



Krungthai
กรุงไทย

Report of the Audit Committee 2022



24.5

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. | Ms. Jiraphon | Kawswat | Member of the Audit Committee |

Mr. Panabhand Hankijjakul, Senior Executive Vice President - Head of Internal Audit Group, is the secretary for the Audit Committee.

During 2022, Mrs. Nitima Thepvanangkul resigned from the position of the Director on September 28, 2022. Ms. Jiraphon Kawswat, thereafter, was appointed as a member with effect from October 26, 2022.

The Audit Committee performed activities according to its duties and responsibilities identified in the Audit Committee Charter. This is in line with the Best Practice of the Securities and Exchange Commission and the regulations of the Ministry of Finance. The Committee placed emphasis on a structured, good corporate governance, risk management system and adequacy of internal control establishment. Additionally, the Committee also places importance on the efficient and effective internal audit process that is corresponding to the strategy of the Bank. The Committee provided an oversight and direction to the Internal Audit Group in order to serve as a trusted advisor for long-term and sustainable value and development. Highlight of the Audit Committee's performance as follows:

- Emphasize on risk culture with the intention to support the Bank's operations in compliance with the principles of good governance and having strong internal controls that accommodate business changes through the continuous implementation of the Krungthai Moral Initiatives (One Unit, One Sustainable Plan). The Committee supported the establishment of a working group consisting of employees from the Three Lines of Defense units and the implementation of the GRC Platform to help drive the process according to the Three Lines Model. The Committee also placed importance on the development of tools to detect conspiracy fraud with the purpose of preventing the damage that may post to the Bank.

- 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 risks that may initially occur. In 2022, the Internal Audit Group proactively applied preventive audit approach to prevent recurring errors. Lesson-learned workshop was conducted with collaboration from all Three Lines of Defense members to develop sustainable solutions.

- Support the implementation of technology tool that can automate repetitive and manual tasks in the audit process. By adopting Robotic Process Automation (RPA), 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 post to the Bank. In 2022, the Internal Audit Group developed the Rule Base by emphasizing auditing retail credit processes, Market Conduct activities, along with Limited Broker, Dealer and Underwriter (LBDU) activities, as well as working with the Technology Group to apply RPA to assist in retail credit auditing in order to reduce steps and utilize personnel effectively.

- Encourage the Bank's employees to get together and brainstorm with the intention of seeking for solutions and/or new ideas that can be used to initiate innovation, develop/improve work processes to be up-to-date and reduce errors through the Krungthai Hackathon project.
- Encourage all employees in the Internal Audit Group to maintain their continuing professional education, competence, and essential skills necessary to conduct audits professionally and efficiently. The purposes are to support the Bank's business operations and the digital banking business trend.

During the year 2022, the Audit Committee held 26 meetings in total with the objectives to consider related issues with the Management, top 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	26
General Tienchai	Rubporn	26
Mrs. Nitima	Thepvanangkul	18
Ms. Jiraphon	Kawswat	5

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 statements. 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 behaviors 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 2022, 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. In 2022, 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. Additionally, 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 the meantime, the Committee monitored both internal and external challenging situations that affected the Bank, especially paying attention to the close monitoring of debt quality, the adequacy of provisions, and NPL and NPA management processes.

Review the Effectiveness of Internal Control System

The internal control assessment report was reviewed according to the standards of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the regulation of the Ministry of Finance regarding Internal Control Standard and Practical Guideline for Government Agency B. E. 2561 (2018). The Committee monitored the establishment of the internal control system and the internal control self-assessment form in order to ensure that the Bank's internal control system is appropriate, adequate, and consistent with good corporate governance and proper risk management principles.

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 regularly 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.



Oversight 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 and annual audit plan. The Committee also 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 more efficient operations, the Committee also provided recommendations and supervised the appropriate and fair handling of complaints or whistleblowing to all related parties, along with approving the review plan for credit transactions and following up on the plan's implementation and the review results of the Credit Review Department.

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 Good Practice of the Stock Exchange of Thailand. This was 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 to enhance the efficiency of 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 2022, 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, and auditor independence in accordance with the regulations prescribed by the Bank of Thailand and the Office of the Securities and Exchange Commission. The Committee also considered the appropriateness of the audit fee and using other services of the auditors to ensure that it would not affect the auditor's independence in providing audit services.





The Audit Committee has completely performed its duties as assigned and using its knowledge and experience with the utmost care and independence as well as having been forthcoming in expressing its opinions for the benefit of the Bank. The Audit Committee performs its duties and responsibilities as assigned by the Board of Directors and complies with the responsibilities specified in the Audit Committee Charter with prudence and independence. All the opinions expressed are straightforward, transparent, verifiable, and in line with good corporate governance principles. In addition, the Committee provides 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 were complete, reliable, and consistent with the Financial Reporting Standards. Meanwhile, the auditor is independent and performs his/her duty due to his/her 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 is put in place to ensure the Bank is in compliance with relevant requirements and regulations.

(Mr. Vichai Assarasakorn)

Chairman of the Audit Committee