



Krungthai
กรุงไทย

Report of the Audit Committee 2019

The Audit Committee of Krungthai Bank PCL consist of three (3) qualified Independent Directors namely:

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| 1. | Mr. Vichai | Assarasakorn | Chairman of the Audit Committee |
| 2. | General Tienchai | Rubporn | Member of the Audit Committee |
| 3. | Mrs. Nitima | Thepvanangkul | Member of the Audit Committee |

Mr. Santi Parivisutt, First Executive Vice President – Head of Internal Audit Group, is the secretary for the Audit Committee.

The Audit Committee performed the duties in accordance with the scope of work and responsibilities defined in the Audit Committee Charter as assigned by the Board of Directors, which comply with the Best Practice of the Securities and Exchange Commission and the regulations of the Ministry of Finance. The Committee put emphasis on stipulating systematic working procedures in terms of good corporate governance, risk management system and the adequate internal control. Additionally, the Committee also stressed the importance on efficient and effective internal audit process in an attempt to promote value added creation, prevent any damages that may occur to the Bank as well as enable the Bank to become the Trusted Advisor furnished with transparency. The details of the Committee responsibilities are clarified as follows:

- The Audit Committee emphasized on the systematic internal control management and encouraged employees to work accurately right at the first time by means of pushing forward the Three Lines of Defense model in management. Through the collaborated integration between the regulatory agency and the risk management department regarding the principles of Governance, Risk and Compliance, the Committee aimed to establish good corporate governance and the business operation that complied with law and regulation as prescribed by the regulators. In addition, the Audit Committee urged for the information exchange between the Compliance Committee and the Risk Oversight Committee with the purpose of supporting all employees to perform their duty precisely and in line with Code of Conduct, leading the organization to conform to good corporate governance principle.

- The Audit Committee gave priority to creating risk culture so that it helped pushing forward the Bank's operations to be in compliance with the principles of good governance. In this regard, through carrying out the Krungthai Sustainable Initiative (One Unit, One Sustainable Plan), the Committee aimed that the initiative as an important foundation shall drive the Bank to accomplish the goal of being "Sustainable Krungthai". By adhering to Zero Internal Fraud policy, the Bank shall take actions against corrupt employees seriously. That means, no matter how much damage is cost, the fraudster shall undergo the disciplinary and legal action.

- The Audit Committee elevated the internal audit quality while supported the Proactive Audit by applying technology as tool in analyzing and overseeing the irregularity continually. This is also included the implementation system of Robotic Process Automation to increase the efficiency of the audit operation. Furthermore, the prevention and solution from the inaccuracy operation due to the system failure is required to be upgraded in order to prevent damages that may happen to the Bank.

- The Audit Committee encouraged staffs in the Internal Audit Group to enhance their knowledge and competency relating to IT literacy and complicated business transactions .The Committee also urged Bank's staffs to acquire special qualifications associated to internal audit and risk management along with reinforcing them to continuously develop their audit profession to accommodate for the Bank's business operation towards the digital banking era as well as to achieve the department objectives as the supporter and advisor for other departments .

During the year 2019, the Audit Committee held 20 meetings in total with the objectives to consider related issues with the Management, Senior Executives and external auditors. The Audit Committee reported the operation results to the Board of Directors on a monthly basis. The meeting attendance of the Audit Committee is as follows:

Audit Committee		Meeting Attendance	
Mr. Vichai	Assarasakorn	14	(took the position since 12 April 2019)
General Tienchai	Rubporn	20	
Mrs. Nitima	Thepvanangkul	15	(took the position since 12 April 2019)

The summary of the Audit Committee performance is as follows:

Review of the Financial Report

The Audit Committee with the support from the external auditor and executives of the Financial Management Group monthly reviewed the operation performances and quarterly, half-yearly and annually reviewed financial statement of the Bank and the consolidated financial statement of the Bank and consolidated group. The Committee has regularly discussed with the external auditors without the participation of the Management for the accuracy of the financial statements and the adjustment of significant accounting entries, which have impact on the financial statement. This was to ensure that the process of conducting the financial statement and the financial reports complied with the specified laws and general accepted accounting principles while the disclosures of information were adequate, complete, timely, reliable and practical to the users of financial statement. However, the Committee shall track the consequence that may arise due to the announcement of new International Financial Reporting Standard - IFRS9.

