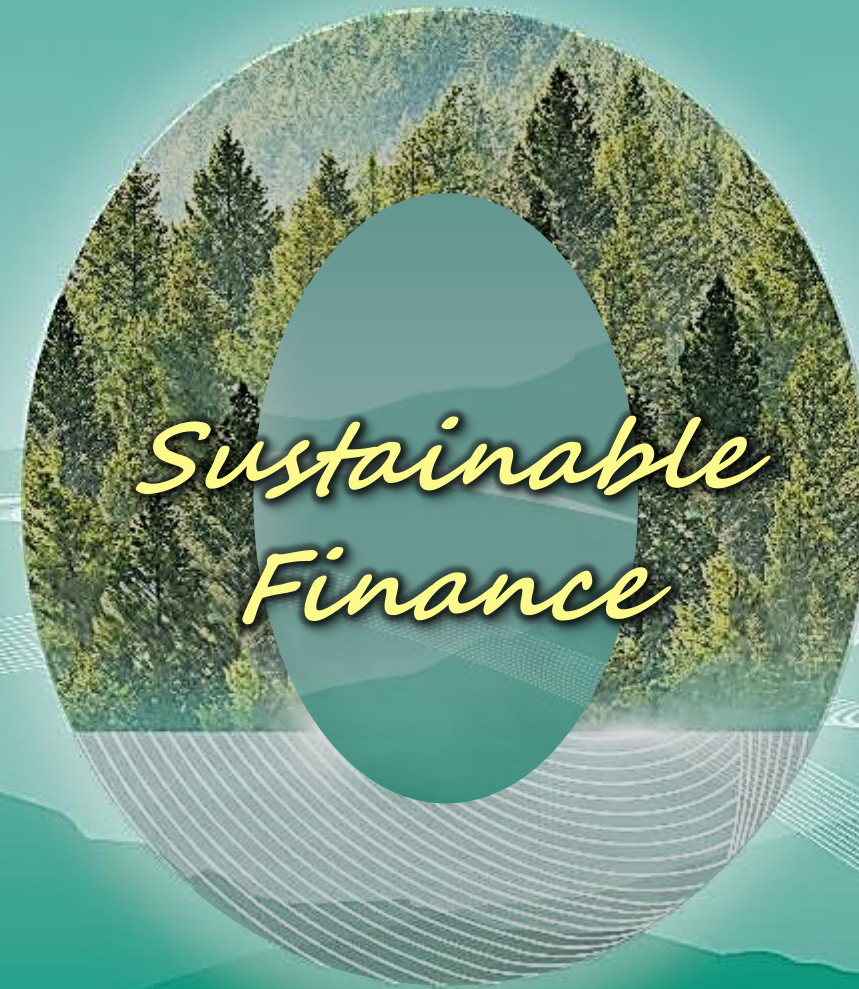




# SET AWARDS 2022

## Sustainability Excellence

2 September 2022, 8.00-8.45 am.



# KBank

## Transformation Path

2000-2010

### 1 Business Transformation

- KGroup
- Total financial solution
- Segment-based organizational structure
- Physical channel expansion & Excellent service quality

**As of Dec. 2010**

- 8.7 mn retail customers
- Bt 1,100 bn deposit outstanding
- Bt 1,080 bn credit outstanding
- 826 branches & 7,471 ATMs

2010-2020

### 2 Digital & Regional Expansion

- Digital Bank
- AEC+ 3
- Partnership & Ecosystem

**As of Dec. 2020**

- 17 mn retail customers
- Bt 2,345 bn deposit outstanding
- Bt 2,245 bn credit outstanding
- 12.5 mn K+ users (18% share)
- 16 overseas branches

2020 - Present

### 3 Bank of Sustainability

- Credit pillar
- Wealth pillar
- Payment pillar
- Beyond Banking pillar
- Climate pillar

**As of Jun. 2022**

- 19.7 mn retail customers
- 3.8 mn credit customers
- 660K mutual fund customers
- Bt 10 bn Sustainable Finance (New Booking)

