: Million Baht

## THE BANK'S FINANCIAL STATEMENTS

Type of Properties for Sale	Balance as at January 1, 2021	Acquisition	Disposition	Balance as at December 31, 2021
1. Assets acquired from debt repayment				
1.1 Immovable	2,419	458	(75)	2,802
1.2 Movable	1,203	20,706	(21,142)	767
Total	3,622	21,164	(21,217)	3,569
2. Others	340	116	(95)	361
Total properties for sale	3,962	21,280	(21,312)	3,930
<u>Less</u> Provision for impairment	(1,298)	(4,384)	4,543	(1,139)
Total properties for sale	2,664	16,896	(16,769)	2,791

Immovable assets for sale classified by external and internal appraisers as at December 31, 2022 and 2021 consist of the following:

**Unit: Million Baht**

**CONSOLIDATED  
FINANCIAL STATEMENTS  
2022                      2021**

**THE BANK'S  
FINANCIAL STATEMENTS**

Immovable assets - Foreclosed assets				
Appraised by external appraisers	2,839	1,200	2,838	1,199
Appraised by internal appraisers	2,412	2,353	1,797	1,603
Total	<u>5,251</u>	<u>3,553</u>	<u>4,635</u>	<u>2,802</u>

## 7.11 Premises and equipment, net

Premises and equipment, net as at December 31, 2022 and 2021 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS				Unit: Million Baht
	Balance as at January 1, 2022	Increase	Decrease	Others	Balance as at December 31, 2022
Land					
Cost	5,239	5	(9)	34	5,269
Appraisal increase (Year 2019)	9,290	-	(54)	-	9,236
Appraisal decrease (Year 2019)	(20)	-	-	-	(20)
Premises					
Cost	13,360	3,480	(799)	19	16,060
Appraisal increase (Year 2019)	15,785	-	(201)	-	15,584
Appraisal decrease (Year 2019)	(55)	-	-	-	(55)
Equipment	15,072	1,842	(1,194)	9	15,729
Leasehold improvement	3,530	112	(149)	3	3,496
Total	62,201	5,439	(2,406)	65	65,299
<u>Less</u> Accumulated depreciation					
Land	(3)	(3)	1	-	(5)
Premises					
- Cost	(6,919)	(1,248)	684	(4)	(7,487)
- Appraisal increase (Year 2019)	(12,508)	(213)	188	-	(12,533)
Equipment	(11,806)	(1,279)	889	(6)	(12,202)
Leasehold improvement	(2,492)	(240)	121	(3)	(2,614)
Total	(33,728)	(2,983)	1,883	(13)	(34,841)
Construction in progress/under installation	2,348	944	(2,749)	3	546
Premises and equipment, net	30,821				31,004

CONSOLIDATED FINANCIAL STATEMENTS					Unit: Million Baht
	Balance as at January 1, 2021	Increase	Decrease	Others	Balance as at December 31, 2021
Land					
Cost	5,171	2	(34)	100	5,239
Appraisal increase (Year 2019)	9,346	-	(56)	-	9,290
Appraisal decrease (Year 2019)	(20)	-	-	-	(20)
Premises					
Cost	12,995	868	(553)	50	13,360
Appraisal increase (Year 2019)	15,890	-	(105)	-	15,785
Appraisal decrease (Year 2019)	(55)	-	-	-	(55)
Equipment	15,010	956	(952)	58	15,072
Leasehold improvement	3,541	98	(117)	8	3,530
Total	61,878	1,924	(1,817)	216	62,201
<u>Less</u> Accumulated depreciation					
Land	(3)	(3)	4	(1)	(3)
Premises					
- Cost	(6,059)	(1,351)	505	(14)	(6,919)
- Appraisal increase (Year 2019)	(12,364)	(237)	93	-	(12,508)
Equipment	(11,027)	(1,433)	700	(46)	(11,806)
Leasehold improvement	(2,309)	(269)	88	(2)	(2,492)
Total	(31,762)	(3,293)	1,390	(63)	(33,728)
Construction in progress/under installation	1,081	1,316	(50)	1	2,348
Premises and equipment, net	31,197				30,821
					Unit: Million Baht
					2022
					2021
Depreciation for the years					2,983
					3,293

As at December 31, 2022 and 2021, the Bank and its subsidiaries had premises and equipment which were fully depreciated but still in use, with the original costs amounting to Baht 13,600 million and Baht 12,433 million, respectively.

As at December 31, 2022 and 2021, the Bank and its subsidiaries had premises and equipment which are under right-of-use asset, with the original costs amounting to Baht 4,369 million and Baht 4,653 million, respectively.



Unit: Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
	Balance as at January 1, 2022	Increase	Decrease	Balance as at December 31, 2022
Land				
Cost	4,250	1	(10)	4,241
Appraisal increase (Year 2019)	9,290	-	(53)	9,237
Appraisal decrease (Year 2019)	(20)	-	-	(20)
Premises				
Cost	12,504	3,264	(643)	15,125
Appraisal increase (Year 2019)	15,785	-	(201)	15,584
Appraisal decrease (Year 2019)	(55)	-	-	(55)
Equipment	11,870	1,422	(732)	12,560
Leasehold improvement	2,560	68	(138)	2,490
Total	56,184	4,755	(1,777)	59,162
<u>Less</u> Accumulated depreciation				
Land	(1)	(1)	1	(1)
Premises				
- Cost	(6,615)	(1,034)	624	(7,025)
- Appraisal increase (Year 2019)	(12,508)	(214)	189	(12,533)
Equipment	(9,461)	(1,102)	680	(9,883)
Leasehold improvement	(1,695)	(173)	110	(1,758)
Total	(30,280)	(2,524)	1,604	(31,200)
Construction in progress/under installation	2,243	606	(2,685)	164
Premises and equipment, net	28,147			28,126

THE BANK'S FINANCIAL STATEMENTS				Unit: Million Baht
	Balance as at January 1, 2021	Increase	Decrease	Balance as at December 31, 2021
Land				
Cost	4,283	2	(35)	4,250
Appraisal increase (Year 2019)	9,346	-	(56)	9,290
Appraisal decrease (Year 2019)	(20)	-	-	(20)
Premises				
Cost	12,417	618	(531)	12,504
Appraisal increase (Year 2019)	15,890	-	(105)	15,785
Appraisal decrease (Year 2019)	(55)	-	-	(55)
Equipment	11,836	695	(661)	11,870
Leasehold improvement	2,600	60	(100)	2,560
Total	56,297	1,375	(1,488)	56,184
<u>Less</u> Accumulated depreciation				
Land	(2)	(2)	3	(1)
Premises				
- Cost	(5,953)	(1,151)	489	(6,615)
- Appraisal increase (Year 2019)	(12,364)	(237)	93	(12,508)
Equipment	(8,800)	(1,255)	594	(9,461)
Leasehold improvement	(1,575)	(197)	77	(1,695)
Total	(28,694)	(2,842)	1,256	(30,280)
Construction in progress/under installation	1,057	1,236	(50)	2,243
Premises and equipment, net	28,660			28,147
				Unit: Million Baht
				2022
				2021
Depreciation for the years			2,524	2,842

As at December 31, 2022 and 2021, the Bank had premises and equipment which were fully depreciated but still in use, with the original costs amounting to Baht 11,038 million and Baht 10,030 million, respectively.

As at December 31, 2022 and 2021, the Bank had premises and equipment which are under right-of-use asset, with the original costs amounting to Baht 3,210 million and Baht 3,576 million, respectively.

## 7.12 Goodwill and other intangible assets, net

Goodwill and other intangible assets, net as at December 31, 2022 and 2021 are as follows:

CONSOLIDATED FINANCIAL STATEMENTS					Unit: Million Baht
	Balance as at January 1, 2022	Increase	Decrease	Other	Balance as at December 31, 2022
<b>Cost</b>					
Goodwill	12,616	-	-	91	12,707
Software	12,962	1,383	(64)	6	14,287
Other intangible assets	5,695	7	(58)	5	5,649
<b>Total</b>	<b>31,273</b>	<b>1,390</b>	<b>(122)</b>	<b>102</b>	<b>32,643</b>
<b>Accumulated amortization</b>					
Software	(9,575)	(1,424)	27	(2)	(10,974)
Other intangible assets	(5,314)	(125)	58	(3)	(5,384)
<b>Total</b>	<b>(14,889)</b>	<b>(1,549)</b>	<b>85</b>	<b>(5)</b>	<b>(16,358)</b>
<b>Software under installation</b>	<b>658</b>	<b>504</b>	<b>(756)</b>	<b>1</b>	<b>407</b>
<b>Allowance for impairment</b>	<b>(20)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(20)</b>
<b>Goodwill and other intangible assets, net</b>	<b>17,022</b>				<b>16,672</b>

CONSOLIDATED FINANCIAL STATEMENTS					Unit: Million Baht
	Balance as at January 1, 2021	Increase	Decrease	Other	Balance as at December 31, 2021
<b>Cost</b>					
Goodwill	12,346	-	-	270	12,616
Software	12,492	773	(320)	17	12,962
Other intangible assets	5,698	2	(21)	16	5,695
<b>Total</b>	<b>30,536</b>	<b>775</b>	<b>(341)</b>	<b>303</b>	<b>31,273</b>
<b>Accumulated amortization</b>					
Software	(8,307)	(1,279)	21	(10)	(9,575)
Other intangible assets	(5,178)	(149)	20	(7)	(5,314)
<b>Total</b>	<b>(13,485)</b>	<b>(1,428)</b>	<b>41</b>	<b>(17)</b>	<b>(14,889)</b>
<b>Software under installation</b>	<b>-</b>	<b>702</b>	<b>(54)</b>	<b>10</b>	<b>658</b>
<b>Allowance for impairment</b>	<b>(20)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(20)</b>
<b>Goodwill and other intangible assets, net</b>	<b>17,031</b>				<b>17,022</b>

	2022	2021	Unit: Million Baht
Amortization for the years	1,549	1,428	

As at December 31, 2022 and 2021, the Bank and its subsidiaries had intangible assets which were fully amortized but still in use, with the original costs amounting to Baht 7,386 million and Baht 6,495 million, respectively.

				Unit: Million Baht
THE BANK'S FINANCIAL STATEMENTS				
	Balance as at January 1, 2022	Increase	Decrease	Balance as at December 31, 2022
<b>Cost</b>				
Goodwill	1,054	-	-	1,054
Software	10,733	1,244	(4)	11,973
Other intangible assets	18	-	(6)	12
Total	11,805	1,244	(10)	13,039
<b>Accumulated amortization</b>				
Software	(7,944)	(1,167)	5	(9,106)
Other intangible assets	(13)	-	6	(7)
Total	(7,957)	(1,167)	11	(9,113)
<b>Software under installation</b>	525	381	(537)	369
<b>Allowance for impairment</b>	(546)	(72)	-	(618)
<b>Goodwill and other intangible assets, net</b>	3,827			3,677

				Unit: Million Baht
THE BANK'S FINANCIAL STATEMENTS				
	Balance as at January 1, 2021	Increase	Decrease	Balance as at December 31, 2021
<b>Cost</b>				
Goodwill	1,054	-	-	1,054
Software	10,334	671	(272)	10,733
Other intangible assets	19	-	(1)	18
Total	11,407	671	(273)	11,805
<b>Accumulated amortization</b>				
Software	(6,915)	(1,035)	6	(7,944)
Other intangible assets	(14)	-	1	(13)
Total	(6,929)	(1,035)	7	(7,957)
<b>Software under installation</b>	-	525	-	525
<b>Allowance for impairment</b>	(485)	(61)	-	(546)
<b>Goodwill and other intangible assets, net</b>	3,993			3,827

Unit: Million Baht	
	2022
Amortization for the years	<u>1,167</u>
	<u>1,035</u>

As at December 31, 2022 and 2021, the Bank had intangible assets which were fully amortized but still in use, with the original costs amounting to Baht 6,119 million and Baht 5,543 million, respectively.

### 7.13 Deferred tax

Deferred tax assets and deferred tax liabilities as at December 31, 2022 and 2021 are as follows:

	<b>CONSOLIDATED FINANCIAL STATEMENTS</b>		<b>Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Deferred tax assets	4,249	4,510	429	279
Deferred tax liabilities	<u>(1,050)</u>	<u>(1,126)</u>	<u>-</u>	<u>-</u>
Net	<u>3,199</u>	<u>3,384</u>	<u>429</u>	<u>279</u>

Movements of deferred tax assets and deferred tax liabilities during the years are as follows:

	<b>Unit: Million Baht CONSOLIDATED FINANCIAL STATEMENTS</b>			
	<b>Balance at January 1, 2022</b>	<b>Items as recognized into Profit or Loss</b>	<b>Items as recognized into Other Comprehensive Income</b>	<b>Others Balance at December 31, 2022</b>
Deferred tax assets				
Impairment of assets	314	14	3	-
Loans to customers and accrued interest receivables, net	5,113	(196)	-	10
Provisions	2,139	(47)	(201)	1
Others	<u>887</u>	<u>38</u>	<u>299</u>	<u>(18)</u>
Total	<u>8,453</u>	<u>(191)</u>	<u>101</u>	<u>(7)</u>
Deferred tax liabilities				
Asset appraisal surplus	2,514	(56)	-	-
Investments	322	54	(252)	94
Others	<u>2,233</u>	<u>184</u>	<u>167</u>	<u>(103)</u>
Total	<u>5,069</u>	<u>182</u>	<u>(85)</u>	<u>(9)</u>
Deferred tax assets, net	<u>3,384</u>	<u>(373)</u>	<u>186</u>	<u>2</u>



					Unit: Million Baht
CONSOLIDATED FINANCIAL STATEMENTS					
	Balance at January 1, 2021	Items as recognized into Profit or Loss	Items as recognized into Other Comprehensive Income	Others	Balance at December 31, 2021
Deferred tax assets					
Impairment of assets	362	(48)	(1)	1	314
Loans to customers and accrued interest receivables, net	5,288	(202)	-	27	5,113
Provisions	2,386	(1)	(247)	1	2,139
Others	1,012	78	(193)	(10)	887
Total	9,048	(173)	(441)	19	8,453
Deferred tax liabilities					
Asset appraisal surplus	2,575	(61)	-	-	2,514
Investments	259	-	63	-	322
Others	2,010	171	45	7	2,233
Total	4,844	110	108	7	5,069
Deferred tax assets, net	4,204	(283)	(549)	12	3,384

	Unit: Million Baht				
	THE BANK'S FINANCIAL STATEMENTS				
	Balance at January 1, 2022	Items as recognized into Profit or Loss	Items as recognized into Other Comprehensive Income	Others	Balance at December 31, 2022
Deferred tax assets					
Impairment of assets	284	34	3	-	321
Loans to customers and accrued interest receivables, net	942	(11)	-	-	931
Provisions	1,811	(72)	(162)	-	1,577
Others	575	(12)	262	-	825
Total	3,612	(61)	103	-	3,654
Deferred tax liabilities					
Asset appraisal surplus	2,514	(56)	-	-	2,458
Investments	256	-	(165)	124	215
Others	563	(11)	-	-	552
Total	3,333	(67)	(165)	124	3,225
Deferred tax assets, net	279	6	268	(124)	429

				Unit: Million Baht
THE BANK'S FINANCIAL STATEMENTS				
	Balance at January 1, 2021	Items as recognized into Profit or Loss	Items as recognized into Other Comprehensive Income	Balance at December 31, 2021
Deferred tax assets				
Impairment of assets	317	(33)	-	284
Loans to customers and accrued interest receivables, net	956	(14)	-	942
Provisions	2,032	(13)	(208)	1,811
Others	537	50	(12)	575
Total	3,842	(10)	(220)	3,612
Deferred tax liabilities				
Asset appraisal surplus	2,575	(61)	-	2,514
Investments	229	-	27	256
Others	451	112	-	563
Total	3,255	51	27	3,333
Deferred tax assets, net	587	(61)	(247)	279

## 7.14 Other assets, net

Other assets, net as at December 31, 2022 and 2021 are as follows:

	Unit: Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2022	2021	2022	2021
Accrued income	1,957	1,968	906	856
Prepayment	1,292	1,550	964	1,059
Other receivables	9,950	9,687	6,807	6,818
Margin call to counterparty	5,580	10,051	5,580	10,051
Others	4,041	4,273	3,290	3,502
Total	22,820	27,529	17,547	22,286

## 7.15 Deposits

Deposits as at December 31, 2022 and 2021 are as follows:

### (1) Classified by product

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2022	2021	2022	2021
Current deposit	50,344	49,339	50,998	50,122
Savings deposit	1,099,683	1,081,394	1,103,165	1,084,206
Time deposit				
- Less than 6 months	358,756	333,951	359,436	334,363
- 6 months and less than 1 year	13,503	11,358	12,400	8,838
- 1 year and over	282,406	303,097	256,187	282,802
Total	<u>1,804,692</u>	<u>1,779,139</u>	<u>1,782,186</u>	<u>1,760,331</u>

### (2) Classified by currency and residence of depositors

	Unit: Million Baht CONSOLIDATED FINANCIAL STATEMENTS					
	2022			2021		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,639,126	2,747	1,641,873	1,640,175	2,509	1,642,684
US Dollar	78,580	50,550	129,130	63,541	30,861	94,402
Other currencies	<u>18,810</u>	<u>14,879</u>	<u>33,689</u>	<u>14,396</u>	<u>27,657</u>	<u>42,053</u>
Total	<u>1,736,516</u>	<u>68,176</u>	<u>1,804,692</u>	<u>1,718,112</u>	<u>61,027</u>	<u>1,779,139</u>

	Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS					
	2022			2021		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,651,318	2,405	1,653,723	1,652,026	2,109	1,654,135
US Dollar	78,580	18,456	97,036	63,541	2,735	66,276
Other currencies	<u>18,810</u>	<u>12,617</u>	<u>31,427</u>	<u>14,395</u>	<u>25,525</u>	<u>39,920</u>
Total	<u>1,748,708</u>	<u>33,478</u>	<u>1,782,186</u>	<u>1,729,962</u>	<u>30,369</u>	<u>1,760,331</u>

## 7.16 Interbank and money market items (Liability)

Interbank and money market items (liability) as at December 31, 2022 and 2021 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2022	2021	2022	2021
<b>Domestic items</b>				
Bank of Thailand and Financial				
Institution Development Fund	15,611	18,142	15,611	18,142
Commercial banks	75,929	40,161	69,115	33,665
Specialized financial institutions	2,858	15,156	2,858	14,156
Other financial institutions	26,724	11,057	35,515	19,799
Total domestic items	121,122	84,516	123,099	85,762
<b>Foreign items</b>				
US Dollar	151,583	110,303	137,442	99,170
YEN	10,437	-	10,437	-
Other currencies	6,835	7,331	1,727	2,056
Total foreign items	168,855	117,634	149,606	101,226
Total domestic and foreign items	289,977	202,150	272,705	186,988

## 7.17 Debt issued and borrowings

Debt issued and borrowings as at December 31, 2022 and 2021 are as follows:

				Unit: Million Baht CONSOLIDATED FINANCIAL STATEMENTS					
				2022			2021		
	Currency	Interest rate (%)	Maturity	Domestic	Foreign	Total	Domestic	Foreign	Total
Subordinated debentures	THB	3.00 - 4.30	2029-2032	60,826	-	60,826	60,811	-	60,811
	USD	7.50 - 8.00	2027-2030	-	613	613	-	1,495	1,495
Senior debentures	THB	0.90 - 4.70	2023-2025	27,870	-	27,870	48,708	-	48,708
	USD	5.55	2026	-	2,419	2,419	-	2,339	2,339
Bill of exchange	THB	-	-	1	-	1	1	-	1
Other borrowings	THB	0.00 - 6.90	2023-2028	21	610	631	31	1,008	1,039
	USD	0.00 - 6.30	2023-2027	-	5,839	5,839	-	4,584	4,584
				88,718	9,481	98,199	109,551	9,426	118,977

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS									
	Currency	Interest rate	Maturity	2022			2021		
				Domestic	Foreign	Total	Domestic	Foreign	Total
		(%)							
Subordinated debentures	THB	3.00 - 4.30	2029-2032	60,826	-	60,826	60,811	-	60,811
Senior debentures	THB	1.57	2023	4,100	-	4,100	27,000	-	27,000
	USD	5.55	2026	-	2,419	2,419	-	2,339	2,339
Bill of exchange	THB	-	-	1	-	1	1	-	1
Other borrowings	THB	0.00	2023-2028	21	-	21	31	-	31
				64,948	2,419	67,367	87,843	2,339	90,182

Additional information on debts issued and borrowings is as follows:

1. On May 24, 2017, the Bank issued subordinated debentures No. 1/2017 in the amount of Baht 17,007 million for a 10-year and 6-month tenor at the fixed interest rate of 3.9% per annum, payable quarterly in February, May, August and November of each year. The Bank has the right to redeem subordinated debentures on any interest payment date after the fifth anniversary subject to the approval of the BOT.
2. On November 17, 2017, the Bank issued subordinated debentures No. 2/2017 in the amount of Baht 14,978 million for a 10-year tenor at the fixed interest rate of 3.4% per annum, payable quarterly in February, May, August, and November of each year. The Bank has the right to redeem subordinated debentures on the fifth anniversary of the issued date or any interest payment date thereafter subject to the approval of the BOT.

On June 27, 2022, the Bank obtained the approval from the BOT to early redeem subordinated debentures No. 1/2017 and No. 2/2017. Therefore, the Bank exercised the right to redeem the subordinated debentures on August 24, 2022 and November 17, 2022, respectively.

3. On June 14, 2019, the Bank issued subordinated debentures No. 1/2019 in the amount of Baht 18,826 million for a 10-year tenor at the fixed interest rate of 3.8% per annum, payable quarterly in March, June, September, and December of each year. The Bank has the right to redeem subordinated debentures on the fifth anniversary of the issued date or any interest payment date thereafter subject to the approval of the BOT.
4. On November 5, 2021, the Bank issued subordinated debentures No. 1/2021 in the amount of Baht 10,000 million for a 10-year tenor at the fixed interest rate of 3.0% per annum, payable quarterly in February, May, August and November of each year. The Bank has the right to redeem subordinated debentures on the fifth anniversary date of issue date or any interest payment date thereafter subject to the approval of the BOT.



5. On July 27, 2022, the Bank issued subordinated debentures No.1/2022 in the amount of Baht 15,460 million for a 10-year tenor at the fixed interest rate of 3.9% per annum, payable quarterly in January, April, July and October of each year. The Bank has the right to redeem subordinated debentures on the fifth anniversary date of issue date or any interest payment date thereafter subject to the approval of the BOT.
6. On November 17, 2022, the Bank issued subordinated debentures No.2/2022 in the amount of Baht 16,540 million for a 10-year tenor at the fixed interest rate of 4.3% per annum, payable quarterly in February, May, August and November of each year. The Bank has the right to redeem subordinated debentures on the fifth anniversary date of issue date or any interest payment date thereafter subject to the approval of the BOT.

## 7.18 Provisions

Provisions for the years ended December 31, 2022 and 2021 are as follows:

	Unit: Million Baht				
	CONSOLIDATED FINANCIAL STATEMENTS				
	Balance at January 1, 2021	Increase (Decrease)	Balance at December 31, 2021	Increase (Decrease)	Balance at December 31, 2022
Allowance for expected credit loss for loan commitments and financial guarantee contracts	3,125	(568)	2,557	(746)	1,811
Provision for post-employment benefits obligation	9,167	(850)	8,317	(705)	7,612
Others	1,086	55	1,141	42	1,183
Total	13,378	(1,363)	12,015	(1,409)	10,606

	Unit: Million Baht				
	THE BANK'S FINANCIAL STATEMENTS				
	Balance at January 1, 2021	Increase (Decrease)	Balance at December 31, 2021	Increase (Decrease)	Balance at December 31, 2022
Allowance for expected credit loss for loan commitments and financial guarantee contracts	2,341	(347)	1,994	(527)	1,467
Provision for post-employment benefits obligation	7,753	(778)	6,975	(611)	6,364
Others	771	13	784	(44)	740
Total	10,865	(1,112)	9,753	(1,182)	8,571

### Post-employment benefits obligation

The Bank and its subsidiaries operate post-employment benefits plans, which are considered as unfunded defined benefit plans. These plans are recognized as a part of provision in the statement of financial position.

