



## Risk Management Policy

Srisawad Capital 1969 Public Company Limited

## Table of Contents

	Page
1. Introduction	2
2. Objectives of Risk Management	2
3. Definitions and Terminology of Risk Management	4
4. Risk Management Structure of the Group	6
5. Roles, Duties, and Responsibilities in the Group's Risk Management	8
6. Risk Management Policy aligned with SAWAD Group (the Group")	13
6.1 Key Risk Categories of the Group and Each Company within the Group	13
6.2 Risk Management Framework and Process of the Group	18
6.3 Risk Control and Risk Management of the Group	26
6.4 Business Continuity Management (BCM) and Business Continuity Plan (BCP)	27

## 1. Introduction

The Risk Management Policy is established as a framework to guide risk management operations, and it is aligned with the SAWAD Group. The Policy serves as a tool to support employees in carrying out risk management and internal control activities across various areas, as well as to create a shared understanding of risk management and internal control practices throughout the organization. It enables the organization to effectively respond to changes in the operating environment.

The Group's Executive Committee intends to implement an integrated risk management and internal control system across the entire organization. Recognizing the necessity and importance of effective risk management, the Group has developed a risk management system to be applied by employees at all levels, covering the organization as a whole.

To support these objectives, the Group has established a Risk Management Department and appointed the Group Risk Management Committee, as well as the Group Risk Working Team, to oversee and be responsible for the Group's risk management activities. In addition, the Group has formulated this Risk Management Policy as part of its Risk Management Manual. The Policy has been revised and aligned with the nature of the Group's business operations.

This Risk Management Policy is prepared with reference to the relevant regulations of the Bank of Thailand and recognized best practices in risk management.

## 2. Objectives of Risk Management

2.1. The Group aims to promote risk management practices aligned with the enterprise-wide risk management framework, by adopting the integrated Enterprise Risk Management (ERM) framework of COSO – ERM (The Committee of Sponsoring Organizations of the Treadway Commission, Enterprise Risk Management – Integrated Framework) as a common guideline across all companies within the Group. Risk management shall be incorporated into decision-making, strategy formulation, planning, and operational processes of the Group.

2.2. To establish measures and guidelines for managing residual risks to remain within the organization's acceptable risk level, by determining effective measures to reduce the likelihood and/or impact of potential risks. This ultimately supports the achievement of organizational objectives at both the corporate and departmental levels.

- 2.3. To enable the identification of unforeseen risks or crisis and to ensure appropriate and timely responses in order to reduce potential losses or damage to the organization.
- 2.4. To ensure that all departments are responsible for identifying, assessing, and consistently managing significant risks, including those associated with new events, activities, processes, and/or projects, as well as any material internal changes. All risk assessments must consider the organization's risk appetite and practical feasibility within a reasonable cost.
- 2.5. To ensure continuous communication and dissemination of risk management knowledge to executives and employees at all levels, and to develop personnel to understand and recognize their ownership of risks, as well as to encourage collaborative risk management within their respective areas of responsibility.
- 2.6. The Risk Management Committee integrates risk management into day-to-day business operations and strategic planning, with the objective of balancing risk and return through robust risk oversight and by cultivating a strong risk management culture. This culture encourages executives and employees at all levels to remain mindful of risks, consider potential impacts, and apply appropriate risk mitigation strategies.
- 2.7. The Risk Management Committee oversees the Group's risk management practices to ensure alignment with the policy, and provides comments, recommendations, and follow-up to enhance the effectiveness and efficiency of the Group's risk management.
- 2.8. The purpose of establishing fundamental risk management policies and control processes is to maintain financial standards, enhance the Group's value, and ensure that all companies within the Group operate with strong governance practices consistent with the regulatory requirements of the Bank of Thailand.
- 2.9. Risk management serves as a foundation of good corporate governance, enabling the organization to grow and expand its business in a stable manner. Effective risk management supports the Group in creating sustainable value and achieving appropriate returns from its operation.
- 2.10. To ensure that executives and employees at all levels recognize their responsibilities, including actions that may affect the organization as a whole.

### 3. Definitions, Meanings, and Terms Used in Risk Management

3.1 “Group” Means Srisawad Corporation Public Company Limited and all subsidiaries in which shares are held by and which are under the control of Srisawad Corporation Public Company Limited.

3.2 “Supporting Business” Means a business having the following characteristics:

3.2.1 Engaging in operational activities or activities that directly facilitate the conduct of financial business, in order to support the achievement of financial business objectives; and

3.2.2 Providing services to other people.

Notwithstanding the foregoing, information technology, data research, legal services, and asset valuation businesses, although classified as supporting businesses, may also offer services to the general public. However, such businesses are required to generate the majority of their revenue from providing services to the persons identified above, rather than from services provided to the general public.

3.3 “Parent Company” Means Srisawad Corporation Public Company Limited.

3.4 “Authorized Person” Means:

3.4.1 A director, executive director, or managing director of the Company, as the case may be, or a person holding an equivalent position under any other title.

3.4.2 A person with whom the Company has entered into a contract granting authority to manage all or part of the Company’s operations; or

3.4.3 A person who, by circumstance, has the power to control or dominate the manager, director, or management of the Company, such that such persons act in accordance with that person’s instructions in determining policies or conducting the Company’s operations.

3.5 “Executive Director” Means:

3.5.1 A director performing management duties in the position of managing director, deputy managing director, assistant managing director, or an equivalent position under any other title;

3.5.2 A director responsible for, or participating in, any management activities in the capacity of an executive, including members of the Executive Committee.

3.5.3 A director is authorized to bind the Company by his or her signature, except in respect of specific transactions that have been approved by the Board on a case-by-case basis and that require joint execution with another director.

