

# 2009

## ANNUAL REPORT

รายงานประจำปี ๒๕๕๒



ศรีอยุธยาประกันภัย  
THE AYUDHYA INSURANCE

60

60 ปี แห่งความไว้วางใจ  
Trusted partner for 60 years



1. ประกันภัยอุบัติเหตุจากการเดินทาง  
Travel Insurance
2. ประกันอัคคีภัย  
Fire Insurance
3. ประกันภัยรถยนต์  
Motor Insurance
4. ประกันภัยความรับผิดของผู้บริหาร  
Director & Officer Insurance

5. ประกันภัยวิศวกรรม  
Engineering Insurance
6. ประกันภัยสำหรับผู้เล่นกอล์ฟ  
Golf Insurance
7. ประกันภัยอุบัติเหตุคุ้มครองเจ้าของบ้าน  
House Owner Insurance
8. ประกันภัยโจรสรรรม  
Burglary Insurance

9. ประกันภัยการขนส่งสินค้าทางทะเล  
Marine Cargo Insurance
10. ประกันภัยตัวเรือ  
Marine Hull Insurance
11. ประกันภัยอุบัติเหตุส่วนบุคคล  
Personal Accident Insurance
12. ประกันความเสี่ยงภัยทุกชนิด  
Industrial All Risk Insurance

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## Message from the Chairman

The year 2009 began with the full negative impact of the financial crisis looming large on the global economy. In Thailand, a fall in exports caused by the global trade

slump in the first half of the year drove down industrial production and investment. The Capital and Stock Markets however recovered themselves in the 2<sup>nd</sup> quarter "golden period" of 2009. Although there were signs that the worst had passed by midyear, the economy was expected to contract by 2.3% for the full year during which inflation was subdued. Domestic political turbulence, however, aggravated the economic impact of the global recession. Stock prices, after falling 47% in 2008, dramatically reversed themselves and the SET index rose by 63.2%, for the whole year. The general insurance market has grown by about 3.4% in 2009, down from 8% the year before. "Miscellaneous Accident Coverage" was the main driver of growth in 2009. The implementation of the new Cash before Cover Regulations for Motor Insurance had a significant and positive impact on the outstanding results for insurers. As the date for implementation of Risk Based Capital

approaches, additional measures have been introduced by the Office of the Insurance Commissioner to assist insurers in their preparations for this significant change. The Ayudhya Insurance, despite the highly challenging conditions, was able to report a reasonable results for 2009. Growth in "Gross Written Premium Income" was 8.8% while the claims ratio returned to normal levels of 42.5%. Investment income returned 4.30% on shareholders' equity. Overall a combined ratio of 91.1% was achieved. Growth of 3.5% is anticipated for the Thai economy in 2010 due to the final part of government stimulus measures and a revival in private spending. The global economy however, will continue to be sluggish with the world holding its breath on the sustainability of Chinese growth engine. The tempo of local recovery will depend in part on the government's fully implementing its stimulus fiscal packages, including new public investment programs. Political disturbances, if they continue without violence, will not disrupt the resilient economic foundation of Thailand but simply reflect the "politics as usual" landscape. As the January 2011 implementation date for "Risk Based Capital" rules approach it is expected that the industry will experience a surge in Merger and Acquisition activity. The insurance market should be expected to enter a consolidation phase. Your company is particularly well placed to participate in this activity but will only do so if the benefits outweigh the risks involved. As insurance penetration remains low in Thailand, an aggressive, expansive push with social overtones will be the subject of focus by