Movements in the present value of the post-employment benefits obligation for the years ended December 31, 2022 and 2021 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2022	2021	2022	2021
Opening post-employment benefits obligation	8,317	9,167	6,975	7,753
Current service cost	600	688	471	541
Interest cost	155	123	125	101
Actuarial (gains) losses				
- Experience	12	(304)	9	(301)
- Demographic assumptions	5	7	-	-
- Financial assumptions	(1,024)	(938)	(819)	(739)
Benefit paid	(456)	(426)	(402)	(389)
Transfer in (out) employee from subsidiaries	3	-	5	9
Closing post-employment benefits obligation	<u>7,612</u>	<u>8,317</u>	<u>6,364</u>	<u>6,975</u>

Actuarial (gains) losses are recognized in other comprehensive income for the years ended December 31, 2022 and 2021 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2022	2021	2022	2021
Included in the retained earnings:				
As at January 1	606	1,841	509	1,550
Recognized during the years	<u>(1,007)</u>	<u>(1,235)</u>	<u>(809)</u>	<u>(1,041)</u>
As at December 31	<u>(401)</u>	<u>606</u>	<u>(300)</u>	<u>509</u>

Amounts recognized in the statements of profit or loss and other comprehensive income in respect of the post-employment benefits obligation for the years ended December 31, 2022 and 2021 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2022	2021	2022	2021
Current service cost	600	688	471	541
Interest on obligation	<u>155</u>	<u>123</u>	<u>125</u>	<u>101</u>
	<u>755</u>	<u>811</u>	<u>596</u>	<u>642</u>

The principal actuarial assumptions used to calculate the post-employment benefits obligation as at December 31, 2022 and 2021 are as follows:

CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS		
	2022	2021
Financial assumptions		
Discount rate	1.44% - 5.60% and 8.00%*	0.52% - 3.52% and 8.00%*
Salary increase rate	5.3%	5.7%
Retirement age	55 and 60 years	55 and 60 years

\* Discount rate at 8.00% is used to calculate the obligation under the post-employment benefits plans of the Bank's branches and subsidiaries operated in Lao PDR which such obligation is not significant.

Significant actuarial assumptions - Impact on increase (decrease) in the post-employment benefits obligation as at December 31, 2022 and 2021 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2022	2021	2022	2021
Discount rate - 1% increase	(624)	(742)	(494)	(591)
Discount rate - 1% decrease	713	849	561	672
Salary increase rate - 1% increase	878	1,053	730	881
Salary increase rate - 1% decrease	(794)	(945)	(665)	(796)

## 7.19 Other liabilities

Other liabilities as at December 31, 2022 and 2021 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2022	2021	2022	2021
Accrued expenses	13,614	11,190	9,764	8,039
Tax payable	5,533	4,651	3,530	2,232
Deposit	4,108	4,120	1,324	825
Unearned income from customer loyalty program	2,978	3,057	-	-
Other payables	12,695	12,515	6,948	7,221
Margin call from counterparty	5,931	1,477	5,932	1,477
Others	4,243	4,743	3,862	4,342
Total	49,102	41,753	31,360	24,136

## 7.20 Advances received from electronic transactions

According to BOT's Notification No. Sor. Nor. Chor. 7/2561 regarding the "Regulations on Service Business Relating to Electronic Money (e-Money) Services" dated April 16, 2018, the Bank is required to disclose advances received from e-Money Services. As at December 31, 2022 and 2021, the Bank had advances received from e-Money Services, presented as other liabilities, amounting to Baht 509 million and Baht 151 million, respectively.

The BOT Notification No. Sor. Nor. Chor. 2/2562 regarding the "Regulations on Service Business Relating to Electronic Fund Transfer" dated December 20, 2019, the Bank is required to disclose cash advances received from electronic fund transfer transactions. As at December 31, 2022 and 2021, the Bank had those advances received from electronic fund transfer transactions, presented as liabilities payable on demand amounting to Baht 1 million and Baht 1 million, respectively and other liabilities amounting to Baht 1,713 million and Baht 1,330 million, respectively.

The Bank has kept advance received from electronic transactions which is a part of cash in the statements of financial position as of December 31, 2022 and 2021 in the amount of Baht 519 million and Baht 153 million, respectively.

## 7.21 Offsetting of financial assets and financial liabilities

(1) Offsetting of financial assets and financial liabilities as at December 31, 2022 and 2021 are as follows:

Unit: Million Baht					
CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS					
2022					
Gross amount	Amounts offset in the statement of financial position	Net amount presented in the statement of financial position	Amounts not offset in the statement of financial position		Net amount
			Unqualified contractual offset amounts	Related financial collateral amount	
<b>Financial assets:</b>					
Reverse repurchase agreements	321,227	-	321,227	-	321,227
Derivatives assets	28,473	-	28,473	19,456	4,023
Loans to customers	2,026	-	2,026	-	2,026
Total	351,726	-	351,726	19,456	327,276
<b>Financial liabilities:</b>					
Repurchase agreements	64,407	-	64,407	-	64,407
Derivatives liabilities	33,426	-	33,426	19,456	4,981
Total	97,833	-	97,833	19,456	69,388

Unit: Million Baht

**CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS**  
**2021**

	Gross amount	Amounts offset in the statement of financial position	Net amount presented in the statement of financial position	Amounts not offset in the statement of financial position		Net amount
				Unqualified contractual offset amounts	Related financial collateral amount	
<b>Financial assets:</b>						
Reverse repurchase agreements	218,800	-	218,800	-	218,800	-
Derivatives assets	18,881	-	18,881	10,299	1,175	7,407
Total	<u>237,681</u>	<u>-</u>	<u>237,681</u>	<u>10,299</u>	<u>219,975</u>	<u>7,407</u>
<b>Financial liabilities:</b>						
Repurchase agreements	33,200	-	33,200	-	33,200	-
Derivatives liabilities	20,389	-	20,389	10,299	8,312	1,778
Total	<u>53,589</u>	<u>-</u>	<u>53,589</u>	<u>10,299</u>	<u>41,512</u>	<u>1,778</u>

(2) Reconciliation of offsetting transactions with line item in statement of financial position as at December 31, 2022 and 2021 are as follows:

Unit: Million Baht

**CONSOLIDATED FINANCIAL STATEMENTS**

	Net amount presented in the statement of financial position	Item in the statement of position	2022 Notes	Carrying amount in the statement of financial position	Carrying amount of financial instruments not in scope of offsetting
<b>Financial assets:</b>					
Reverse repurchase agreements	321,227	Interbank and money market items, net (Asset)	7.3	460,920	139,693
Derivatives assets	28,473	Derivatives assets	7.5	30,027	1,554
Loans to customers	2,026	Loans to customers and accrued interest receivables, net	7.8	1,873,491	1,871,465
Total	<u>351,726</u>			<u>2,364,438</u>	<u>2,012,712</u>
<b>Financial liabilities:</b>					
Repurchase agreements	64,407	Interbank and money market items (Liability)	7.16	289,977	225,570
Derivatives liabilities	33,426	Derivatives liabilities	7.5	37,340	3,914
Total	<u>97,833</u>			<u>327,317</u>	<u>229,484</u>



Unit: Million Baht

## CONSOLIDATED FINANCIAL STATEMENTS

2021

	Net amount presented in the statement of financial position	Item in the statement of position	Notes	Carrying amount in the statement of financial position	Carrying amount of financial instruments not in scope of offsetting
<b>Financial assets:</b>					
Reverse repurchase agreements	218,800	Interbank and money market items, net (Asset)	7.3	346,816	128,016
Derivatives assets	18,881	Derivatives assets	7.5	24,993	6,112
Total	<u>237,681</u>			<u>371,809</u>	<u>134,128</u>
<b>Financial liabilities:</b>					
Repurchase agreements	33,200	Interbank and money market items (Liability)	7.16	202,150	168,950
Derivatives liabilities	20,389	Derivatives liabilities	7.5	21,672	1,283
Total	<u>53,589</u>			<u>223,822</u>	<u>170,233</u>

Unit: Million Baht

## THE BANK'S FINANCIAL STATEMENTS

2022

	Net amount presented in the statement of financial position	Item in the statement of position	Notes	Carrying amount in the statement of financial position	Carrying amount of financial instruments not in scope of offsetting
<b>Financial assets:</b>					
Reverse repurchase agreements	321,227	Interbank and money market items, net (Asset)	7.3	451,780	130,553
Derivatives assets	28,473	Derivatives assets	7.5	31,211	2,738
Loan to customers	2,026	Loans to customers and accrued interest receivables, net	7.8	1,680,008	1,677,982
Total	<u>351,726</u>			<u>2,162,999</u>	<u>1,811,273</u>
<b>Financial liabilities:</b>					
Repurchase agreements	64,407	Interbank and money market items (Liability)	7.16	272,705	208,298
Derivatives liabilities	33,426	Derivatives liabilities	7.5	38,723	5,297
Total	<u>97,833</u>			<u>311,428</u>	<u>213,595</u>

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS					
			2021		
	Net amount presented in the statement of financial position	Item in the statement of position	Notes	Carrying amount in the statement of financial position	Carrying amount of financial instruments not in scope of offsetting
<b>Financial assets:</b>					
Reverse repurchase agreements	218,800	Interbank and money market items, net (Asset)	7.3	336,835	118,035
Derivatives assets	18,881	Derivatives assets	7.5	25,074	6,193
Total	237,681			361,909	124,228
<b>Financial liabilities:</b>					
Repurchase agreements	33,200	Interbank and money market items (Liability)	7.16	186,988	153,788
Derivatives liabilities	20,389	Derivatives liabilities	7.5	21,729	1,340
Total	53,589			208,717	155,128

## 7.22 Fair value of financial assets and financial liabilities

Fair value is the price that would be received from selling an asset or paying for transfer a liability in an orderly transaction between market participants at the measurement date in the principal market or, in the absence of a principal market, the most liquid market where the Bank and its subsidiaries are able to access.

Fair value measurement of financial assets and liabilities are determined according to the following hierarchy:

- Level 1 - Quoted price (unadjusted) in active market for identical assets or liabilities that the Bank and its subsidiaries can access at the measurement date
- Level 2 - Quoted price in active market for similar assets or liabilities, the quoted price for identical or similar assets in inactive market and other valuation technique where significant inputs used to measure the fair value are observable
- Level 3 - Using techniques where significant inputs used to measure the fair value are unobservable

A summary of carrying amount of financial assets and liabilities as at December 31, 2022 and 2021 are as follows:

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	2022			2021		
	Measured at fair value	Not measured at fair value	Total carrying amount	Measured at fair value	Not measured at fair value	Total carrying amount
<b>Financial assets:</b>						
Cash	-	29,810	29,810	-	29,371	29,371
Interbank and money market items, net	-	460,920	460,920	-	346,816	346,816
Financial assets measured at fair value through profit or loss	998	-	998	736	-	736
Derivatives assets	30,027	-	30,027	24,622	371	24,993
Investments, net	144,649	518	145,167	180,481	2,229	182,710
Loans to customers and accrued interest receivables, net	-	1,873,491	1,873,491	-	1,816,869	1,816,869
Total	<u>175,674</u>	<u>2,364,739</u>	<u>2,540,413</u>	<u>205,839</u>	<u>2,195,656</u>	<u>2,401,495</u>
<b>Financial liabilities:</b>						
Deposits	-	1,804,692	1,804,692	-	1,779,139	1,779,139
Interbank and money market items	-	289,977	289,977	-	202,150	202,150
Liability payable on demand	-	4,226	4,226	-	4,042	4,042
Derivatives liabilities	32,152	5,188	37,340	21,487	185	21,672
Debt issued and borrowings	-	98,199	98,199	-	118,977	118,977
Total	<u>32,152</u>	<u>2,202,282</u>	<u>2,234,434</u>	<u>21,487</u>	<u>2,104,493</u>	<u>2,125,980</u>

Unit: Million Baht

## THE BANK'S FINANCIAL STATEMENTS

	Measured at fair value	2022 Not measured at fair value	Total carrying amount	Measured at fair value	2021 Not measured at fair value	Total carrying amount
<b>Financial assets:</b>						
Cash	-	27,558	27,558	-	27,577	27,577
Interbank and money market items, net	-	451,780	451,780	-	336,835	336,835
Financial assets measured at fair value through profit or loss	-	-	-	98	-	98
Derivatives assets	31,211	-	31,211	24,703	371	25,074
Investments, net	142,055	-	142,055	177,539	2,229	179,768
Loans to customers and accrued interest receivables, net	-	1,680,008	1,680,008	-	1,641,531	1,641,531
Total	<u>173,266</u>	<u>2,159,346</u>	<u>2,332,612</u>	<u>202,340</u>	<u>2,008,543</u>	<u>2,210,883</u>
<b>Financial liabilities:</b>						
Deposits	-	1,782,186	1,782,186	-	1,760,331	1,760,331
Interbank and money market items	-	272,705	272,705	-	186,988	186,988
Liability payable on demand	-	4,223	4,223	-	4,041	4,041
Derivatives liabilities	33,535	5,188	38,723	21,544	185	21,729
Debt issued and borrowings	-	67,367	67,367	-	90,182	90,182
Total	<u>33,535</u>	<u>2,131,669</u>	<u>2,165,204</u>	<u>21,544</u>	<u>2,041,727</u>	<u>2,063,271</u>

### Financial assets and liabilities measured at fair value

Classification of financial assets and liabilities measured at fair value by the level of fair value hierarchy as at December 31, 2022 and 2021 are as follows:

Unit: Million Baht								
CONSOLIDATED FINANCIAL STATEMENTS								
	2022				2021			
	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss	353	-	645	998	105	98	533	736
Derivatives assets	-	30,027	-	30,027	-	24,622	-	24,622
Investments in debt securities measured at fair value through other comprehensive income	-	135,224	-	135,224	-	170,294	-	170,294
Investments in equity securities designated at fair value through other comprehensive income	7,408	-	2,017	9,425	7,402	-	2,785	10,187
Derivative liabilities	-	32,152	-	32,152	-	21,487	-	21,487

Unit: Million Baht								
THE BANK'S FINANCIAL STATEMENTS								
	2022				2021			
	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss	-	-	-	-	-	98	-	98
Derivatives assets	-	31,211	-	31,211	-	24,703	-	24,703
Investments in debt securities measured at fair value through other comprehensive income	-	134,717	-	134,717	-	169,787	-	169,787
Investments in equity securities designated at fair value through other comprehensive income	6,941	-	397	7,338	7,402	-	350	7,752
Derivative liabilities	-	33,535	-	33,535	-	21,544	-	21,544

There is transfer of financial assets measured at fair value from level 3 to level 1 for the year ended December 31, 2022 amounting to Baht 467 million because there is an available market price.

There is transfer of financial assets measured at fair value from level 1 to level 2 for the year ended December 31, 2022 amounting to Baht 7 million because the investment in unit trust was delisted from security trading in SET.



There are no transfers of financial assets and liabilities measured at fair value between level 1 and level 2 for the year ended December 31, 2021.

Valuation technique for financial assets and liabilities measured at fair value of the Bank and its subsidiaries are as follows:

#### Derivatives

The valuation techniques used to determine the fair value of derivatives are dependent on the type of instrument and available market data used to measure the fair value. These valuation techniques include discounted cash flow model, option pricing model and other standards model commonly used by market participants. The data used in the valuation is the observable input e.g. interest rate, forward exchange rate. Credit valuation adjustments are also made against the valuation of derivative products to reflect the possibility that the counterparty may default and the Bank may not receive the full market value of the transactions.

#### Investments

Investment in domestic debt securities listed in Thai Bond Market Association (“ThaiBMA”), discounted cash flow using ThaiBMA yield curve as the discounted rate to determine the fair value.

Equity securities traded in the SET, the fair value is determined by using the last bid price of SET.

Equity securities not listed in the SET, the fair value is determined by using the latest net book value of invested company.

Investment in unit trust not listed in SET, the fair value is determined by using the net asset value at the reporting date announced by the asset management company.

### Financial assets and liabilities not measured at fair value

Fair value of financial assets and liabilities which are not measured at fair value and their fair value hierarchy level classification is summarized as at December 31, 2022 and 2021 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS									
	2022					2021				
	Fair value				Carrying amount	Fair value				Carrying amount
	Level 2	Level 3	Their carrying amounts are considered as a reasonable approximate of fair value	Total fair value		Level 2	Level 3	Their carrying amounts are considered as a reasonable approximate of fair value	Total fair value	
<b>Financial assets:</b>										
Cash	-	-	29,810	29,810	29,810	-	-	29,371	29,371	29,371
Interbank and money market items, net	-	-	460,920	460,920	460,920	-	-	346,816	346,816	346,816
Derivatives assets										
- dynamic hedge	-	-	-	-	-	375	-	-	375	371
Investments in debt securities measured at amortized cost	-	518	-	518	518	-	2,229	-	2,229	2,229
Loans to customers and accrued interest receivables, net	-	-	1,873,491	1,873,491	1,873,491	-	-	1,816,869	1,816,869	1,816,869
<b>Total</b>	<b>-</b>	<b>518</b>	<b>2,364,221</b>	<b>2,364,739</b>	<b>2,364,739</b>	<b>375</b>	<b>2,229</b>	<b>2,193,056</b>	<b>2,195,660</b>	<b>2,195,656</b>
<b>Financial liabilities:</b>										
Deposits	1,805,492	-	-	1,805,492	1,804,692	1,779,874	-	-	1,779,874	1,779,139
Interbank and money market items	-	-	289,977	289,977	289,977	-	-	202,150	202,150	202,150
Liability payable on demand	-	-	4,226	4,226	4,226	-	-	4,042	4,042	4,042
Derivatives liabilities										
- dynamic hedge	5,224	-	-	5,224	5,188	185	-	-	185	185
Debt issued and borrowings	85,980	8,852	2,441	97,273	98,199	110,390	6,752	2,371	119,513	118,977
<b>Total</b>	<b>1,896,696</b>	<b>8,852</b>	<b>296,644</b>	<b>2,202,192</b>	<b>2,202,282</b>	<b>1,890,449</b>	<b>6,752</b>	<b>208,563</b>	<b>2,105,764</b>	<b>2,104,493</b>

Unit: Million Baht

## THE BANK'S FINANCIAL STATEMENTS

	2022					2021				
	Fair value				Carrying amount	Fair value				Carrying amount
	Level 2	Level 3	Their carrying amounts are considered as a reasonable approximate of fair value	Total fair value		Level 2	Level 3	Their carrying amounts are considered as a reasonable approximate of fair value	Total fair value	
<b>Financial assets:</b>										
Cash	-	-	27,558	27,558	27,558	-	-	27,577	27,577	27,577
Interbank and money market items, net	-	-	451,780	451,780	451,780	-	-	336,835	336,835	336,835
Derivatives assets										
- dynamic hedge	-	-	-	-	-	375	-	-	375	371
Investments in debt securities measured at amortized cost	-	-	-	-	-	-	2,229	-	2,229	2,229
Loans to customers and accrued interest receivables, net	-	-	1,680,008	1,680,008	1,680,008	-	-	1,641,531	1,641,531	1,641,531
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2,159,346</b>	<b>2,159,346</b>	<b>2,159,346</b>	<b>375</b>	<b>2,229</b>	<b>2,005,943</b>	<b>2,008,547</b>	<b>2,008,543</b>
<b>Financial liabilities:</b>										
Deposits	1,782,988	-	-	1,782,988	1,782,186	1,761,069	-	-	1,761,069	1,760,331
Interbank and money market items	-	-	272,705	272,705	272,705	-	-	186,988	186,988	186,988
Liability payable on demand	-	-	4,223	4,223	4,223	-	-	4,041	4,041	4,041
Derivatives liabilities										
- dynamic hedge	5,224	-	-	5,224	5,188	185	-	-	185	185
Debt issued and borrowings	63,876	-	2,441	66,317	67,367	88,634	-	2,371	91,005	90,182
<b>Total</b>	<b>1,852,088</b>	<b>-</b>	<b>279,369</b>	<b>2,131,457</b>	<b>2,131,669</b>	<b>1,849,888</b>	<b>-</b>	<b>193,400</b>	<b>2,043,288</b>	<b>2,041,727</b>

Valuation technique for financial assets and liabilities not measured at fair value are as follows:

#### Cash and interbank and money market items (assets)

The carrying amounts of cash and interbank and money market items (assets) presented in the statement of financial position are the approximated fair value.

#### Investments in debt securities measured at amortized cost

The carrying amount of investments in debt securities measured at amortized cost presented in the statement of financial position is the approximated fair value, except for investment in asset-backed security which fair value calculated based on discounted cash flows.

#### Loans to customers and accrued interest receivables, net

Loans to customers and accrued interest receivables include variable interest rate loans, fixed rate loans with relatively short maturities and non-performing loans. Most loans carry a floating interest rate. The fair value is approximated by the outstanding balance of loans to customers and accrued interest receivables less allowance for expected credit loss.

#### Deposits

The fair value of deposits is calculated based on discounted cash flows.

#### Interbank and money market items (liabilities)

The carrying amount of interbank and money market items (liabilities) presented in the statement of financial position is the approximated fair value.

#### Liabilities payable on demand

The carrying amount of liabilities payable on demand presented in the statement of financial position is the approximated fair value.

#### Debt issued and borrowings

The carrying amount of debt issued and borrowings presented in the statement of financial position is the approximated fair value, except for subordinated and long-term senior securities which fair values are based on the actual market prices and subordinated long-term senior securities and other borrowing of foreign subsidiary which fair value calculated based on discounted cash flows.

## Derivatives

The valuation techniques using to determine the fair value of derivatives is dependent on the type of instrument and available market data used to measure the fair value. These valuation techniques include discounted cash flow model, option pricing model and other standards model commonly used by market participants. The data used in the valuation is the observable input e.g. interest rate, forward exchange rate. Credit valuation adjustments are also made against the valuation of derivative products to reflect the possibility that the counterparty may default and the Bank and its subsidiaries may not receive the full market value of the transactions.

## 7.23 Share capital

### 7.23.1 Legal reserve

Pursuant to the Public Limited Companies Act, the Bank must allocate to a reserve fund from the annual net profit, not less than five percent of the annual net profit deducted by the total accumulated loss brought forward (if any), until the reserve fund reaches an amount not less than ten percent of the registered capital. The reserve fund is not available for dividend distribution.

### 7.23.2 Dividend payment

The Board of Directors' Meeting No. 8/2022 held on August 24, 2022, approved the interim dividend payment for the six-month period ended June 30, 2022 to the shareholders of 7,355,761,773 ordinary shares at Baht 0.40 per share totaling Baht 2,942 million with payment date on September 22, 2022.

The Annual General Meeting of Shareholders No. 110 held on April 28, 2022, approved the dividend payment for the six-month period ended December 31, 2021 to the shareholders of 7,355,761,773 ordinary shares at Baht 0.45 per share totaling Baht 3,310 million with payment date on May 26, 2022.

The Board of Directors' Meeting No. 8/2021 held on August 25, 2021, approved the interim dividend payment for the six-month period ended June 30, 2021 to the shareholders of 7,355,761,773 ordinary shares at Baht 0.40 per share totaling Baht 2,942 million with payment date on September 22, 2021.

The Annual General Meeting of Shareholders No. 109 held on April 29, 2021, approved the dividend payment for the year ended December 31, 2020 to the shareholders of 7,355,761,773 ordinary shares at Baht 0.35 per share totaling Baht 2,575 million with payment date on May 27, 2021.



## 7.24 Assets with obligations and restrictions

As at December 31, 2022 and 2021, government and state enterprise securities with book value of Baht 57,554 million and Baht 26,493 million, respectively, are used as collateral for other commitments with government departments and state enterprises.

As at December 31, 2022 and 2021, the Bank and its subsidiaries had claim on security amounting to Baht 7,583 million and Baht 7,179 million, respectively.

As at December 31, 2022 and 2021, deposit placement at other bank of a subsidiary with book value of Baht 1,142 million and Baht 994 million, respectively, are used as collateral for borrowing.

## 7.25 Contingencies

Contingencies as at December 31, 2022 and 2021 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2022	2021	2022	2021
Avals to bills	1,109	879	1,109	879
Guarantees of loans	2,877	2,796	2,877	2,796
Liability under unmatured import bills	3,109	2,780	3,109	2,780
Letters of credit	7,911	5,926	7,911	5,926
Other contingencies				
- Unused overdraft limit	4,763	5,046	4,756	5,036
- Unused credit line	56,697	46,465	57,721	48,388
- Other guarantees	56,062	50,735	56,062	50,735
- Others	32,294	7,439	32,294	7,439
Total	<u>164,822</u>	<u>122,066</u>	<u>165,839</u>	<u>123,979</u>

The Bank and its subsidiaries have entered into a long-term information technology service agreement, which will be expired in 2024 with local companies. As at December 31, 2022 and 2021, the Bank and its subsidiaries have commitments to pay in the amounts of Baht 784 million and Baht 1,796 million, respectively.

As at December 31, 2022 and 2021, the Bank and its subsidiaries have commitments to pay regarding the information technology services in the amount of Baht 2,200 million and Baht 1,741 million, respectively.

As at December 31, 2022 and 2021, the Bank and its subsidiary have commitment payment in the amount of Baht 1,571 million and Baht 2,501 million as a result of entering to the construction agreement of the office building, respectively.

## 7.26 Related party transactions

The Bank has business transactions with subsidiaries, associate, joint ventures and related companies. These transactions are with companies that have shareholding and/or joint shareholders and/or directors with the Bank and with related persons. Such loans to related parties have the policy of setting up the allowance for expected credit loss which complies with the BOT regulations same as loans to other debtors.

