

REPORT OF THE AUDIT COMMITTEE

The Audit Committee of KASIKORNBANK comprises four independent directors in which Professor Khunying Suchada Kiranandana serves as Chairperson and Mr. Somchai Bulsook, Dr. Piyasvasti Amranand and Mrs. Puntip Surathin serve as members.

In 2014, the Audit Committee held 11 meetings to fulfill its roles and responsibilities as stipulated in the Audit Committee Charter. The proceedings from each meeting were reported to the Board of Directors. Significant matters are summarized as follows:

- The reviews of quarterly, semi-annual and annual financial statements were performed by considering financial reports, significant accounting policies and accounting estimates as well as disclosure of information in notes to financial statements. In addition, the Audit Committee held regular meetings with the external auditors from KPMG Phoomchai Audit Ltd, without the participation of the Bank's management, to acknowledge and discuss points of concern arising from their reviews and audits. No report on fraud or violation of law was subject to submission to the Audit Committee for attention.
- Risk management reviews were conducted via quarterly meetings with Enterprise Risk Management Division executives to acknowledge risk reports and measures to handle potential risks arising from domestic and global environment that might have significant impacts on KASIKORNBANK FINANCIAL CONGLOMERATE. This is to ensure appropriate risk management.
- Significant audit results of internal auditors, the internal control assessment by management and Internal Audit Department, as well as the results of the Bank of Thailand examinations and those of other regulators governing KASIKORNBANK FINANCIAL CONGLOMERATE were reviewed. The Audit Committee also followed up on corrective actions towards critical issues and acknowledged reports on material operational loss events to consider the causes of such events and the appropriateness of measures to prevent future recurrences. The Audit Committee also approved amendments to the Bank's Internal Control Policy which was revised for consistency with international frameworks.
- The Audit Committee considered the annual review of Internal Audit Charter, approved annual audit plan and adjustments to it during the year, as well as monitored the performance of Internal Audit Department versus the plan each quarter. The internal assessment of internal audit work and the development of internal audit activities vis-à-vis personnel, work efficiency and conformity with international standards were also reviewed. In addition, the Audit Committee consented to an increase in the number of internal auditors in 2015 to cope with continued growth in businesses and the expectations of stakeholders.
- The results of compliance supervision and reviews, undertaken by the Compliance Department per the annual compliance program approved by the Audit Committee, were considered to assure that the operations of KASIKORNBANK FINANCIAL CONGLOMERATE were performed in compliance with relevant laws and regulatory requirements. The Audit Committee also acknowledged reports on regulatory changes

that the Audit Committee emphasized for appropriate and timely action must be taken, where required.

- The loan reviews performed by the Risk Asset Review Department was supervised to ensure compliance with requirements of the Bank of Thailand. The Audit Committee also considered the annual loan review plan prior to submission to the Board of Directors for approval. The Audit Committee had regular meetings with the executives of Risk Asset Review Department to discuss the review results and corrective actions to ensure the effective credit process.
- Complaints towards staff members and operating procedures and/or practices that were deemed inappropriate or unfair were acknowledged and complaint management was reviewed to ensure fairness and transparency.
- The appointment of external auditors for the year 2015 was considered. The Audit Committee thereafter proposed reappointment of KPMG Phoomchai Audit Ltd. as the Bank's external auditor, based on its qualification and independence in accordance with the requirements of Securities and Exchange Commission, as well as its audit quality in the past year. The Audit Committee also considered the proposed audit fees prior to recommending the external auditor appointment and reasonable audit fees for 2015 to the Board of Directors for submission to the Annual General Meeting of Shareholders for approval.
- As for potential conflict of interest transactions, the Audit Committee placed importance on pursuance of the Bank's approval procedures that are in compliance with regulatory requirements and good corporate governance principles. There were no such transactions in 2014 that were subject to the Audit Committee consideration.
- The Audit Committee Charter was revised to be made more comprehensive and clearer. The Audit Committee also performed self-assessment of its performance and reported the results to the Board of Directors.

According to duties and responsibilities specified in the Audit Committee Charter, the Audit Committee has performed them with due care, independence and transparency for the benefit of KASIKORNBANK FINANCIAL CONGLOMERATE. The Audit Committee is confident that the consolidated and the bank-only financial statements are accurate, sufficient, reliable and in accordance with financial reporting standards and regulatory requirements and that KASIKORNBANK FINANCIAL CONGLOMERATE has operated under appropriate risk management, internal controls and governance and in compliance with relevant laws and regulatory requirements.

(Professor Khunying Suchada Kiranandana)

Chairperson of the Audit Committee

Report of the Corporate Governance Committee

The Corporate Governance Committee of KASIKORNBANK PCL comprises three directors: Mr. Krisada Lamsam as Chairman, Sqn. Ldr. Naline Paiboon, M.D. and Mr. Saravoot Yoovidhya as members.