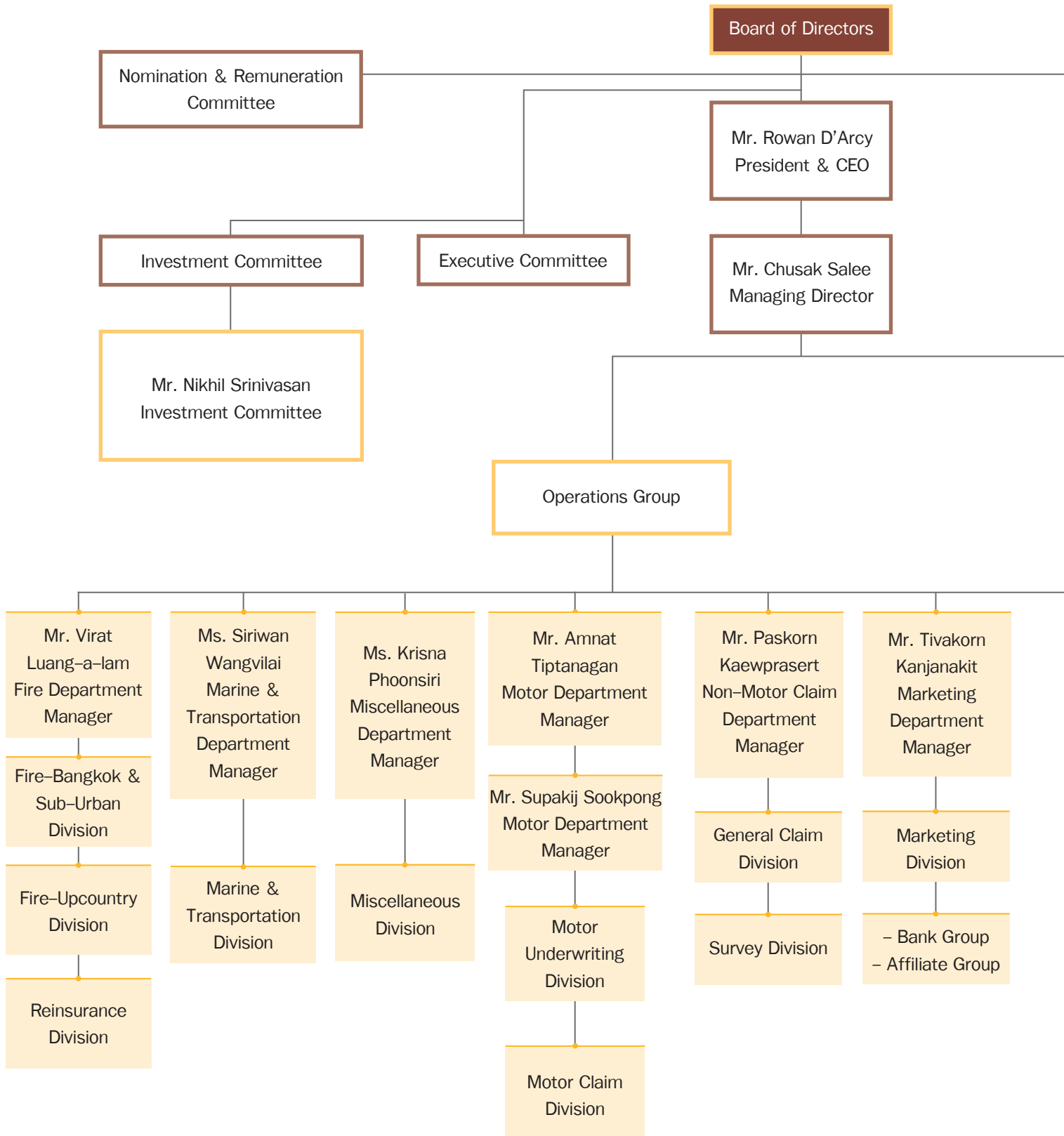
the Office of the Insurance Commissioner in 2010. A particular emphasis will be placed on the development of Micro Insurance. The outlook for your company in 2010 is a target of higher than industry growth in Gross Written Premium income and improved income from Investments. The main area targeted for growth is the Miscellaneous Portfolio which will form the backbone of the company in the future. The combined ratio is expected to continue improvement. On behalf of the Board of Directors, I wish to express their gratitude to our shareholders, customers, business associates, management and staff for their continuing support. The Board also wishes to confirm its commitment to sustain respectable results based on the principles of Good Corporate Governance in order to earn the trust and confidence placed on us by all stakeholders.