According to the BOT's Notification Sor.Nor.Sor. 12/2561 regarding the "Regulations on Risk Supervision of Financial Business Group" dated May 22, 2018, the Bank is required to disclose the policy of Inter-Group Transactions in the Financial Business Group and the Risk Management for policy of Inter-Group Transactions in the Financial Business Group as follows:

### 1. The policy of Inter-Group Transactions in the Financial Business Group

The inter-group transactions shall have the same conditions or criteria, including interest rate or service fee charged, as applied when the Bank conducts the transactions with general customers with the same risk level.

### 2. The Risk Management policy of Inter-Group Transactions in the Financial Business Group

The Bank manages risk for all inter-group transactions based on the Credit Risk Management policy for the Financial Business Policy which covers the key credit risk management processes, that are credit risk control, credit risk measurement, and credit risk monitoring, in accordance with the Bank's policy and the BOT's requirements.

Related party transactions are as follows:

- 7.26.1 Assets, liabilities and contingencies with key management personnel and the companies in which key management personnel and/or the Bank owned and/or the companies in which key management personnel and/or shareholders of the Bank have significant voting right either directly and indirectly, as at December 31, 2022 and 2021 are as follows:

CONSOLIDATED FINANCIAL STATEMENTS														Unit: Million Baht
2022														
	Interbank and money market items (Assets)	Investment, net	Loans to customers and accrued interest receivables, net	Derivative assets	Premises and equipment, net	Other assets	Deposits	Interbank and money market items (Liabilities)	Derivative liabilities	Debt issued and borrowings	Provisions	Other liabilities	Derivative (Notional amount)	Contingencies
<b>Parent company</b>														
MUFG Bank, Ltd.	30,329	-	-	9,848	-	139	-	143,084	7,091	-	-	4,151	383,978	5,425
Less Allowance for expected credit loss	(6)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	30,323	-	-	9,848	-	139	-	143,084	7,091	-	-	4,151	383,978	5,425
<b>Associate</b>														
Ngern Tid Lor Public Company Limited	-	-	3,442	-	1	3	1,890	-	131	-	5	17	6,820	6
Less Allowance for expected credit loss	-	-	(1)	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	3,441	-	1	3	1,890	-	131	-	5	17	6,820	6
<b>Joint ventures</b>														
SB Finance, Inc.														
(formerly SB Finance Company, Inc.)	-	-	-	-	-	2	-	-	-	-	-	-	-	-
Lotus's Money Services Limited	-	-	5,900	-	-	169	511	-	-	-	-	3	-	-
Lotus's Life Assurance Broker Limited	-	-	-	-	-	4	260	-	-	-	-	-	-	-
Lotus's General Insurance Broker Limited	-	-	-	-	-	7	553	-	-	-	-	3	-	-
Total	-	-	5,900	-	-	182	1,324	-	-	-	-	6	-	-
Less Allowance for expected credit loss	-	-	(1)	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	5,899	-	-	182	1,324	-	-	-	-	6	-	-
<b>Related companies having joint major shareholders or directors</b>														
208	59	208	14,832	229	27	18	24,978	4,108	81	267	5	186	14,106	249
Less Allowance for expected credit loss	-	-	(53)	-	-	-	-	-	-	-	-	-	-	-
Total	208	59	14,779	229	27	18	24,978	4,108	81	267	5	186	14,106	249
<b>Individual and related parties</b>														
-	-	-	400	-	7	9	2,241	-	-	-	-	720	-	-
Less Allowance for expected credit loss	-	-	(7)	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	393	-	7	9	2,241	-	-	-	-	720	-	-
Total	30,531	59	24,512	10,077	35	351	30,433	147,192	7,303	267	10	5,080	404,904	5,680

CONSOLIDATED FINANCIAL STATEMENTS														Unit: Million Baht
2021														
	Interbank and money market items (Assets)	Investment, net	Loans to customers and accrued interest receivables, net	Derivative assets	Premises and equipment, net	Other assets	Deposits	Interbank and money market items (Liabilities)	Derivative liabilities	Debt issued and borrowings	Provisions	Other liabilities	Derivative (Notional amount)	Contingencies
<b>Parent company</b>														
MUFG Bank, Ltd.	32,780	-	-	2,586	-	2,324	-	94,118	4,539	-	-	285	322,892	4,607
Less Allowance for expected credit loss	(4)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	32,776	-	-	2,586	-	2,324	-	94,118	4,539	-	-	285	322,892	4,607
<b>Associate</b>														
Ngern Tid Lor Public Company Limited	-	295	12,124	-	1	6	3,963	-	-	-	1	32	500	6
Less Allowance for expected credit loss	-	-	(3)	-	-	-	-	-	-	-	-	-	-	-
Total	-	295	12,121	-	1	6	3,963	-	-	-	1	32	500	6
<b>Joint ventures</b>														
SB Finance Company, Inc.	-	-	-	-	-	334	-	-	-	-	-	-	-	-
Lotus's Money Services Limited	-	-	3,777	-	-	132	515	-	-	-	-	6	-	-
Lotus's Life Assurance Broker Limited	-	-	-	-	-	1	234	-	-	-	-	-	-	-
Lotus's General Insurance Broker Limited	-	-	-	-	-	5	562	-	-	-	-	3	-	-
Total	-	-	3,777	-	-	472	1,311	-	-	-	-	9	-	-
Less Allowance for expected credit loss	-	-	(1)	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	3,776	-	-	472	1,311	-	-	-	-	9	-	-
<b>Related companies having joint major shareholders or directors</b>														
Less Allowance for expected credit loss	145	1,068	15,477	248	63	23	23,639	1,726	29	258	9	80	16,230	246
Total	145	1,068	15,416	248	63	23	23,639	1,726	29	258	9	80	16,230	246
<b>Individual and related parties</b>														
Less Allowance for expected credit loss	-	-	350	-	11	9	2,232	-	-	-	-	916	-	-
Total	-	-	(6)	-	-	-	-	-	-	-	-	-	-	-
Total	32,921	1,363	31,657	2,834	75	2,834	31,145	95,844	4,568	258	10	1,322	339,622	4,859

Unit: Million Baht

**THE BANK'S FINANCIAL STATEMENTS**  
2022

	Interbank and money market items (Assets)	Investment, net	Loans to customers and accrued interest receivables, net	Derivative assets	Premises and equipment, net	Other assets	Deposits	Interbank and money market items (Liabilities)	Derivative liabilities	Debt issued and borrowings	Provisions	Other liabilities	Derivative (Notional amount)	Contingencies
<b>Parent company</b>														
MUFG Bank, Ltd.	30,329	-	-	9,848	-	139	-	143,084	7,091	-	-	4,151	383,978	5,425
Less Allowance for expected credit loss	(6)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	30,323	-	-	9,848	-	139	-	143,084	7,091	-	-	4,151	383,978	5,425
<b>Subsidiaries</b>														
Ayudhya Development Leasing Company Limited	-	-	4,306	-	-	3	5	-	-	-	36	2	-	13
Ayudhya Capital Auto Lease Public Company Limited	-	-	2,485	-	-	402	1,360	-	-	-	-	221	-	-
Ayudhya Capital Services Company Limited	-	-	6,818	-	-	69	3,705	-	-	-	-	29	-	3
General Card Services Limited	-	-	12,840	-	-	24	549	-	-	-	-	2	-	-
Krungsri Ayudhya Card Company Limited	-	-	7,503	-	-	225	885	-	-	-	-	13	-	1
Siam Realty and Services Security Company Limited	-	-	90	-	670	3	57	-	-	-	-	749	-	-
Total Services Solutions Public Company Limited	-	-	-	-	-	3	544	-	-	-	-	16	-	-
Krungsri Asset Management Company Limited	-	-	-	-	-	75	-	5,898	-	-	-	25	-	-
Krungsri Ayudhya AMC Limited	-	-	-	-	-	2	2,834	-	-	-	-	22	-	34
Krungsri Securities Public Company Limited	500	-	-	-	-	10	2	2,894	-	-	-	4	-	-
Krungsri Nimble Company Limited	-	-	-	-	-	3	259	-	-	-	-	61	-	-
Krungsri Life Assurance Broker Limited	-	-	-	-	-	-	930	-	-	-	-	-	-	-
Krungsri General Insurance Broker Limited	-	-	-	-	-	7	847	-	-	-	-	-	-	-
Krungsri Leasing Services Company Limited	-	-	1,857	-	-	1	340	-	-	-	3	-	-	70
Hattha Bank Plc.	2,437	-	-	-	-	1	-	2	754	-	2	-	11,852	-
Krungsri Finnovate Company Limited	-	-	-	-	-	6	215	-	-	-	-	-	-	-
Krungsri Non-Deposit Taking Microfinance Institution Co., Ltd.	-	-	-	-	-	-	5	-	-	-	-	-	-	-
Total	2,937	-	35,899	-	670	834	12,537	8,794	754	-	41	1,144	11,852	121
Less Allowance for expected credit loss	(9)	-	(65)	-	-	-	-	-	-	-	-	-	-	-
Total	2,928	-	35,834	-	670	834	12,537	8,794	754	-	41	1,144	11,852	121



Unit: Million Baht

**THE BANK'S FINANCIAL STATEMENTS (CONTINUED)**  
**2022**

	Interbank and money market items (Assets)	Investment, net	Loans to customers and accrued interest receivables, net	Derivative assets	Premises and equipment, net	Other assets	Deposits	Interbank and money market items (Liabilities)	Derivative liabilities	Debt issued and borrowings	Provisions	Other liabilities	Derivative (Notional amount)	Contingencies
<b>Associate</b>														
Ngern Tid Lor Public Company Limited	-	-	3,440	-	1	3	1,890	-	131	-	5	17	6,820	6
Less Allowance for expected credit loss	-	-	(1)	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	3,439	-	1	3	1,890	-	131	-	5	17	6,820	6
<b>Joint ventures</b>														
SB Finance, Inc.	-	-	-	-	-	1	-	-	-	-	-	-	-	-
(formerly SB Finance Company, Inc.)	-	-	5,900	-	-	11	511	-	-	-	-	3	-	-
Lotus's Money Services Limited	-	-	-	-	-	-	260	-	-	-	-	-	-	-
Lotus's Life Assurance Broker Limited	-	-	-	-	-	1	553	-	-	-	-	-	-	-
Lotus's General Insurance Broker Limited	-	-	5,900	-	-	13	1,324	-	-	-	-	3	-	-
Total	-	-	(1)	-	-	-	-	-	-	-	-	-	-	-
Less Allowance for expected credit loss	-	-	5,899	-	-	13	1,324	-	-	-	-	3	-	-
Total	208	59	14,829	229	-	-	24,978	196	81	-	5	11	14,106	249
<b>Related companies having joint major shareholders or directors</b>	-	-	(53)	-	-	-	-	-	-	-	-	-	-	-
Less Allowance for expected credit loss	208	59	14,776	229	-	-	24,978	196	81	-	5	11	14,106	249
Total	-	-	326	-	-	9	2,075	-	-	-	-	463	-	-
<b>Individual and related parties</b>	-	-	(5)	-	-	-	-	-	-	-	-	-	-	-
Less Allowance for expected credit loss	-	-	321	-	-	9	2,075	-	-	-	-	463	-	-
Total	33,459	59	60,269	10,077	671	998	42,804	152,074	8,057	-	51	5,789	416,756	5,801

Unit: Million Baht

## THE BANK'S FINANCIAL STATEMENTS

2021

	Interbank and money market items (Assets)	Investment, net	Loans to customers and accrued interest receivables, net	Derivative assets	Premises and equipment, net	Other assets	Deposits	Interbank and money market items (Liabilities)	Derivative liabilities	Debt issued and borrowings	Provisions	Other liabilities	Derivative (Notional amount)	Contingencies
<b>Parent company</b>														
MUFG Bank, Ltd.	32,780	-	-	2,586	-	2,324	-	94,118	4,539	-	-	285	322,892	4,607
Less Allowance for expected credit loss	(4)	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>32,776</b>	<b>-</b>	<b>-</b>	<b>2,586</b>	<b>-</b>	<b>2,324</b>	<b>-</b>	<b>94,118</b>	<b>4,539</b>	<b>-</b>	<b>-</b>	<b>285</b>	<b>322,892</b>	<b>4,607</b>
<b>Subsidiaries</b>														
Ayudhya Development Leasing Company Limited	-	-	4,582	-	-	1	3	-	-	-	20	2	-	1
Ayudhya Capital Auto Lease Public Company Limited	-	-	915	-	-	222	2,750	-	-	-	-	275	-	-
Ayudhya Capital Services Company Limited	-	-	10,893	-	-	57	2,252	-	-	-	-	26	-	3
General Card Services Limited	-	-	9,787	-	-	40	490	-	-	-	-	4	-	-
Krungsriayudhya Card Company Limited	-	-	11,751	-	-	330	928	-	-	-	-	16	-	1
Siam Realty and Services Security Company Limited	-	-	270	-	676	2	116	-	-	-	-	737	-	-
Total Services Solutions Public Company Limited	-	-	-	-	-	1	631	-	-	-	-	8	-	-
Krungsri Asset Management Company Limited	-	-	-	-	-	100	-	4,957	-	-	-	4	-	-
Krungsri Ayudhya AMC Limited	-	-	-	-	-	5	2,704	-	-	-	-	19	-	33
Krungsri Securities Public Company Limited	-	-	-	-	-	4	2	3,785	-	-	-	3	-	-
Krungsri Nimble Company Limited	-	-	-	-	-	6	229	-	-	-	-	39	-	-
Krungsri Life Assurance Broker Limited	-	-	-	-	-	-	769	-	-	-	-	-	-	-
Krungsri General Insurance Broker Limited	-	-	-	-	-	-	533	-	-	-	-	-	-	-
Krungsri Leasing Services Company Limited	-	-	3,518	-	-	-	338	-	-	-	16	-	-	-
Hattha Bank Plc.	836	-	-	83	-	1	-	3	1	-	1	-	6,111	-
Krungsri Finnovate Company Limited	-	-	-	-	-	6	444	-	-	-	-	-	-	-
Krungsri Non-Deposit Taking Microfinance Institution Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>836</b>	<b>-</b>	<b>41,716</b>	<b>83</b>	<b>676</b>	<b>775</b>	<b>12,189</b>	<b>8,745</b>	<b>1</b>	<b>-</b>	<b>37</b>	<b>1,133</b>	<b>6,111</b>	<b>38</b>
Less Allowance for expected credit loss	(1)	-	(61)	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>835</b>	<b>-</b>	<b>41,655</b>	<b>83</b>	<b>676</b>	<b>775</b>	<b>12,189</b>	<b>8,745</b>	<b>1</b>	<b>-</b>	<b>37</b>	<b>1,133</b>	<b>6,111</b>	<b>38</b>

Unit: Million Baht

## THE BANK'S FINANCIAL STATEMENTS (CONTINUED)

2021

	Interbank and money market items (Assets)	Investment, net	Loans to customers and accrued interest receivables, net	Derivative assets	Premises and equipment, net	Other assets	Deposits	Interbank and money market items (Liabilities)	Derivative liabilities	Debt issued and borrowings	Provisions	Other liabilities	Derivative (Notional amount)	Contingencies
<b>Associate</b>														
Ngern Tidl Lor Public Company Limited	-	295	12,122	-	-	1	3,963	-	-	-	1	32	500	6
Less Allowance for expected credit loss	-	-	(3)	-	-	-	-	-	-	-	-	-	-	-
Total	-	295	12,119	-	-	1	3,963	-	-	-	1	32	500	6
<b>Joint ventures</b>														
SB Finance Company, Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lotus's Money Services Limited	-	-	3,777	-	-	16	515	-	-	-	-	5	-	-
Lotus's Life Assurance Broker Limited	-	-	-	-	-	-	234	-	-	-	-	-	-	-
Lotus's General Insurance Broker Limited	-	-	-	-	-	-	562	-	-	-	-	-	-	-
Total	-	-	3,777	-	-	-	1,311	-	-	-	-	5	-	-
Less Allowance for expected credit loss	-	-	(1)	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	3,776	-	-	-	1,311	-	-	-	-	5	-	-
<b>Related companies having joint major shareholders or directors</b>														
Less Allowance for expected credit loss	145	1,068	15,477	248	-	6	23,639	270	29	-	9	9	16,230	246
Total	-	-	(61)	-	-	-	-	-	-	-	-	-	-	-
Less Allowance for expected credit loss	145	1,068	15,416	248	-	6	23,639	270	29	-	9	9	16,230	246
Total	-	-	285	-	-	9	2,069	-	-	-	-	608	-	-
Less Allowance for expected credit loss	-	-	(4)	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	281	-	-	-	-	-	-	-	-	-	-	-
Less Allowance for expected credit loss	33,756	1,363	73,247	2,917	677	3,463	43,171	103,133	4,569	-	47	2,072	345,733	4,897
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-

As at December 31, 2022 and 2021, the Bank charges interest rates on loan to related parties at 0.95% - 25.00% p.a. and 1.00% - 24.10% p.a., respectively.

7.26.2 The Bank has investments in subsidiaries, associate and joint ventures as disclosed in Note 7.7.

7.26.3 Income and expenses between the Bank and its subsidiaries, associate, joint ventures and related companies for the years ended December 31, 2022 and 2021 are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
	2022				2021			
	Income		Expenses		Income		Expenses	
	Interest income	Non-interest income	Interest expenses	Non-interest expenses	Interest income	Non-interest income	Interest expenses	Non-interest expenses
<b>Parent company</b>								
MUFG Bank, Ltd.	-	4,465	3,018	349	1	2,268	328	327
Total	-	4,465	3,018	349	1	2,268	328	327
<b>Associate</b>								
Ngern Tid Lor Public Company Limited	277	(44)	2	1	233	58	5	1
Total	277	(44)	2	1	233	58	5	1
<b>Joint ventures</b>								
Ngern Tid Lor Public Company Limited	-	-	-	-	129	34	2	5
SB Finance, Inc. (formerly SB Finance Company, Inc.)	-	-	-	-	-	4	-	-
Lotus's Money Services Limited	85	477	1	(10)	87	544	1	(11)
Lotus's Life Assurance Broker Limited	-	17	-	-	-	7	-	-
Lotus's General Insurance Broker Limited	-	41	1	1	-	36	1	-
Total	85	535	2	(9)	216	625	4	(6)
<b>Related companies having joint major shareholders or directors</b>								
	299	151	308	329	290	20	61	266
<b>Individual and related parties</b>								
	14	4	21	28	14	4	21	28
Total	675	5,111	3,351	698	754	2,975	419	616

Unit: Million Baht

## THE BANK'S FINANCIAL STATEMENTS

	2022				2021			
	Income		Expenses		Income		Expenses	
	Interest income	Non-interest income	Interest expenses	Non-interest expenses	Interest income	Non-interest income	Interest expenses	Non-interest expenses
<b>Parent company</b>								
MUFG Bank, Ltd.	-	4,465	3,018	343	1	2,268	328	327
Total	-	4,465	3,018	343	1	2,268	328	327
<b>Subsidiaries</b>								
Ayudhya Development Leasing Company Limited	121	20	-	(7)	146	20	-	(7)
Ayudhya Capital Auto Lease Public Company Limited	24	1,563	5	949	22	1,463	4	879
Ayudhya Capital Services Company Limited	189	308	3	(76)	337	287	2	(79)
General Card Services Limited	172	29	1	(8)	136	24	1	(8)
Krungsriayudhya Card Company Limited	50	111	1	159	54	95	1	143
Siam Realty and Services Security Company Limited	2	14	10	515	4	7	11	541
Total Services Solutions Public Company Limited	-	3	1	44	-	2	1	46
Krungsri Asset Management Company Limited	-	829	22	8	-	1,165	8	8
Krungsri Ayudhya AMC Limited	-	9	3	(4)	-	7	3	(4)
Krungsri Securities Public Company Limited	2	28	8	(1)	-	22	8	(1)
Krungsri Nimble Company Limited	-	17	-	6	-	18	-	9
Krungsri Life Assurance Broker Limited	-	2	1	-	-	2	1	-
Krungsri General Insurance Broker Limited	-	8	1	-	-	1	1	-
Krungsri Leasing Services Company Limited	179	-	5	-	253	-	5	-
Hattha Bank Plc.	103	(789)	-	-	19	(63)	-	-
Krungsri Finnivate Company Limited	-	21	-	-	-	20	-	-
Total	842	2,173	61	1,585	971	3,070	46	1,527
<b>Associate</b>								
Ngern Tid Lor Public Company Limited	277	(71)	2	1	233	32	5	1
Total	277	(71)	2	1	233	32	5	1
<b>Joint ventures</b>								
Ngern Tid Lor Public Company Limited	-	-	-	-	129	18	2	5
Lotus's Money Services Limited	85	14	1	(10)	87	17	1	(11)
Lotus's Life Assurance Broker Limited	-	3	-	-	-	3	-	-
Lotus's General Insurance Broker Limited	-	15	1	1	-	15	1	-
Total	85	32	2	(9)	216	53	4	(6)
<b>Related companies having joint major shareholders or directors</b>	299	83	48	222	290	(12)	41	188
<b>Individual and related parties</b>	14	4	21	28	14	4	21	28
Total	1,517	6,686	3,152	2,170	1,725	5,415	445	2,065



7.26.4 For the years ended December 31, 2022 and 2021, the Bank entered into an agreement to sell non-performing loans (NPLs) to a related company with a net book value at the transfer date of Baht 967 million and Baht 939 million, respectively.

7.26.5 For the years ended December 31, 2022 and 2021, compensations paid to key management personnel under TAS 24 “Related Party Disclosures” are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2022	2021	2022	2021
Short-term employee benefits	1,731	1,727	1,062	992
Post-employment benefits	58	69	37	46
Other long-term benefits	1	1	1	1
Total	<u>1,790</u>	<u>1,797</u>	<u>1,100</u>	<u>1,039</u>

7.26.6 For the year ended December 31, 2022, a related party transaction among subsidiaries regarding dividend payment of Baht 110 million.

7.26.7 For the years ended December 31, 2022 and 2021, related party transactions among subsidiaries included collection services and other services of Baht 829 million and Baht 875 million, respectively, and office and vehicle rental and facilities service of Baht 52 million and Baht 51 million, respectively.

7.26.8 For the year ended December 31, 2022, subsidiaries had related party transactions from the licenses relevant to technology and software of Baht 10 million. For the years ended December 31, 2022 and 2021, a subsidiary had related party transactions with the Bank to provide the information technology services of Baht 296 million and Baht 177 million, respectively.

7.26.9 For the years ended December 31, 2022 and 2021, related party transactions among subsidiaries from other services were Baht 1,686 million and Baht 1,755 million, respectively.

7.26.10 For the year ended December 31, 2022, subsidiaries entered into the loan agreement of Baht 20 million and received interest income of Baht 2 million.

7.26.11 For the years ended December 31, 2022 and 2021, the Bank had the expected credit loss (reversal) of loans granted and loan commitments and financial guarantee contracts to subsidiaries, associate and joint ventures are as follows:

	Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2022	2021
Subsidiaries	16	40
Associate and Joint ventures	<u>2</u>	<u>(5)</u>
Total	<u>18</u>	<u>35</u>

- 7.26.12 For the year ended December 31, 2022, a subsidiary had sold investment in equity securities measured at fair value through other comprehensive income to related company who operates fund of Baht 163 million. The subsidiary had recognized gain on sale of such investments of Baht 80 million in retained earnings.
- 7.26.13 The Extraordinary General Meeting of Shareholders No. 1/2013, held on October 31, 2013, approved the integration of the Bank and The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU's Bangkok Branch) by acquisition of the business of BTMU's Bangkok Branch and the entering into a Conditional Branch Purchase Agreement between the Bank as transferee and MUFG Bank, Ltd. (MUFG) as transferor and other related agreements which are asset acquisition and connected transactions.

From the date of the business transfer of BTMU's Bangkok Branch under the Conditional Branch Purchase Agreement, MUFG shall provide various services to the Bank as agreed between the Bank and MUFG prior to the transfer. Such services shall include existing services provided by MUFG to BTMU's Bangkok Branch and other services as necessary and appropriate to ensure continued service to BTMU's Bangkok Branch's customers after the transfer of the assets. The Bank and MUFG will also enter into a Master Service Agreement to provide various services to the Bank which will include but not be limited to (a) General Services Agreement (b) Trademark License Agreement (c) Software License Agreement (d) Other ancillary agreements as may be agreed between the parties under the Master Service Agreement.