# Bank of Sustainability

**K-Strategy** is reimagined to drive growth and empower customers

Purpose

**To Empower Every Customer's Life and Business**

Sustainability

**ESG**

**Beyond Banking & Innovation**

**Strong Brand**

Growth Strategy

Dominate Digital Payment

Reimagine Commercial & Consumer Lending

Democratize Investment & Insurance

Penetrate Regional Market

**Net Zero Society**

**E**

Net Zero In Own Operations

Decarbonized Financed Portfolio Emissions

Sustainability / Green Finance

Beyond Finance Solutions

**Financial for All**

**S**

Best Place to Work

Financial Inclusion  
Financial & Digital Literacy

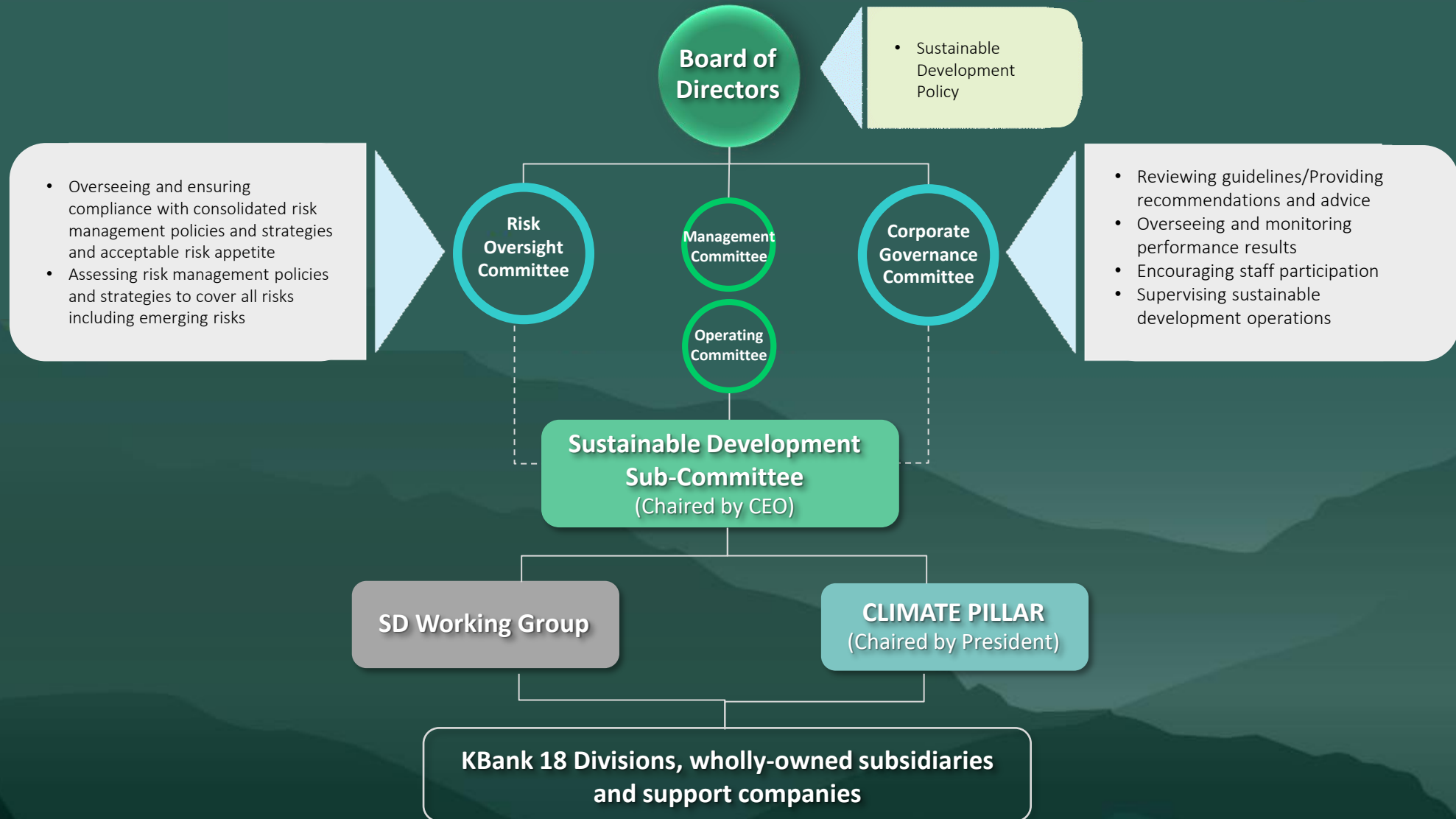
Respect for Human Rights

Social Responsibility

**G**

**Good Corporate Governance and Appropriate Risk Management**

# SUSTAINABLE DEVELOPMENT GOVERNANCE



# *Key Challenges*

A silhouette of a person in mid-air, jumping over a gap between two dark, jagged rock formations. The background is a bright, cloudy sky. A diagonal white line runs from the top right towards the bottom left, passing through the person's jump.