**3.6 “Related Person”** Means a person who has a relationship with another person in any of the following manners:

3.6.1 A spouse.

3.6.2 A minor child or adopted minor child.

3.6.3 A company over which such person, or a person under Clauses 3.6.1 or 3.6.2, has management authority

3.6.4 A company in which such person, or a person under Clauses 3.6.1 or 3.6.2, controls the majority of voting rights at shareholders’ meetings.

3.6.5 A company in which such person, or a person under Clauses 3.6.1 or 3.6.2, has the power to appoint or remove directors.

3.6.6 A subsidiary of a company under Clauses 3.6.3, 3.6.4, or 3.6.5.

3.6.7 An associate company of a company under Clauses 3.6.3, 3.6.4, or 3.6.5.

3.6.8 A principal, agent, or any other person having characteristics as prescribed by notifications of the Bank of Thailand.

Where any person holds, directly or indirectly, shares of any company amounting to twenty percent (20%) or more of the total issued shares, such company shall be presumed to be a related person of that individual, unless proven otherwise.

**3.7 “Major Shareholder”** Means a person who holds more than five percent (5%) of the total issued shares of the Company, including shares held by related persons.

**3.8 “Credit Extension”** Means the granting of loans, the purchase, discounting, or rediscounting of bills of exchange, the assumption of creditor status as a result of payment or an order to pay for the benefit of a customer, or the assumption of creditor status arising from payments made under letters of credit or other obligations.

3.9 “Off-Balance Sheet Commitment” Means commitments as specified under notifications of the Bank of Thailand.

3.10 “Transactions Similar to Credit Extension” Means hire-purchase ,leasing ,and other transactions having characteristics similar to credit extension as prescribed by notifications of the Bank of Thailand (Definition pursuant to Section 4 of the Financial Institutions Business Act B.E. 2551 (2008)).

3.11 “Intra-Group Transactions” Means all types of on-balance-sheet and off-balance-sheet transactions conducted among companies within the Group.

3.12 “Key Risk Indicators (KRIs)” Means tools that assist management in identifying the level of risk at a given point in time through measurements based on defined risk factors.

3.13 “Risk Map” Means a diagram illustrating the relationships among risk factors within the organization, considering various categories of risk factors and their connections, in order to better understand potential related impacts.

3.14 “Risk Management Policy” Means this “Policy.”

3.15 “Srisawad Group” Means the “Group.”

3.16 “Board of Directors” Means the “BoD.” The Risk Management Committee has been appointed by the Executive Committee of the Group.

#### 4. Risk Management Structure of the Group

The Group has established a clear and well-defined risk management structure. The Board of Directors is responsible for overseeing and ensuring that risk management is appropriately and effectively implemented by management throughout the organization.

Risk management responsibilities are shared among personnel at all levels, ranging from general staff to senior management and the Board of Directors, in order to ensure comprehensive and enterprise-wide risk management.

The Srisawad Corporation Group consists of Srisawad Corporation Public Company Limited and its subsidiaries, comprising seven (7) direct investment companies and six (6) indirect investment companies. The business nature of each company is summarized as follows:

#### Group Structure and Investment Details

No.	Company Name	Nature of Business	Shareholding (%)
1	Srisawad Corporation Public Company Limited	Investment holding company	–
<b>Direct Investments</b>			
2	Fast Money Company Limited	Regulated personal loan services	99.99
3	SWP Asset Management Company Limited	Asset management	89.33
4	Srisawad Power 2014 Company Limited	Debt collection services, lending services, non-life insurance brokerage	99.99
5	Srisawad International Holding Company Limited	Investment holding company	99.67
6	Srisawad Capital 1969 Public Company Limited	Regulated personal loan services	72.05
7	P Lending Company Limited	Credit platform service provider	75.00
8	Srisawad Digital Company Limited	Digital personal loan services	99.99
<b>Indirect Investments (via Srisawad International Holding Company Limited)</b>			
9	SWP Services Company Limited	Management and advisory services	99.99
10	Srisawad Vietnam LLC	Credit sales and lending services	70.00

No.	Company Name	Nature of Business	Shareholding (%)
11	Srisawad Hire Purchase (Lao) Company Limited	Lending services	99.99
<b>Indirect Investments (via Srisawad Capital 1969 Public Company Limited)</b>			
12	S Leasing Company Limited	New motorcycle hire-purchase lending services	90.00
13	Cathay Leasing Company Limited	New motorcycle hire-purchase lending services	99.99
14	Sawad Rung Reung Finance (Cambodia) PLC	Lending services in Cambodia	75.00
<b>Indirect Investments (via Srisawad Power 2014 Company Limited)</b>			
15	Srisawad Power 2022 Company Limited	Regulated personal loan services	99.99

## 5. Roles, Duties, and Responsibilities for Risk Management

### Key Bodies / Functions and Their Roles & Responsibilities

- **Group Executive Committee (Parent Company)**

1. Oversee, acknowledge, consider, and continuously review the Group's risk management to ensure that, at an overall level, the Group maintains sufficient and appropriate risk management.
2. Recognize the Group's key risks and promote appropriate enterprise-wide risk management by management, to provide stakeholders with assurance that such risks are effectively managed.
3. Prepare and review the Group Risk Management Policy. Such Policy shall be approved by the Parent Company's Board of Directors and submitted to the Bank of Thailand on an annual basis and whenever there is any material change in the structure or operations of the Group, within thirty (30) days from the date on which the Parent Company's Board approves such Policy.