From the date of the business transfer of BTMU's Bangkok Branch under the Conditional Branch Purchase Agreement until (1) the lapse of 10 years from the date of the transfer or (2) the date MUFG holds shares in the Bank less than 50 percent of all issued shares (whichever occurs later), the Bank may request for MUFG to provide funding assistance to the Bank and MUFG shall use its best efforts to provide such funding assistance after confirming that: (a) the price and condition for the funding assistance is on an Arm's Length Basis and is beneficial to both parties; (b) such funding assistance is aligned with the Bank's Asset and Liability Policy and Funding Policy; (c) such funding assistance complies with the legal requirements (including tax concerning transfer pricing). If MUFG agrees to provide funding assistance as requested by the Bank, the parties shall further agree on the type, amount, tenor and interest rate of such assistance.

On January 5, 2015, the Bank has entered into the borrowing agreement with MUFG under (1) Uncommitted Revolving Facility or (2) Interbank and Money Market Facility.

On November 30, 2021, the Bank has entered into the Uncommitted Term Loan Credit Facility Agreement with MUFG under Uncommitted Non-Revolving Facility.

## 7.27 Management compensation

The Bank and its subsidiaries have no special benefits given to the directors and executive officers beyond the general benefits made as usual, including contingency benefits from employment compensation agreements and other benefits for those persons.

The Bank and its subsidiaries did not sell, give, or lease any properties to directors, executive officers, or their related parties, or did not purchase or lease any assets from those persons, except, during the years ended December 31, 2022 and 2021, the subsidiary had sold assets to managements in the amount of Baht 8 million and Baht 3 million with the book value of Baht 6 million and Baht 2 million, respectively.

## 7.28 Lease liabilities

Lease liabilities as at December 31, 2022 and 2021 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2022	2021	2022	2021
Within one year	786	1,136	866	1,135
Over one year to five years	782	1,163	919	1,226
Over five years	440	503	390	463
Total	<u>2,008</u>	<u>2,802</u>	<u>2,175</u>	<u>2,824</u>

## 7.29 Operating segments

The business segment results are prepared based on the Bank and its subsidiaries' internal management reporting which reflects the organizational management structure. The operating results by business segment provided to Chief Operating Decision Maker to make decision about resources allocations, and assess the performance of operating segments. The operating segment results are measured in accordance with Thai Financial Reporting Standards, which are also adjusted in accordance with internal management accounting rules and practices. Amounts for each business segment are shown after the allocation of certain centralized costs, income from investment, and the application of transfer pricing, where appropriate. Transactions between segments are recorded on the same basis as the transaction conducted with the third party. Transactions between segments are eliminated on consolidation.

The business segments are described below:

**Retail:** provides individual customers with a diverse range of banking and related financial services. The products and services available to customers include current and savings accounts, fixed deposits, bill of exchange, housing loan, credit cards, personal loans and sale finance loans, hire-purchase and leasing, wealth management and bancassurance products.

**Commercial:** provides financial services and products to institutional clients including corporate, small and medium-sized businesses and financial institutions. Products and services comprise the full range of credit facilities from short term working capital, cash management, trade finance, transactional banking, advisory services, and treasury and money markets products.

Others: encompasses other income and expenses generating activities that are not attributed to the business segments described above.

During the years ended December 31, 2022 and 2021, no revenue from transactions with a single external customer or counter party amounted to 10% or more of the Bank and its subsidiaries' total revenue.

Operating segment by businesses for the years ended December 31, 2022 and 2021 are as follows:

Unit: Million Baht					
CONSOLIDATED FINANCIAL STATEMENTS					
2022					
	Retail	Commercial	Others	Elimination	Total
Interest income, net	57,305	26,386	36	51	83,778
Other operating income	27,068	7,978	1,656	(4,064)	32,638
Total operating income	84,373	34,364	1,692	(4,013)	116,416
Operating expenses	37,794	11,255	6,563	(4,577)	51,035
Expected credit loss	24,534	2,135	(2)	(15)	26,652
Profit (loss) before tax	22,045	20,974	(4,869)	579	38,729
Taxation	4,394	4,128	(683)	-	7,839
Net profit (loss)	17,651	16,846	(4,186)	579	30,890

Unit: Million Baht					
CONSOLIDATED FINANCIAL STATEMENTS					
2021					
	Retail	Commercial	Others	Elimination	Total
Interest income, net	55,505	22,367	1	107	77,980
Other operating income	28,901	7,518	12,936	(4,429)	44,926
Total operating income	84,406	29,885	12,937	(4,322)	122,906
Operating expenses	34,479	11,020	7,852	(4,397)	48,954
Expected credit loss	27,611	4,035	(2)	(40)	31,604
Profit (loss) before tax	22,316	14,830	5,087	115	42,348
Taxation	4,150	2,907	1,237	-	8,294
Net profit (loss)	18,166	11,923	3,850	115	34,054

Unit: Million Baht					
CONSOLIDATED FINANCIAL STATEMENTS					
	Retail	Commercial	Others	Elimination	Total
<b>Total assets</b>					
As at December 31, 2022	1,023,355	1,721,621	25,974	(133,999)	2,636,951
As at December 31, 2021	1,007,902	1,601,947	25,664	(136,404)	2,499,109

### 7.30 Position and results of operations classified by domestic and foreign business

#### (1) Position classified by type of business

Position classified by domestic and foreign business as at December 31, 2022 and 2021 are as follows:

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	2022			2021		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Total assets	2,547,721	89,230	2,636,951	2,419,914	79,195	2,499,109
Interbank and money market items, net (Assets)	449,298	11,622	460,920	336,528	10,288	346,816
Financial assets measured at fair value through profit or loss	998	-	998	736	-	736
Investments, net*	161,228	519	161,747	197,167	1	197,168
Loans to customers and accrued interest receivable, net	1,805,006	68,485	1,873,491	1,755,726	61,143	1,816,869
Deposits	1,767,520	37,172	1,804,692	1,746,398	32,741	1,779,139
Interbank and money market items (Liabilities)	270,084	19,893	289,977	184,655	17,495	202,150
Debt issued and borrowings	89,632	8,567	98,199	111,891	7,086	118,977

\*Includes investments in subsidiaries, associate and joint ventures, net

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
	2022			2021		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Total assets	2,447,742	3,169	2,450,911	2,327,348	3,831	2,331,179
Interbank and money market items, net (Assets)	450,409	1,371	451,780	335,429	1,406	336,835
Financial assets measured at fair value through profit or loss	-	-	-	98	-	98
Investments, net*	205,750	-	205,750	242,734	-	242,734
Loans to customers and accrued interest receivable, net	1,678,383	1,625	1,680,008	1,639,287	2,244	1,641,531
Deposits	1,780,057	2,129	1,782,186	1,758,586	1,745	1,760,331
Interbank and money market items (Liabilities)	272,128	577	272,705	185,900	1,088	186,988
Debt issued and borrowings	67,367	-	67,367	90,182	-	90,182

\*Includes investments in subsidiaries, associate and joint ventures, net



## (2) Results of operations classified by business

Results of operations classified by domestic and foreign business for the years ended December 31, 2022 and 2021 are as follows:

**Unit: Million Baht**

<b>CONSOLIDATED FINANCIAL STATEMENTS</b>						
	<b>2022</b>			<b>2021</b>		
	<b>Domestic</b>	<b>Foreign</b>	<b>Total</b>	<b>Domestic</b>	<b>Foreign</b>	<b>Total</b>
Interest income	95,433	9,995	105,428	92,236	7,568	99,804
Interest expenses	17,757	3,893	21,650	18,985	2,839	21,824
Net interest income	77,676	6,102	83,778	73,251	4,729	77,980
Fees and service income, net	16,640	305	16,945	16,618	233	16,851
Other operating income	15,925	(232)	15,693	28,200	(125)	28,075
Other operating expenses	48,068	2,967	51,035	46,605	2,349	48,954
Profit from operating before expected credit loss and income tax	62,173	3,208	65,381	71,464	2,488	73,952

**Unit: Million Baht**

<b>THE BANK'S FINANCIAL STATEMENTS</b>						
	<b>2022</b>			<b>2021</b>		
	<b>Domestic</b>	<b>Foreign</b>	<b>Total</b>	<b>Domestic</b>	<b>Foreign</b>	<b>Total</b>
Interest income	72,167	142	72,309	68,701	149	68,850
Interest expenses	17,417	56	17,473	18,543	63	18,606
Net interest income	54,750	86	54,836	50,158	86	50,244
Fees and service income, net	6,880	13	6,893	7,228	11	7,239
Other operating income	12,913	2	12,915	26,448	26	26,474
Other operating expenses	34,409	36	34,445	33,650	39	33,689
Profit from operating before expected credit loss and income tax	40,134	65	40,199	50,184	84	50,268

Income and expenses between the head office and branches or inter-branches are determined by the head office at the rate which approximates actual cost.

### 7.31 Interest income

Interest income for the the years ended December 31, 2022 and 2021 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2022	2021	2022	2021
Interbank and money market items	3,475	2,583	3,556	2,585
Investment and trading transactions	9	25	9	24
Investment in debt securities	1,419	1,390	1,395	1,390
Loans to customers	67,696	63,248	40,294	38,605
Hire purchase and finance lease	32,748	32,530	26,974	26,218
Others	81	28	81	28
Total interest income	<u>105,428</u>	<u>99,804</u>	<u>72,309</u>	<u>68,850</u>

### 7.32 Interest expenses

Interest expenses for the years ended December 31, 2022 and 2021 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2022	2021	2022	2021
Deposits	10,733	11,846	8,686	10,215
Interbank and money market items	3,335	1,750	2,013	932
Contributions to Financial Institution Development Fund and Deposit Protection Agency	4,088	4,277	4,088	4,277
Debt issued and borrowings				
- Subordinated debenture	2,299	2,290	2,249	2,236
- Others	1,022	1,572	293	887
Others	<u>173</u>	<u>89</u>	<u>144</u>	<u>59</u>
Total interest expenses	<u>21,650</u>	<u>21,824</u>	<u>17,473</u>	<u>18,606</u>

On April 8, 2020, the BOT announced to temporarily reduce the rate of contributions to Financial Institution Development Fund (FIDF) from 0.46% per year to 0.23% per year which is effective for the years 2020-2021.

On November 1, 2021, the BOT announced to extend the temporary reduction of the rate of contributions to FIDF at 0.23% per year to the end of 2022.

### 7.33 Fees and service income, net

Fees and service income, net for the years ended December 31, 2022 and 2021 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2022	2021	2022	2021
Fees and service income				
- Acceptances, aval and guarantees	487	474	488	474
- Others	23,750	23,579	11,924	11,727
Total fees and service income	24,237	24,053	12,412	12,201
Fees and service expenses	7,292	7,202	5,519	4,962
Total fees and service income, net	16,945	16,851	6,893	7,239

### 7.34 Gains on financial instruments measured at fair value through profit or loss, net

Gains on financial instruments measured at fair value through profit or loss, net for the years ended December 31, 2022 and 2021 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2022	2021	2022	2021
Gains (losses) on trading and foreign exchange transactions				
- Foreign currency and derivative of currency	3,378	3,697	3,753	3,944
- Derivative of interest rates	1,293	424	1,359	473
- Debt securities	(69)	(72)	(70)	(72)
- Equity securities	127	-	-	-
Total	4,729	4,049	5,042	4,345
Gains on financial instruments designated at FVTPL				
- Net change in fair value of other	11	-	-	-
Gains (losses) on hedge accounting	(7)	47	(11)	47
Total	4,733	4,096	5,031	4,392

### 7.35 Gains (losses) on investments, net

Gains (losses) on investments, net for the years ended December 31, 2022 and 2021 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2022	2021	2022	2021
Gains (losses) on derecognition of investments				
- Debt securities measured at FVOCI	(40)	198	(40)	199
- Investments in joint venture	-	10,727	-	11,398
	(40)	10,925	(40)	11,597
Losses on impairments				
- Investments in subsidiaries	-	-	(82)	(500)
Total	(40)	10,925	(122)	11,097

### 7.36 Expected credit loss

Expected credit loss (reversal) for the years ended December 31, 2022 and 2021 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2022	2021	2022	2021
Interbank and money market items	55	35	65	39
Investment in debt securities measured at FVOCI (reversal)	(12)	6	(12)	6
Loans to customers and accrued interest receivable	27,354	32,132	17,561	21,523
Loan commitments and financial guarantees (reversal)	(745)	(569)	(527)	(347)
Total	26,652	31,604	17,087	21,221

### 7.37 Income tax expenses

Income tax expenses for the years ended December 31, 2022 and 2021 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2022	2021	2022	2021
Current tax for the years	7,466	8,010	4,034	4,552
Deferred tax	373	283	(6)	61
Total income tax expenses	<u>7,839</u>	<u>8,293</u>	<u>4,028</u>	<u>4,613</u>

#### Reconciliation of effective income tax rate

	CONSOLIDATED FINANCIAL STATEMENTS				THE BANK'S FINANCIAL STATEMENTS			
	2022		2021		2022		2021	
	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)
Profit before tax	<u>38,728</u>		<u>42,348</u>		<u>23,112</u>		<u>29,047</u>	
Income tax at the domestic tax rate	7,746	20.00	8,470	20.00	4,622	20.00	5,809	20.00
<u>Add</u> Tax effect of income and expense								
that are not exempt for tax purposes	891	2.30	1,260	2.98	48	0.21	114	0.39
<u>Less</u> Tax effect of income and expense								
that are exempt for tax purposes	<u>(798)</u>	<u>(2.06)</u>	<u>(1,437)</u>	<u>(3.40)</u>	<u>(642)</u>	<u>(2.78)</u>	<u>(1,310)</u>	<u>(4.51)</u>
Income tax expenses as per statements of profit or loss and other comprehensive income	<u>7,839</u>	<u>20.24</u>	<u>8,293</u>	<u>19.58</u>	<u>4,028</u>	<u>17.43</u>	<u>4,613</u>	<u>15.88</u>

### 7.38 Income tax relating to components of other comprehensive income

Income tax relating to components of other comprehensive income for the years ended December 31, 2022 and 2021 are as follows:

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	2022			2021		
	Amount before tax	Tax income (expenses)	Net amount After tax	Amount before tax	Tax income (expenses)	Net amount After tax
Item that will be reclassified subsequently to profit or loss						
Gains (losses) on investment in debt instruments at FVOCI	(1,402)	280	(1,122)	(719)	144	(575)
Gains (losses) on cash flow hedges	92	(18)	74	51	(10)	41
Gains (losses) arising from translating the financial statements of foreign operation	208	(93)	115	1,167	(236)	931
Share of other comprehensive income of associate and joint venture	(61)	-	(61)	5	-	5
Item that will not be reclassified subsequently to profit or loss						
Gains (losses) on investment designated at FVOCI	(1,092)	218	(874)	1,001	(200)	801
Actuarial gains (losses) on defined benefit plans	1,006	(201)	805	1,235	(247)	988
Share of other comprehensive income of associate and joint venture	7	-	7	(2)	-	(2)
Total other comprehensive income, net	(1,242)	186	(1,056)	2,738	(549)	2,189

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
	2022			2021		
	Amount before tax	Tax income (expenses)	Net amount After tax	Amount before tax	Tax income (expenses)	Net amount After tax
Item that will be reclassified subsequently to profit or loss						
Gains (losses) on investment in debt instruments at FVOCI	(1,402)	280	(1,122)	(719)	144	(575)
Gains (losses) on cash flow hedges	(97)	19	(78)	51	(10)	41
Item that will not be reclassified subsequently to profit or loss						
Gains (losses) on investment designated at FVOCI	(653)	131	(522)	864	(173)	691
Actuarial gains (losses) on defined benefit plans	810	(162)	648	1,040	(208)	832
Total other comprehensive income, net	(1,342)	268	(1,074)	1,236	(247)	989



### **7.39 The agreements related to the transactions of the purchase and receipt the transfer of charter capital in SHBank Finance Company Limited**

On August 25, 2021, the Board of Directors' Meeting No. 8/2021 approved to propose to the Extraordinary General Meeting of Shareholders to consider and approve the acquisition of business through the purchase and receipt the transfer of 100% of charter capital\* in SHBank Finance Company Limited ("SHB Finance"), which operates consumer finance business in Vietnam, from Saigon-Hanoi Commercial Joint Stock Bank ("SHB Bank") ("Transaction"), which requires the approval from Bank of Thailand ("BOT"), State Bank of Vietnam ("SBV") and Japanese Financial Services Agency ("JFSA"), with total consideration up to approximately VND 3,590.3 billion (or equivalent to Baht 5,184.4 million). The transaction will be divided into 2 phases as follows:

- 1) The purchase and receipt the transfer of the 50% of charter capital in SHB Finance ("The First transaction"), with the consideration of up to approximately VND 1,573.4 billion (or equivalent to Baht 2,272.0 million) which is based on the estimated minimum equity book value of VND 1,168.9 billion (or equivalent to Baht 1,687.8 million) and may decrease if the actual equity book value as of the closing date is less than the estimated equity book value.
- 2) The purchase and receipt the transfer of the 50% of charter capital remaining ("The Second transaction"), which will be entered in the next 3 years after the completion of The First transaction, with the consideration of up to approximately VND 2,016.9 billion (or equivalent to Baht 2,912.4 million) which will depend on the equity book value as of the closing date and may be adjusted with amount of capital injection or capital decrease occurred during period of 3 years from the closing date of The First transaction to the closing date of The Second transaction.

On August 25, 2021, the Bank and SHB Bank have entered into Capital Transfer Agreement and Joint Venture Agreement.

On October 29, 2021, the Extraordinary General Meeting of Shareholders No. 1/2021 approved the acquisition of business through the purchase and receipt the transfer of 100% of charter capital\* in SHB Finance, as proposed by the Board of Directors. In December 2021, the BOT has approved for the Transaction. The SBV has granted an Approval in Principle for the Transaction in December 2022.

\* Since SHB Finance is registered as a limited liability company in Vietnam, which does not have any shares as limited company or public company in Thailand. In this regard, this transaction will be the purchase and receipt the transfer of the charter capital.

#### **7.40 The acquisition of Capital Nomura Securities Public Company Limited**

On July 27, 2022, the Board of Directors' Meeting No. 7/2022 approved to propose to the Extraordinary General Meeting of Shareholders to consider and approve the acquisition of business through the purchase of shares of Capital Nomura Securities Public Company Limited (CNS), totaling 100% with a total consideration of up to approximately USD 155.3 million (or equivalent to Baht 5,501 million). The transaction will involve two groups of selling shareholders of CNS as follows:

- 1) The offer to purchase 99.1% of shares in CNS from Nomura Asia Investment (Singapore) Pte Ltd. (NAIS) (the First Purchase), which is subject to approval of the Bank's shareholders, the Bank of Thailand, and/or other related regulatory agencies, for a consideration of approximately USD 153.9 million (or equivalent to Baht 5,450 million).
- 2) The offer to purchase the remaining 0.9% of shares in CNS after the First Purchase from minority shareholders of CNS, for a consideration of approximately USD 1.4 million (or equivalent to Baht 51 million).

On June 30, 2022, the Bank and NAIS have entered into a Sale and Purchase Agreement.

On September 1, 2022, the Extraordinary General Meeting of Shareholders No. 1/2022 approved the acquisition of business through the purchase of shares of CNS, as proposed by the Board of Directors. In December 2022, the BOT has approved for the Transaction and SEC has approved a change of CNS shareholder. In addition, Japanese Financial Services Agency ("JFSA") approved this transaction in February 2023.

#### **7.41 The acquisition of consumer finance business of home credit in Indonesia and Philippines**

On November 23, 2022, the Board of Directors' Meeting No. 11/2022 approved to propose to the Extraordinary General Meeting of Shareholders to consider and approve the acquisition of consumer finance business of Home Credit in Indonesia and Philippines with the details as follows:

- 1) Indonesia: The purchase of 75% of the share capital of PT. Home Credit Indonesia from Home Credit Indonesia B.V. and an individual shareholder with the consideration of approximately EUR 176.4 million or equivalent to Baht 6.6 billion (the "Acquisition of Home Credit Indonesia"). As all shares that the Bank will receive is preferred share, so the Bank will have 75% voting right of total voting right and 88.2110% of dividend payment and liquidation value.
- 2) Philippines: The purchase of 75% of share capital of HC Consumer Finance Philippines, Inc. and 100% of share capital of HCPH Financing 1, Inc. and HCPH Insurance Brokerage, Inc. from HC Philippines Holding B.V. and Filcommerce Holdings, Inc. with the consideration of approximately EUR 297.6 million or equivalent to Bath 11.1 billion (the "Acquisition of Home Credit Philippines").

Note:

The above consideration is calculated on a round figure basis with one decimal place  
Exchange rate of EUR 1 to THB 37.3513 based on Bank of Thailand as of November 16, 2022

The consideration of the transaction of Home Credit Indonesia and Philippines is approximately EUR 473.9 million or equivalent to Baht 17,700.8 million. The final consideration will be adjusted by the difference between book value at closing of the transaction and book value as of December 31, 2021, according to terms and conditions in the Sale and Purchase Agreements.

This transaction is subject to approval from the Bank of Thailand (“BOT”), Financial Services Authority (Otoritas Jasa Keuangan) of Indonesia (“OJK”), Bangko Sentral ng Pilipinas (“BSP”) and Philippines Competition Commission (“PCC”) and the details of this transaction must be notified to Japanese Financial Services Agency (“JFSA”), Securities and Exchange Commission of Philippines, Commission for the Supervision of Business Competition of Indonesia (Komisi Pengawas Persaingan Usaha) (“KPPU”) and/or other relevant regulators for acknowledgment.

On November 24, 2022, the Bank, Home Credit Indonesia B.V. and an individual shareholder have entered into a Sale and Purchase Agreement of Home Credit Indonesia; and the Bank, HC Philippines Holdings B.V. and Filcommerce Holdings, Inc. have entered in to a Sale and Purchase Agreement of Home Credit Philippines.

The Bank has also agreed to a put and call option agreement with an individual shareholder, giving a right to the Bank to purchase 15% of the share capital of Home Credit Indonesia from an individual shareholder and a right to an individual shareholder to sell 15% of the share capital of Home Credit Indonesia to the Bank, according to terms and conditions in the agreement and entered into a memorandum of understanding (MOU) with PT Adira Dinamika Multi Finance Tbk (Adira) giving a right to the Bank to sell up to 15% of the share capital of Home Credit Indonesia to Adira and a right to Adira to purchase up to 15% of the share capital of Home Credit Indonesia from the Bank, subject to further negotiation and agreement between the Bank and Adira in the future.

On January 17, 2023, the Extraordinary General Meeting of Shareholders No. 1/2023 approved the acquisition of consumer finance business of Home Credit businesses in Indonesia and Philippines, as proposed by the Board of Directors.

## 7.42 COVID-19

As the situation COVID-19 Pandemic continues to make a widespread impact to all businesses including large corporation, small and medium enterprise, and retail consumer, Bank of Thailand with collaboration with relevant regulators and stake holders issued the series guideline of loan classification and provision for enterprises that support the relief measures to customers who were affected from COVID-19 in order to promote the timely support to customers and general economy. The latest guidelines for debt restructuring for customer who get impact from COVID-19 includes BOT circular letter No. 802/2564 dated September 3, 2021 and Federal of Accountant Profession guideline on accounting treatment guidance No. 37/2564 dated December 22, 2021.

During the year ended December 31, 2022, the Bank and its subsidiaries perform loan classification and provisioning based on the aforementioned guideline, which has details as follows:

1. For debt restructuring that help reduce the debt burden to customers other than term extension
  - The relief support given to Non-NPL customers: The Bank and its subsidiaries classify customer to performing stage if it has already been analysed and assessed that customers are able to comply with the new terms and conditions.
  - The relief support given to NPL customers: The Bank and its subsidiaries classify customers to performing stage if customers can comply with the new terms and conditions for consecutively 3 months or 3 payments, whichever period is longer.

However, the Bank and its subsidiaries may classify loan to be more conservative than the above guideline based on the qualitative consideration of customer conditions.

In case the original effective interest rate (EIR) does not longer reflect the expected cash flow as a results of debt restructuring process, the Bank and its subsidiaries use new EIR as a discount factor to calculate the present value of loan under debt restructuring.

2. For debt restructuring that are given only term extension, the classification and provisioning will follow the normal treatment as per BOT notification on debt classification and provisioning.

On Risk management of debt restructuring portfolio, the Bank and its subsidiaries closely monitor customer's ability to make a payment under new term and conditions to assess the potential impact to future credit losses. The Bank and its subsidiaries reflect the uncertainties under COVID-19 and other economic conditions through the additional provision in the form of management overlay to cover the potential credit losses that may arise in the future.

As of December 31, 2022, the loans outstanding under the relief measure program accounted for approximately Baht 150.96 billion, of which 15% is granted to Corporate segment, 49% is granted to SME and Business Banking segment, and 36% is granted to Retail Segment. For SMEs, additional credit lines of Baht 16.4 billion were offered to 4,565 SME customers to support their liquidity requirement under the Bank of Thailand's soft loan and special rehabilitation loan programs and the Government Savings Bank's soft loan program.