**1** Portfolio Decarbonization

**2** Financial Inclusion

# NET Commitment

- Net Zero in **OUR OWN OPERATIONS** (Scope 1 & 2) by 2030
- Net Zero in **OUR FINANCED PORTFOLIO** (Scope 3) in line with Thailand's aspirations, accelerating this journey where possible

Allocating at least **Baht 100 - 200 billion** in sustainable financing and investment by 2030

**Supporting customers** in the transformation to a Net Zero economy

1

Portfolio Decarbonization:  
*Minimizing risks*

# Sector Prioritization

**1** Materiality Assessment

**2** Feasibility Assessment

**3** Ability to Deliver



- Estimate emissions
- KBank's portfolio exposures



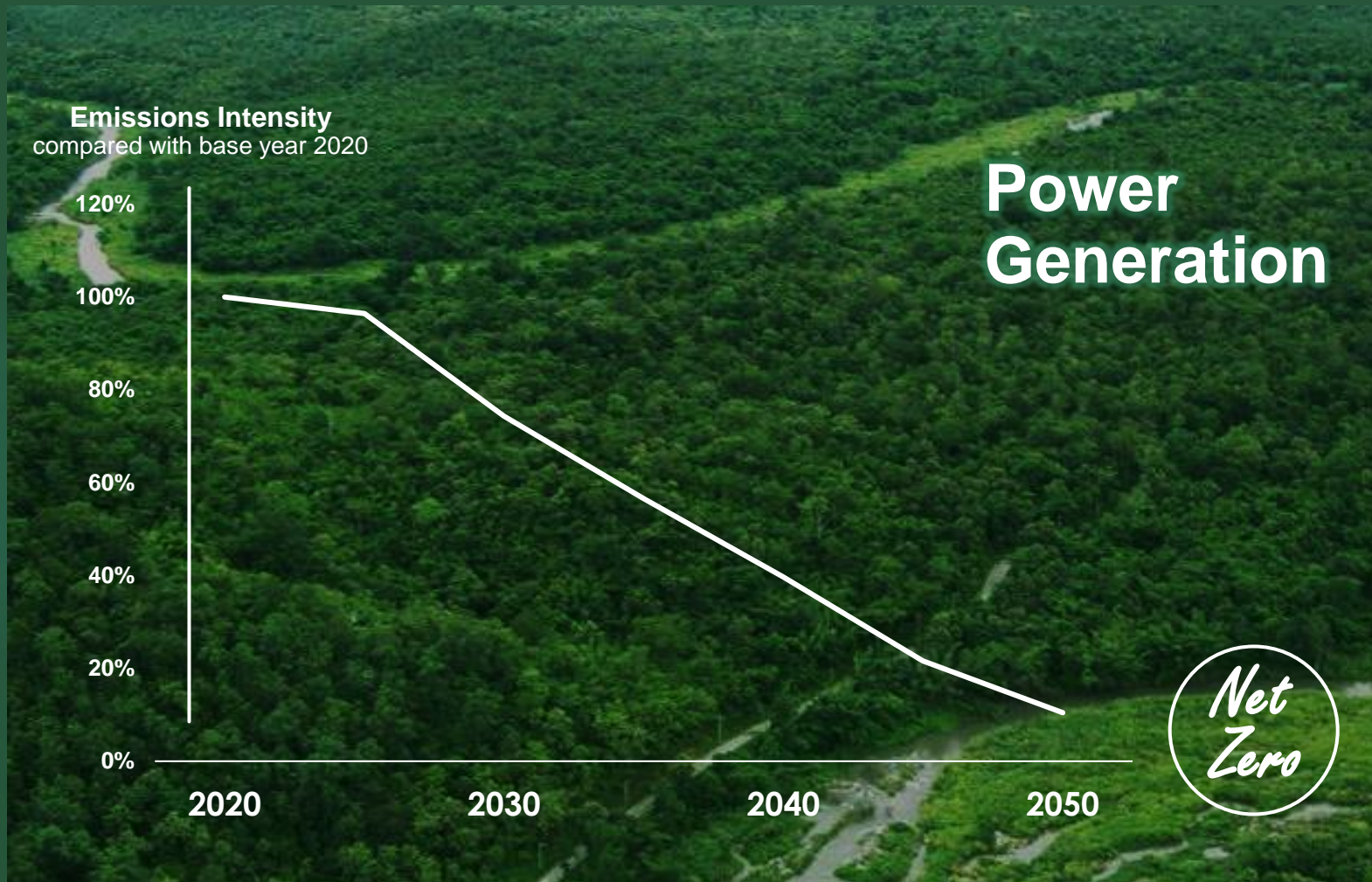
- Methodology availability
- Counterparty data availability



