



**Krungthai**  
กรุงไทย

Report of the Audit Committee 2021

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

- |    |                  |               |                                 |
|----|------------------|---------------|---------------------------------|
| 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, is the secretary for the Audit Committee.

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 places importance on the efficient and effective internal audit process that is corresponding to the strategy of the Bank and the Internal Audit Group. In particular, the Committee encourages the value-added creation and the prevention of damages that may occur to the Bank, as well as endeavoring to become the Trusted Advisor. The crucial details of responsibilities are clarified as follows:

- Emphasize on the risk culture cultivation with the intention of driving the Bank's operations in compliance with the principles of good governance and having strong internal controls that accommodated for business changes. Through the continuous implementation of Krungthai Moral Initiative (One Unit, One Sustainable Plan), the business units acting as the First Line of Defense units have extensively taken part in the project and adopted the Inside-out Blasting approach of H.M. King Bhumibol Adulyadej the Great (King Rama IX) concurrently. As a result, the execution of the Three Lines Model has progressed efficiently.

- Support the Internal Audit Group to implement the Internal Audit Group strategy - AAA: Assurance, Advising and Anticipation. In elaboration, the relevant actions have been carried out through increasing the role of Assurance through the development of work quality while adding additional value to the advice and recommendations based on what was detected (Advising). Finally, Anticipation, the risks shall be anticipated in order to prevent and close the potential risk that may initially occur. In 2021, the Internal Audit Group with the Management has executed the Design Thinking process in the Advising approach in an attempt to identify causes of the problems and seek for the solutions.

- Support the implementation of technology as a tool in the audit process. By adopting Robotic Process Automation (RPA) into operation, its execution starts from the development of the rule base for auditing, data analysis, along with the continuous audit, in order to increase efficiency of the audit in general. In addition, this shall also elevate the prevention and solution of problems caused by system malfunctions with the purpose of preventing the damage that may occur to the Bank consequently. In 2021, the Internal Audit Group has stipulated

an audit process and developed the Continuous Audit format by using Data Analytic and RPA as the main audit tools, as well as establishing the automated audit process. As a result, it enables the audit to cover the entire scope of the particular audit matters and shorten the period of the audit operation.

- Encourage all employees in the Internal Audit Group to have the knowledge, competence and essential skills necessary to conduct audits professionally and efficiently. The purposes are to support the Bank's business operations and adaptation to step into the digital banking context, as well as achieving the goals of being the relevant supporter and consultant to the audited agency.
- Provide suggestions to develop and improve the Bank's processes to be more efficient by taking the findings or events detected by the Internal Audit Group or the regulatory agencies as the Lesson Learned materials in consideration for the improvement of such working processes.

During the year 2021, the Audit Committee held 19 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	18
General Tienchai	Rubporn	19
Mrs. Nitima	Thepvanangkul	19

The key performances of the Audit Committee 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 statements of the Bank and the consolidated financial statements of the Bank and consolidated group. The Committee has regularly discussed with the external auditors 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 on the financial statements. This was to ensure that the process of conducting the financial statements and the financial reports complied with the specified laws and the Financial Reporting Standards, while the disclosures of information were adequate, complete, timely, reliable and practical to the users of financial statement. In the meantime, the Audit Committee and the auditors also held the extraordinary meetings without the participation of the Management to discuss about the scopes, guidelines and audit plans, the independence of the audit performance, including suspected behavior in connection with corruption or violation of laws regarding the duty

performance of the directors and executives under Section 89/25 of the Securities and Exchange Act. In 2021, the auditor determined no significant remarks and did not find such suspicious behavior.

#### **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. During 2021, there is no connected transaction or no conflict of interest that is entitled to require consideration from the Audit Committee.

#### **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 NPL and NPA management processes.

#### **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 the 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 related 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.

#### **Oversee the Internal Audit Operations**

The Audit Committee approved the review of the Internal Audit Group Charter with the purpose to consider the appropriateness of the duty, responsibility, scope of work, including the rights and independence in performing duty. The Committee approved 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, as well as its recruitment plan, the human resource development plan, the career path plan, the retention plan, the adequacy assessment of resources, Key Performance Indicator, the annual performance appraisal of Internal Audit Group Head, the audit result of Internal Audit Group, including monitoring the revised of key 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 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 Skill Matrix in an attempt to enhance the Committee's performance efficiency.

#### **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 2021, the meeting had a resolution to appoint the EY Office Company 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 in accordance with the regulation prescribed by the Bank of Thailand and the Securities and Exchange Commission. In this regard, the auditor has received 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 and other services provided by the auditor to ensure that it does not affect the independence of the auditors in the audit service.

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 the good corporate governance principles. In addition, the Committee provided honest opinions and suggestions for the utmost benefit of the Bank, regardless



of limitations 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 the Financial Reporting Standards. In the meantime, the auditor is independent and performs duty due to professional expertise. Overall risk management and internal control systems have been executed 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