

**Attachment 5**

**Report of the Audit Committee**

**Report of the Corporate Governance Committee**

**Report of the Human Resources and Remuneration Committee**

**Report of the Risk Oversight Committee**

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## REPORT OF THE AUDIT COMMITTEE

The Audit Committee of KASIKORNBANK PUBLIC COMPANY LIMITED comprises four independent directors in which Dr. Piyasvasti Amranand serves as Chairman and Ms. Puntip Surathin, Mr. Saravoot Yoovidhya and Ms. Suphajee Suthumpun serve as members.

In 2018, the Audit Committee held 12 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 and taxation risk management were performed by considering financial reports, significant accounting policies and accounting estimates as well as disclosure of information in notes to financial statements. The Audit Committee monitored changes that may have impact on financial statements e.g. the adoption of TFRS 9 for financial instruments. In addition, the Audit Committee held regular meetings with the external auditors without the participation of the Bank's management, to acknowledge and discuss points of concern arising from their reviews and audits including changes in International Financial Reporting Standards and International Auditing and Assurance Standards.
- To ensure appropriate risk management, risk management reviews were conducted via quarterly meetings with Enterprise Risk Management Division executives to acknowledge risk reports and measures to handle potential risks, new threats or loss events arising from domestic and global environment that might have significant impacts on KASIKORNBANK FINANCIAL CONGLOMERATE. In addition, the Audit Committee has monitored risk events affecting customers' businesses, hence decreasing their abilities to repay debts and requested executives to report on effectiveness of Asset Quality management and adequacy of Loan provision.
- The Audit Committee reviewed IT risk management, as well as actively monitored cyber threats and other risks that may affect security and stability of the Bank's information systems. The Audit Committee met with executives from IT Operations and Internal Audit Department to consider adequacy of IT risk management and monitor implementation of action plan for significant issues.
- The effectiveness of internal control was assessed and reported via significant audit results by internal auditors, the internal control assessment by management and relevant departments, as well as the results of the Bank of Thailand examinations and those of other regulators governing KASIKORNBANK FINANCIAL CONGLOMERATE. The Audit Committee also followed up on corrective actions towards significant 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 gave their comments and suggestions on various issues to the management to improve internal control system.

- The Audit Committee stays abreast of changes in business and services of KASIKORNBANK FINANCIAL CONGLOMERATE in response to digital banking era via meetings with executives to ensure that significant risks were appropriately managed.
- 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 Audit Committee supports the development and improvement of internal audit activities vis-à-vis personnel, work efficiency and conformity with international standards to be in line with significant changes in digital age.
- The Audit Committee considered the results of compliance supervision and reviews, undertaken by the Compliance Department as per the annual compliance program approved by the Audit Committee, 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 or observations/notice from regulators that the Audit Committee emphasized for appropriate and timely action must be taken, where required.
- The Audit Committee considered the annual loan review plan prior to submission to the Board of Directors for approval and had regular meetings with the executives of Risk Asset Review Department to discuss the review results and corrective actions including monitoring of credit quality for industry affected by economic condition.
- The Audit Committee placed emphasis on transparent business operations of KASIKORNBANK FINANCIAL CONGLOMERATE. The Audit Committee acknowledged and reviewed complaints or whistleblowing to ensure appropriate case management and fairness to all parties.
- The appointment of external auditors for the year 2019 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 Bank of Thailand, Securities and Exchange Commission and international practices, 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 to the Board of Directors for submission to the Annual General Meeting of Shareholders for approval. In addition, the Audit Committee prudently considered the independence of external auditor in providing non-audit services.
- 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 was no such transaction in 2018 that was subject to the Audit Committee consideration.
- The Audit Committee performed the annual review of Audit Committee Charter and self-assessment of its performance and reported the results to the Board of Directors.

- The Audit Committee oversees the independence of Internal Audit function, efficiency and effectiveness of internal audit, loan review, compliance with law and regulatory requirements, and Anti-Corruption Policy, and appropriateness of line of command and resource adequacy to fulfill these activities.

According to duties and responsibilities specified in the Audit Committee Charter, the Audit Committee has performed them with due care, independence and transparency, provided comments and recommendations on risk management and internal control for the benefit of KASIKORNBANK FINANCIAL CONGLOMERATE. The Audit Committee is confident that the consolidated and the bank-only financial statements are fairly presented in all material aspects, prepared in accordance with financial reporting standards and regulatory requirements and appropriately disclosed and that KASIKORNBANK FINANCIAL CONGLOMERATE has operated under appropriate risk management, internal controls and governance and in compliance with relevant laws and regulatory requirements.