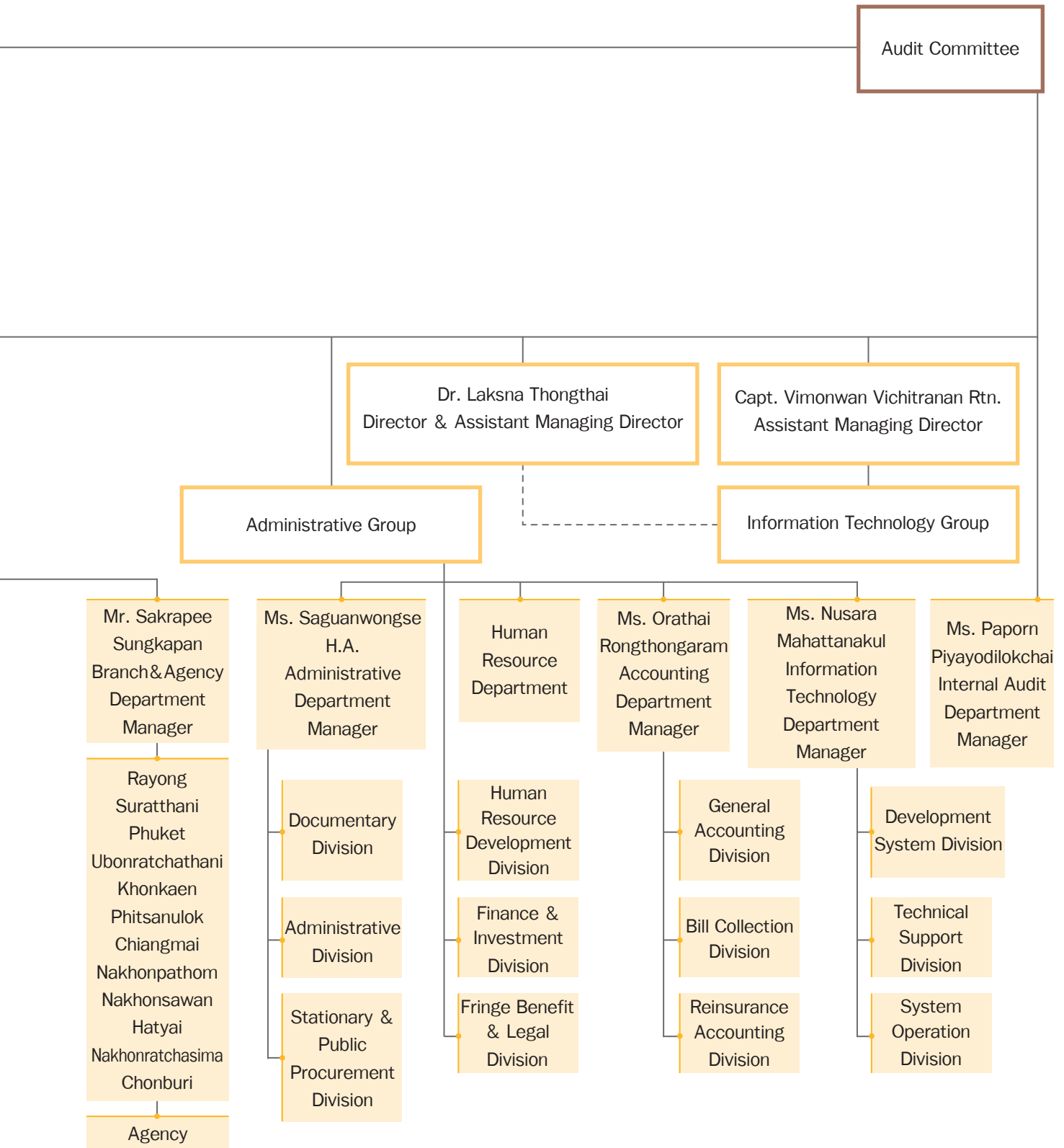


Mr. Veraphan Teepsuwan  
Chairman



## Organization Chart





## Board of Directors



Mr. Veraphan Teepsuwan  
Aged 68 years  
Chairman

### Education

- MBA, Northeastern University, U.S.A.
- Bachelor of Economics, Boston University, U.S.A.
- Certificate of Role of the Chairman (RCP), Thai Institute of Association (IOD)

### Other Positions Held

- Chairman : Bank of Ayudhya Plc.
- Chairman : Ayudhya Allianz C.P. Life Plc.
- Chairman : Siam City Cement Plc.
- Vice President : Eastern Star Real Estate Plc.

### Working experience for the past 5 years

- Chairman : Royal Porcelain Plc.
- Chairman : Ayudhya Investment & Trust Plc.
- Chairman : Ayudhya Securities Plc.