4. Establish risk management guidelines for the Group.
5. Ensure that subsidiaries within the Group comply with the criteria prescribed by the Bank of Thailand and with policies established by the Parent Company.
6. Ensure that the Group maintains an effective internal control system and adequate risk monitoring mechanisms.
7. Ensure that there are processes at Group level to measure, manage, monitor, control, report, and review risks arising from within the group transactions on a regular basis at least annually, or when a material impact event occurs, and ensure sufficient disclosure of information related to such within the group transactions.
8. Disclose the intra-group transaction policy and the risk management policy relating to risks arising from intra-group transactions in the Annual Report.
9. Provide appropriate financial support to companies within the Group in line with the Group's strategy, or to ensure that the Group's capital is maintained in accordance with the criteria prescribed by the Bank of Thailand.
10. Notify the Bank of Thailand of any changes that may materially increase risk, particularly changes that may affect the financial condition and reputation of the Group.
11. Prepare sufficient information for both entity-level and Group-wide views to facilitate examination by Bank of Thailand financial institution examiners (e.g. financial statements and key financial information).
12. Establish a Group Risk Management Committee to control, monitor, and ensure that Group companies implement the risk management policy and comply with the criteria prescribed by the Bank of Thailand.
13. Establish a Group Audit Committee to oversee and monitor compliance with Group policies and to review the Group's financial reports to ensure accuracy and adequacy.

- Risk Management Committee

1. Propose the overall risk management policy to the Board of Directors, covering material risks such as credit risk, market risk, liquidity risk, operational risk, strategic and reputational risk, and other relevant risks, including:
  - Providing recommendations to the Board on Risk Appetite, Risk Tolerance, and Risk Strategy for the Group and business units.
  - Providing opinions to the Board in approving Risk Level and Risk Concentration, within the Board-approved Risk Appetite.
  - Approving key policies and frameworks used to govern risk management, including risk governance matters as delegated by the Board.
2. Establish strategies consistent with the risk management policy, ensuring that such strategies enable assessment, monitoring, and oversight to maintain the Group's risk profile at an appropriate level, including:
  - Approving supplemental risk limits as specified in relevant policies and frameworks.
  - Reviewing the adequacy of the Group's risk management policies and systems, as well as their effectiveness in identifying, measuring, aggregating, controlling, and reporting risks.
3. Report risk management performance, risk issues, and risk mitigation measures to the Board of Directors, and escalate matters requiring corrective actions to ensure effective implementation of the policy.
4. Provide guidance on developing and maintaining a risk-aware culture through procedures, training, and leadership practices, ensuring that executives and employees at all levels recognize the broader impact of their actions on the Group and their respective business units.

5. Control, monitor, and ensure that companies within the Group comply with the risk management policy and the criteria prescribed by the Bank of Thailand.
  6. Assess the risk management performance of the Group and report to the Board of Directors at least once (1) per year. In the event of incidents that may affect the stability of the Group, report to the Board promptly.
  7. Oversee and ensure that companies within the Group maintain capital in accordance with the criteria prescribed by the Bank of Thailand.
- **Audit Committee**
    1. Oversee and monitor compliance with the Group's policies and guidelines.
    2. Review the Group's financial reports to ensure that they are accurate and adequate.
  - **Risk Management Function (Subsidiary Level)**
    1. Prepare and update risk management policies, frameworks, and risk management manuals as prescribed by the Parent Company and submit them to the Risk Management Committee for consideration, approval, and/or comments, as applicable.
    2. Support the Risk Management Committee in identifying and assessing risks and in defining additional risk action plans and/or risk mitigation measures.
    3. Consolidate risk information and risk management actions from the Risk Management Committee for analysis and preparation of risk reports, progress updates on plans and mitigation measures, for submission to the Risk Management Committee, and in the event of material changes affecting the Group, in accordance with the established risk reporting framework.
    4. Monitor and compare risk management results against operational plans and established risk management targets, including issues and obstacles, and report to the Risk Management Committee.
    5. Arrange Risk Management Committee meetings on a quarterly basis and coordinate meetings with relevant functions in accordance with the established plan.

6. Support the Risk Management Committee in promoting enterprise-wide risk understanding and consistent implementation of the risk management framework to achieve the Group's risk management objectives.
7. Establish clear, effective, and timely communication channels for risk-related information and the risk management system, and provide appropriate communication, guidance, and risk management training to all Group functions.
8. Perform other duties as assigned by the Risk Management Committee and the Group Executive Committee.
9. Prepare the Risk Map to demonstrate the relationships among internal risk factors, considering various risk categories, linkages among risk factors, and root causes, to better clarify potential interrelated impacts.
10. Establish an organizational structure that supports effective risk management, including clearly defined scopes of authority.
11. Ensure comprehensive risk management across all areas as specified in the Group Risk Management Policy.
12. Implement performance monitoring and internal control systems in a complete and effective manner.
13. Identify, measure, monitor, and control risks in accordance with the Group Risk Management Policy.
14. Conduct a Self-Risk Assessment covering at least five (5) risk categories at least once per year at the end of each accounting period in December.
15. Develop and maintain a Business Continuity Plan (BCP) and manage operations in accordance with the plan to ensure business continuity in the event of abnormal incidents, in compliance with the Company's Business Continuity Policy and BCP guidelines.
16. Prepare clear operating manuals and work instructions for all transactions as operational standards and regularly update and review such manuals to ensure they remain current.

17. Submit information to the Parent Company as required by the Bank of Thailand and as requested by the Parent Company for supervisory purposes.
18. Prepare to accommodate examinations/audits by the Parent Company in accordance with the audit plan, and by the Bank of Thailand when necessary.
19. Significant subsidiaries under Solo Consolidation should establish their own risk management systems to manage, control, and monitor their risks, and should understand and recognize risks that may impact on the Group, including risks arising from transactions with other Group companies appropriately and effectively.

## 6. Group Risk Management Policy

The Group has established a consolidated risk management approach for the Group to ensure that it can achieve its objectives and enhance operational effectiveness in accordance with good governance practices, in response to the current business environment characterized by rapid change and intense competition.

The Group has appointed a Risk Management Committee (Risk Management Committee: RMC), comprising directors and senior executives, to set risk management directions, develop and enhance the enterprise risk management system, promote cooperation across all organizational levels, and oversee the overall risk profile to remain within an acceptable level of risk (**Risk Appetite**). The Group Risk Management Policy covers the following four (4) areas:

1. Key risk types of the Group and of each company within the Group.
2. The Group risk management framework and process.
3. Risk control and risk management of the Group; and
4. Business Continuity Management (BCM) and the Business Continuity Plan (BCP).

