

## Questions and Suggestions of Shareholder in the 28th Annual Ordinary General Meeting (Year 2021)

### Questions of Shareholder

Ms. Natnapit  
Meekhanthong  
(Shareholder)

Question: In this COVID-19 pandemic, what is the Bank's guideline for expanding the customer base and preventing bad debt?

Head of Corporate  
Banking Group 1 and  
Head of Risk  
Management Group

Answer: The Bank emphasizes on taking care of the current loan customer base. In this regard, the Bank closely monitors the business status, impacts, business profits, financial liquidity of all customer groups. As for customers who are not severely affected by the pandemic, and still have certain operating results, or have strong enough financial status to survive, but need financial liquidity, the Bank may consider lending additionally to enhance liquidity as needed. For debtors who have been severely affected or have a significantly higher risk, the Bank may consider extending the repayment period, reducing debt payments in accordance with the real financial status, along with negotiating for additional collateral to prevent and reduce the risk that may turn to bad debt. Lastly, for new credit customers, the Bank may only consider lending only new customers in the Sunrise Industries, which continues to grow and have the ability to compete highly and survive in the New Normal context and/or in a strong financial position or have a strong parent company to support.

Regarding risk management, the Bank shall conduct customer reviews more frequently according to the level of risk and the industry. The Bank assesses and takes a Forward-Looking approach together with each customer group to help and adjust conditions to the current situation. In addition, debt quality management is carried out both at the debtor level and at the portfolio level with close monitoring and inquiring about the impacts of COVID-19 and situation of the debtor. The objective is for the Bank to offer assistance and take care of customers in a preventive manner

since clients started signaling distress or began to show signs of weakness in terms of repayment ability. The assistance guideline is consistent and in line with the policy set by the Bank of Thailand and the Ministry of Finance. This is in order to give a remedy and alleviate the troubles for the debtor who has been directly and indirectly affected by the aforementioned problems.

Mrs. Keeratika Panglad  
(Representative from  
Thai Investors  
Association)

Question: What is the Bank's progress in being one of the eight financial institutions participating in the Inthanon Project, which is the project that promotes the Bank of Thailand and financial institutions to keep themselves up to date on technology through the development and simulation of a model system to create a prototype payment system as the foundation for the development of Thai financial system in the future?

Head of Global  
Markets Group

Answer: The Bank has participated in the Inthanon Project since the beginning with a role in learning, giving opinions on the development of the prototype system. It also takes part in Proof of Concept of the interbank transfer system on the basis of Distributed Ledger Technology (DLT). At present, phase 3 of the Inthanon project has been completed. Phase 1 and 2 focused on developing a prototype system of interbank money transfer with a mechanism to solve gridlock problems and automate the liquidity supply. Moreover, phase 1 and 2 also emphasizes the development of the infrastructure of Delivery vs. Payment system. In phase 3, the scope of the project has been expanded to develop a prototype system for international payment, with the focus on developing a model of cross border fund transfer to achieve efficiency and reduce costs in the process. Furthermore, phase 3 of the project also explores the liquidity management model and cross border funds transfer with embedded FX transactions. The results of the study will be further adapted in applying DLT technology to develop wholesale and retail payments systems of the country in the future.

Apart from learning to apply DLT technology in the financial system directly from professionals, in participating in the Inthanon Project the Bank also exchanged knowledge and vision regarding payment system design with experts from both the Bank of Thailand, Hongkong Monetary Authority (HKMA), as well as the commercial banks in Thailand and Hong Kong.

Mr. Natthawat

Sukpoolphol

(Proxy)

Questions:

1. Is the Bank a state enterprise or not at the present? Does the status of being a state enterprise have any impact on the Bank's operations or not?
2. Does the Bank providing both "Pao Tang" application and "Pao Tung" applications receive any compensation?
3. What are the criteria for paying dividends on preferred shares and ordinary shares of the Bank since the criteria are different?
4. Why did the Bank issue debentures in foreign countries instead of issuing them in the country, and is the interest rate of 4.4 percent considered a high interest rate or not?