(Dr. Piyasvasti Amranand)

Chairman of the Audit Committee



## **Report of the Corporate Governance Committee**

The Corporate Governance Committee of KASIKORNBANK PUBLIC COMPANY LIMITED comprises four directors: Sqn.Ldr. Nalinee Paiboon, M.D. as Chairperson, Mr. Wiboon Khusakul, Mr. Chanin Donavanik and Mr. Sara Lamsam as members.

In 2018, the Corporate Governance Committee held 4 meetings in order to discharge 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 Bank's Corporate Sustainability Target, Corporate Citizenship Strategy and Environmental Management Strategy for 2019-2023.
- Providing recommendations on consideration of projects related to environment and society to reaffirm the Bank's good corporate governance practices and proper risk management; and monitoring the implementation progress of the projects on a regular basis.
- Approving action plans for sustainable development and corporate social responsibility activities; and providing recommendations and monitoring the implementation and dissemination of sustainable development and environmental campaigns.
- Reviewing the Bank's actions and information disclosure to enhance their effectiveness in accordance with the Corporate Governance Code established by the Office of the Securities and Exchange Commission.
- Reviewing charters, principles and policies as concern corporate governance and sustainable development to make them up-to-date and appropriate for the Bank's business and in compliance with relevant laws and best practices.
- Reviewing the Performance Assessment Form of the Board of Directors, Independent Directors Committee and Board Committees to be used as a tool for their performance assessment.
- Reviewing the Bank's preparations for General Meeting of Shareholders, in compliance with the laws, regulatory requirements, and best practices, including 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.
- Approving a strategic plan for good corporate governance activities to promote as organizational culture and promoting actions of directors, executives and employees in accordance with the good corporate governance principles, Code of Conduct and Anti-Corruption Policy, which has been communicated to companies within KASIKORNBANK FINANCIAL CONGLOMERATE.

- Providing recommendations on guidelines to promote actions of employees in accordance with the Code of Conduct.
- Approving guidelines of the Corporate Governance Report in the Annual Report and the Sustainability Report.

The Corporate Governance Committee has prudently and carefully discharged their duties and responsibilities as specified in the Corporate Governance Committee Charter, aiming primarily for maximum benefit to the Bank, shareholders and all stakeholders.

With the determination towards continuous improvements in corporate governance and sustainable development operations, the Bank has been selected as a component of the Dow Jones Sustainability Indices (DJSI) 2018 for the third consecutive year, becoming a part of both the DJSI World and DJSI Emerging Markets Indices. In addition, the Bank has received the outstanding sustainability award for listed companies and has been selected to be on the Thailand Sustainability Investment (THSI) list by the Stock Exchange of Thailand. The Bank also achieved the excellent assessment result under the Corporate Governance Report of Thai Listed Companies 2018 Project, organized by the Thai Institute of Directors Association.

The Corporate Governance Committee is strongly confident that our operations in accordance with corporate governance principles and sustainable development, as well as collaboration at all levels within the organization, will create sustainable value to all stakeholders and our business operation.

*Nalinee Paiboon*

(Sqn.Ldr. Nalinee Paiboon, M.D.)

Chairperson, Corporate Governance Committee

### **Report of the Human Resources and Remuneration Committee**

The Human Resources and Remuneration Committee of KASIKORNBANK PUBLIC COMPANY LIMITED comprises three directors: Ms. Kobkarn Wattanavrangkul as Chairperson, Dr. Abhijai Chandrasen and Mr. Kalin Sarasin as members.

In 2018, the Human Resources and Remuneration Committee held 8 meetings on various matters in accordance with the duties and responsibilities mandated by the Human Resources and Remuneration Committee Charter. All meeting results were reported to the Board of Directors for acknowledgment, which in summary include:

