



Krungthai
กรุงไทย

Report of the Audit Committee 2020

The Audit Committee of Krungthai Bank PCL consists 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. Panabhand Hankijjakul - First Executive Vice President - Head of Internal Audit Group, has been the secretary for the Audit Committee since 2 March 2020 to replace Mr. Santi Parivisutt.

The Audit Committee performed 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 placed the importance on efficient and effective internal audit process, encouraged for value-added creation and prevented any damages that may occur to the Bank, as well as endeavored to become the Trusted Advisor. The details are clarified as follows:

- Emphasized on the risk culture cultivation to drive the Bank's operations in line with the principles of good governance and to have strong internal controls that accommodated for changes in business operation by continually implementation of Krungthai Moral Initiative (One Unit, One Sustainable Plan), Krungthai Moral Initiative encouraged the First Line of Defense of each unit has been taking part in and has adopted the Inside-out Blasting approach of H.M. King Bhumibol Adulyadej the Great (King Rama IX) concurrently with the purpose of driving the Three Lines of Defense process to run efficiently. In 2020, the aforementioned initiative and approach have been integrated to improve corrective action process of critical credit findings as well as adjusting the employees' mindset to perform their work with morals and ethics. As a result, the Krungthai Moral Initiative, as an important basis, shall enable the Bank to achieve its goal of being "Sustainable Krungthai."

- Supported the Internal Audit Group to implement the strategy of Internal Audit Group - AAA: Assurance, Advising and Anticipation. To elaborate, the internal audit unit shall extend duty from assurance role (Assurance) to the development of work quality and creating value-added suggestions based on findings (Advising) and anticipating risks (Anticipation) that may happen in order to protect and close the risks. Moreover, the aforementioned strategy has been communicated to the companies in the consolidated group through the Annual Audit Committee Conference KTB Group to elevate their internal audit to be equipped with readiness in work process (Process), multitasking skill people (People) and effective tools (Tool) with technology to help enhance the operations.

- Due to the COVID-19 pandemic, the Audit Committee suggested the Internal Audit Group to adjust the audit process to be corresponding to the current situation. In particular, the Internal Audit Group should implement technology as the tool to continuously analysis, monitor and oversee the irregularities as well as accelerate the execution of the Robotic Process Automation (RPA) system to increase the efficiency of the audit work.

During the year 2020, the Audit Committee held 22 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	22
General Tienchai	Rubporn	22
Mrs. Nitima	Thepvanangkul	22

The Audit Committee performances are summarized as follows:

Review 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 for the accuracy of the financial statements, the adjustment of significant accounting entries, the accounting estimates, the appropriateness of accounting policies, the observations from the audits and the reviews of the financial statements of the auditors, which have impacts to the financial statements. 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. In the meantime, the Audit Committee and the auditors also held the extraordinary meetings without the participation of the Management to discuss regarding the scopes, guidelines and audit plans.

Review 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 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 from the Risk Oversight Committee on quarterly basis to ensure that the risk management of the Bank in each field was appropriate, effective and the risk was at the acceptable level. In addition, the Committee monitored both

internal and external challenging situations that affected the Bank, especially the matters related to credit risk, the adequacy of provisions, including the credit approval process of the Bank.

Review the Effectiveness of Internal Control System

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

Review 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 the 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.

Monitor the Operations of Internal Audit

The Audit Committee approved the review of the Internal Audit Group Charter in order to consider the appropriateness of the duty, responsibility, scope of work, including the rights and independence in performing duty. The Committee approved the Bank's audit program together with the Internal Audit Group's strategic plan, 5-year audit plan, annual audit plan and working manual of the Internal Audit Group. Furthermore, 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. Moreover, the Committee also approved the annual credit review plan for credit transactions of the financial institutions conducted by the Credit Review Department before presenting to the Bank's Board of Directors for approval. Accordingly, the Committee shall follow up the implementation of the plans and the review results of the Credit Review Department respectively.

Sustain the Quality of the Audit Committee

The Audit Committee Charter was reviewed and revised. The performance evaluation of the Audit Committee was conducted on individual Director and board-as-a-whole (self-assessment and cross evaluation)

in accordance with the Best Practice of the State Enterprise Policy Office, Ministry of Finance and the Good Practice of the Securities and Exchange Commission to ensure that the operations of the Audit Committee were efficient and achieved the objectives as defined in the Audit Committee Charter. Nevertheless, the skill and knowledge development plan for the Audit Committee has been established based on the required skills and knowledge (Skill Matrix) to enhance the Committee's performance.

External Auditor

The Audit Committee considered the appointment of the external auditor on an annual basis. After the Board of Directors' approval, the Audit Committee proposed the appointment of the external auditor in the Annual Ordinary General Meeting of Shareholders. In 2020, the Board of Directors had a resolution to appoint the EY Office Limited to be the Bank's external auditor. The proposed auditors have been considered by their qualification, knowledge, expertise, audit experience in banking business, audit programs as well as auditor independence as in accordance with the regulation of by the Bank of Thailand and the Securities and Exchange Commission. In this regard, the auditors must receive the approval from the State Audit Office of the Kingdom of Thailand. Meanwhile, the Bank also took into consideration the appropriateness of the audit fee accordingly.

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 addition, the Committee provided honest opinions and suggestions for the utmost benefit of the Bank, regardless of limitation in obtaining information, resources and cooperation from the Bank. 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 duty due to professional expertise. 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 internal audit standards. Besides, the appropriate system of control in place has been ensured to follow the applicable laws and regulations corresponding with the current business environment.



(Mr. Vichai Assarasakorn)

Chairman of the Audit Committee

