

**Form to Report on Names of Members and Scope of Work of the Audit Committee**

The Board of Directors Meeting No. 20/2018 of The Siam Commercial Bank PCL (“the Bank”), which was held on 29 November 2018, passed the following resolutions:

- To appoint
- Chairman of the Audit Committee                       Member of the Audit Committee, namely

- To set/change the scope of duties and responsibilities of the Audit Committee as follows:

.....Per Attachment 1.....

Such new/changed scope of duties and responsibilities shall take effect on 29 November 2018.

The Audit Committee consists of:

1. Chairman of the Audit Committee    Mr. Prasan Chuaphanich    remaining term in office 1 year
2. Member of the Audit Committee    Mr. Ekamol Kiriwat            remaining term in office 2 years
3. Member of the Audit Committee    Mr. Pasu Decharin            remaining term in office 2 years

Secretary of the Audit Committee    Mr. Krieng Wongnongtaey

Enclosed hereto is .....-..... copies of the certificate and biography of the Audit Committee. The Audit Committee Members as named in 1, 2 and 3 above have adequate expertise and experience to review the creditability of the financial statements. The Audit Committee’s scope of duties and responsibilities towards the Board of Directors is as per Attachment 1.

The Bank hereby certifies that

1. The qualifications of the aforementioned members meet all the requirements of the Stock Exchange of Thailand; and
2. The scope of duties and responsibilities of the Audit Committee as stated above meets all the requirements of the Stock Exchange of Thailand.

Signed ..... President and CEO

(Mr. Arthid Nanthawithaya)

**The Audit Committee's scope of duties and responsibilities towards the Board of Directors is as follows:****Authority**

The audit committee charter sets out the authority of the audit committee to carry out the responsibilities established for it by the board as articulated within the audit committee charter.

In discharging its responsibilities, the audit committee will have unrestricted access to members of management, employees, and relevant information it considers necessary to discharge its duties. The committee also will have unrestricted access to records, data, and reports. If access to requested documents is denied due to legal or confidentiality reasons, the audit committee and/or Head of Audit will follow a prescribed, board approved mechanism for resolution of the matter.

The audit committee is entitled to receive any explanatory information that it deems necessary to discharge its responsibilities. The SCB Group's management and staff should cooperate with audit committee requests.

The audit committee may engage independent counsel and/or other advisors it deems necessary to carry out its duties.

The audit committee is empowered to:

- Consider, select, and propose the appointment or discharge of external auditors and their remuneration to the Board of Directors for shareholder approval at the annual general meeting of shareholders. Review the performance of external auditors annually.
- Resolve any disagreements between management and the auditor regarding financial reporting and other matters.
- Seek external consultants or professional experts to provide advice and recommendations as the committee deems necessary and proper, at the costs of the SCB Group.

**Responsibilities**

It is the responsibility of the audit committee to provide the board with independent, objective advice on the adequacy of management's arrangements with respect to the following aspects of the management of the SCB Group:

**1 Values and ethics**

To obtain reasonable assurance with respect to the SCB Group's values and ethics practices, the audit committee will:

- Review and assess the policies, procedures, and practices established by the governing body to monitor conformance with its code of conduct and ethical policies by all managers and staff of the SCB Group.
- Provide oversight of the mechanisms established by management to establish and maintain high ethical standards for all of the managers and staff of the SCB Group.
- Review and provide advice on the systems and practices established by management to monitor compliance with laws, regulations, policies, and standards of ethical conduct and identify and deal with any legal or ethical violations.

**2 Organizational governance**

To obtain reasonable assurance with respect to the SCB Group's governance process, the audit committee will review and provide advice on the governance process established and maintained within the SCB Group and the procedures in place to ensure that they are operating as intended.

### 3 Risk management

To obtain reasonable assurance with respect to the SCB Group's risk management practices, the audit committee will:

- Annually review the SCB Group 's risk profile.
- Obtain report on management's implementation and maintenance of an appropriate enterprise wide risk management process.
- Provide oversight on significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the board.
- Provide oversight of the adequacy of the combined assurance being provided.
- Review and provide advice on the risk management process established and maintained by management and the procedures in place to ensure that they are operating as intended.