Head of Compliance &

Legal Management

Group

Answer to question No. 1.: The Office of Council of State had opined that the Bank is not a state enterprise under the definition in section 4 of the Budget Procedures Act B.E. 2561 (2018) (the "Budget Procedures Act"). However, at present, since more than 50 percent of the Bank's share capital are held by the Financial Institutions Development Fund (FIDF), the Bank is still considered as the state commercial bank in which more than 50 percent of its shares are held by a state agency. At present, the Bank is still a depository unit of the government agencies, government entities and state-owned enterprises consistently. Thus, there is no impact on the Bank's financial status and operations.

Nevertheless, The Office of Council of State also further given its opinion that "state enterprise" is defined in various laws and the determination of whether an agency is a state enterprise or not depends on the relevant law.

The interpretation of the status of the Bank under each law can be different

depending on the scope of the definition of the term "state-owned enterprise" under each law, which is in accordance with its different purposes and scope of enforcement of law. For example, the Public Debt Management Act B.E. 2548 (2005) Office has opined that the Bank is considered a state-owned enterprise under section 4(b) of the Public Debt Management Act, whereas the Public Private Partnership Act B.E. 2562 (2019) (the "PPP Act"), the State Enterprise Policy Office has informed about the interpretation of the Bank's state-owned enterprise status under section 4 of the PPP Act.

Regarding the impact of Labor Law, the Bank is in the process of discussing with the relevant authorities. However, the Krung Thai Labor Union was registered under the Labor Relations Act B.E. 2518 (1975).

Head of

Digital Solutions Group

Answer to question No. 2.: Attributable to the growth-oriented policies, both from the Open Banking Platform and the Financial Services Platform, the participation in government schemes has created an opportunity for the "Pao Tang" and "Thung Ngern" application to continue growing in business. From the implementation of such business extensions in government schemes, the Bank occasionally got compensation through a bidding process, such as the Student Loan Fund that provides users with "Pao Tang" application linked to Digital Student Loan.

Nevertheless, for schemes that do not have direct compensation, the Bank can also attain benefits from other alternative ways. For example, especially on liquidity and financial costs management, the Bank is capable to compete with the Bank's main competitors and also expand the small-store business to use the "Thung Ngern" application nationwide with a leap. Additionally, the Bank also created opportunities for the Bank to continuously invite customers from the government schemes to become the Bank's customers. This can be evidenced from the growth of Krungthai NEXT since the Bank has been able to take advantage of the opportunity to

significantly expand its customer base and provide exposure to various products during the government schemes timeframe.

Head of Corporate  
Secretariat Group

Answer to question No. 3.: Since the preferred shares have preferential rights in return better than ordinary shares, the preferred shares issued by the Bank have set the right to receive special dividends in addition to those received by ordinary shares. As a result, the dividend payout ratio received from the ordinary shares and preferred shares is different.

Head of Global  
Markets Group

Answer to question No. 4.: The AT1 instrument is a subordinated equity instrument or similar to ordinary shares, as well as considered as a Tier 1 fund with higher risk than a subordinated instrument to count as a Tier 2 fund previously issued by the Bank. Consequently, when considering the number of debentures that the Bank supposed to issue, the domestic market cannot handle large amounts of AT1 issuance.

In addition, the Bank has considered a number of factors such as international and domestic bond issuance regulations, the Bank's own demand for US Dollars as well as the lower issuance costs in US Dollars compared to Thai Baht. In particular, the Dollar interest rate of 4.4 percent is considered low when compared to its commercial bank counterpart.

Ms. Thanyaluck  
Sittikraisorn  
(Shareholder)

Suggestion: At the next meeting, the information related to the agenda for considering the election of Directors to replace the Directors who complete their term of office should be stated in the invitation letter.

In this regard, all suggestions of the shareholders have been delivered to the Management for the acknowledgement.