### 6.1 Key Risk Types Prioritized by the Group

The material risks of the Group comprise five (5) categories: Strategic Risk, Credit Risk and Credit Concentration Risk, Market Risk, Liquidity Risk, and Operational Risk. In addition, companies within the Group shall prepare a Risk Map to demonstrate linkages among internal

risk factors, considering risk categories, interconnections among risk factors, and root causes, in order to better understand potential interrelated impacts.

### 6.1.1 Strategic Risk

Strategic Risk refers to risks arising from inappropriate or ineffective strategic planning, operating plans, and/or execution, or misalignment with internal factors and the external environment. This includes risks from changes in laws, rules, and regulations issued by regulators, the enactment of new laws that affect operating procedures, the inability to adapt to technological changes, and severe competition in the personal loan business, vehicle-title secured personal loans, hire-purchase, and non-life/life insurance brokerage businesses. Such risks may impact on costs, revenue, capital adequacy, reputation, or even the going concern of the Parent Company and subsidiaries.

### 6.1.2 Credit/Default Risk

Credit/Default Risk refers to the risk of loss arising from a counterparty's inability to perform contractual obligations, including the risk of counterparty downgrade, which may impact income and the maintenance of the Parent Company's economic capital. Credit risk exposures include:

- Credit extension or transactions similar to credit extension (e.g., hire-purchase and leasing).
- Off-balance-sheet commitments (e.g., acceptances, Avals, guarantees, and financial derivatives contracts).
- Purchase or investment in securities issued by companies within the Group and
- Purchase or sale of assets, including sale-and-repurchase transactions.

Credit risk is a critical risk for the Group as lending is the Group's core business activity. Key credit risk areas prioritized by the Group include:

- **Credit Concentration Risk:** risk arising from extending credit, investing, undertaking commitments, or conducting credit-like transactions to a single

debtor group or business sector in excessive amounts. If losses occur, this may affect the financial condition and operating capability of companies within the Group. Therefore, the Company and subsidiaries aim to appropriately diversify credit across customer segments, focus on customers with strong potential, and control concentration within any single segment. The Group manages credit portfolio risks and regularly monitors, analyzes, and reports to relevant committees.

- **Non-Performing Loan (NPL) Risk:** risk arising from non-performing loans or non-income generating debts (i.e. debtors past due from 90 days). This is a key issue as it impacts revenue and operating performance. The Group emphasizes credit quality over credit volume and controls credit quality through prudent lending and by establishing policies and procedures to regularly monitor credit quality.
- **Collateral Recovery Risk:** risk arising from the inability to trace and recover collateral. Some loan products use cars and motorcycles as collateral; if the Group is unable to locate and liquidate such collateral to settle debts, this may adversely affect the Group's business, financial condition, and operating results.

### 6.1.3 Market Risk

Market Risk refers to the risk of loss arising from changes in the value of assets, liabilities, and commitments due to movements in interest rates, exchange rates, equity prices, and commodity prices. Market risk within the Group arises in connection with providing financial services to customers, business competition, and service channels.

### 6.1.4 Liquidity Risk

Liquidity Risk refers to the risk that an entity is unable to meet its debts or contractual obligations when due because it cannot convert assets into cash in a timely manner, cannot obtain sufficient funding, can obtain funding only at a cost exceeding an acceptable level, or relies excessively on a single funding source. This may affect income and capital both in the present and in the future.

Liquidity risk management begins with assessing cash flows and liquidity positions over different time horizons, recognizing that the Group's funding needs may vary to support debt maturities, reductions in other liabilities, or increases in assets. The Group also maintains contingency plans to address potential liquidity stress and reviews such plans when significant events occur that may materially affect plan execution.

**Interest Rate Risk** refers to the risk arising from interest rate levels or maturity mismatches, or where reference rates for assets and liabilities change in a non-aligned manner, affecting funding costs and/or shareholder value. Key drivers include economic conditions, inflation, and monetary policy actions by the Bank of Thailand and major central banks, which may directly affect interest rate direction and levels, influence cross-border capital flows, and indirectly impact domestic interest rates.

#### 6.1.5 Operational Risk

Operational Risk refers to the risk of loss resulting from inadequate governance or lack of corporate governance, and inadequate controls, which may relate to internal processes, people, systems, or external events, and may affect income and capital. This includes legal risk but excludes strategic risk and reputational risk. Key operational risk drivers for the Group include:

##### Internal Factors

- Effectiveness of internal processes and internal control systems, including operating processes supporting business activities and HR-related processes.
- People risk, including sufficiency of headcount, qualifications, performance, and integrity, as well as service quality and customer care, understanding of increasingly complex products and services, and suitability of product offering/sales practices.

- System risk, including system capability to support operations, controls and monitoring to limit losses, complexity that may create risk, information security, processing accuracy, and technology changes/development.
- Loss or damage of contracts or collateral documents due to fire. Contracts and collateral documents are critical evidence for legal proceedings; loss or damage may affect business operations.

#### External Factors

- External misconduct such as theft or fraud involving assets or information, and money laundering.
- Public disasters, natural disasters, or civil unrest which may damage the Group's assets and affect customers' repayment ability.
- Enhancements to existing regulations or new regulations from domestic and overseas authorities/regulators, with increasing stringency globally.
- Cyber risk and information technology threats, which are rapidly increasing in frequency, variety, and complexity in line with a significant digital transformation landscape.
- Pandemic risk, which directly affects the lives and health of customers, employees, and impacts both asset quality and operational efficiency.