#### **7.43 Approval of financial statements**

These financial statements have been approved for issue by the Board of Directors on February 22, 2023.

## ATTACHMENT 1: DETAILS OF DIRECTORS, EXECUTIVES, PERSONS WITH MANAGERIAL AUTHORITY, THE PERSON TAKING THE HIGHEST RESPONSIBILITY IN FINANCE AND ACCOUNTING, PERSON HAVING ACCOUNTING CONTROL, AND CORPORATE SECRETARY

(INFORMATION AS OF DECEMBER 31, 2022)

### BOARD OF DIRECTORS



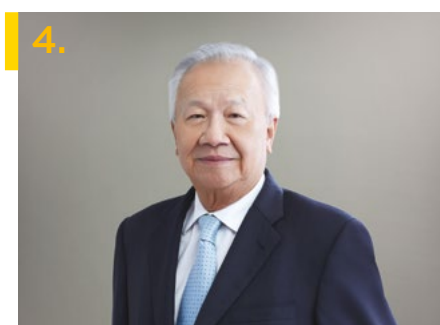
**Mr. Karun Kittisataporn**  
Chairman  
Non-Executive Director



**Mr. Daisuke Ejima**  
Vice Chairman  
Non-Executive Director  
Nomination and Remuneration Committee Member



**Mr. Seiichiro Akita**  
Director (Authorized Signatory)  
President and Chief Executive Officer  
Chairman of the Executive Committee



**Mr. Virat Phairatphiboon**  
Non-Executive Director  
Chairman of the Risk and Compliance Committee  
Nomination and Remuneration Committee Member



**Mr. Jiro Omori**  
Non-Executive Director  
Risk and Compliance Committee Member



**Mrs. Tongurai Limpiti**  
Independent Director  
Chairman of the Audit Committee

7.



**Dr. Jamlong Atikul**  
Independent Director  
Chairman of the Nomination and  
Remuneration Committee  
Audit Committee Member

8.



**Dr. Wittaya Watcharawittayakul**  
Independent Director  
Audit Committee Member

9.



**Professor Dr. Sakda Thanitcul**  
Independent Director  
Audit Committee Member

10.



**Miss Nopporn Tirawattanagool**  
Non-Executive Director  
Nomination and Remuneration Committee Member  
Risk and Compliance Committee Member

11.



**Mr. Pornsanong Tuchinda**  
Non-Executive Director  
Risk and Compliance Committee Member

12.



**Miss Duangdao Wongpanitkrit**  
Director (Authorized Signatory)  
Chief Financial Officer  
First Executive Vice President, Finance Group  
Executive Committee Member



# 1 Mr. Karun Kittisataporn

- Chairman
- Non-Executive Director

**Age:** 75 years

**Nationality:** Thai

**Years of directorship:** 14 years 6 months

## Education and training:

- MA., (International Trade), Syracuse University, NY, USA (USAID Scholarship)
- BCA., Victoria University of Wellington, New Zealand (Colombo Plan Scholarship)
- Degree from the National Defence College Class 8, (Joint State - Private Sector)
- Certificate of Commercial Policy Course, GATT, Geneva
- Training on International Financial Reporting Standard 9 (IFRS 9), PwC Thailand, Year 2016
- Seminar on 'CyberSecurity Awareness Training for Senior Executive', Year 2016
- Strategic IT Governance (for non-IT), Year 2017
- Seminar on 'Cyber Resilience Leadership', Year 2017
- Krungsri Executive Forum: Leading Organization & People in Digital Age 2018, Year 2018
- Seminar on 'Future Customer Experience in Financial and Banking Services', Year 2018
- IT Security Trend Update, Year 2018
- IT Governance & Cyber Resilience, Year 2019
- Bangkok Sustainable Banking Forum 2019 'An Industry Wake-up Call', Year 2019
- ESG and Sustainable Banking Development, including response to the Covid-19 situation, Year 2020
- IT Security Awareness, Virtual Training, Year 2020
- Regulatory Technology: RegTech, Year 2021
- Cyber Armor: Capital Market Board Awareness No. 2, Topic: Data-driven Cybersecurity and Intelligence Threats Assessment, Year 2021
- Bangkok FinTech Fair 2021 'Shaping Digital Finance in the New Decade', Year 2021
- Seminar on Cyber Resilience Leadership: Herd Immunity 2021
- BOT Digital Finance Conference 2022

## Training and seminar held by Thai Institute of Directors Association (IOD):

- Role of Chairman Program (RCP), Year 2021
- Ethical Leadership Program (ELP), Year 2021
- Risk Management Program for Corporate Leaders (RCL), Year 2019
- National Director Conference 2018 'Rising Above Disruptions: A Call for Action', Year 2018
- Board Nomination and Compensation Program (BNCP), Year 2018
- Updated COSO Enterprise Risk Management: Integrating with Strategy and Performance, Year 2017
- Director Briefing 'Sleeping Giants of Succession', Year 2017
- Anti-Corruption for Executive Program (ACEP), Year 2013
- Monitoring the Internal Audit Function (MIA), Year 2013
- Monitoring the Quality of Financial Reporting (MFR), Year 2011
- Financial Institutions Governance Program (FGP), Year 2011
- Financial Statements for Directors (FSD), Year 2009
- Audit Committee Program (ACP), Year 2009

- Role of the Compensation Committee (RCC), Year 2008
- Director Certification Program (DCP), Year 2006

## Current positions:

### • Positions in Bank of Ayudhya PCL:

Apr 29, 2022 – Present	Non-Executive Director
Jul 1, 2019 – Present	Chairman
Apr 9, 2008 – Apr 28, 2022	Independent Director, Bank of Ayudhya PCL

### • Positions in other listed companies (One company):

Nov 2008 – Present	Audit Committee Member, Sahamit Machinery PCL
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### • Positions in non-listed companies/organizations (Three organizations):

Oct 8, 2019 – Present	Chairman, Krungsri Foundation
Jan 16, 2017 – Present	Director, Krungsri Foundation
Jan 21, 2019 – Present	Vice Chairman, Committee 6, Council of State, Office of the Council of State
Nov 2006 – Jan 2019	Member, Committee 6, Council of State, Office of the Council of State
Apr 28, 2016 – Present	Member, Committee on International Economic Policy

## Work experiences (in the last five years):

Oct 9, 2019 – Aug 31, 2022	Lead Independent Director, Central Pattana PCL
Apr 2015 – Aug 31, 2022	Chairman of the Nomination and Remuneration Committee, Central Pattana PCL
Jan 2011 – Aug 31, 2022	Audit Committee Member, Central Pattana PCL
Apr 2009 – Aug 31, 2022	Independent Director, Central Pattana PCL
Apr 9, 2008 – Jun 30, 2019	Chairman of the Nomination and Remuneration Committee, Bank of Ayudhya PCL
Jan 2017 – Dec 31, 2019	Member, ASEAN Association – Thailand
Nov 1, 2017 – Jun 30, 2019	Risk Management Committee Member, Khon Kaen Sugar Industry PCL
Sep 2017 – Jun 30, 2019	Chairman of the Nomination and Remuneration Committee, Khon Kaen Sugar Industry PCL
Feb 2010 – Jun 30, 2019	Independent Director, Khon Kaen Sugar Industry PCL

**% Shareholding as of the latest record date on December 8, 2022 (including spouse and minor children):** None

**Family relationship with directors and executives:** None

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**Mr. Daisuke Ejima**

- Vice Chairman
- Non-Executive Director
- Nomination and Remuneration Committee Member

**Age:** 54 years**Nationality:** Japanese**Years of directorship:** 2 months**Education and training:**

- Master of Business Administration, University of Michigan, USA
- Bachelor of Economics, Tokyo University, Japan

**Training and seminar held by Thai Institute of Directors Association (IOD):** None**Current positions:**• **Positions in Bank of Ayudhya PCL:**

Jul 20, 2022 – Present	Vice Chairman
Jul 20, 2022 – Present	Non-Executive Director
Jul 20, 2022 – Present	Nomination and Remuneration Committee Member

• **Positions in other listed companies:** None• **Positions in non-listed companies/organizations (One organization):**

Jun 2022 – Present	Managing Executive Officer, Regional Executive for Asia Pacific, MUFG Bank, Ltd. (Singapore)
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**Work experiences (in the last five years):**

Jun 2018 – May 2022	Executive Officer, Country Head of Indonesia, MUFG Bank, Jakarta Branch
Jan – May 2018	General Manager, Bank of Tokyo-Mitsubishi UFJ, Jakarta Branch

**% Shareholding as of the latest record date on December 8, 2022 (including spouse and minor children):** None**Family relationship with directors and executives:** None

3

**Mr. Seiichiro Akita**

- Director (Authorized Signatory)
- President and Chief Executive Officer
- Chairman of the Executive Committee

**Age:** 56 years**Nationality:** Japanese**Years of directorship:** 3 years 4 months**Education and training:**

- Master of Science in Management, Arthur D. Little School of Management, Massachusetts, USA
- Bachelor of Law, Keio University, Japan
- ESG and Sustainable Banking Development, including response to the Covid-19 situation, Year 2020
- IT Security Awareness, Virtual Training, Year 2020
- BOT Digital Finance Conference 2022

**Training and seminar held by Thai Institute of Directors Association (IOD):** None**Current positions:**• **Positions in Bank of Ayudhya PCL:**

May 15, 2019 – Present	President and Chief Executive Officer
May 15, 2019 – Present	Director (Authorized Signatory)
May 15, 2019 – Present	Chairman of the Executive Committee

• **Positions in other listed companies:** None• **Positions in non-listed companies/organizations (One organization):**

Dec 19, 2019 – Present	Vice Chairman and Treasurer, Krungsri Foundation
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**Work experiences (in the last five years):**

Jun 13 – 25, 2020	Acting Head of JPC/MNC Banking, Bank of Ayudhya PCL
Aug 16 – Dec 31, 2019	Acting Head of Corporate Strategy and Planning Group, Bank of Ayudhya PCL
Jul 2018 – May 2019	Executive Officer, General Manager, Head of Japanese Corporate Banking for the Americas, MUFG Bank, Ltd. (New York, USA)
May 2017 – Jul 2018	Executive Officer, General Manager, Head of Asian Corporate Banking, MUFG Americas Holdings, MUFG Union Bank, N.A., The Bank of Tokyo-Mitsubishi UFJ, Ltd. (New York, USA)

**% Shareholding as of the latest record date on December 8, 2022 (including spouse and minor children):** None**Family relationship with directors and executives:** None

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**Mr. Virat Phairatphiboon**

- Non-Executive Director
- Chairman of the Risk and Compliance Committee
- Nomination and Remuneration Committee Member

**Age:** 74 years**Nationality:** Thai**Years of directorship:** 23 years 10 months**Education and training:**

- BA. in Economics and Business Administration, Adams State College, Colorado, USA
- Executive Development Program, Princeton University, USA
- Certificate of Managing Multinational Finance, Graduate Institute of Business Administration of Chulalongkorn University, Year 1985
- Training on International Financial Reporting Standard 9 (IFRS 9), PwC Thailand, Year 2016
- Seminar on 'CyberSecurity Awareness Training for Senior Executive', Year 2016
- Strategic IT Governance (for non-IT), Year 2017
- Seminar on 'Future Customer Experience in Financial and Banking Services', Year 2018
- IT Security Trend Update, Year 2018
- IT Governance & Cyber Resilience, Year 2019
- Bangkok Sustainable Banking Forum 2019 'An Industry Wake-up Call', Year 2019
- ESG and Sustainable Banking Development, including response to the Covid-19 situation, Year 2020
- IT Security Awareness, Virtual Training, Year 2020
- Bangkok FinTech Fair 2021 'Shaping Digital Finance in the New Decade', Year 2021
- Regulatory Technology: RegTech, Year 2022
- BOT Digital Finance Conference 2022

**Training and seminar held by Thai Institute of Directors Association (IOD):**

- Director Certification Program Update (DCPU), Year 2014
- Anti-Corruption for Executive Program (ACEP), Year 2013
- Role of the Compensation Committee (RCC), Year 2008
- Audit Committee Program (ACP), Year 2004
- Director Certification Program (DCP), Year 2002

**Current positions:****• Positions in Bank of Ayudhya PCL:**

Apr 29, 2022 – Present	Non-Executive Director
Feb 1, 2020 – Present	Nomination and Remuneration Committee Member
Oct 24, 2018 – Present	Chairman of the Risk and Compliance Committee

**• Positions in non-listed companies/organizations:** None**Work experiences (in the last five years):**

May 2012 – May 31, 2022	Chairman of the Audit Committee, Tipco Foods PCL
2007 – May 31, 2022	Audit Committee Member, Tipco Foods PCL
2007 – May 31, 2022	Independent Director, Tipco Foods PCL
May 21, 1999 – Apr 28, 2022	Audit Committee Member, Bank of Ayudhya PCL
Dec 2, 1998 – Apr 28, 2022	Independent Director, Bank of Ayudhya PCL
Feb 21, 2007 – Oct 31, 2018	Nomination and Remuneration Committee Member, Bank of Ayudhya PCL

**% Shareholding as of the latest record date on December 8, 2022 (including spouse and minor children):** None**Family relationship with directors and executives:** None

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**Mr. Jiro Omori**

- Non-Executive Director
- Risk and Compliance Committee Member

**Age:** 57 years**Nationality:** Japanese**Years of directorship:** 2 months**Education and training:**

- Bachelor of Economic, Hitotsubashi University, Japan
- BOT Digital Finance Conference 2022

**Training and seminar held by Thai Institute of Directors Association (IOD):** None**Current positions:****• Positions in Bank of Ayudhya PCL:**

Jul 20, 2022 – Present	Non-Executive Director
Jul 20, 2022 – Present	Risk and Compliance Committee Member

**• Positions in other listed companies:** None**• Positions in non-listed companies/organizations (Two organizations):**

Apr 2022 – Present	Director and Senior Managing Executive Officer, Chief Executive, Global Markets Business Unit, Chief Operating Officer-International, Mitsubishi UFJ Trust and Banking Corporation
Apr 2022 – Present	Managing Executive Officer, Deputy Group Head of Global Markets Business Group, Group Deputy Chief Operating Officer-International, Mitsubishi UFJ Financial Group

**Work experiences (in the last five years):**

Apr 2020 – Apr 2022	Deputy Chief Executive, Asset Management & Investor Services Business Unit Business Head, Investor Services Business, Mitsubishi UFJ Trust and Banking Corporation
Jun 2016 – Apr 2020	Executive Officer & General Manager, Investor Services Business Division, Mitsubishi UFJ Trust and Banking Corporation
Jun 2016 – Apr 2022	Executive Officer, Mitsubishi UFJ Financial Group

**% Shareholding as of the latest record date on December 8, 2022 (including spouse and minor children):** None**Family relationship with directors and executives:** None

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**Mrs. Tongurai Limpiti**

- Independent Director
- Chairman of the Audit Committee

**Age:** 66 years**Nationality:** Thai**Years of directorship:** 2 years 9 months**Education and training:**

- MBA., University of Wisconsin, Madison, USA
- Bachelor of Accountancy, Chulalongkorn University
- The National Defence Course class 52, the National Defence College of Thailand (NDC)
- Capital Market Academy Programs class 12, Capital Market Academy (CMA)
- Advanced Management Program (AMP) Harvard Business School, USA
- ESG and Sustainable Banking Development, including response to the Covid-19 situation, Year 2020
- Cyber Resilience Leadership: 'Tone from the Top', Bank of Thailand, Year 2020
- IT Security Awareness, Virtual Training, Year 2020
- Regulatory Technology: RegTech, Year 2021
- Bangkok FinTech Fair 2021 'Shaping Digital Finance in the New Decade', Year 2021
- Seminar on Cyber Resilience Leadership: Herd Immunity 2021
- Regulatory Technology: RegTech, Year 2022
- Easy Listening: Accounting Knowledge that AC should not miss (EP. 1, 2), SEC, Year 2022
- BOT Digital Finance Conference 2022

**Training and seminar held by Thai Institute of Directors Association (IOD):**

- Successful Formulation and Execution of Strategy (SFE), Year 2022
- Board Nomination and Compensation Program (BNCP), Year 2021
- National Director Conference 2021: Leadership Behind Closed Door, Year 2021
- Ethical Leadership Program (ELP), Year 2021
- IT Governance and Cyber Resilience Program (ITG), Year 2020
- Role of the Chairman Program (RCP), Year 2020
- Advance Audit Committee Program (AACP), Year 2019
- Chartered Director Class, Board that Make a Difference, Year 2015
- Director Certification Program Update (DCPU), Year 2015
- Director Certification Program (DCP), Year 2001

**Current positions:****Positions in Bank of Ayudhya PCL:**

Apr 28, 2022 – Present	Chairman of the Audit Committee
Feb 1, 2020 – Apr 27, 2022	Audit Committee Member
Jan 2, 2020 – Present	Independent Director

**Positions in other listed companies (Two companies):**

Apr 28, 2021 – Present	Chairman of the Investment Committee, Thai President Foods PCL
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2019 – Present

Independent Director, Thai President Foods PCL

2019 – Present

Corporate Governance and Risk Management Committee Member, Thai President Foods PCL

2016 – Present

Chairman, Bangkok Commercial Asset Management PCL

**Positions in non-listed companies/organizations (Nine organizations):**

Oct 19, 2022 – Present	Director and Treasurer, Foundation for the Blind in Thailand under the Royal Patronage of H.M. the Queen
Feb 1, 2022 – Present	Independent Director, Betagro PCL
Feb 1, 2022 – Present	Chairman of the Risk Management Committee, Betagro PCL
Feb 1, 2022 – Present	Audit Committee Member, Betagro PCL
Feb 1, 2022 – Present	Nomination and Remuneration Committee Member, Betagro PCL
2021 – Present	Member, Financial Committee, Srisavarindhira Thai Red Cross Institute of Nursing
2021 – Present	Member, Restructuring Committee and Administrative Board, Chulalongkorn University
2021 – Present	Chairman, Opportus Co., Ltd.
2018 – Present	Advisor, Chulalongkorn Cancer Immunotherapy Fund
2017 – Present	Member, Civil System Development for Promotion of Good Public Management
2017 – Present	Advisor, Thai Investors Association
2017 – Present	Member, Financial Policy and Asset Committee, Srinakharinwirot University

**Work experiences (in the last five years):**

Feb 1, 2020 – Apr 28, 2022	Risk and Compliance Committee Member, Bank of Ayudhya PCL
2016 – Dec 2021	Advisor, Electronic Transactions Development Agency
2019 – Dec 2019	Independent Director, CIMB Group
2018 – Dec 2019	Consultant, SCB ABACUS
2017 – Dec 2019	Director and Chairman of the Audit Committee, Thai Credit Guarantee Corporation
2016 – 2018	Chairman, Aira Factoring PCL

**% Shareholding as of the latest record date on December 8, 2022 (including spouse and minor children):** None**Family relationship with directors and executives:** None

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**Dr. Jamlong Atikul**

- Independent Director
- Chairman of the Nomination and Remuneration Committee
- Audit Committee Member

**Age:** 74 years**Nationality:** Thai**Years of directorship:** 3 years 11 months**Education and training:**

- Ph.D. in City and Regional Planning, Cornell University, USA
- Master of Commerce in Economics, University of Auckland, New Zealand
- Bachelor of Commerce and Administration in Economics, Victoria University of Wellington, New Zealand
- IT Security Trend Update, Year 2018
- IT Governance & Cyber Resilience, Year 2019
- ESG and Sustainable Banking Development, including response to the Covid-19 situation, Year 2020
- IT Security Awareness, Virtual Training, Year 2020
- Bangkok FinTech Fair 2021 'Shaping Digital Finance in the New Decade', Year 2021

**Training and seminar held by Thai Institute of Directors Association (IOD):**

- Role of the Chairman Program (RCP), Year 2011
- Director Accreditation Program (DAP), Year 2006
- Director Certification Program (DCP), Year 2006

**Current positions:****Positions in Bank of Ayudhya PCL:**

Jul 1, 2019 – Present	Chairman of the Nomination and Remuneration Committee
Nov 1, 2018 – Jun 30, 2019	Nomination and Remuneration Committee Member
Nov 1, 2018 – Present	Independent Director
Nov 1, 2018 – Present	Audit Committee Member

**Positions in other listed companies (Two companies):**

13 Jun 2019 – Present	Chairman, Allianz Ayudhya Capital PCL
13 Jun 2019 – Present	Independent Director, Allianz Ayudhya Capital PCL
2013 – Present	Chairman (Authorized Signatory), Regional Container Lines PCL
2006 – Present	Director, Regional Container Lines PCL

**Positions in non-listed companies/organizations:** None**Work experiences (in the last five years):** None**% Shareholding as of the latest record date on December 8, 2022 (including spouse and minor children):** None**Family relationship with directors and executives:** None

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**Dr. Wittaya Watcharawittayakul**

- Independent Director
- Audit Committee Member

**Age:** 64 years**Nationality:** Thai**Years of directorship:** 5 months**Education and training:**

- Doctoral of Computer Science, University of Illinois (Urbana-Champaign), USA
- Master of Computer Science, University of Illinois (Urbana-Champaign), USA
- Bachelor of Computer Engineering (First Class Honors), Chulalongkorn University
- BOT Digital Finance Conference 2022

**Training and seminar held by Thai Institute of Directors Association (IOD):**

- Director Leadership Certification Program (DLCP), Year 2022
- Advanced Audit Committee Program (AACP), Year 2016
- Director Certification Program (DCP), Year 2014

**Current positions:****Positions in Bank of Ayudhya PCL:**

Apr 28, 2022 – Present	Independent Director
Apr 28, 2022 – Present	Audit Committee Member

**Positions in other listed companies:** None**Positions in non-listed companies/organizations:** None**Work experiences (in the last five years):** None**% Shareholding as of the latest record date on December 8, 2022 (including spouse and minor children):** None**Family relationship with directors and executives:** None

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**Professor Dr. Sakda Thanitcul**

- Independent Director
- Audit Committee Member

**Age:** 64 years

**Nationality:** Thai

**Years of directorship:** 1 month

**Education and training:**

- LL.D. Kyoto University, Kyoto, Japan
- Ph.D. (Law) University of Washington, Seattle, USA
- LL.M. University of Washington, Seattle, USA
- LL.M. Kyoto University, Kyoto, Japan
- LL.B. Chulalongkorn University, Thailand
- The Program for Senior Executives on Justice Administration, Class 14, Judicial Training Institute
- BOT Digital Finance Conference 2022

**Training and seminar held by Thai Institute of Directors Association (IOD):**

- Advance Audit Committee Program (AACP), Year 2022
- Refreshment Training Program: Topic: Financial Reporting Cases: A Monitoring Guide for Board (RFP), Year 2022
- Financial Statements for Director (FSD), Year 2022
- Director Certification Program (DCP), Year 2021

**Current positions:**

**Positions in Bank of Ayudhya PCL:**

Sep 1, 2022 – Present      Independent Director  
Sep 1, 2022 – Present      Audit Committee Member

**Positions in other listed companies:** None

**Positions in non-listed companies/organizations (Eleven organizations):**

Sep 27, 2022 – Present      Chairman of the Nominating Subcommittee of the Support Arts and Crafts International Centre of Thailand, The SUPPORT Arts and Crafts International Centre of Thailand (Public Organization)

Sep 8, 2022 – Present      Qualified Member, Foreign Business Commission, Ministry of Commerce

Apr 28, 2022 – Present      Research Promotion and Support Committee, Office of the National Anti-Corruption Commission

2022 – Present      Expert Advisor, Working Group for Revision of the Trade Competition Act B.E. 2560 (2017), The Trade Competition Committee

Nov 2018 – Present      Distinguished Member for Law Vice Chairman of the Regulations Sub-committee, The Trade Competition Committee

Jun 2020 - Present      Independent Director and Audit Committee Member, C.P. Merchandising Co., Ltd.

Jun 2020 - Present      Director, CU Enterprise Co., Ltd.

Dec 2018 - Present      Member, Council of State

Nov 2018 - Present      Distinguished Member, The Anti-Dumping and Subsidy Committee, Ministry of Commerce

Oct 2018 - Present

Lecturer (Employee of Public Autonomous University), Chulalongkorn University

2015 - Present

Quasi - Fellow, The Royal Society of Thailand

2015 - Present

Distinguished Member of University Council, Rajapruk University

**Work experiences (in the last five years):**

Oct 2017 – Sep 26, 2022

Member, The National Strategy Drafting Committee on Competitiveness, Office of the National Economic and Social Development Council

2008 - 2020

Independent Director, C.P. PokPhand Co., Ltd.