In 2014, the Corporate Governance Committee held 7 meetings on various matters in accordance with the duties and responsibilities mandated by the Corporate Governance Committee Charter. All meeting results were reported to the Board of Directors for acknowledgment, which in summary include:

- Endorsing the Sustainable Development Policy that embraces economic, social and environmental activities; revising the Corporate Social Responsibility towards sustainable development to ensure that all concrete actions are incorporated in the Bank's entire business processes; and providing advice on assignment of Sustainable Development Spokesperson to drive the organization forward to achieve sustainable development.
- Providing recommendations on credit risk management with respect to the environment and society to reaffirm the Bank's good corporate governance practices and adequate risk management; and monitoring the implementation progress of environmental and social projects.
- Considering and providing advice on the Bank's sustainable development plans, including determination of corporate strategies, implementation of youth development projects, creation of employee participation and conscience, and provision of extensive support to youth development projects, i.e. the Cultivation of Wisdom, Knowledge Enhancement, AFTERKLASS, *Tham Di Tham Dai*, etc.
- Reviewing the Statement of Corporate Governance Principles, Charters of the Board of Directors, Independent Directors Committee and Board Committees, as well as the Statement of Business Conduct and Code of Conduct, KASIKORNBANK Disclosure Policy and Anti-Corruption Policy, keeping them up-to-date in accordance with ongoing business operations of the Bank and in compliance with the laws, international practices and best practices as prescribed by the Bank of Thailand, Stock Exchange of Thailand, Office of the Securities and Exchange Commission, Capital Market Supervisory Board, Thai Institute of Directors Association and ASEAN Corporate Governance Scorecard.
- Reviewing the Performance Assessment Form of the Board of Directors, Independent Directors Committee and Board Committees to be used as a tool for reviewing performance in 2014.
- Considering the Bank's preparations for each Annual General Meeting with respect to the granting of rights to shareholders to propose an issue for inclusion in the AGM agenda and a candidate for election to directorship, as well as the right to submit questions before the AGM.

- Reviewing and providing recommendations on the Bank's practices under the criteria of good corporate governance by the Thai Institute of Directors Association and the ASEAN Corporate Governance Scorecard.
- Considering and providing recommendations on the guidelines to supervise the agents of financial product sales to comply with the good corporate governance principles.
- Approving a strategic plan and activities to enhance good corporate governance. Emphasis has been placed on the maintenance and development of the Bank's corporate governance standards in a continuing and sustainable manner, and the establishment of corporate governance as an organizational culture with effective practices:
 - Developing training courses related to the Code of Conduct and Anti-Corruption Policy via KBank e-Learning system to enhance correct understanding towards executives and employees' proper performance, and evaluating employees' knowledge and understanding after the trainings.
 - Preparing video presentation on the Bank's corporate governance practices and disseminating the Bank's CG values and information to external entities, agencies and interested persons to promote compliance with good corporate governance principles.
 - Communicating regularly on the Statement of Corporate Governance Principles, Code of Conduct and Anti-Corruption Policy to all directors, executives and employees via KASIKORNTV, intranet, Corporate Governance Journal and KASIKORNBANK Newsletter.
- Approving guidelines of the Corporate Governance Report in the Annual Report and the Sustainability Development Report per the G4.0 Guideline under the Global Reporting Initiative.

In the discharge of duties and responsibilities specified in the Corporate Governance Committee Charter, the Corporate Governance Committee has performed their duties carefully and prudently, aiming primarily for maximum benefit to the Bank, its shareholders and other stakeholders.

The Corporate Governance Committee believes that our transparent and fair business operations, as well as collaboration at all levels within the organization, will enhance the confidence of all stakeholders and contribute to long-term business sustainability.

(Mr. Krisada Lamsam)
Chairman, Corporate Governance Committee

Report of the Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee of KASIKORNBANK PCL comprises four directors, namely Mr. Somchai Bulsook as Chairman, Dr. Abhijai Chandrasen, Professor Dr. Pairash Thajchayapong, and Mr. Kalin Sarasin as members. The Committee held 9 meetings in 2014.

According to its Charter, the Human Resources and Remuneration Committee has the duties and responsibilities for formulation of human resource policy, director and senior executives nomination, review of the Board of Directors remuneration and recommendation on compensation for the senior executives specified by the policy in line with the business direction of the Bank, as well as recommendation of the executive succession plan.

As for the nomination of directors, independent directors, members of Board Committees and senior executives, the Human Resources and Remuneration Committee is responsible for nominating qualified persons with primary qualifications specified by the Bank and not having characteristics prohibiting them from holding a directorship. In addition, factors to be taken into consideration include the appropriate proportion, size, diversity, and composition of the Board as well as compliance with regulatory requirements, the Bank's Articles of Association and the Statement of Corporate Governance Principles. Qualifications of director and senior executive positions have been regularly reviewed.

Upon reviewing the remuneration for directors and senior executives, as disclosed in the Annual Report, the Human Resources and Remuneration Committee deemed it commensurate with the scope of their duties and responsibilities, taking into consideration such factors as the Bank's operating results, performance, the overall business, as well as comparison with industry, and economic environment.

In the discharge of duties and responsibilities specified in the Human Resources and Remuneration Committee Charter, the Human Resources and Remuneration Committee is of confidence that it has performed duties with prudence, transparency, and regards for the best benefits of the Bank and shareholders.

(Mr. Somchai Bulsook)

Chairman, Human Resources and Remuneration Committee