#### 6.1.6 Major Shareholder Concentration Risk

Major Shareholder Concentration Risk refers to risks that may arise where a major shareholder holds a significantly larger shareholding than the next largest shareholder, enabling control and influence over voting at shareholders' meetings and potentially hindering checks and balances or scrutiny of agenda items proposed by shareholders.

## 6.2 Group Risk Management Framework and Process

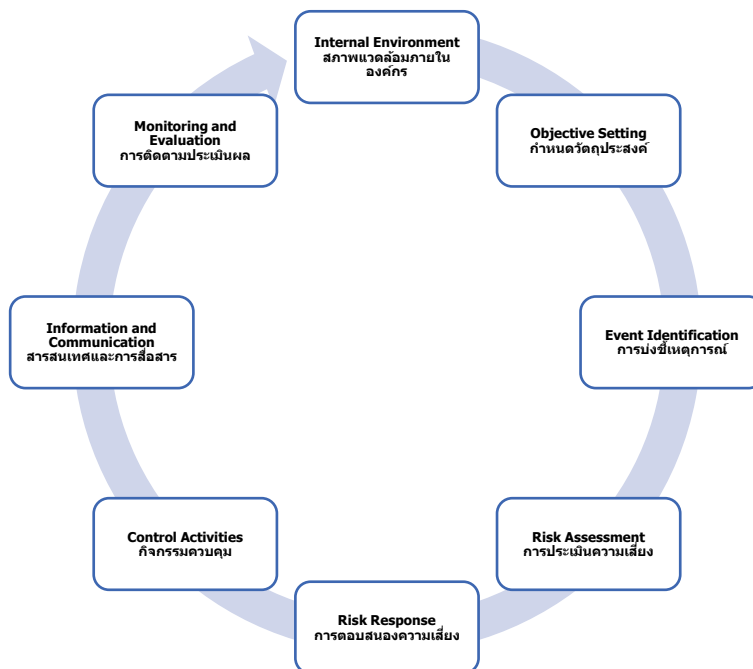
### Risk Management Framework and Process

The Group’s risk management framework and process is based on internationally recognized standards, including COSO ERM (Enterprise Risk Management – Integrated Framework 2017) and ISO 31000: Risk Management, to ensure consistent risk management practices across the organization for executives and employees.

The Group’s risk management process comprises eight (8) key components:

1. Internal Environment
2. Objective Setting
3. Event Identification
4. Risk Assessment
5. Risk Response
6. Control Activities
7. Information and Communication
8. Monitoring and Evaluation

Enterprise Risk Management Framework COSO



### 1) Internal Environment

The internal environment forms a fundamental basis of the risk management framework and significantly influences the formulation of the organization's strategy and objectives, the determination of activities, and the identification, assessment, and management of risks.

The internal environment refers to factors such as ethical values, management philosophy and operating style, leadership practices, organizational structure, and the assignment of authority and responsibilities. Management shall establish these elements in collaboration with employees throughout the organization in order to foster risk awareness, risk consciousness, and effective internal controls among all personnel.

### 2) Objective Setting

The organization shall establish clear business objectives to ensure that such objectives are aligned with strategic goals and the level of risk that the organization is willing to accept. Objective settings shall be managed within the boundaries of the approved **Risk Appetite** and **Risk Tolerance**.

### 3) Event Identification

In the event identification process, all relevant risk factors that may arise shall be considered, including strategic, financial, human resources, operational, legal, tax, system, and environmental risks, as well as the interrelationships among potential events and risk sources arising from both internal and external environments.

#### External Environment

The external environment refers to factors outside the organization that influence its objectives, such as:

- Cultural, political, legal, regulatory, financial, technological, economic, and competitive environments at both domestic and international levels.
- Key drivers and trends affecting organizational objectives; and
- Acceptance, expectations, and values of external stakeholders.

## Internal Environment

The internal environment refers to factors within the organization that influence its objectives, such as:

- Organizational capabilities in terms of resources and knowledge, including capital, time, personnel, processes, systems, and technology.
- Information systems, information flows, and both formal and informal decision-making processes.
- Internal stakeholders.
- Organizational policies, objectives, and strategies.
- Risk awareness, organizational values, and corporate culture.
- Standards and models developed by the organization; and
- Organizational structures, including management systems, roles, responsibilities, and accountability.

## 4) Risk Assessment

Risk assessment is conducted subsequent to risk identification and consists of the following key processes:

### 4.1 Risk Analysis

Risk analysis considers the causes and sources of risk, the potential consequences (both positive and negative), and the likelihood of such consequences occurring. Factors influencing impact and likelihood shall be identified, recognizing that a single event or situation may affect multiple objectives. The analysis shall also consider existing risk mitigation measures and assess their effectiveness.

### 4.2 Risk Evaluation

Risk evaluation compares the level of risk derived from risk analysis with the acceptable risk level (**Risk Appetite**). Where the risk level exceeds the acceptable criteria, such risks shall be addressed without delay.

### 4.3 Risk Criteria Determination

Risk assessment criteria reflect the organization’s values, objectives, and resources. Some criteria may be derived from legal requirements, regulatory obligations, or standards imposed by supervisory authorities or affiliated bodies. The criteria shall be aligned with the organization’s risk policy and reviewed on a regular basis.

#### Factors Considered in Establishing Risk Criteria

- Nature and types of potential impacts and methods for evaluating impacts.
- Approaches for determining likelihood.
- Time horizons of likelihood and impact.
- Methodology for determining risk levels.
- Acceptable levels of risk; and
- Risk levels require treatment.

#### Likelihood of Risk Occurrence

Likelihood refers to the probability that a risky event may occur. Likelihood and potential loss severity are classified into five (5) levels, with specific definitions established for each level.

Level	Description
5	Almost Certain
4	Likely
3	Possible
2	Unlikely
1	Rare

#### Impact of Risk

Impact refers to the level of damage arising from a risk event. Impacts are assessed across five (5) dimensions:

1. Financial impact.
2. Reputational and corporate image impact.
3. Impact from non-compliance with laws, rules, and regulations.