Aug 2016 – 2020

Distinguished Member, Foreign Business Committee, Ministry of Commerce

2010 – 2018

Professor, Chulalongkorn University

**% Shareholding as of the latest record date on December 8, 2022 (including spouse and minor children):** None

**Family relationship with directors and executives:** None



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**Miss Nopporn Tirawattanagool**

- Non-Executive Director
- Nomination and Remuneration Committee Member
- Risk and Compliance Committee Member

**Age:** 68 years**Nationality:** Thai**Years of directorship:** 12 years 6 months**Education and training:**

- Master of Accounting, Faculty of Commerce and Accountancy, Thammasat University
- Bachelor of Business Administration (in Accounting), Thammasat University
- Strategic IT Governance (for non-IT), Year 2017
- Seminar on 'Future Customer Experience in Financial and Banking Services', Year 2018
- IT Security Trend Update, Year 2018
- IT Governance & Cyber Resilience, Year 2019
- Bangkok Sustainable Banking Forum 2019 'An Industry Wake-up Call', Year 2019
- Agile Leadership for Board of Directors, Year 2019
- ESG and Sustainable Banking Development, including response to the Covid-19 situation, Year 2020
- Cyber Resilience Leadership: 'Tone from the Top', Bank of Thailand, Year 2020
- IT Security Awareness, Virtual Training, Year 2020
- Regulatory Technology: RegTech, Year 2021
- Cyber Armor: Capital Market Board Awareness No. 1, Topic: Capital Market Threat Landscape, Year 2021
- Cyber Armor: Capital Market Board Awareness No. 2, Topic: Data-driven Cybersecurity and Intelligence Threats Assessment, Year 2021
- Bangkok FinTech Fair 2021 'Shaping Digital Finance in the New Decade', Year 2021
- Economic Outlook 2021, Central Pattana PCL
- 5 Key Technology Trends in Financial & Banking Industry for 2022
- Environmental, Social and Governance (ESG) for Sustainable Growth, Year 2022
- Explore the Digital World with Mr. FinTech, Year 2022
- BOT Digital Finance Conference 2022
- Thought Leadership Session – Sustainable and Climate Finance 2022, Central Pattana PCL

**Training and seminar held by Thai Institute of Directors Association (IOD):**

- National Director Conference 2021 'Leadership Behind Closed Door', Year 2021
- National Director Conference 2018 'Rising Above Disruptions: A Call for Action', Year 2018
- National Director Conference 2017 'Steering Governance in a Changing World', Year 2017
- Risk Management Program for Corporate Leaders (RCL), Year 2015
- Anti-Corruption for Executive Program (ACEP), Year 2013
- Financial Institutions Governance Program (FGP), Year 2011
- Director Certification Program (DCP), Year 2010

- Audit Committee Program (ACP), Year 2010
- Role of the Compensation Committee (RCC), Year 2009
- Director Accreditation Program (DAP), Year 2003

**Current positions:****Positions in Bank of Ayudhya PCL:**

Jan 1, 2015 – Present	Risk and Compliance Committee Member
Apr 28, 2010 – Present	Nomination and Remuneration Committee Member
Apr 8, 2010 – Present	Non-Executive Director

**Positions in other listed company (Four companies):**

Apr 20, 2016 – Present	Director, Grand Canal Land PCL
May 6, 2015 – Apr 19, 2016	Director (Authorized Signatory), Grand Canal Land PCL
Oct 17, 2014 – Present	Director, Srivichaivejvivat PCL
Apr 2012 – Present	Director, Siam City Cement PCL
May 14, 2021 – Present	Corporate Governance Committee Member, Allianz Ayudhya Capital PCL
May 14, 2013 – Present	Nomination and Remuneration Committee Member, Allianz Ayudhya Capital PCL
Apr 22, 2013 – Present	Director, Allianz Ayudhya Capital PCL

**Positions in non-listed companies/organizations (Twenty three organizations):**

Dec 19, 2019 – Present	Director and Secretary, Krungsri Foundation
Apr 19, 2017 – Present	Director (Authorized Signatory), BBTB Asset Management Co., Ltd.
May 8, 2015 – Present	Director (Authorized Signatory), CKS Holding Co., Ltd.
May 8, 2015 – Present	Director (Authorized Signatory), Super Assets Co., Ltd.
May 8, 2015 – Present	Director (Authorized Signatory), C.K.R Co., Ltd.
May 8, 2015 – Present	Director (Authorized Signatory), The Bangkok Lighters Co., Ltd.
May 8, 2015 – Present	Director (Authorized Signatory), The Thai Tapioca Flour Produce Co., Ltd.
May 8, 2015 – Present	Director (Authorized Signatory), Cyber Venture Co., Ltd.
Apr 9, 2015 – Present	Director (Authorized Signatory), Khao Kheow Country Club Co., Ltd.
Apr 9, 2015 – Present	Director (Authorized Signatory), Siam Purimongkol Co., Ltd.
Dec 1, 2014 – Present	Director (Authorized Signatory), Grand Fortune Co., Ltd.
Apr 21, 2014 – Present	Director, Bangkok Broadcasting & TV Co., Ltd.
Apr 21, 2014 – Present	Director (Authorized Signatory), BBTB Satelvision Co., Ltd.
Apr 21, 2014 – Present	Director (Authorized Signatory), GL Assets Co., Ltd.

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**Mr. Pornsanong Tuchinda**

- Non-Executive Director
- Risk and Compliance Committee Member

**Age:** 61 years**Nationality:** Thai**Years of directorship:** 7 years**Education and training:**

- Master of Business Administration (Finance and Management), Babson College, Massachusetts, USA
- BA. (Economics and Political Science), The University of Michigan, Ann Arbor, Michigan, USA
- Strategic IT Governance (for non-IT), Year 2017
- Seminar on 'Cyber Resilience Leadership', Year 2017
- IT Security Trend Update, Year 2018
- Bangkok Sustainable Banking Forum 2019 'An Industry Wake-up Call', Year 2019
- IT Security Awareness, Virtual Training, Year 2020
- Seminar on Cyber Resilience Leadership: Herd Immunity 2021
- BOT Digital Finance Conference 2022

**Training and seminar held by Thai Institute of Directors Association (IOD):**

- Director Certification Program (DCP), Year 2008
- Audit Committee Program (ACP), Year 2006
- Director Accreditation Program (DAP), Year 2004

**Current positions:****Positions in Bank of Ayudhya PCL:**

- |                        |                                      |
|------------------------|--------------------------------------|
| Apr 28, 2022 – Present | Risk and Compliance Committee Member |
| Jan 1, 2022 – Present  | Non-Executive Director               |

**Positions in other listed companies:** None**Positions in non-listed companies/organizations:** None**Work experiences (in the last five years):**

- |   |  |
|---|--|
| Oct 1, 2015 – Dec 31, 2021                    | Director (Authorized Signatory), Bank of Ayudhya PCL                       |
| Jan 5, 2015 – Dec 31, 2021                    | Head of Commercial Banking, Bank of Ayudhya PCL                            |
| Feb 24, 2010 – Dec 31, 2021                   | Executive Committee Member, Bank of Ayudhya PCL                            |
| Jan 13, 2010 – Dec 31, 2021                   | Senior Executive Vice President, Bank of Ayudhya PCL                       |
| Sep 1, 2020 – Jun 30, 2021                    | Acting Head of Corporate and Investment Banking Group, Bank of Ayudhya PCL |
| Jan 1 – Aug 31, 2020 and May 1 – Nov 27, 2018 | Acting Head of Corporate Banking Group, Bank of Ayudhya PCL                |
| May 1 – Nov 27, 2018                          | Acting Head of Corporate Credit Analysis Division, Bank of Ayudhya PCL     |
| Jan 1 – Oct 15, 2018                          | Acting Head of Investment Banking Group, Bank of Ayudhya PCL               |
| Apr 23 – Nov 8, 2018                          | Director (Authorized Signatory), Krungsri Securities PCL                   |

**% Shareholding as of the latest record date on December 8, 2022 (including spouse and minor children):** None**Family relationship with directors and executives:** None

- |                        |  |
|------------------------|--|
| Apr 21, 2014 – Present | Director (Authorized Signatory), Mahakij Holding Co., Ltd.                     |
| Apr 21, 2014 – Present | Director (Authorized Signatory), BBTV Productions Co., Ltd.                    |
| Jan 10, 2014 – Present | Director (Authorized Signatory), BBTV Alliance Ltd.                            |
| Jan 10, 2014 – Present | Director (Authorized Signatory), BBTV Bond Street Building Ltd.                |
| Aug 2012 – Present     | Director (Authorized Signatory), ITBC Business Consultant Group Co., Ltd.      |
| Apr 2011 – Present     | Director (Authorized Signatory), Exclusive Senior Care International Co., Ltd. |
| Sep 2010 – Present     | Director (Authorized Signatory), BBTV International Holdings Co., Ltd.         |
| Sep 2010 – Present     | Director (Authorized Signatory), Sunrise Equity Co., Ltd.                      |
| Sep 2010 – Present     | Director (Authorized Signatory), BBTV Equity Co., Ltd.                         |

**Work experiences (in the last five years):**

- |                             |   |
|-----------------------------|---|
| Jul 22, 2014 – Mar 23, 2022 | Member of Nomination and Compensation Committee, Siam City Cement PCL |
| Jul 22, 2014 – Mar 31, 2020 | Member of Governance and Risk Committee, Siam City Cement PCL         |

**% Shareholding as of the latest record date on December 8, 2022 (including spouse and minor children):** None**Family relationship with directors and executives:** None

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**Miss Duangdao Wongpanitkrit <sup>1/</sup>**

- Director (Authorized Signatory)
- Chief Financial Officer
- First Executive Vice President, Finance Group
- Executive Committee Member

**Age:** 53 years**Nationality:** Thai**Years of directorship:** 6 years 6 months**Education:**

- MBA. (Financial Accounting), Chulalongkorn University
- Bachelor of Business Administration (Accounting), Thammasat University

**External trainings:**

- Certified Public Accountant (CPA Thailand)
- Seminar on 'Learning for KAM's development in order to truly benefit the Thai capital market', Thai Listed Companies Association, Year 2017 <sup>2/</sup>
- Strategic IT Governance (for non-IT), Year 2017
- Seminar on 'Cyber Resilience Leadership', Year 2017
- IT Security Trend Update, Year 2018
- Bangkok Sustainable Banking Forum 2019 'An Industry Wake-up Call', Year 2019
- IT Governance & Cyber Resilience, Year 2019
- CFO Professional Development Program (TLCA CFO CPD), Year 2019 <sup>2/</sup>
- Deloitte CFO Vision Conference Bangkok, Year 2019 <sup>2/</sup>
- PwC Thailand's 2019 Symposium, Year 2019 <sup>2/</sup>
- ESG and Sustainable Banking Development, including response to the Covid-19 situation, Year 2020
- IT Security Awareness, Virtual Training, Year 2020
- Seminar on 'How Thai Credits will ride out this Pandemic Storm?', Year 2020
- Seminar on 'How PTSB responded to the global financial crisis and what lessons could be learned for the Covid-19 recovery?', Year 2020
- Deloitte CFO Webinar: Responding to Covid-19 | Virtual Finance Operations <sup>2/</sup>, Year 2020
- CFO Professional Development Program (TLCA CFO CPD), Year 2020 <sup>2/</sup>
- Cyber Resilience Leadership: 'Tone from the Top', Bank of Thailand, Year 2020
- Deloitte SEA CFO Virtual Forum – Regional economic outlook: Five imperatives for the new normal <sup>2/</sup>, Year 2020
- Roles and Responsibilities of Audit Committee, IFC, Year 2020
- Bangkok FinTech Fair 2021 'Shaping Digital Finance in the New Decade', Year 2021
- Seminar on Cyber Resilience Leadership: Herd Immunity 2021
- CFO Professional Development Program (TLCA CFO CPD), Year 2022 <sup>2/</sup>
- Deloitte Accounting Standard Updates, Year 2022 <sup>2/</sup>

**Trainings and seminars held by Thai Institute of Directors Association (IOD):**

- Hot Issue for Directors: What Directors Need to Know about Digital Assets?, Year 2022
- Director Leadership Certification Program - Boardroom Excellence for Sustainable Growth, Year 2022
- Director Leadership Certification Program (DLCP), Year 2022
- National Director Conference 2021: 'MAKE SUSTAINABILITY PERFORM', WHAT WORKS AND WHAT DOESN'T..., Year 2021
- National Director Conference 2021: Leadership Behind Closed Door, Year 2021

- Ethical Leadership Program (ELP), Year 2020
- Boards that Make a Difference (BMD), Year 2019
- IT Governance and Cyber Resilience Program (ITG), Year 2018
- National Director Conference 2018 'Rising Above Disruptions: A Call for Action', Year 2018
- Risk Management Program for Corporate Leaders (RCL), Year 2018
- Strategic Board Master Class (SBM), Year 2018
- Boards Matters and Trends (BMT), Year 2017
- Corporate Governance for Capital Market Intermediaries (CGI), Year 2015
- Risk Management Committee Program (RMP), Year 2013
- Director Certification Program (DCP), Year 2013
- Financial Institutions Governance Program (FGP), Year 2011

**Current positions:****Positions in Bank of Ayudhya PCL:**

Mar 28, 2016 – Present	Director (Authorized Signatory)
Apr 1, 2013 – Present	First Executive Vice President, Finance Group
Jan 1, 2013 – Present	Chief Financial Officer
Jan 1, 2013 – Present	Executive Committee Member

**Positions in other listed companies: None****Positions in non-listed companies/organizations (Three organizations):**

Jul 22, 2019 – Present	Director (Authorized Signatory), Krungsri Nimble Co., Ltd.
Mar 27, 2017 – Present	Director (Authorized Signatory), Krungsri Innovate Co., Ltd.
Sep 12, 2016 – Present	Director, Hattha Bank Plc.

**Work experiences:****In accounting and finance (in the last five years):**

Jan 1 – Dec 31, 2022	Acting Head of Financial Governance Risk and Compliance Division, Bank of Ayudhya PCL
May 29, 2015 – Mar 2019	Director, Ngern Tid Lor Co., Ltd.
Nov 26, 2015 – Apr 27, 2018	Director (Authorized Signatory), Ayudhya Development Leasing Co., Ltd.

**Others (in the last seven years): None****Positions receiving remuneration in for-profit companies/organizations: None****% Shareholding as of the latest record date on December 8, 2022 (including spouse and minor children): None****Family relationship with directors and executives: None****Remarks:** <sup>1/</sup> The Person taking the Highest Responsibility in Finance and Accounting.<sup>2/</sup> The Orientation Course in Accounting/ Finance and Continuing Development Course in Accounting

## EXECUTIVES AND PERSONS WITH MANAGERIAL AUTHORITY

(As defined by the Capital Market Supervisory Board)

Name – Surname Age and Position (Appointment Date)	Education and Training	Work Experience in the last 5 years		
		Period	Position	Name of Companies/ Organizations
<b>1. Mr. Yoshiyuki Horio</b> Age 51 years  - Head of JPC/MNC Banking (Jun 26, 2020) - First Executive Vice President (Jun 11, 2020) - Executive Committee Member (Jun 26, 2020)  <b>% Shareholding <sup>2/</sup> -None-</b> <b>Family Relationship with Directors and Executives -None-</b>	- Bachelor of Industrial Engineering, Tokyo Institute of Technology, Japan	Jun 26, 2020 – Present	Head of JPC/MNC Banking	Bank of Ayudhya PCL
		Jun 26, 2020 – Present	Executive Committee Member	
		Jun 11, 2020 – Present	First Executive Vice President	
		<b>Other Companies/ Organization</b>		
		Mar 2018 - Jun 10, 2020	Managing Director, Head of Japanese Corporate Banking Division	MUFG Bank, Ltd., Hong Kong
		Jan 2016 – Mar 2018	Chief Manager, Global Human Resources Office	MUFG Bank, Ltd., H.O.
<b>2. Mr. Phongsanant Thanattai <sup>1/</sup></b> Age 58 years  - Head of Retail and Consumer Banking (Jan 1, 2021) - First Executive Vice President (Apr 1, 2012) - Executive Committee Member (Jan 1, 2021)  <b>% Shareholding <sup>2/</sup> -None-</b> <b>Family Relationship with Directors and Executives -None-</b>	- MBA., Thammasat University - Bachelor of Business Administration (Marketing), Assumption University - Strategic IT Governance (for non-IT), Year 2017  - Certificate of Training and Seminar, Thai Institute of Directors Association (IOD) • Role of the Chairman Program (RCP), Year 2021 • Board Nomination & Compensation Program (BNCP), Year 2020 • Director Certification Program (DCP), Year 2020 • Corporate Governance for Capital Market Intermediaries (CGI – English), Year 2015	Jan 1, 2021 – Present	Head of Retail and Consumer Banking	Bank of Ayudhya PCL
		Jan 1, 2021 – Present	Executive Committee Member	
		Apr 1, 2012 – Present	First Executive Vice President	
		Jan 1 – Sep 30, 2021	Acting Head of Retail Banking and Distribution Group	
		Sep 16, 2019 – Apr 30, 2021	Acting Head of High Net-Worth Division	
		Jan 1, 2017 – Dec 31, 2020	Head of Retail Banking and Distribution Group	
		Jan 7, 2015 – Sep 15, 2019	Acting Head of Provincial Branch Business Division	
		<b>Other Companies/ Organization</b>		
		Jan 1, 2023 – Present	Chairman	Hattha Bank Plc.
		Jan 8, 2021 – Present	Chairman (Authorized Signatory)	Krungsri Securities PCL
		Jan 7, 2021 – Present	Chairman (Authorized Signatory)	Krungsri Asset Management Co., Ltd.
		Nov 18, 2019 – Present	Director (Authorized Signatory)	Ngern Tid Lor PCL
		Nov 29, 2019 – Present	Director (Authorized Signatory)	Krungsriayudhya Card Co., Ltd.
		Apr 20, 2015 – Present	Director	
		Mar 2, 2017 – Apr 25, 2018	Director (Authorized Signatory)	Total Services Solutions PCL
		Mar 23, 2017 – Mar 12, 2018	Director (Authorized Signatory)	Krungsri Securities PCL

Name – Surname Age and Position (Appointment Date)	Education and Training	Work Experience in the last 5 years		
		Period	Position	Name of Companies/ Organizations
<b>3. Mr. Sayam Prasitsirigul <sup>1/</sup></b> Age 53 years  - Chief Information and Digital Officer (Jan 1, 2021) - First Executive Vice President (Jul 1, 2011) - Executive Committee Member (Jan 1, 2021)  <b>% Shareholding <sup>2/</sup> -None-</b> <b>Family Relationship with Directors and Executives -None-</b>	- MBA. (Finance), The Peter F. Drucker Center, The Claremont Graduate School, California, USA - Bachelor of Electrical Engineering, Chulalongkorn University - Strategic IT Governance (for non-IT), Year 2017 - Bangkok FinTech Fair 2021 'Shaping Digital Finance in the New Decade', Year 2021	Jan 1, 2021 – Present	Chief Information and Digital Officer	Bank of Ayudhya PCL
		Jan 1, 2021 – Present	Executive Committee Member	
		Jul 1, 2011 – Present	First Executive Vice President	
		Jun 1 – Aug 31, 2021	Acting Head of Information Technology Group	
		Sep 1 – Dec 31, 2020	Deputy Chief Information and Operations Officer	
		Sep 1 – Dec 31, 2020	Acting Head of Digital Banking and Innovation	
		Jan 1, 2017 – Aug 31, 2020	Head of SME Banking Group	
		Jan 1, 2018 – Oct 31, 2019	Acting Head of SME Credit Analysis Division	
		<b><u>Other Companies/ Organizations</u></b>		
		Jan 15, 2021 – Present	Director	National ITMX Co., Ltd.
		Jan 13, 2021 – Present	Director	Krungsri Innovate Co., Ltd.
		Jan 6, 2021 – Present	Director (Authorized Signatory)	Krungsri Nimble Co., Ltd.
		Mar 26, 2015 – Apr 17, 2019	Chairman (Authorized Signatory)	Ayudhya Development Leasing Co., Ltd.
<b>4. Mr. Chandrashekar Subramanian Krishoolndmangalam <sup>1/</sup></b> Age 60 years  - Chief Risk Officer (Jan 3, 2007) - Senior Executive Vice President (Sep 1, 2020) - Executive Committee Member (Jan 3, 2007)  <b>% Shareholding <sup>2/</sup> -None-</b> <b>Family Relationship with Directors and Executives -None-</b>  <b>Remark:</b> Has been extended after retirement, effective January 1, 2023	- Master in Commerce, Bombay University, India - Strategic IT Governance (for non-IT), Year 2017  - Certificate of Training and Seminar, Thai Institute of Directors Association (IOD) • Director Certification Program (DCP- English), Year 2008	Sep 1, 2020 – Present	Senior Executive Vice President	Bank of Ayudhya PCL
		Jan 3, 2007 – Present	Chief Risk Officer	
		Jan 3, 2007 – Present	Executive Committee Member	
		Jan 3, 2007 – Aug 31, 2020	First Executive Vice President	
		<b><u>Other Companies/ Organizations</u></b>		
		Jan 20, 2021 – Present	Chairman (Authorized Signatory)	Ngern Tid Lor PCL
		May 29, 2015 – Present	Director	
		Oct 20, 2020 – Present	Director (Authorized Signatory)	SB Finance, Inc.
		Sep 12, 2016 – Present	Director	Hattha Bank Plc.
		Apr 17, 2019 – Present	Chairman (Authorized Signatory)	Ayudhya Development Leasing Co., Ltd.
		Mar 26, 2015 – Present	Director (Authorized Signatory)	

Name – Surname Age and Position (Appointment Date)	Education and Training	Work Experience in the last 5 years		
		Period	Position	Name of Companies/ Organizations
4. Mr. Chandrashekar Subramanian Krishoolndmangalam (Cont')		Apr 21, 2015 – Present	Chairman (Authorized Signatory)	Krungsri Ayudhya AMC Ltd.
		May 2008 – Present	Director (Authorized Signatory)	
		Apr 2008 – Apr 21, 2020	Director (Authorized Signatory)	Ayudhya Capital Auto Lease PCL
		May 7, 2014 – Jul 21, 2019	Director (Authorized Signatory)	Krungsri Factoring Co., Ltd.
5. Miss Puntipa Hannoraseth Age 54 years  - Head of Internal Audit Group (Apr 27, 2009) - First Executive Vice President (Apr 1, 2013) - Secretary to the Audit Committee (Sep 16, 2010)  % Shareholding <sup>2/</sup> -None- Family Relationship with Directors and Executives -None-	<ul style="list-style-type: none"> <li>- MBA., Thammasat University</li> <li>- Bachelor of Accounting (1<sup>st</sup> Class Honor), Thammasat University</li> <li>- Certified Public Accountant (CPA Thailand)</li> <li>- Certified Internal Auditor</li> <li>- Seminar of Chief Audit Executive (CAE) Forum 2021 'Internal Audit: Soaring Through Turbulent Times', Year 2021</li> <li>- Seminar of The Institute of Internal Auditors of Thailand's Annual Conference 2021 'Innovative IA: Recalibration for the COVID Environment', Year 2021</li> <li>- Certificate of Training and Seminar, Thai Institute of Directors Association (IOD) <ul style="list-style-type: none"> <li>• Advanced Audit Committee Program (Completed ACP, MIA, MFM, MFR, MIR), Year 2010</li> <li>• Company Secretary Program (CSP), Year 2009</li> <li>• Audit Committee Program (ACP), Year 2009</li> </ul> </li> </ul>	Apr 1, 2013 – Present	First Executive Vice President	Bank of Ayudhya PCL
		Sep 16, 2010 – Present	Secretary to the Audit Committee	
		Apr 27, 2009 – Present	Head of Internal Audit Group	



Name – Surname Age and Position (Appointment Date)	Education and Training	Work Experience in the last 5 years		
		Period	Position	Name of Companies/ Organizations
<b>6. Mr. Pairote Cheunkrut</b> <sup>1/</sup> Age 57 years  - Chief Strategy Officer (Jan 1, 2020) - First Executive Vice President (Oct 1, 2014) - Executive Committee Member (Jan 1, 2020)  <b>% Shareholding</b> <sup>2/</sup> -None- <b>Family Relationship with Directors and Executives</b> -None-	- Master of Business Administration, Oklahoma City University, USA - Bachelor of Accounting, Bangkok University - Bangkok FinTech Fair 2021 'Shaping Digital Finance in the New Decade', Year 2021  - Certificate of Training and Seminar, Thai Institute of Directors Association (IOD) • The Board's Role in Mergers & Acquisitions (BMA), Year 2022 • Financial Institutions Governance Program (FGP), Year 2013 • Director Certification Program (DCP), Year 2008 • Financial Statements for Directors (FSD), Year 2008	Jan 1, 2020 – Present	Chief Strategy Officer	Bank of Ayudhya PCL
		Jan 1, 2020 – Present	Executive Committee Member	
		Oct 1, 2014 – Present	First Executive Vice President	
		Oct 1, 2015 – Dec 31, 2019	Head of Krungsri Auto Group	
		<b>Other Companies/ Organizations</b>		
		Mar 30, 2021 – Present	Director	Hattha Bank Plc.
		Sep 1, 2020 – Present	Chairman (Authorized Signatory)	Krungsri Finnovate Co., Ltd.
		Jan 1 – Aug 31, 2020	Director	
		Sep 1, 2020 – Present	Chairman (Authorized Signatory)	Krungsri Nimble Co., Ltd.
		Jan 1 – Aug 31, 2020	Director	
		Aug 19, 2015 – Present	Chairman (Authorized Signatory)	Ayudhya Capital Auto Lease PCL
		Nov 10, 2008 – Aug 18, 2015	Director (Authorized Signatory)	
		Apr 3, 2014 – Apr 1, 2020	Director	Krungsri Leasing Services Co., Ltd.
<b>7. Mr. Vasin Udomratchatavanich</b> <sup>1/</sup> Age 50 years  - Chief Human Resources Officer (Jun 1, 2019) - First Executive Vice President (Sep 1, 2020) - Executive Committee Member (Jun 1, 2019) - Secretary to the Nomination and Remuneration Committee (Apr 25, 2019)  <b>% Shareholding</b> <sup>2/</sup> -None- <b>Family Relationship with Directors and Executives</b> -None-	- Ph.D. in Technology Management, Stevens Institute of Technology - Master of Engineering, Stevens Institute of Technology - Bachelor of Engineering, Kasetsart University - Bangkok Sustainable Banking Forum 2019 'An Industry Wake-up Call', Year 2019  - Certificate of Training and Seminar, Thai Institute of Directors Association (IOD) • The Board's Role in Mergers and Acquisitions (BMA), Year 2022 • Director Certification Program (DCP), Year 2021 • Director Accreditation Program (DAP), Year 2020	Sep 1, 2020 – Present	First Executive Vice President	Bank of Ayudhya PCL
		Jun 1, 2019 – Present	Chief Human Resources Officer	
		Jun 1, 2019 – Present	Executive Committee Member	
		Apr 25, 2019 – Present	Secretary to the Nomination and Remuneration Committee	
		Apr 1, 2014 – Aug 31, 2020	Executive Vice President	
		Apr 25 – May 31, 2019	Acting Head of Human Resources Group	
		May 1, 2016 – May 31, 2019	Head of Organization Development Division	
		<b>Other Companies/ Organizations</b>		
		Jun 15, 2020 – Present	Director	Ngern Tid Lor PCL
		Jul 22, 2019 – Present	Director	Krungsri Nimble Co., Ltd.