- Decarbonization trends in Thailand
- Complexity to execute (counterparties)
- Local context and social consideration



# Glidepath and Sector Strategy



## I. Reference Scenario

Select intensity scenario based on well-accepted, science-based information for a given sector.

*“SDS Scenario Emissions Intensity”*

## II. Baseline

Establish a methodology for measuring emissions/emissions intensity of portfolio.

*“Partnership for Carbon Accounting Financials: PCAF”*

## III. Momentum Pathway

Construct a projection of how emissions intensity of the portfolio might change in the next 5-10 years.

*“Commitment to phase out new coal-fired power plants by 2030”*

## IV. Glidepaths

Set a glidepath based on the convergence or trajectory approach.

*“Net zero by 2065 under SDS Scenario”*

## V. Bridging the gap

Size the impact and feasibility of various levers to meet the glidepath.

*“Decrease brown financing while increasing green financing”*



1

Portfolio Decarbonization:  
Increasing opportunities

GO GREEN  
*Together*

100-200 Billion Baht

Sustainable Financing and Investment by 2030



Renewable Energy



Green Building



Electric Vehicle



Circular Economy



Carbon Capture Technology

# Beyond Financial Solutions

SolarPlus Model



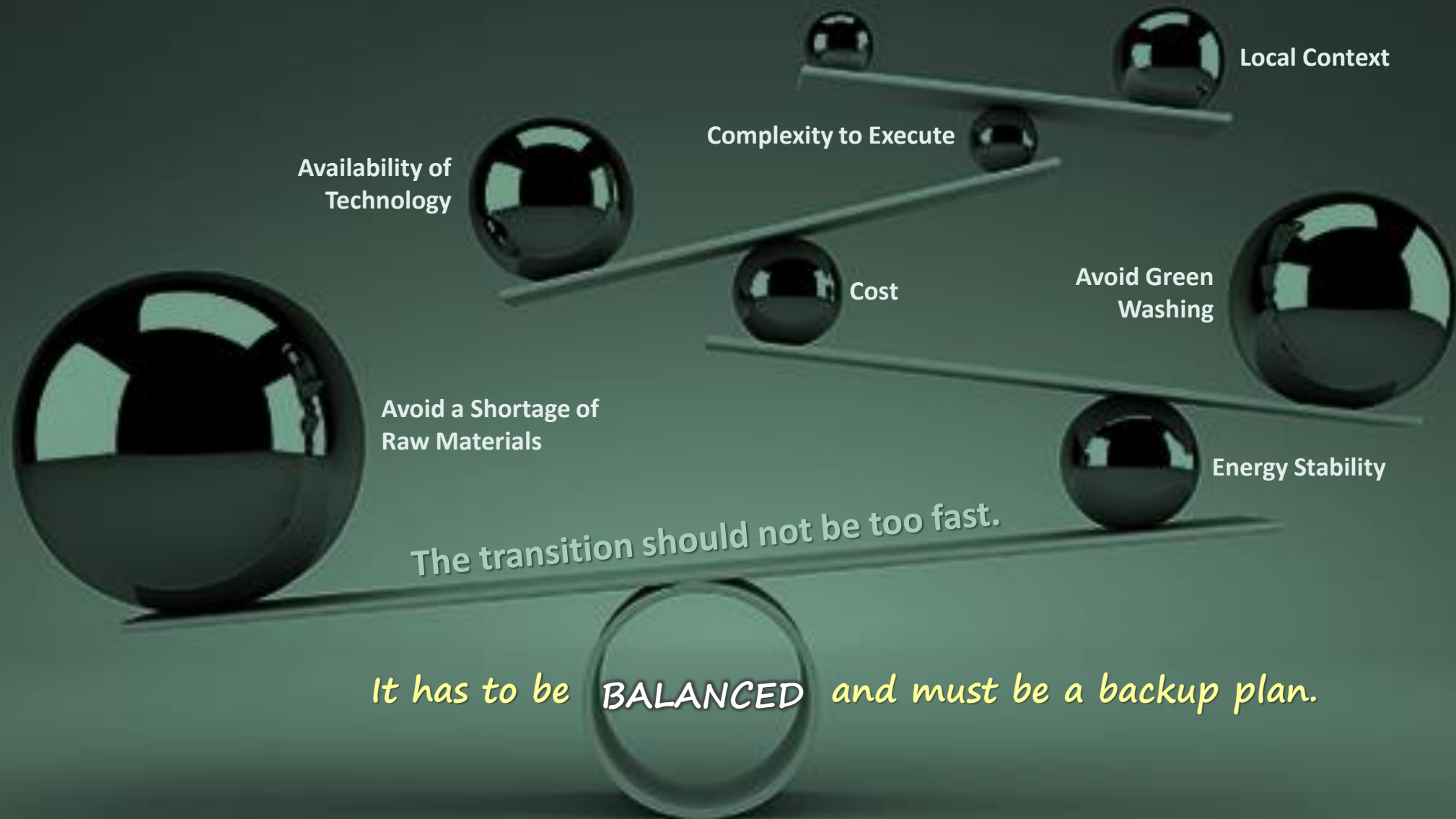
EV Ecosystem



GREEN LEASING



# Key Learnings





# POTENTIAL SOLUTIONS

## 1 GREEN TAXONOMY

- Comprehensive definition of green finance
- Methodology to measure impacts
- Legislation & financial support
- Standard setting for each industry

## 2 RWA & PROVISION TREATMENT

- Favorable RWA and provision treatment for green financing (based on taxonomy)

## 3 INCENTIVE

- To help accelerate green finance in Thailand

## 4 CAPABILITY BUILDING

- Cross-agency collaborations among regulators and financial institutions to build capacity to grow together