4. Impact on personnel; and
5. Impact on delays in critical projects.

Each dimension is classified into five (5) levels, with defined criteria for each level.

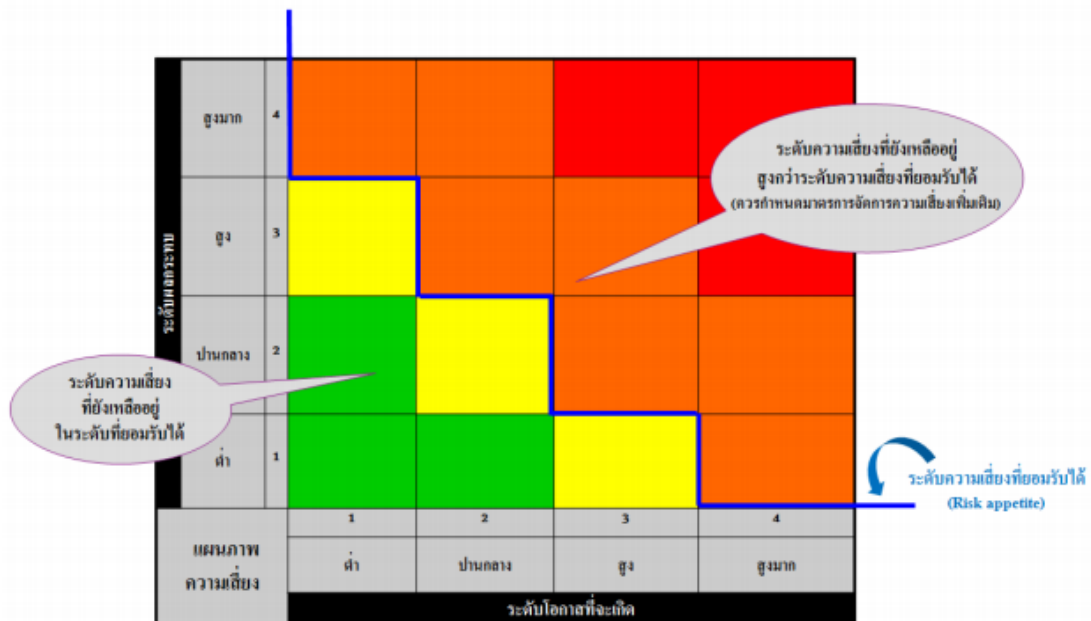
Level	Description
5	Critical
4	Significant
3	Moderate
2	Minor
1	Insignificant

### Risk Map

A Risk Map is a tool used to report assessed risk levels by illustrating the relationship between risk likelihood and risk impact. It consists of two axes:

- Risk Impact Axis; and
- Risk Likelihood Axis.

The Risk Map is used to prioritize risks into categories, namely High (Red), Moderately High (Orange), Medium (Yellow), and Low (Green).



### Actions Following Risk Assessment Results

After the risk assessment results have been obtained, the Risk Management Function shall undertake the following actions:

- Analyze and summarize the assessment results using the Risk Map above and prioritize key risk issues.
- Present the assessment results to the Risk Management Committee for consideration, including the selection of material risks requiring active management and the designation of responsible management units to develop additional risk mitigation measures beyond existing controls.
- Present material risk issues and the prescribed mitigation measure to the Executive Committee, the Audit Committee, and the Risk Management Committee for acknowledgment.

### 5) Risk Response

Risk Response refers to actions taken after the organization has identified risks and assessed their significance. Risks shall be addressed using appropriate response strategies to reduce potential losses or the likelihood of impact on levels acceptable to the organization.

### 6) Control Activities

Control Activities refer to policies and operational procedures designed to ensure that risks are managed within acceptable levels and to prevent adverse impacts on organizational objectives. Control activities may be classified into four (4) types:

1. **Preventive Controls** designed to prevent risks or errors from occurring in the first place.
2. **Detective Controls** designed to identify errors or incidents after they have occurred.
3. **Directive Controls** are designed to encourage or promote actions that lead to the achievement of desired objectives.
4. **Corrective Controls** are designed to correct errors or issues that have occurred and to prevent their recurrence in the future.

In implementing control activities, consideration shall be given to cost efficiency, balancing implementation costs against expected benefits.

## 7) Information and Communication

Effective information and communication systems are essential for identifying, assessing, and managing risks. Relevant information from both internal and external sources shall be properly recorded and communicated to personnel throughout the organization in an appropriate form and in a timely manner, enabling them to perform their duties and responsibilities effectively.

Risk management communication includes reporting on risk management activities so that all personnel are aware of existing risks and the outcomes of risk management efforts. Effective communication shall encompass top-down, bottom-up, and cross-functional communication.

Risk management utilizes both historical and current information. Historical information helps identify trends and forecast future performance, while current information assists management in assessing risks within processes, functions, or units, enabling timely adjustments to control activities to maintain risks within acceptable levels.

## 8) Monitoring

The risk management process requires ongoing communication regarding risk assessments, control effectiveness, progress in risk management actions, monitoring of key risk trends, and the occurrence of unusual events to ensure that:

- **Risk Owners** regularly monitor, assess, analyze, and manage risks under their responsibility in an appropriate and consistent manner.
- Risks with significant impact on the achievement of organizational objectives are reported, including progress of risk management actions and risk trends, to responsible executives and the Risk Management Committee; and
- Internal control systems are adequate, appropriate, effective, and implemented in practice to prevent or mitigate risks, with continuous improvement to align with changing circumstances or emerging risks.

The Risk Management Function shall report risk status and the risk management process to the Risk Management Committee for acknowledgment and/or consideration.

#### **Risk Assessment Process of the Group**

Each company within the Group shall conduct a Self-Risk Assessment covering at least five (5) risk categories: Strategic Risk, Credit Risk, Market Risk, Liquidity Risk, and Operational Risk, at least once per year at the end of each accounting period in December.