Name – Surname Age and Position (Appointment Date)	Education and Training	Work Experience in the last 5 years		
		Period	Position	Name of Companies/ Organizations
<b>8. Mr. Kenichi Nishii</b> Age 51 years  - Head of Global Markets Group (Jan 1, 2021) - First Executive Vice President (Nov 29, 2020) - Executive Committee Member (Jan 1, 2021)  <b>% Shareholding <sup>2/</sup> -None-</b> <b>Family Relationship with Directors and Executives -None-</b>  <b>Remark:</b> Ceased to hold the position of Krungsri's management, effective January 1, 2023	- Bachelor of Arts in Economics, Keio University, Japan	Jan 1, 2021 – Dec 31, 2022	Head of Global Markets Group	Bank of Ayudhya PCL
		Jan 1, 2021 – Dec 31, 2022	Executive Committee Member	
		Nov 29, 2020 – Dec 31, 2022	First Executive Vice President	
		<b>Other Companies/ Organizations</b>		
		May 2019 – Nov 28, 2020	Head of Global Markets Asia & Oceania and Treasurer	MUFG Bank, Ltd., Singapore
		Aug 2017 – Apr 2019	Managing Director, Head of Balance Sheet Strategy Dept., Treasury & Investment Division	MUFG Bank, Ltd., Tokyo
<b>9. Mr. Prakob Phiencharoen <sup>1/</sup></b> Age 53 years  - Head of Corporate and Investment Banking Group (Jul 1, 2021) - First Executive Vice President (Jul 1, 2021) - Executive Committee Member (Jan 1, 2022) - Acting Head of Investment Banking Division (Sep 1, 2020)  <b>% Shareholding <sup>2/</sup> -None-</b> <b>Family Relationship with Directors and Executives -None-</b>	- Master of Business Administration, University of Florida, USA - Master of Art Program in Economic Law, Chulalongkorn University - Bachelor of Engineering, Chulalongkorn University  - Certificate of Training and Seminar, Thai Institute of Directors Association (IOD) • Director Certification Program (DCP), Year 2021 • Successful Formulation & Execution of Strategy (SFE), Year 2020	Jan 1, 2022 – Present	Executive Committee Member	Bank of Ayudhya PCL
		Jul 1, 2021 – Present	Head of Corporate and Investment Banking Group	
		Jul 1, 2021 – Present	First Executive Vice President	
		Sep 1, 2020 – Present	Acting Head of Investment Banking Division, Commercial Banking Group	
		Sep 1, 2020 – Jun 30, 2021	Executive Vice President Head of Global Corporate Division	
		Mar 1, – Aug 31, 2020	Executive Vice President, Head of Global Corporate Division 1 and Acting Head of Global Corporate Division 2, Corporate Banking Group, Commercial Banking	
		Mar 1, 2019 – Feb 29, 2020	Executive Vice President, Head of Global Corporate Division 1, Corporate Banking Group, Commercial Banking	
		Jan 1, 2018 – Feb 28 2019	Executive Vice President, Head of Corporate Banking Division 4 Corporate Banking Group, Commercial Banking	
		<b>Other Companies/ Organizations</b>		
		Jan 1, 2021 – Present	Director (Authorized Signatory)	Krungsri Securities PCL

Name – Surname Age and Position (Appointment Date)	Education and Training	Work Experience in the last 5 years		
		Period	Position	Name of Companies/ Organizations
<b>10. Miss Duangkamol Limpuangthip</b> Age 55 years  - Head of SME Banking Group (Sep 1, 2020) - First Executive Vice President (Sep 1, 2020) - Executive Committee Member (Jan 1, 2022)  <b>% Shareholding <sup>2/</sup> -None-</b> <b>Family Relationship with Directors and Executives -None-</b>	- Master Degree (Finance and International Business) University of Wisconsin, USA - Bachelor Degree Commerce and Accountancy, Chulalongkorn University - Thailand National Defense Program 2021 Orientation, Year 2021	Jan 1, 2022 – Present	Executive Committee Member	Bank of Ayudhya PCL
		Sep 1, 2020 – Present	Head of SME Banking Group	
		Sep 1, 2020 – Present	First Executive Vice President	
		Jul 1, 2015 – Aug 31, 2020	Executive Vice President, Head of Metropolitan, SME Business Division	
<b>11. Mr. Kittichai Singha</b> Age 51 years  - Chief Compliance Officer (Dec 1, 2022) - First Executive Vice President (Dec 1, 2022) - Executive Committee Member (Dec 1, 2022) - Data Protection Officer (Dec 1, 2022)  <b>% Shareholding <sup>2/</sup> -None-</b> <b>Family Relationship with Directors and Executives -None-</b>	- Master of Arts (International Affairs and Diplomacy), Thammasat University - Bachelor of Arts (English and Business Administration), Srinakarinwirote University Patumwan	Dec 1, 2022 – Present	Chief Compliance Officer	Bank of Ayudhya PCL
		Dec 1, 2022 – Present	First Executive Vice President	
		Dec 1, 2022 – Present	Executive Committee Member	
		Dec 1, 2022 – Present	Data Protection Officer	
	- Certificate of Training and Seminar, Thai Institute of Directors Association (IOD) • Ethical Leadership Program (ELP), Year 2022 • Director Certification Program (DCP), Year 2021 • Director Accreditation Program (DAP), Year 2020 • IT Governance and Cyber Resilience Program (ITG), Year 2019	<b>Other Companies/ Organizations</b>		
		Feb 2021 – Nov 2022	Group Head of Compliance	Ascend Money Group
		Feb 2021 – Nov 2022	Head of Compliance	True Money Co., Ltd.
		Feb 2021 – Nov 2022	Head of Compliance	Ascend Wealth Co. Ltd.
		Feb 2021 – Nov 2022	Head of Compliance	Ascend Nano Co.,Ltd.
		Feb 2021 – Nov 2022	Head of Compliance	Ascend Assurance Broker Co.,Ltd.
		Feb 2021 – Nov 2022	Head of Compliance	Ascend Innovation Co., Ltd.
		Feb 2021 – Nov 2022	Executive Director Audit Committee member	True Money Philippines Ltd.
		Apr - Dec 2020	Executive Vice President, Head of Compliance and Data Protection Officer	Thai Military Bank PCL
		Sep 2018 – Apr 2020	Executive Vice President, Head of Compliance and Data Protection Officer	Thanachart Bank PCL
		2018 - 2018	Senior Vice President, Country Compliance Officer	Sumitomo Mitsui Banking Corporation (Bangkok Branch)
		2004 – 2018	Senior Vice President, Regulatory Compliance Head and Head of Consumer Banking Compliance	Citibank N.A. Thailand

Name – Surname Age and Position (Appointment Date)	Education and Training	Work Experience in the last 5 years		
		Period	Position	Name of Companies/ Organizations
<b>12. Mr. Wirote Chuenratanakul <sup>1/</sup></b> Age 55 years - Head of Operations Group (Jan 1, 2020) - Executive Vice President (Jan 5, 2015)  <b>% Shareholding <sup>2/</sup> -None-</b> <b>Family Relationship with Directors and Executives -None-</b>	- MBA. (Finance), National Institute Development Administration - Bachelor of Business Administration (Finance), Thammasat University - Certificate of Executive Development Program, Cornell University, USA, Year 2017  - Certificate of Training and Seminar, Thai Institute of Directors Association (IOD) • Strategic Board Master Class (SBM), Year 2022 • IT Governance and Cyber Resilience Program (ITG), Year 2021 • Director Certification Program (DCP), Year 2020 • Successful Formulation & Execution of Strategy (SFE), Year 2015	Jan 1, 2020 – Present	Head of Operations Group	Bank of Ayudhya PCL
		Jan 5, 2015 – Present	Executive Vice President	
		Jan 1, 2017 – Dec 31, 2019	Co-Head of Operations Group	
		<b>Other Companies/ Organizations</b>		Total Services Solutions PCL
		Aug 31, 2019 – Present	Director (Authorized Signatory)	
<b>13. Mr. Yoshio Ueyama</b> Age 50 years - Chief Credit Officer (Jan 3, 2018) - Executive Vice President (Nov 6, 2017)  <b>% Shareholding <sup>2/</sup> -None-</b> <b>Family Relationship with Directors and Executives -None-</b>	- Bachelor of Arts in Economics, Hitotsubashi University, Japan	Jan 3, 2018 – Present	Chief Credit Officer	Bank of Ayudhya PCL
		Nov 6, 2017 – Present	Executive Vice President	
<b>14. Mrs. Yingluk Kongkasai</b> Age 60 years - Head of Transaction Banking Group (Jan 1, 2019) - Executive Vice President (Jun 2009)  <b>% Shareholding <sup>2/</sup> -None-</b> <b>Family Relationship with Directors and Executives -None-</b>  <b>Remark:</b> Retired from Krungsri, effective January 1, 2023	- Master of Business Administration, Oregon State University, USA - Bachelor of Arts in Accountancy (Banking and Finance), Chulalongkorn University - Advanced Management Program for Overseas Bankers, The Wharton School, University of Pennsylvania, USA	Jan 1, 2019 – Dec 31, 2022	Head of Transaction Banking Group	Bank of Ayudhya PCL
		Jun 2009 – Dec 31, 2022	Executive Vice President	
		Apr 1, 2018 – May 1, 2019	Acting Head of Payment Solutions Division	
		Apr 1 – Dec 31, 2018	Deputy Head of Transaction Banking Group	
		Apr 1 – May 31, 2018	Acting Head of Sales and Business Promotion Division	
		Nov 2015 – Mar 2018	Head of Transaction Banking Division	

Name – Surname Age and Position (Appointment Date)	Education and Training	Work Experience in the last 5 years		
		Period	Position	Name of Companies/ Organizations
<b>15. Mr. Thitivorn Chothayaphorn</b> Age 53 years  - Head of Legal Group (Jan 1, 2020) - Executive Vice President (Apr 1, 2014)  <b>% Shareholding <sup>2/</sup> -None-</b> <b>Family Relationship with Directors and Executives -None-</b>	- Thai Bar Association - Bachelor of Law, Ramkhamhaeng University	Jan 1, 2020 – Present	Head of Legal Group	Bank of Ayudhya PCL
		Apr 1, 2014 – Present	Executive Vice President	
		Apr 1, 2014 – Dec 31, 2019	Head of Legal Division	

**Remarks:** <sup>1/</sup> Acts as person with managerial authority under the Bank of Thailand (BoT)'s definition and holds the directorship in subsidiaries and/ or any other companies.

In addition, there are another 17 Krungsri's executives acting as persons with managerial authority under BoT's definition and holding the directorships in subsidiaries and/or any other companies, as follows:

- |  |  |
|--|--|
| 1. Mr. Rottapron Ekabutr   | Director (Authorized Signatory), National Digital ID Co., Ltd.               |
| 2. Mr. Teeraphong Mahatham   | Director (Authorized Signatory), Ratana Inter-trading Co., Ltd.              |
|  | Director, Bangkok Asset Intergroup Co., Ltd.                                 |
| 3. Miss Pisara Pattanasiri   | Director, Krungsri Ayudhya AMC Ltd.  |
|  | Chairman (Authorized Signatory), Siam Realty and Services Security Co., Ltd. |
| 4. Miss Yaowaluck Charnyapornpong  | Director (Authorized Signatory), D-Net Solution Co., Ltd.                    |
| 5. Miss Saisunee Hanprathueangsil  | Director, Affiniti Marketing Pty Ltd.  |
|  | Director, Affinity Group (Singapore) Pty Ltd.                                |
|  | Director, Affinity Group (Thailand) Ltd.                                     |
|  | Director (Authorized Signatory), Krungsri Asset Management Co., Ltd.         |
|  | Director, Krungsri Finnovate   |
|  | Director (Authorized Signatory), Krungsri Nimble Co., Ltd.                   |
| 6. Miss Montira Arayangkoon  | Director, Ayudhya Capital Services Co., Ltd.                                 |
| 7. Miss Kanokwan Supanuntarerk   | Director (Authorized Signatory), Krungsri Asset Management Co., Ltd.         |
| 8. Miss Chayathip Phanmanee  | Chairman, Krungsri Leasing Services Co., Ltd.                                |
|  | Director (Authorized Signatory), Ayudhya Capital Auto Lease PCL              |
| 9. Mr. Somwang Toraktrakul   | Director (Authorized Signatory), Phaksabai Co., Ltd.                         |
|  | Director (Authorized Signatory), Krungsriayudhya Card Co., Ltd.              |
| 10. Mrs. Orawan Sujarittayon   | Director (Authorized Signatory), Atulo Co., Ltd.                             |
| 11. Mr. Congsin Congcar  | Director, Adira Finance Multi-Finance Company                                |
|  | Director (Authorized Signatory), Krungsri Capital Services Co., Ltd.         |
|  | Director (Authorized Signatory), Ayudhya Capital Auto Lease PCL              |
| 12. Mr. Chaiwat Jullamon   | Director (Authorized Signatory), Krungsri Nimble Co., Ltd.                   |
|  | Director (Authorized Signatory), Ayudhya Development Leasing Co., Ltd.       |
| 13. Mr. Thongchai Vajapattana  | Director, Ben Decs Co., Ltd.   |
| 14. Mr. Tetsu Nakagawa   | Director, Ayudhya Capital Auto Lease PCL                                     |
|  | Director, Krungsri Asset Management Co., Ltd.                                |
|  | Director (Authorized Signatory), Krungsri Capital Services Co., Ltd.         |
|  | Director, Krungsriayudhya Card Co., Ltd.                                     |
|  | Director (Authorized Signatory), Total Services Solutions PCL                |
| 15. Mr. Nuttawit Boonyawat<br>(Retired from Krungsri, effective January 1, 2023) | Director, Eastern Star Real Estate PCL                                       |
|  | Director (Authorized Signatory), Grand Larn Luang Co., Ltd.                  |
|  | Director, K.S. Fortune Co., Ltd.   |
|  | Director, Krungsri Ayudhya AMC Ltd.  |
|  | Director, Eastern Star Resort Co., Ltd.                                      |
|  | Director (Authorized Signatory), Home Sukhumvit Co., Ltd.                    |
| 16. Miss Nayanee Peaugkham   | Chairman (Authorized Signatory), Krungsri Capital Services Co., Ltd.         |
|  | Chairman (Authorized Signatory), Krungsriayudhya Card Co., Ltd.              |
|  | Chairman (Authorized Signatory), General Card Services Ltd.                  |
|  | Director (Authorized Signatory), Total Services Solutions PCL                |
|  | Chairman (Authorized Signatory), Lotus's Money Services Ltd.                 |
| 17. Mrs. Akanit Mattison   | Director, Krungsri Capital Services Co., Ltd.                                |
|  | Director, Ayudhya Capital Auto Lease PCL                                     |

<sup>2/</sup>Including spouse and minor children.

**NEWLY APPOINTED EXECUTIVES EFFECTIVE AFTER DECEMBER 31, 2022  
IN THE TOTAL OF 2 PERSONS ARE AS FOLLOWS:**

Name – Surname Age and Position (Appointment Date)	Education and training	Work Experience in the last 5 years		
		Period	Position	Name of Companies/ Organizations
<b>1. Mr. Hirotaka Kuroki</b> Age 50 years  - Head of Global Markets Group (Jan 1, 2023) - Executive Vice President (Jun 6, 2021) - Executive Committee Member (Jan 1, 2023)  <b>% Shareholding <sup>1/</sup> -None-</b> <b>Family Relationship with Directors and Executives -None-</b>	- Bachelor of Economics, Hitotsubashi University, Tokyo, Japan	Feb 1, 2023 – Present	First Executive Vice President	Bank of Ayudhya PCL
		Jan 1, 2023 – Present	Head of Global Markets Group	
		Jan 1, 2023 – Present	Executive Committee Member	
		Jun 6, 2021 – Jan 31, 2023	Executive Vice President	
		Jun 27, 2021 – Dec 31, 2022	Deputy Head of Global Markets Group	
		Dec 2013 – May 2019	Senior Vice President, Global Markets Group	
		<b>Other Companies/ Organizations</b>		MUFG Bank, Ltd., Tokyo
		May 2019 – Jun 6, 2021	Managing Director, Corporate Risk Management Division	
<b>2. Miss Ninlawan Jeeraboon</b> Age 54 years  - Head of Transaction Banking Group (Jan 1, 2023) - Executive Vice President (Apr 1, 2020)  <b>% Shareholding <sup>1/</sup> -None-</b> <b>Family Relationship with Directors and Executives -None-</b>	- Master of Business Administration, Southern Illinois University - Bachelor of Accountancy, Chulalongkorn University - Graduate Diploma in Auditing, Thammasat University	Jan 1, 2023 – Present	Head of Transaction Banking Group	Bank of Ayudhya PCL
		Apr 1, 2020 – Present	Executive Vice President	
		Apr 1, 2018 – Dec 31, 2022	Head of Products Division	
		Sep 28, 2010 - Mar 31, 2020	Senior Vice President	

**Remark:** <sup>1/</sup> Including spouse and minor children.



## THE PERSON HAVING ACCOUNTING CONTROL

Name – Surname Age and Position (Appointment Date)	Education and Training	Work Experience in the last 5 years		
		Period	Position	Name of Companies/ Organizations
<b>Mr. Kriangsak Jongsukkgiparnich</b> <sup>1/</sup> Age 53 years  - Executive Vice President (Mar 1, 2016) - Head of Accounting Division, Finance Group (Jan 7, 2015)  <b>% Shareholding</b> <sup>2/</sup> -None- <b>Family Relationship with Directors and Executives</b> -None-	- MBA. (Finance), Western Michigan University, USA - Bachelor of Faculty of Commerce and Accountancy (Cost Accounting), Chulalongkorn University  <b>External Trainings:</b> - Certified Public Accountant (CPA Thailand) - Significant TFRS in 2023 <sup>3/</sup> - DBD eLearning related to Accounting Subjects <sup>3/</sup>	Mar 1, 2016 – Present	Executive Vice President	Bank of Ayudhya PCL
		Jan 7, 2015 – Present	Head of Accounting Division, Finance Group	
		<b>Work Experiences in Accounting and Finance:</b> Jan 7, 2015 – Apr 30, 2018	Acting Head of Operational Controllership Department, Finance Group	
		<b>Other Companies/ Organizations</b> May 5, 2017 – Jul 21, 2019	Director (Authorized Signatory)	Krungsri Factoring Co., Ltd.
		<b>Others</b> (in the last 7 years): None  <b>Positions receiving remuneration in for-profit companies/ organizations:</b> None		

**Remarks:** <sup>1/</sup> The person taking direct responsibility in supervising accounting with qualifications and requirements according to the notification of the Department of Business Development.  
<sup>2/</sup> Including spouse and minor children.  
<sup>3/</sup> The orientation course in continuing development course in accounting (External trainings), total 40 hours.

## CORPORATE SECRETARY

Name – Surname Age and Position (Appointment Date)	Education and Training	Work Experience in the last 5 years		
		Period	Position	Name of Companies/ Organizations
<b>Mrs. Thidarat Sethavaravichit</b> Age 53 years  - Senior Vice President, Head of Corporate Secretariat Department (Jul 1, 2010) - Corporate Secretary and Secretary to the Board of Directors (Jul 1, 2008)  <b>% Shareholding</b> <sup>1/</sup> 0.0000% (1,000 shares) <b>Family Relationship with Directors and Executives</b> -None-	<ul style="list-style-type: none"> <li>- EMBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University</li> <li>- LL.M., Case Western Reserve University, Ohio, USA</li> <li>- Barrister at Law, Thailand</li> <li>- Bachelor of Laws, Chulalongkorn University</li> <li>- Master Class 'Corporate Governance and Director Duties Excellence 2017', Singapore</li> <li>- CG Code Workshop, PwC, Year 2018</li> <li>- IT Security Trend Update, Year 2018</li> <li>- Company Secretary Forum 2019 'Role of the Company Secretary in Shaping Corporate Culture', Year 2019</li> <li>- ACSN &amp; ACGA Webinar: 'Impact of COVID-19 on Annual General Meetings in Asia-Pacific, with specific reference to ASEAN', Year 2020</li> <li>- ACSN: Board of the Future: 'How will the role of the Company Secretary evolve?', Year 2020</li> <li>- Preliminary to Corporate Sustainability, Year 2020</li> <li>- Innovation for Society, Year 2021</li> <li>- Company Secretary's Roles in Enhancing CG Regarding Anti-Corruption, Year 2021</li> <li>- Company Secretary Forum: Empowering Board Evaluation Through the Company Secretary Lens, Year 2021</li> </ul>	Jul 1, 2010 – Present	Senior Vice President, Head of Corporate Secretariat Department	Bank of Ayudhya PCL
		Jul 1, 2008 – Present	Corporate Secretary and Secretary to the Board of Directors	
		Jul 1, 2008 – Feb 14, 2023	Secretary to the Executive Committee	
		Nov 2008 – Dec 31, 2017	Ombudsperson	

Name – Surname Age and Position (Appointment Date)	Education and Training	Work Experience in the last 5 years		
		Period	Position	Name of Companies/ Organizations
Mrs. Thidarat Sethavaravichit (Cont')	<ul style="list-style-type: none"> <li>- Certificate of Training and Seminar, Thai Institute of Directors Association (IOD)</li> <li>• Subsidiary Governance Program (SGP), Year 2022</li> <li>• Ethical Leadership Program (ELP), Year 2021</li> <li>• Corporate Governance for Executives (CGE), Year 2014</li> <li>• Director Certification Program (DCP), Year 2012</li> <li>• Board Reporting Program (BRP), Year 2009</li> <li>• Company Secretary Program (CSP), Year 2002</li> </ul>			

**Remark:** <sup>1/</sup> Including spouse and minor child.

#### Roles and Responsibilities of the Corporate Secretary

1. Fulfill the duties of Corporate Secretary as stipulated by laws and as assigned by the Board of Directors;
2. Ensure that the various activities of the Board of Directors are in compliance with relevant laws, rules, and regulations;
3. Organize shareholder meetings and Board of Directors meetings, and prepare meeting minutes in compliance with laws and the Bank's Articles of Association, including follow-up of matters arising from meeting resolutions;
4. Advise the Board of Directors on relevant legal issues, rules, and the Bank's Articles of Association as needed in the performance of their duties for the benefit of Krungsri;
5. Arrange for an orientation and provide information to newly appointed directors;
6. Coordinate and exchange knowledges with secretaries of the committees reporting to the Board of Directors and company secretaries of subsidiaries in order to increase efficiency of the corporate governance.