### Criminal-Free Track Record for the past 10 years

- None



Mr. Rowan D'Arcy  
Aged 55 years  
President & CEO

### Education

- University of Witwatersrand
- Ashridge (U.K.)
- Director Certificate Program ( DCP 103/2008)

### Working experience for the past 5 years

- Director : The Ayudhya Insurance Plc.
- Managing Director : Allianz Insurance Company of Singapore Pte. Ltd.
- Project Director : Allianz Insurance Management Asia Pacific

### Criminal-Free Track Record for the past 10 years

- None



## Board of Directors



Mr. Chusak Salee  
Aged 56 Years  
Managing Director

### Education

- Master of Business Administration, Sul Ross State University, U.S.A.
- Director Certification Program from Thai Institute of Association (IOD)

### Working experience for the past 5 years

- Director : Ayudhya Fund Management Plc.
- Director : Ayudhya Development Leasing Co.,Ltd.

### Criminal-Free Track Record for the past 10 years

- None



Mr. Laksna Thongthai  
Aged 55 Years  
Director & Asst. Managing Director

### Education

- Ph.D. in Industrial and Systems Engineering, University of Southern California, U.S.A.
- M.S. in Systems Engineer, University of Southern California, U.S.A.
- BS in Industrial Engineering, Chulalongkorn University
- Director Certification Program from Thai Institute of Director (IOD)
- Diploma Examination Assigned from Graduate Member to become Fellow Member

### Other Positions Held

- Director: Nirvana Co., Ltd.
- Director: Thongthai Water Pipe & Chemical Co., Ltd.

### Working experience for the past 5 years

- Director: Ayudhya Fund Management Plc.
- Director: Ayudhya Development Leasing Co.,Ltd

### Criminal-Free Track Record for the past 10 years

- None



## Board of Directors



Mr. Surachai Prukbamroong  
Aged 71 Years  
Independent Director and  
Chairman of the Audit Committee

### Education

- Bachelor of Accounting and Bachelor of Commerce, Thammasart University
- Certificate of Bank Examiner, Bank of Examination School, Federal Deposit Insurance Corporation, U.S.A.
- Pacific Rim Bankers Program, University of Washington, U.S.A.
- Senior Management, University of California, Berkeley, U.S.A.
- Certificate of Senior Executive Program, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Certificate of Financial Executive, The Thai Institute of Banking and Finance Association
- Certificate of Chairman 2000, Directors Accreditation Program (DAP), Board Performance Evaluation (BPE), Corporate Governance Report of Thai Listed Companies (CGR), DCP Refresher Course, Director Forum from Thai Institute of Director (IOD)

### Other Positions Held

- Independent Director & Chairman of Audit Committee : Bank of Ayudhya Plc.

### Criminal-Free Track Record for the past 10 years

- None



Mr. Savang Tongsmutra  
Aged 71 Years  
Independent Director and  
Audit Committee Member

### Education

- B.A. - Accounting, Thammasart University
- Director Accreditation Program (DAP 4/2003) from Thai Institute of Association (IOD)

### Other Positions Held

- Director and Member of the Audit Committee: Media of Medias Plc.

### Working experience for the past 5 years

- Director and Chairman of the Audit Committee: Ayudhya Auto Lease Plc.

### Criminal-Free Track Record for the past 10 years

- None



## Board of Directors



**Mr. Metha Suvanasarn**  
Aged 69 Years

Independent Director and Member of the Audit Committee &  
Chairman of Nomination & Remuneration Committee

### Education

- B.A., Accounting, Thammasat University
- Director Certification Program and Role of the Compensation Committee (RCC9/2009) from Thai Institute of Association (IOD)
- Certified in the Governance of the Enterprise IT (CGEIT), USA
- Certified internal Audit (CIA), USA
- Certified Public Accountant (CPA), Thailand
- Computer Audit Certificate from Federal Deposit Insurance Corporation (FDIC), USA
- Management Certificate from University of California at Berkeley, USA
- Advanced Management Certificate from Harvard University Graduate School of Business Administration, USA
- New Era Governance Certificate from Harvard Business School, USA