Such self-risk assessments shall be approved by the Board of Directors or the Management Committee of each company and submitted to the Parent Company, enabling the Group Risk Management Committee to assess the Group's overall risk management performance and report to the Parent Company's Board of Directors at least once per year.

#### **Process for Establishing the Group Risk Management Policy**

The establishment and review of the Group Risk Management Policy shall be subject to approval by the Parent Company's Board of Directors. The Policy shall be reviewed at least once per year and whenever material changes occur and shall be reported to the Bank of Thailand annually within thirty (30) days from the date of Board approval.

#### **Compliance with the Group Risk Management Policy**

1. All companies within the Group and all functions involved in Group risk management shall strictly comply with the Group Risk Management Policy.
2. Any operations or activities that do not comply with the Group Risk Management Policy require approval from the Parent Company's Board of Directors, or from committees or units delegated by the Board, or from relevant supervisory authorities, as applicable.

### 6.3 Risk Control and Risk Management of the Group

Following risk assessment, appropriate risk control measures and risk management approaches shall be defined. Effective control systems shall be simple to implement, cost-efficient, and shall not adversely affect operational processes or work quality. Control measures must demonstrably reduce risk levels.

Risk management approaches shall be practical and shall consider **cost-benefit analysis**, ensuring alignment with acceptable risk levels (**Risk Appetite**).

Risk treatment strategies may include one or a combination of the following:

1. **Risk Acceptance (Take / Accept)** Acceptance of residual risk without further action where risk levels are low, within acceptable limits, or where mitigation costs exceed expected benefits.
2. **Risk Treatment / Reduction (Treat / Reduce)** Reduction of likelihood and/or impact through changes in operations or preparedness measures, such as process improvements, monitoring controls, structural adjustments, and staff training.
3. **Risk Transfer / Sharing (Transfer / Share)** Reduction of risk likelihood and/or impact by transferring or sharing risk with third parties, such as insurance, outsourcing, contractual transfer of liability, or concession arrangements.
4. **Risk Avoidance (Terminate / Avoid)** Elimination or avoidance of risks with high likelihood and high impact, such as changing objectives, cancelling projects, or modifying operational models.

Selection of risk management strategies shall consider root causes of risk, required resources, and cost-benefit trade-offs. Once an appropriate strategy is selected, relevant functions shall prepare a **Risk Management Plan** to enable monitoring and evaluation of risk mitigation effectiveness. Strategies may be combined to ensure risks remain within acceptable **Risk Tolerance**. The Parent Company appoints executives to serve as directors of Group companies for governance and oversight purposes and requires subsidiaries to prepare business plans to ensure alignment with Group policies.

## 6.4 Business Continuity Management (BCM) and Business Continuity Plan (BCP)

- **BCM / BCP Policy**

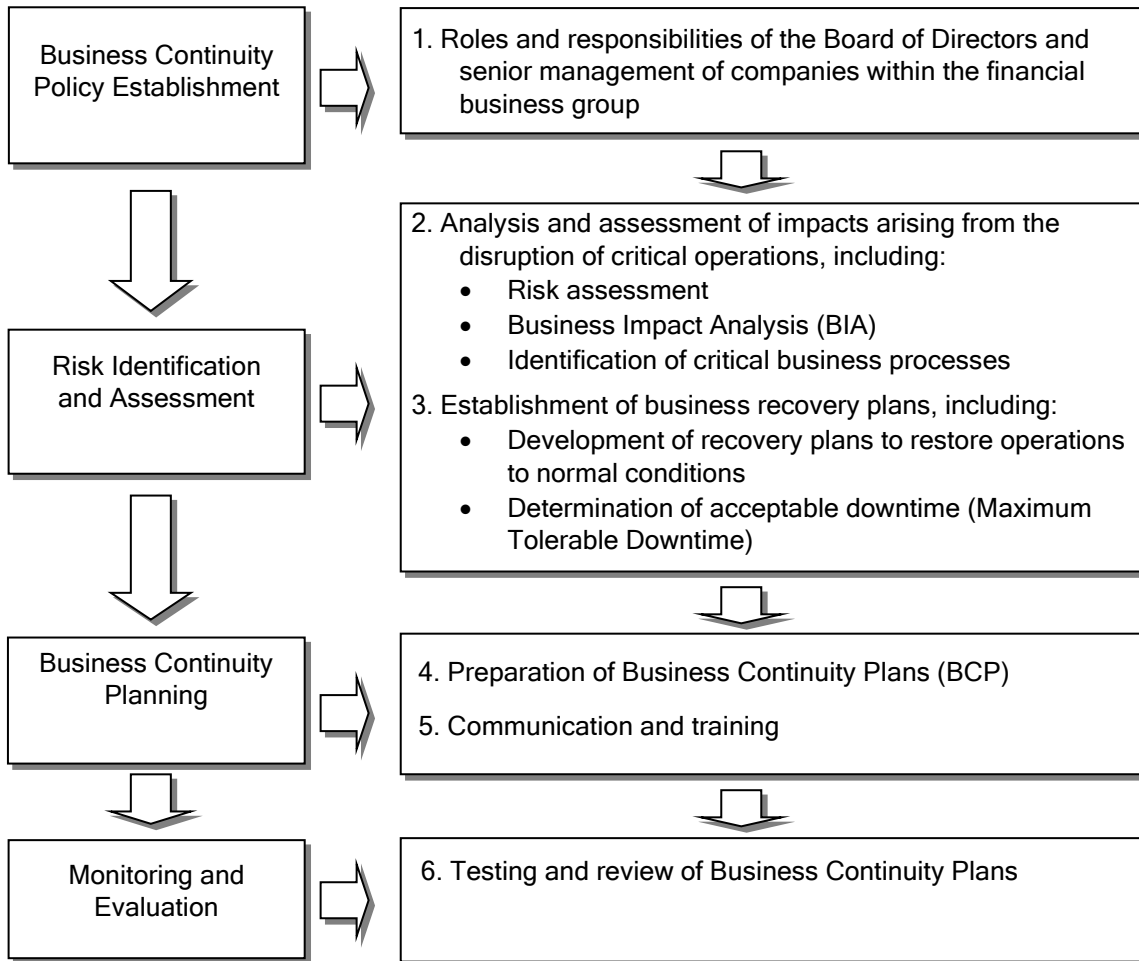
In addition to the five (5) key risk categories addressed in this Policy, Group companies face other risks arising from unpredictable and uncontrollable external factors, such as natural disasters, fire, terrorism, and pandemics. To mitigate the severity of such events, the Group shall implement **Business Continuity Management (BCM)** and establish **Business Continuity Plans (BCP)** to minimize impacts on Group companies and restore operations to normal conditions within an appropriate period.