## 5 STAKEHOLDERS AWARENESS

- Company level, investors, and consumers



**To Empower**

**Every  
Customer's  
Life and  
Business**

**in Decarbonization**

# *Key Challenges*

A silhouette of a person in mid-air, jumping over a gap between two dark, jagged rock formations. The background is a cloudy sky with a teal color cast. A diagonal white line runs from the top right towards the bottom left, passing through the person's jump.

**1** Portfolio Decarbonization

**2** Financial Inclusion

# Reimagine Commercial & Consumer Lending

Offering lending services to small-pocket customers to include everyone in society with reasonable pricing

## SUBSIDIARIES & JV/IT CAPABILITIES

### Key Subsidiaries\*

#### KLeasing

- Outstanding Loans = Bt128bn
- Total Income = Bt2bn

### JV/ IT Capability

#### KLIN

Investment\*\* = Bt30bn

#### KBAO

Investment\*\* = Bt15bn

#### JK AMC

Investment\*\* = Bt20bn

Note : \* Key subsidiaries performance as of 1H22

\*\* Investment (including equity, asset transfer, etc.) for 3 years since the establishment; KBAO = JV with Carabao Group

## ACHIEVEMENT



### Reimagine Commercial & Consumer Lending

**Objective:** Offer lending services to small-pocket customers at their convenience with reasonable pricing



Self-service loan application in K PLUS for unsecured consumer loans



Develop **website for commercial loans** onboarding & commercial **self apply via K PLUS**



Self-service consent for NCB via K PLUS



Develop **new income validation model for self-employed**



Develop **customer integrated score at customer level**



K Pay later via K PLUS



**SUSTAINABILITY**

is a never-ending process

Seeking **INVOLVEMENT** and **ALIGNMENT**  
to create nationwide impacts and collaboration  
to enhance standards for ecosystems



**KASIKORNTHAI**

บริการทุกระดับประทับใจ