### Other Positions Held

- TISA-Thailand Information Security Association)
- NECTEC - Information Security Committee of National Electronics and Computer Technology Center
- Audit Chairman of ISACA - Bangkok Chapter
- IT Examination Specialist of Bank of Thailand

### Working experience for the past 5 years

- Chairman of Audit Committee : Software Industry Promotion Agency (Public Organization)
- Sub-Committee Standard Development : Office of the Auditor General of Thailand
- Risk Management Specialist at SME Development Bank of Thailand
- Director, Information Technology Department, Bank of Thailand

### Criminal-Free Track Record for the past 10 years

- None



**Mr. Adisorn Tantianankul**  
Aged 62 Years  
Director

### Education

- ANZIIF Australian New Zealand Insurance Institute and Finance
- Director Certification Program and Financial Statements for Directors (FSD/2009) from Thai Institute of Association (IOD)

### Other Positions Held

- Director: Thai Reinsurance Plc.

### Working experience for the past 5 years

- Director: Ayudhya Development Leasing Co.,Ltd

### Criminal-Free Track Record for the past 10 years

- None

## Board of Directors



Mr. Chet Raktakanishta  
Aged 69 Years  
Director, Member of Nomination  
& Remuneration Committee

### Education

- Bachelor of Science (Business Administration), Brigham Young University, U.S.A
- Director Certification Program (DCP), Monitoring the Quality of Financial Reporting (MFR) , Role of the Compensation Committee (RCC) , Finance for Non-Finance Director (FN), Audit Committee Program (ACP), Director Financial , Role of the Compensation Committee 5/2007 and DCP Refresher Course (DCP 3/2006) from Thai Institute of Association (IOD)

### Other Positions Held

- Director: Bank of Ayudhya Plc.
- Independent Director and Member of Audit Committee : Siam City Cement Plc.
- Independent of the Director and Member of Audit Committee: Media of Medias Plc.
- Chairman Nomination & Remuneration Committee: Media of Medias Plc.

### Working experience for the past 5 years

- First Executive Vice President: Bank of Ayudhya Plc.
- Head of Operations: Bank of Ayudhya Plc.
- Chairman: Krungsriayudhya Card Co., Ltd.
- Director: National ITMX Co., Ltd.

### Criminal-Free Track Record for the past 10 years

- None



Mr. Andreas Johann Wilhelm, Ph.D.  
Aged 45 Years  
Director, Member of Nomination  
& Remuneration Committee

### Education

- Ph.D., Albert- Ludwig's University, Germany
- Trent University, Canada
- University of Basel, Switzerland

### Other Positions Held

- Chief Risk Officer, Asia Pacific:  
Allianz Insurance Management Asia Pacific,  
Singapore

### Working experience for the past 5 years

- Deputy Chief Executive Officer: Allianz Life Insurance, Korea
- Head of Synergy Project, Head of M&A for Korea: Allianz AG, Germany
- Chief Operating Officer, Head of Mergers and Acquisition in Asia Pacific: Allianz Insurance Management Asia Pacific, Singapore

### Criminal-Free Track Record for the past 10 years

- None



## Board of Directors



Mr. Virojn Srethapramotaya  
Aged 58 Years  
Director

### Education

- MBA, Jacksonville State University Alabama U.S.A.
- Advanced Management Program for International Bankers, The Wharton School, University of Pennsylvania
- Certificate of Director Accreditation Program (DAP), Directors Certification Program (Graduate Member), Directors Diploma Examination (Fellow Member) and The Role of the Chairman Program (RCP) from Thai Institute of Association (IOD)
- Leadership Intensive Program from Thailand Management Association (TMA)

### Other Positions Held

- Head of Corporate Banking : Bank of Ayudhya Plc.
- Executive Committee Member : Bank of Ayudhya Plc.
- Senior Executive Vice President : Bank of Ayudhya Plc.
- Director and Risk Management Committee: Bank of Ayudhya Plc
- Chairman: The Ayudhya Factoring Co., Ltd.