DIRECTORS, EXECUTIVES AND PERSONS WITH MANAGERIAL AUTHORITY WHO HOLD THE OFFICES IN THE SUBSIDIARIES, JOINT VENTURES, ASSOCIATE AND RELATED COMPANIES

List of Companies		Krungsri	Subsidiaries											Joint Ventures		Associate	Related Companies				
List of Names			1	2	3	4	5	6-7	8	9	10	11	12-14	15	16-18		1-3	4	1	2	3
1.	Mr. Karun Kittisataporn	A1																			
2.	Mr. Daisuke Ejima	A2																B			
3.	Mr. Seichiro Akita	B																			
4.	Mr. Virat Phairatphiboon	A3																			
5.	Mr. Jiro Omori	A3																	B	B	
6.	Mrs. Tongurai Limpiti	A4																			
7.	Dr. Jamlong Atikul	A4																			
8.	Dr. Wittaya Watcharawittayakul	A4																			
9.	Professor Dr. Sakda Thanitcul	A4																			
10.	Miss Nopporn Tirawattanagool	A3																			A3
11.	Mr. Pornsanong Tuchinda	A3																			
12.	Miss Duangdao Wongpanitkrit	A3 C	A3		A3					A3											
13.	Mr. Yoshiyuki Horio	C																			
14.	Mr. Phongsanant Thanattrai	C	A1***						A3		A1	A1						A3			
15.	Mr. Sayam Prasitsirigul	C			A3					A3											
16.	Mr. Chandrashekar Subramanian Krishoolndmangalam	C	A3	A1		A1											A3	A1			
17.	Miss Puntipa Hannoraset	C																			
18.	Mr. Pairote Cheunkrut	C	A3		A1		A1			A1											
19.	Mr. Vasin Udomratchatavanich	C			A3													A3			
20.	Mr. Kenichi Nishii*	C																			
21.	Mr. Prakob Phiencharoen	C										A3									
22.	Miss Duangkamol Limpuangthip	C																			
23.	Mr. Kittichai Singha	C																			
24.	Mr. Wirote Chuenratanakul	C												A3							
25.	Mr. Yoshio Ueyama	C																			
26.	Mrs. Yingluk Kongkasai**	C																			
27.	Mr. Thitivor Chothayaphorn	C																			

Remarks: \* Ceased to hold the position of Krungsri's management, effective January 1, 2023.  
\*\* Retired from Krungsri, effective January 1, 2023.  
\*\*\* Appointed as the Chairman, effective January 1, 2023.

A1 = Chairman  
A2 = Vice Chairman  
A3 = Director / Commissioner  
A4 = Independent Director  
B = President and Chief Executive Officer /  
Managing Director / President  
C = Executive

#### Subsidiaries

1. Hattha Bank Plc.
2. Krungsri Ayudhya AMC Ltd.
3. Krungsri Nimble Co., Ltd.
4. Ayudhya Development Leasing Co., Ltd.
5. Ayudhya Capital Auto Lease PCL
6. General Card Services Ltd.
7. Ayudhya Capital Services Co., Ltd.
8. Krungsriayudhya Card Co., Ltd.
9. Krungsri Finnovate Co., Ltd.
10. Krungsri Securities PCL
11. Krungsri Asset Management Co., Ltd.
12. Krungsri Leasing Services Co., Ltd.
13. Krungsri Non-Deposit Taking Microfinance Institution Co., Ltd.
14. Siam Realty and Services Security Co., Ltd.
15. Total Services Solutions PCL
16. Krungsri Life Assurance Broker Ltd.
17. Krungsri General Insurance Broker Ltd.
18. Hattha Services Co., Ltd.

#### Joint Ventures

1. Lotus's Money Services Ltd.
2. Lotus's Life Assurance Broker Ltd.
3. Lotus's General Insurance Broker Ltd.
4. SB Finance, Inc.

#### Associate

1. Ngern Tid Lor PCL

#### Related Companies

1. MUFG Bank, Ltd. (Singapore)
2. Mitsubishi UFJ Trust and Banking Corporation
3. Mitsubishi UFJ Financial Group
4. Grand Canal Land PCL
5. Srivichaivivivat PCL
6. Siam City Cement PCL
7. BBTv Asset Management Co., Ltd.
8. CKS Holdings Co., Ltd.
9. Super Assets Co., Ltd.
10. C.K.R Co., Ltd.
11. The Bangkok Lighters Co., Ltd.
12. The Thai Tapioca Flour Produce Co., Ltd.
13. Cyber Venture Co., Ltd.
14. Khao Kheow Country Club Co., Ltd.
15. Siam Purimongkol Co., Ltd.
16. Grand Fortune Co., Ltd.
17. Bangkok Broadcasting & TV Co., Ltd.
18. BBTv Satelevision Co., Ltd.
19. GL Asset Co., Ltd.
20. Mahakij Holdings Co., Ltd.
21. BBTv Productions Co., Ltd.
22. BBTv Alliance Ltd.
23. BBTv Bond Street Building Ltd.
24. ITBC Business Consultant Group Co., Ltd.
25. Exclusive Senior Care International Co., Ltd.
26. BBTv International Holdings Co., Ltd.
27. Sunrise Equity Co., Ltd.
28. BBTv Equity Co., Ltd.

## ATTACHMENT 2: DETAILS OF SUBSIDIARIES' DIRECTORS

The Bank has 18 subsidiaries. 18 companies do not have a significant implication because their revenues are not more than 10% of the total revenue shown in the consolidated Profit & Loss Statement of the latest fiscal year. Therefore, no list of directors of those companies shall be disclosed.



## ATTACHMENT 3: HEAD OF INTERNAL AUDIT GROUP

The Bank's internal audit function is under the supervision of Ms. Puntipa Hannoraseth, First Executive Vice President and Head of Internal Audit Group.

### Academic degrees and certificates

- Master of Business Administration, Thammasat University
- Bachelor of Accounting (First Class Honors), Thammasat University
- Certified Public Accountant
- Certified Internal Auditor

### Relevant work experience: Bank of Ayudhya PCL

- Apr 1, 2013 – Present: First Executive Vice President
- Sep 16, 2010 – Present: Secretary to the Audit Committee
- Apr 27, 2009 – Present: Head of Internal Audit Group
- Jan 7, 2015 – Apr 15, 2017: Acting Head of Internal Audit Division
- Jan 7 – May 6, 2015: Acting Head of Credit Examination Division

### Training

- Global Leadership Program, International Institute for Management Development (IMD)
- Thai Institute of Directors Association:
  - Audit Committee Program (ACP)
  - Monitoring the Internal Audit Function (MIA)
  - Monitoring Fraud Risk Management (MFM)
  - Monitoring the Quality of Financial Reporting (MFR)
  - Monitoring the System of Internal Control and Risk Management (MIR)
  - Company Secretary Program
- The Institute of Internal Auditors of Thailand: Annual Conference of the Asian Confederation of Institutes of Internal Auditors

Appointments, transfers, employment termination, and annual performance assessment for this position are evaluated and endorsed by the Audit Committee.

## HEAD OF COMPLIANCE GROUP

At present, the Bank's Compliance Group is under the supervision of Mr. Kittichai Singha, Chief Compliance Officer, First Executive Vice President, Compliance Group

### Academic degrees and certificates

- Master of Arts (International Affairs and Diplomacy) , Thammasat University
- Bachelor of Arts (English and Business Administration), Srinakharinwirot University Patumwan

### Relevant work experience

- Dec 2022 – Present: Chief Compliance Officer, Data Protection Officer, and First Executive Vice President, Bank of Ayudhya PCL
- Feb 2021 – Nov 2022: Executive Director, Group Head of Compliance, Ascend Money Group
- Feb 2021 – Nov 2022: Head of Compliance, True Money Co., Ltd., Ascend Wealth Co., Ltd., Ascend Nano Co., Ltd., Ascend Assurance Broker Co., Ltd., Ascend Innovation Co., Ltd.
- Feb 2021 – Nov 2022: A member of the Board of Directors and audit committee , True Money Philippines Ltd.
- Apr – Dec 2020: Executive Vice President, Head of Compliance, Data Privacy Officer, TMB Bank PLC
- 2018 – 2020: Executive Vice President, Head of Compliance and Corporate Governance, Data Privacy Officer, Thanachart Bank PLC
- 2018: Senior Vice President, Country Compliance Officer, Sumitomo Mitsui Banking Corporation (Bangkok Branch)
- 2004 – 2018: Senior Vice President, Regulatory Compliance Head and Head of Consumer Banking Compliance, Citibank N.A. Thailand

## ATTACHMENT 4:

### DETAILS OF APPRAISED VALUE OF ASSETS

-None-

## ATTACHMENT 5:

### CORPORATE GOVERNANCE POLICIES AND GUIDELINES (FULL VERSION)

It can be viewed on the Bank's website, <https://www.krungsri.com> in the '**About Us**' section, '**Corporate Governance**' subsection and select '**Good Corporate Governance Principles**' or scan QR code to download full version of the report.



### CODE OF BUSINESS CONDUCTS (FULL VERSION)

It can be viewed on the Bank's website, <https://www.krungsri.com> in the '**About Us**' section '**Company Overview**' subsection and select '**The Spirit and The Letter**' or scan QR code to download full version of the report.



## ATTACHMENT 6: REPORT OF THE AUDIT COMMITTEE

The Audit Committee of Bank of Ayudhya Public Company Limited comprises four independent directors, who have sufficient knowledge and experience to reliably review the financial statements and the Chairman of the Audit Committee does not serve as the Chairman of the Board of Directors and any other sub-committees. The members of the Audit Committee are:

1. Ms. Tongurai Limpiti	Chairman of the Audit Committee
2. Dr. Jamlong Atikul	Audit Committee Member
3. Dr. Wittaya Watcharawittayakul	Audit Committee Member
4. Prof. Dr. Sakda Thanitcul	Audit Committee Member

Ms. Puntipa Hannoraseth, Head of Internal Audit Group, serves as the Secretary to the Audit Committee.

The Audit Committee performs its tasks as per the scope and responsibilities specified in the Audit Committee Charter as assigned by the Board of Directors. In 2022, the Audit Committee held a total of 13 meetings with management and senior executives in charge of concerned units and internal auditors. Also the Committee held two meetings with the external auditor without the presence of the management, and reported the results of each meeting to the Board of Directors for acknowledgement. The details of actions taken by the Audit Committee can be summarized as follows:

- **Financial reports**

The Audit Committee has reviewed the Bank's quarterly, semi-annual and annual financial statements as well as the consolidated financial statements of the Bank and its subsidiaries by holding meetings with the external auditor and executives of the Accounting Division to consider financial statements. In this regard, it is of the opinion that financial reports of the Bank and its subsidiaries and any disclosed documents relating to the Bank's financial performance are accurate, adequate, reliable and reflect the true and fair view of the financial status of the Bank and comply with accounting standards, practices, and the requirements of the Bank of Thailand and the Office of the Securities and Exchange Commission. The Audit Committee has also considered external's auditor audit plans or scopes to ensure they cover material risks and financial reporting requirements including the follow-up process to ensure audit findings are correctly, appropriately, and timely rectified. In addition, the Audit Committee held special meetings with the external auditor without the presence of the management to enquire about independence in performing their duties and expressing opinions, cooperation obtained from the Bank as well as issues that may result in significant loss or fraud. In 2022, the auditor did not have any material findings or reports of any suspicious behavior.

- **Internal control system and internal audit**

The Audit Committee has reviewed effectiveness and adequacy of the internal control system by considering internal audit results of the Bank and the companies in the financial business group (the Bank and the group companies), the results of internal control adequacy assessment by using the internal control assessment form developed by the Office of the Securities and Exchange Commission under the concept of COSO (the Committee of Sponsoring Organizations of the Treadway Commission), a summary of fraud investigation reports, as well as reviewing and monitoring of the Bank's and the group companies' findings identified by the regulatory authorities as well as the external auditor.

The Audit Committee is of the opinion that the internal control system of the Bank and its group companies is sufficient, appropriate and effective, while root causes were specified, rectification actions and preventive measures were appropriately undertaken. The Audit Committee acknowledged the assessment results of the Internal Control over Financial Reporting process and concluded that internal controls and the financial reporting preparation process were designed and implemented effectively. In 2022, there were no significant risks or errors reported.

For internal audit activities, the Audit Committee considered the independence and adequacy of internal audit resources and endorsed the revision of the Charter and the Internal Audit Policy of the Internal Audit Group before submission to the Board of Directors. It also approved staff development and training plan, annual audit plans, and revised audit plans, monitored the progress of the Internal Audit Group's medium-term business plan on a quarterly basis and auditing activities on a monthly basis, and regularly provided recommendations to the Internal Audit Group. To cultivate corporate culture and uplift compliance procedures, the Audit Committee encourages and supports the Bank and the companies in the financial business group to advance risk management and internal controls, of which assessment is fairly conducted by the Internal Audit Group. The Audit Committee is of the opinion that the internal audit operation has been continuously developed, while data analytic tools and technology have been adopted to keep pace with changing digital trends and promote proactive and constant audit deliverables.

In addition, the Audit Committee is of the opinion that the Head of Internal Audit Group has adequate educational background, work experience, and training to carry out her duties. An annual performance evaluation of the Head of Internal Audit Group was conducted.

The Audit Committee approved the annual credit review plan, the revised half-year credit review plan including considered, and enquired about findings identified in credit review results and follow-ups to corrective actions undertaken by departments concerned to ensure that the credit granting processes of the Bank and its group companies are appropriate.

- **Related party transactions or transactions that may create conflicts of interest**

The Audit Committee considered related party transactions or transactions that may create conflicts of interest before submission to the Board of Directors. The Audit Committee is of the opinion that they are conducted on an arm's length basis and that relevant information is transparently disclosed based on the principle of prudence, integrity, transparency and the Bank's optimized benefits

- **Good governance**

As one of the channels through which complaints from all stakeholders are accepted, the Audit Committee has acknowledged the results of complaint resolutions from responsible departments and is of the opinion that complaint resolution management has been appropriately and fairly conducted.

- **Risk management**

The Audit Committee considered minutes of the Risk and Compliance Committee and the Risk Management Committee meetings, and held meetings for exchanging views with the Risk and Compliance Committee to ensure the comprehensiveness of the risk management policies and strategies which should cover significant existing and new types of risk including new threats arisen which may have significant impacts on the Bank's financial business group. The Audit Committee continued to place emphasis on and monitor the Bank's actions taken to assist and support customers affected by economic conditions as well as the Bank's adequacy of provisions for debts to ensure that they are carried out effectively and efficiently. In this regard, the Audit Committee is of the opinion that the Bank's risk management is adequate, and that preventive guidelines and measures are in place to appropriately handle potential situations.

- **Compliance with regulatory requirements**

The Audit Committee oversaw and monitored the operations, business undertaking or actions taken by the Bank and its group companies to ensure compliance with requirements and laws relevant to the banking business, as well as the Bank's policies and procedures, by considering the results of regulatory compliance supervision as per reports of the Compliance Committee and audit results reported by the Internal Audit Group, the Bank of Thailand, the Office of the Securities and Exchange Commission, and the external auditor on a regular basis.

- **External auditor**

The Audit Committee has considered, selected, and nominated the external auditor for the Bank and acknowledged the nomination of the external auditors of the companies in the Financial Business Group. In this regard, Deloitte Touche Tohmatsu Jaiyos Audit Company Limited was appointed as our independent auditor for 2022 by taking into consideration the qualifications specified by the Bank of Thailand and the Office of the Securities and Exchange Commission, whereby a qualified auditor shall not have any relationships with or interest in the Bank, its management, major shareholders or related parties in a manner that affect the independent operations, and shall not hold positions such as director, employee, contractual staff or any positions in the Bank and its group companies. The Audit Committee also considered appropriateness of audit fee in order to submit to the Board of Directors for further submission to the shareholders' meeting to approve the nomination of the auditor and the audit fee. In addition, the Audit Committee prudently considered the independence of the external auditor in providing non-audit services.

- **Others**

The Audit Committee Charter was annually reviewed to ensure the update. The Audit Committee has assessed its annual performance in order to ascertain that it has been efficient and effective and has achieved its objectives as assigned by the Board of Directors. In 2022, the overall assessment result is at the score of 3.98 out of 4.00.

The Audit Committee had performed its duties as specified in its Charter with prudence, independence, and transparency, and adhered to the principles of integrity and provided constructive comments and recommendations without any limitation in obtaining information, resources or cooperation from the Bank for equitable sharing of benefits among stakeholders, with the Bank's and its group companies' ultimate interest as a priority.

The Audit Committee is of the opinion that the financial statements of the Bank and its subsidiaries are fairly presented in all material aspects in accordance with financial reporting standards and regulatory requirements as well as with adequate and appropriate disclosure. It is also of the opinion that the external auditor is independent and has performed all its duties professionally. The Audit Committee notes that the Bank and the group companies have sound corporate governance, adequate and effective risk management, internal controls, and internal audits. The Bank has regularly monitored important changes so that it is well prepared to face potential risks that may arise in the future.



**Ms. Tongurai Limpiti**  
Chairman of the Audit Committee

## ATTACHMENT 7: REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Board of Directors is responsible for the Bank's financial statements, the consolidated financial statements of the Bank and its subsidiaries and all financial information appearing in the Annual Registration Statement/Annual Report 2022 (Form 56-1 One Report). These financial statements have been prepared in accordance with Thai Financial Reporting Standards. The Bank has chosen appropriate accounting policies applied on consistent basis, including careful consideration together with prudent and the best estimations where necessary and adequate disclosures have been made in the notes to the financial statements. These financial statements have been audited by independent auditors who have given their unmodified opinions. The financial statements reflect the true and fair financial position and operating results of the Bank and its subsidiaries, thus being useful to all shareholders and investors.

The Board of Directors has also adopted and maintained appropriate and effective systems of risk management and internal control so that we can be reasonably assured that accounting records are accurate, complete and adequate to maintain the assets of the Bank and these controls also identify weaknesses requiring preventive measures against fraud or other significant irregularities in the operations of the Bank.

In this regard, the Board of Directors has appointed an Audit Committee, independent directors, to be responsible for reviewing the quality of financial reporting and internal control mechanisms appropriately and efficiently and reviewing the Bank's performance in accordance with the laws relevant to the business of the Bank including the related party transactions to ensure that the aforementioned transactions are reasonable and optimized to the Bank. The opinion of the Audit Committee with regard to these matters appears in the Report of the Audit Committee which is presented in the Form 56-1 One Report.

The Board of Directors is of the opinion that the Bank's internal controls are satisfactory and allow for reasonable confidence in the reliability of the Bank's financial statements, the consolidated financial statements of the Bank and its subsidiaries for the year ended December 31, 2022.



**Mr. Seiichiro Akita**  
President and Chief Executive Officer



**Miss Duangdao Wongpanitkrit**  
Director



## ATTACHMENT 8: REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee (NRC) is appointed by the Board of Directors, and is currently composed of four Bank's directors, i.e. one Independent Director, namely Mr. Jamlong Atikul, and three Non-Executive Directors, namely Mr. Daisuke Ejima, Mr. Virat Phairatphiboon, and Ms. Nopporn Tirawattanagool. Mr. Jamlong Atikul serves as Chairman of the NRC. The current committee composition is in compliance with the Charter of the Nomination and Remuneration Committee (the NRC Charter) which stipulates that the NRC shall consist of at least three Bank's directors who are independent directors or non-executive directors whereby the Chairman must be an independent director.

In 2022, the Nomination and Remuneration Committee held a total of 16 meetings. Also, one meeting was held with the Risk and Compliance Committee to discuss Krungsri total rewards management to ensure that the Bank's remuneration policy could reflect important risks and is in accordance with the good corporate governance principle.

The Nomination and Remuneration Committee performed a supervisory role with regard to nomination and remuneration according to the duties and responsibilities set forth in the NRC Charter. Results of all deliberations were proposed for the Board of Directors' consideration with certain matters being further proposed to the shareholders' meeting as stipulated in the articles of association and as required by law. In 2022, noteworthy undertakings could be summarized as follows:

- Selecting and nominating candidates for directorship to replace the directors who retired by rotation or to fill the vacancy according to the selection process by taking into consideration the Board Skills Matrix which illustrates qualifications and diversity in terms of knowledge, competencies, experience, and education to ensure effective board composition that is appropriately aligned with the Bank's business strategies.
- Nominating qualified candidates as the Bank's senior executives at Executive Vice President level and above according to the nomination and remuneration process as well as appointing successors to fill key roles.
- Supervising development of a more effective succession plan to ensure presence and readiness of successors to critical roles for smooth business operation, and reviewing the succession plan annually as part of sustainable human resource management.
- Considering and reporting to the Board of Directors on the results of whistleblowing cases regarding employees at Senior Vice President level; reporting and recommending courses of action to the Board of Directors on the results of whistleblowing cases involving employees at Executive Vice President level and above; and considering disciplinary actions for wrongdoing cases involving employees at Executive Vice President level and reporting the consideration results to the Board of Directors as stipulated in the Policy for Whistleblowing and General Work Regulations of the Bank.

The Nomination and Remuneration Committee has carried out duties and responsibilities as set forth in the NRC Charter with prudence and transparency taking into consideration the relevant regulations, rules and laws and the good corporate governance principles for the utmost benefits of the Bank and shareholders. The Nomination and Remuneration Committee has capitalized on full capabilities and given best efforts to ensure that Krungsri achieves sustainable human resource management and people excellence to support successful execution of business strategies and efficiently respond to future business trends.



**Mr. Jamlong Atikul**

Chairman of the Nomination  
and Remuneration Committee

## ATTACHMENT 9: REPORT OF THE RISK AND COMPLIANCE COMMITTEE

The Risk and Compliance Committee (RCC) consists of four directors as follows:

- |                                |                          |          |
|--------------------------------|--------------------------|----------|
| 1. Mr. Virat Phairatphiboon    | (Non-executive Director) | Chairman |
| 2. Ms. Nopporn Tirawattanagool | (Non-executive Director) | Member   |
| 3. Mr. Pornsanong Tuchinda     | (Non-executive Director) | Member   |
| 4. Mr. Jiro Omori              | (Non-executive Director) | Member   |

Mr. Virat Phairatphiboon was appointed as the Chairman of the Risk and Compliance Committee since October 24, 2018. Two new committee members namely Mr. Pornsanong Tuchinda and Mr. Jiro Omori were appointed as Risk and Compliance Committee members from April 28, 2022 and July 20, 2022 onwards and subsequently.

Mr. Kittichai Singha, the Chief Compliance Officer, assumed the role of the Risk and Compliance Committee Secretary.

The Risk and Compliance Committee ('the Committee') was appointed by the Board of Directors to oversee the assessments, provide recommendations, and monitor the overall framework and practices pertaining to risk management and compliance. The Committee also has an oversight role with respect to good governance practices and compliance with established policies, procedures, and processes with an aim to prevent any undesirable consequences to the Bank and the companies within the Krungsri Financial Business Group.

In 2022, the Committee held 12 meetings, whereby matters from each meeting were duly reported to the Board of Directors. The Committee's overall proceedings for the year 2022 can be summarized as follows:

### 1. The Policy Aspect

The Committee conducted a review and made recommendations to 33 Policies of the Bank pertaining to risk and compliance as well as other relevant policies, which were all endorsed and/or approved by the Board of Directors. The review was conducted to affirm that these policies remain consistent with regulatory requirements and directives as mandated by the regulators.

### 2. The Risk Management and Compliance Practices Aspect

The Committee reviewed, monitored, and provided advice(s) on the overall risk parameters, including capital, liquidity, compliance, etc., to ensure that these risks and compliance measures remain effective for the Bank and companies within the Krungsri Financial Business Group.

### 3. The Other Aspect

In accordance with the Notification of the Bank of Thailand No. SorNorSor. 10/2561, Re: Corporate Governance of Financial Institutions Pertaining to Duties, Responsibilities and Composition of the Oversight Committee, the Committee held the joint meeting to discuss and exchange views with the Audit Committee with respect to oversight and auditing activities to maintain business and financial stability of the Bank and entities within the Krungsri Financial Business Group.

The Committee additionally reviewed the 2022 Annual Compliance Report, which was reported to and endorsed by the Board of Directors prior to submission to the Bank of Thailand and other supervisory regulators.

In conclusion, the Committee has faithfully performed its roles and responsibilities as stipulated by the Charter, with integrity and transparency under the corporate governance framework and in the best interest of the Bank and companies in the Krungsri Financial Business Group. Furthermore, the Committee conducted the annual self-assessment and take into the account the results to further develop its roles and responsibilities on a continuous basis.



**Mr. Virat Phairatphiboon**

Chairman of the Risk and Compliance Committee





For more information, please contact:  
Environmental, Social and Governance Division  
Bank of Ayudhya Public Company Limited  
Tel.: 0-2296-2977  
E-mail: [irgroup@krungsri.com](mailto:irgroup@krungsri.com)

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