Review of the Related-Party Transactions and Conflicts of Interest

The Audit Committee reviewed related-party transactions between the Bank and its subsidiaries, the interconnected transactions or the transactions that may involve a conflict of interest to ensure that such transactions were reasonable, followed the normal business conditions and provided the utmost benefit to the Bank. The Committee oversaw that the information was adequately disclosed with transparency and without transactions that caused negative impact on the Bank significantly.

Review of the Risk Management

The Audit Committee reviewed the risk management of the Bank and financial business group. Furthermore, the Committee followed up the operation results of risk management through the summary report of the operation result of the Risk Oversight Committee on monthly basis to ensure that the risk management of the Bank in each fields were appropriate, effective and the risk management was at the acceptable level.

Review the Effectiveness of Internal Control System

According to the requirements by the Office of the Auditor General of Thailand, the report of internal control assessment was reviewed. The Committee followed up the establishment of internal control system and self-assessment of the internal controls to ensure that the Bank's internal control system was adequate and appropriate.

Review of the Compliance Operations

The Audit Committee regularly reviewed the compliance with laws and regulations relevant to the Bank's business operations. Regarding to this, the Committee considered the result of overseeing the compliance with laws and regulations from the minutes of the Compliance Committee's meeting, the inspection results of regulatory agencies and the external auditors in order to ensure that the Bank has complied with related laws, requirements of the regulators and the Bank's regulations. The Audit Committee reviewed the accuracy of information, which was filing as part of a request form submitted to Thailand's Private Sector Collective Action Coalition against Corruption for the renewal of the member certificate.

Monitoring the Operations of Internal Audit

The Audit Committee approved the review of the Internal Audit Group Charter in order to consider the appropriateness of duty, responsibility, scope of work, including the rights and independence in performing duty. The Committee approved the Bank's plans together with the Internal Audit Group's strategic plan, 5-year audit plan, annual audit plan and working manual of the Internal Audit Group. Additionally, the Committee considered approving the annual budget of Internal Audit Group, the recruitment plan, the human resource development plan, the career path plan, the retention plan, the adequacy assessment of resources, KPIs index,

the annual performance appraisal of Internal Audit Group Head, the audit result of Internal Audit Group as well as monitoring the revised of crucial points and the performance progress in conforming with the approved audit plans. For further efficient operations, the Committee also provided recommendations and supervised the handling of complaints or whistleblowing appropriately and fairly to all related parties.

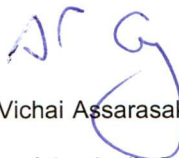
Maintaining Quality of the Audit Committee

The Audit Committee Charter was reviewed and revised. The performance evaluation of the Audit Committee was conducted individually and as a team (self-assessment and cross evaluation) in accordance with the best practice guidance of the State Enterprise Policy Office and Ministry of Finance to ensure that the operations of the Audit Committee were efficient and achieved the objectives as defined in the Audit Committee Charter.

External Auditor

The Audit Committee considers the appointment of the external audit on an annual basis. After getting approval by the Board of Directors, the Audit Committee proposes the appointment of the external audit in the Annual Ordinary General Meeting of Shareholders. In 2019, the shareholders have a resolution to appoint Office of the Auditor General of Thailand to be the Bank's auditor. In addition, the Audit Committee and the external auditor considered the audit's scope and audit program of the external auditor without the participation of the Management.

The Audit Committee performed its duty as assigned by the Board of Directors and complied with the responsibilities specified in the Audit Committee Charter with prudence and independence. All the opinions expressed were straightforward, transparent, verifiable and in line with good corporate governance. In this regard, the Audit Committee is of the opinion that the Bank's financial statements and information disclosure are complete, reliable and consistent with generally accepted accounting principles while the auditor is independent and performs due professional care. Overall risk management and internal control system have been implemented effectively and adequately. Internal audits have been independently conducted covering high-risk operations and complying with the audit standards. Besides, the appropriate system of control in place was ensured to follow the applicable laws and regulations concerning with the current business environment.



(Mr. Vichai Assarasakorn)
Chairman of the Audit Committee