### Working experience for the past 5 years

- Executive Committee Member and First Executive Vice President: Bank of Ayudhya Plc.
- Director and Chairman of the Executive Committee: Ayudhya Auto Lease Plc.
- Director: Ayudhya Development Leasing Co. Ltd
- Director and Executive Committee Member : The Thai Bank and Financial Institution

### Criminal-Free Track Record for the past 10 years

- None



Mr. Suwat Suksongkroh  
Aged 63 Years  
Independent Director

### Education

- Bachelor of Law : Thammasat University
- Thai Barrister - At Law
- Directors Certification Program (DCP 12/2001), Company Secretary Program (CSP 1/2002), DCP Refresher Course (DCP 2/2006) from Thai Institute of Association (IOD)

### Other Positions Held

- Director: Ayudhya Securities Plc.

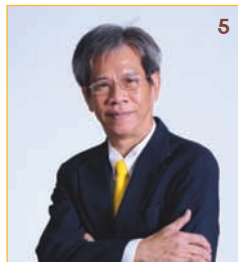
### Working experience for the past 5 years

- Secretary to the Board of Directors and Executive Board of Director : Bank of Ayudhya Plc.

### Criminal-Free Track Record for the past 10 years

- None

## Senior Executive Management



- |   |   |  |
|---|---|--|
| 1. Mr.Rowan D'Arcy<br>President & CEO   | 2. Mr.Chusak Salee<br>Managing Director                                   | 3. Mr.Laksna Thongthai, Ph.D.<br>Director and Asst. Managing Director      |
| 4. Capt. Vimonwan Vichitranan Rtn.<br>Asst. Managing Director – I.T. Department | 5. Mr.Amnat Tiptanagan<br>Senior Motor Department Manager                 | 6. Mr.Supakij Sookpong<br>Motor Underwriting Department<br>Manager         |
| 7. Mr.Virat Luang-a-lam<br>Fire Underwriting Department<br>Manager              | 8. Mrs.Siriwan Wangvilai<br>Marine & Transportation<br>Department Manager | 9. Ms.Krisna Phoonsiri<br>Misc. Underwriting Department<br>Manager         |
| 10. Mrs.Sanguanwongse H.A.<br>Administration Department Manager                 | 11. Ms.Orathai Rongthongaram<br>Accounting Department Manager             | 12. Mr.Tivakorn Kanjanakit<br>Marketing Department Manager                 |
| 13. Mr.Sakrapee Sungkhapan<br>Branch Operation & Agency<br>Department Manager   | 14. Mrs.Paporn Piyayodilokchai<br>Internal Audit Department Manager       | 15. Mrs.Nusara Mattanakhun<br>Information Technology<br>Department Manager |
| 16. Mr.Paskorn Kaewprasert<br>Non-Motor Claims Department Manager               |   |  |





## Vision and Mission

### Vision

To be a leader in our preferred niche markets



### Mission

We... Employ skilled, entrepreneurial people

Develop innovative products

Provide great service

Ensure sustainable premium growth

Deliver continuous growth in profit

Are committed to change and ongoing improvement



### Our Business

We provide insurance solutions for customers to manage their risks and opportunities



### Key Moral and Social Values

Integrity ■ Honest, Ethical

Equity ■ Fair

Openness ■ Transparent

Accountable ■ Responsible

Trustworthy ■ Reliable

Respect ■ Accept differences

## Major Shareholders

As at 7<sup>th</sup> September 2009

No.	Name of Shareholders	No. of Shares	Percentage
1.	DEUTSCHE BANK AG,FRANKFURT	42,104,000	16.84
2.	Bangkok Broadcasting & Television Company Limited	28,802,500	11.52
3.	Bank of Ayudhya Public Company Limited	27,288,700	10.92
4.	Mr.Laksna Thongthai	25,238,750	10.09
5.	BBTV Equity Company Limited	21,946,000	8.78
6.	Thongthai (1956) Company Limited	9,610,000	3.84
7.	Great Fortune Equity Company Limited	7,045,000	2.82
8.	CITIBANK NOMINEES SINGAPORE PTE LTD-UBS AG	4,824,700	1.93
9.	Krungthai Panich Insurance Company Limited	3,938,400	1.57
10.	Miss Sudthida Ratanarak	3,212,300	1.28

*Remarks:* Information from the last closing date of the shareholders' registration book on 7<sup>th</sup> September 2009 with a registered capital Baht 500 million, paid-up Baht 250 million. Investors can check the shareholders current information before attending the Ordinary shareholders' Meeting at [www.ayud.co.th](http://www.ayud.co.th)