- Concurring with the establishment of the Risk Oversight Committee, by abolishing the Risk Management Committee in accordance with the Bank of Thailand's Notification regarding Corporate Governance of Financial Institutions.
- Nominating qualified candidates as Board Committees' members and reviewing their suitability.
- Selecting and nominating qualified candidates to fill up the positions of directors retiring by rotation and for replacement of vacant positions under nomination process, with focus on the appropriate composition, size, and diversity of the Board, as well as compliance with the Bank's business strategic directions for submission to the Board of Directors for consideration and submission to General Meeting of Shareholders for election.
- Reviewing the criteria of granting the rights to shareholders to nominate candidates for election as directors and the questionnaire on qualifications of the nominated persons.
- Revising the Human Resources and Remuneration Committee Charter and Performance Assessment Form so that they are up-to-date, consistent with Bank's business operations, and in compliance with regulatory requirements and best practices.
- Reviewing the remuneration rate for directors to ensure that it is commensurate with the scope of their duties and responsibilities, as well as industry-wide comparison, taking into consideration such factors as the Bank's operating results, performance, and overall business, and the current economic environment.
- Providing advice on the Bank's human capital strategy and direction.
- Considering performance assessment of the Chief Executive Officer and Presidents compared to given targets and plans, and considering remuneration of the Chief Executive Officer and Presidents, which will be further proposed to the Board of Directors
- Considering senior executive appointment proposals, plus changes in their duties and responsibilities, in tandem with the Bank's business direction, and reviewing succession plans for senior executives.
- Concurring with adjustment of criteria for annual salary review.



- Providing concurrence with executive and staff remuneration and benefits, in connection with the Bank's operating results and individual performance, as against peers, current inflation and trends.

The Human Resources and Remuneration Committee has prudently and carefully performed their duties and responsibilities, with transparency, as specified in the Human Resources and Remuneration Committee Charter, aiming primarily for the maximum benefit to the Bank and its shareholders.



(Ms. Kobkarn Wattanavrangkul)

Chairperson, Human Resources and Remuneration Committee

## **Report of the Risk Oversight Committee**

The Risk Oversight Committee of KASIKORNBANK PUBLIC COMPANY LIMITED comprises seven directors of KBank and one executive as members, of which Ms. Kobkarn Wattanavrangkul as Chairperson.

In 2018, the Bank has established the Risk Oversight Committee to replace the Risk Management Committee, which held 9 meetings during January to September, while the Risk Oversight Committee held 2 meetings during October to December in accordance with the duties and responsibilities mandated by the Risk Oversight Committee Charter. The Charter stipulates that Committee hold at least one meeting a quarter. All meeting results were reported to the Board of Directors for acknowledgment. Main duties and responsibilities include the following:

- Conducting an annual review of KASIKORNBANK FINANCIAL CONGLOMERATE risk management policies and risk appetite to align with KBank's strategic and business plans for enhancing business capability through value-added risk efficiency and risk stability activities.
- Endorsing the annual review of key risk limits, e.g., industry concentration limit, country limit, large group and large exposure limit and trading risk framework.
- Monitoring risk profile on various dimensions and ensuring impact analysis of changes in economic, social, political and regulatory changes in technology and cybersecurity factors on KASIKORNBANK FINANCIAL CONGLOMERATE, and providing guidance regarding approaches and implementation of stress testing program as well as formulating risk management strategy in anticipation of changing environment.
- Providing recommendation on formulation of IT and cybersecurity risk strategy to ensure alignment with business direction of digital financial services, with a focus on customer information security, stability of KBank system and changing behaviors of customers.
- Ensuring efficient risk management of KASIKORNBANK FINANCIAL CONGLOMERATE with concrete risk management assessment for K Companies to help prioritize key gaps and formulate consistent risk strategies. Emphasis has been placed on collaboration between KBank and K Companies in establishing risk management framework to be consistent with KBank standards. The Risk Oversight Committee has also emphasized the transparency of transactions within KASIKORNBANK FINANCIAL CONGLOMERATE to avoid conflicts of interest, and regularly given guidance on K Companies' risk management.

In the discharge of duties and responsibilities specified in the Risk Oversight Committee Charter, the Risk Oversight Committee has acted with care and prudence, aiming primarily for maximum benefit to KASIKORNBANK FINANCIAL CONGLOMERATE.



(Ms. Kobkarn Wattanavrangkul)  
Chairperson, Risk Oversight Committee



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**Disclaimer**

Certain statements shown in this document are forward-looking statements in respect of financial position or performance of KASIKORNBANK PUBLIC COMPANY LIMITED ("KBank"). KBank has prepared such statements based on several assumptions, and has relied on the financial and other information made available from public sources as of the date these statements were made. Statements with words such as "expect", "believe", "estimate", etc., are types of forward-looking statements involving uncertainties and subject to change at any time due to future events, including but not limited to, changes in the global/national economic, political and regulatory environment. KBank is under no obligation to update these forward-looking statements to correspond to the current situation. Thus, recipients shall carefully review these statements and make an independent decision prior to investing or entering into any transaction.

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