### 4 Fraud

To obtain reasonable assurance with respect to the SCB Group's procedures for the prevention and detection of fraud, the audit committee will:

- Oversee management's arrangements for the prevention and deterrence of fraud.
- Ensure that appropriate action is taken against known perpetrators of fraud.
- Challenge management and internal and external auditors to ensure that the entity has appropriate anti-fraud program and controls in place to identify potential fraud and ensure that investigations are undertaken if fraud is detected.

### 5 Control

To obtain reasonable assurance with respect to the adequacy and effectiveness of the SCB Group's controls in responding to risks within the SCB Group's governance, operations and information systems, the audit committee will:

- Review and evaluate whether the SCB Group has set an appropriate and effective internal control system, including control over the information technology system, internal audits, and guidelines for communicating the importance of internal control and risk management throughout the SCB Group.
- Consider the effectiveness of the SCB Group's control framework, including information technology security and control.
- Review and provide advice on the control of the SCB Group as a whole and its individual units.
- Receive reports on all matters of significance arising from work performed by other providers of financial and internal control assurance to senior management and the board.

### 6 Compliance

The audit committee will:

- Review the SCB Group's compliance with the Securities and Exchange regulations and the law relating to the SCB Group's businesses.
- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.

- Review the observations and conclusions of internal and external auditors and the findings of any regulatory agencies.
- Review the process for communicating the code of conduct to the SCB Group's personnel and for monitoring compliance.
- Obtain regular updates from management of the SCB Group.

## **Oversight of the internal audit activity and other assurance providers**

### **1 Internal audit activity**

To obtain reasonable assurance with respect to work of the internal audit activity, the audit committee will provide oversight related to:

#### **1.1 Internal audit charter and resources**

- Review and approve the internal audit charter at least annually. The charter should be reviewed to ensure that it accurately reflects the internal audit activity's purpose, authority, and responsibility, consistent with the mandatory guidance of the IIA's International Professional Practices Framework and the scope and nature of assurance and consulting services, as well as changes in the financial, risk management, and governance processes of the SCB Group and reflects developments in the professional practice of internal auditing.
- Advise the board about increases and decreases to the requested resources to achieve the internal audit plan. Evaluate whether any additional resources are needed permanently or should be provided through outsourcing.

#### **1.2 Head of Audit Function performance**

- Advise the board regarding the qualifications and recruitment, appointment, and removal of Head of Audit Function.
- Provide input to management related to evaluating the performance of Head of Audit Function.
- Recommend to management or the governing body the appropriate compensation of Head of Audit Function.

#### **1.3 Internal audit strategy and plan**

- Review and provide input on the internal audit activity's strategic plan, objectives, performance measures and outcomes
- Review and approve proposed risk based internal audit plan and make recommendations concerning internal audit projects.
- Review and approve the internal audit plan and engagements work program, including reviewing internal audit resources necessary to achieve the plan.
- Review the internal audit activity's performance relative to its audit plan.

#### **1.4 Internal audit engagement and follow up**

- Review internal audit reports and other communications to management.
- Review and track management's action plans to address the results of internal audit engagements.
- Review and advise management on the results of any special investigations.

- Inquire of Head of Audit Function whether any internal audit engagements or non-audit engagements have been completed but not reported to the committee; if so, inquire whether any matters of significance arose from such work.
- Inquire of Head of Audit Function whether any evidence of fraud has been identified during internal audit engagements and evaluate what additional actions, if any, should be taken.

### **1.5 Standards conformance**

- Inquire of Head of Audit Function about steps taken to ensure that the internal audit activity conforms with The IIA's International Standards for the Professional Practice of Internal Auditing (Standards).
- Ensure that the internal audit activity has a quality assurance and improvement program and that the results of these periodic assessments are presented to the audit committee.
- Ensure that the internal audit activity has an external quality assurance review every five years.
- Review the results of the independent and external quality assurance review and monitor the implementation of the internal audit activity's action plans to address any recommendations.
- Advise the board about any recommendations for the continuous improvement of the internal audit activity.