- **Objectives of Business Continuity Management**

1. To ensure that Group companies are prepared to respond to unexpected disruptive events.
2. To provide operational guidance during disruptive events to control and mitigate damage and minimize impacts on Group companies, including financial, legal, reputational, and market-share impacts.
3. To ensure that critical products, services, and transactions can continue during severe incidents or crises, or can be resumed within an appropriate period following disruption.
4. To build confidence among shareholders, customers, employees, and other stakeholders in the stability of the Group during crisis situations.

- **Components of Business Continuity Management (BCM)**

Group companies shall establish BCM components in accordance with the prescribed framework and detailed guidelines as illustrated in the relevant diagrams and documentation.



**(1) Roles and Responsibilities of Management**

The management of companies within the Group is responsible for establishing business continuity strategies and policies, allocating adequate resources to support implementation, considering business continuity risks, and ensuring compliance with the Business Continuity Plan (BCP).

Senior management shall clearly define the reporting lines, roles, and responsibilities of relevant parties. For companies with complex operations, a dedicated function or unit may be established to oversee business continuity management.

The Business Continuity Management policy shall be reviewed at least once per year, or whenever there are material changes in relevant factors. The Parent Company shall be informed of every review or amendment.

## (2) Risk Assessment and Business Impact Analysis

The Group shall conduct risk assessments and analyze and assess the impacts of disruptions to critical products and business functions, in order to prioritize operations and allocate resources effectively for business recovery. This shall cover at least the following:

### (a) Risk Assessment

Each company within the Group shall assess risks that may cause disruption to critical products or business functions at least once per year, or whenever there are material changes in internal or external factors that may affect the company. Such assessments shall include analysis of existing risk control processes, as well as improvement of processes and preparation of necessary resources to mitigate risks that may lead to disruptive events.

### (b) Business Impact Analysis (BIA)

Each company within the Group shall conduct a Business Impact Analysis of potential disruptive events affecting critical products or business functions, in order to understand the interdependencies among such products/functions and the impacts of disruption. The results shall be used to prioritize operations and allocate recovery resources. Both quantitative and qualitative impacts on stakeholders shall be considered, such as potential loss of revenue, additional costs, reputational impact, and loss of credibility.

### (c) Identification of Critical Products / Business Functions

Based on the results of the Business Impact Analysis, companies within the Group shall identify critical products and business functions whose disruption may materially affect operations, reputation, or business performance.

## (3) Recovery Objectives

Recovery objectives shall be established, including the determination of recovery strategies to restore operations to normal conditions. Business Impact Analysis results shall be used in defining recovery strategies, and sufficient budgets and resources shall be allocated to support implementation.

Insurance coverage may be considered as a means to mitigate losses; however, insurance shall not be regarded as a substitute for Business Continuity Management, as its primary purpose is not to restore business operations.

In addition, Recovery Time Objectives (RTO) shall be defined. Each company within the Group shall determine acceptable downtime for each critical product or business function, prioritize such products/functions, and define recovery timelines. Recovery Time Objectives shall be approved by the Board of Directors and senior management.

- **Business Continuity Plan (BCP)**

Each company within the Group shall prepare a written **Business Continuity Plan (BCP)**, setting out operational procedures to respond to disruptions and restore operations to normal conditions, ensuring continuity of business. BCP shall, at a minimum, cover the following:

1. Detailed procedures to be followed in the event of disruption to critical products or business functions to ensure recovery within the defined period.
2. Resources required for operations, such as personnel, computer equipment, communication devices, contractual documents, and insurance policies.
3. Communication plans for internal and external stakeholders.
4. Plans for establishing **alternate sites** whenever necessary. Alternate sites shall be sufficiently distant from primary sites to avoid being affected by the same incident, shall not rely on the same utilities, and shall be readily available for use. Companies with limited transaction volumes may utilize other offices or branches as substitute operating locations, provided that appropriate alternative arrangements are established.
5. Where critical service providers are used, companies shall ensure that the service providers' BCPs are aligned with the company's BCP.

- **Communication, Training, and Awareness**

The Group shall establish communication plans, defining procedures and methods for communication and considering impacts on both internal and external stakeholders in the event of operational disruption. This is to ensure timely notification and prevent unnecessary panic.

Regular training and awareness programs on Business Continuity Plans shall be conducted to ensure that employees and relevant parties understand their roles and responsibilities and to build confidence that Group companies can continue to provide services during disruptive events.

- **BCP Testing and Review**

The Group conduct **BCP testing and review** on a regular basis, at least once per year, or whenever there are material changes affecting the risk of operational disruption. This is to ensure that the BCP remains effective, practical, and implementable.

BCP testing shall involve relevant personnel at all levels. Test results shall be reviewed and used to enhance the effectiveness of the plan, and the results shall be reported to senior management and relevant committees.

This Risk Management Policy has been approved by the Board of Directors and shall be implemented and observed by all parties concerned with immediate effect.