## **2 External auditors**

To obtain reasonable assurance with respect to work of the external assurance providers, the audit committee will meet with the external assurance providers during the planning phase of the engagement, the presentation of the audited financial statements, and the discussion of the results of engagements and recommendations for management.

The audit committee will:

- Review the external auditors' proposed audit scope and approach, including coordination of audit effort with the internal audit activity.
- Review the performance of the external auditors, and exercise final approval on the appointment or discharge of auditors.
- Obtain statements from the external auditors about their relationships with the organization, including non-audit services performed in the past, and discuss the information with the external auditors to review and confirm their independence.
- Have regularly scheduled exclusive meetings with external auditors to discuss any sensitive matters.
- Monitor management's progress on action plans.

To obtain reasonable assurance that management has acted on the results and recommendations of internal and external audit engagements, the audit committee will regularly review reports on the progress of implementing approved management action plans and audit recommendations resulting from completed audit engagements.

## **3 Financial statements**

The audit committee is responsible for oversight of the independent audit of the SCB Group's financial statements, including but not limited to overseeing the resolution of audit findings in areas such as internal control, legal, regulatory compliance, and ethics.

The audit committee will:

- Review the SCB Group's financial reporting to ensure that it is accurate and adequate. Consider the completeness of acknowledged information and the appropriateness of accounting principles applied to financial statements.
- Consider the accuracy and completeness of the SCB Group's disclosure, especially related transactions that may involve conflicts of interest.
- Review with management and the external auditors the results of audit engagements, including any difficulties encountered.
- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review the annual financial statements, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.
- Review other sections of the annual report and related regulatory filings and consider the accuracy and completeness of the information before it is released.
- Review with management and the external auditors all matters required to be communicated to the audit committee under generally accepted external auditing standards.
- Understand strategies, assumptions and estimates that management has made in preparing financial statements, budgets, and investment plans.
- Understand how management develops interim financial information and the nature and extent of internal and external auditor involvement in the process.
- Review interim financial reports with management and the external auditors before filing with regulators and consider whether they are complete and consistent with the information known to committee members.

#### **4 Other responsibilities**

In addition, the audit committee will:

- Institute and oversee special investigations as needed.
- Perform other functions as assigned by the Board of Directors with the acknowledgement of the Audit Committee.
- Review roles, responsibilities, and membership term of committee members and assess the Audit Committee charter on a regular basis. Propose changes in the charter for the Board of Director's approval.
- Conduct self- assessment at least once a year and present the results to the Board of Directors.
- The Audit Committee should discuss and investigate facts when notified by auditors about doubtful incidents related to corruption or violations of the provision of directors and executives' performances under Section 89/25 of the Securities and Exchange Act B. E. 2559 (2016). Results of such preliminary discussion and investigation shall be reported to auditors and the SEC within a period specified by the SEC.

#### **5 Reporting**

The audit committee will report to the board annually, summarizing the committee's activities and recommendations.

The report should also include:

- A summary of the work the audit committee performed to fully discharge its responsibilities during the preceding year.
- A summary of management's progress in addressing the results of internal and external audit engagement reports.
- An overall assessment of management's risk, control, and compliance processes, including details of any significant emerging risks or legislative changes impacting the SCB Group.
- Details of meetings including the number of meetings held during the relevant period and the number of meetings each member attended.
- Provide information required, if any, by new or emerging corporate governance developments.
- The committee may report to the Board of Director at any time regarding any other matter it deems of sufficient importance.
- Prepare corporate governance of audit committee report as part of the Bank's annual report.
- Define the responsibilities of the Audit Committee, including all changes in composition and significant changes in activities, in a clearly written form as approved by the Board and disclosed in the annual report for the shareholders' acknowledgment.
- Report doubtful incidents or suspicious transactions to the Board for improvement within a reasonable time, as follows:
  - Conflicts of interest
  - Fraud or significant internal control failure
  - Violation of Financial Institutions Businesses law, the Securities and Exchange law and regulations, the Bank of Thailand regulations, or other laws that relate to the business of financial institutions and securities and other laws. If the Board of Directors or management do not rectify within the time committed by the Audit Committee, the Audit Committee shall disclose in the annual report, and report to the Bank of Thailand.