## Share Held by Members of the Board of Directors

As at 31<sup>st</sup> December 2009

No.	Board of Directors	Designation	31 December 2009		31 December 2008	
			Shares	Proportion (%)	Shares	Proportion (%)
1.	Mr.Veraphan Teepsuwan	Chairman	-	-	-	-
2.	Mr.Adisorn Tantianankul	Director	15,000	0.006	15,000	0.006
3.	Mr.Andreas Johann Wilhelm	Director	-	-	-	-
4.	Mr.Chet Raktakanishta	Director	*335,000	0.134	*335,000	0.134
5.	Mr.Virojn Srethapramotaya	Director	-	-	-	-
6.	Mr.Surachai Prukbamroong	Director	-	-	-	-
7.	Mr.Metha Suvanasarn	Director	-	-	-	-
8.	Mr.Savang Tongsmutra	Director	-	-	-	-
9.	Mr.Suwat Suksongkroh	Director	32,500	0.013	32,500	0.013
10.	Mr.Rowan D'Arcy	Director	-	-	-	-
11.	Mr.Chusak Salee	Director	*37,000	0.014	*37,000	0.014
12.	Mr.Laksna Thongthai	Director	25,238,750	10.095	25,238,750	10.095

Remarks: \* Spouse

## AYUD Activities in 2009



### "The Ayudhya Insurance PCL won OIC's First Prize 'Best Management' Awards for 2 consecutive years"

Mr. Rowan D'Arcy, President & CEO and Mr. Chusak Salee, Managing Director of The Ayudhya Insurance PCL receives the prestigious 'Best Management' Awards from PM Abhisit Vejajeva, given annually by the Office of Insurance Commission (OIC). The Ayudhya Insurance PCL was selected to receive the prestigious 'Best Management' Awards for 2007 and 2008 for its outstanding management practices, financial security, superior customer service and social responsibility.



Mr. Rowan D'Arcy President & CEO jointly congratulate Mr. Tivakorn Karnjanakij Marketing Manager and Bancassurance team. The Ayudhya Insurance PLC. won "Best Product Innovation" Award from The Netherlands - Thai Chamber of Commerce. The product cited was P.A. Prompt, a personal accident policy developed for and with Bank of Ayudhya PublicCompany Limited. The concept was the first of its type worldwide and has led to a change in the way new products are marketed in Thailand



**Chonburi Branch Opening Ceremony**

AYUD is ready to provide insurance products and services as Chonburi continues its rapid expansion of sustainability business. The company upgraded its Chonburi Sub-branch to full function Branch to serve customer even better and the opening ceremony was held on Thursday October 29, 2009.



**Pattaya Sub-Branch Opening Ceremony**

Over the years, Pattaya has proven to be one of the fastest-growing regions in Thailand. From small businesses to complex industries, the region has shown its ability to grow in multi-dimensional terms. Our newest sub-branch in Pattaya reflects this growth dynamism. It is equipped with the latest technology and experienced staff, ready to provide both Thais and expatriates with a broad range of services and innovative insurance products.



**“The Best Product Innovation Award”**

BAY : Mr. Tan Kong-Khoon President & CEO (right), jointly congratulate Mr. Roy Gunara (left), Head of Consumer Banking and Mr. Rowan D’Arcy, CEO of the Ayudhya Insurance PLC. The Ayudhya Insurance received

"The Best Product Innovation Award" for 2009 for P.A. Prompt, a product for an exclusive to BAY, from The Netherlands Thai Chamber of Commerce and Beluthai. The award ceremony was held on 1<sup>st</sup> October 2009 at Grand Hyatt Erawan Hotel.



**The First Insurance Innovation of the world from The Ayudhya Insurance PCL - ‘Jet Ski Insurance’**  
Mr. Rowan D’Arcy, President & CEO of The Ayudhya Insurance PCL and Khun Wichai Praisangob, the Governor of Phuket launched ‘Jet Ski Insurance’



## Celebrating 60<sup>th</sup> year Anniversary





- On September 2009 Phitsanuloke staff organized luncheon for Wangthong Nursery Project at Changwad Phitsanuloke.
- On 12 September 2009, Head office staff jointly replanted mangrove around at Klongkhon district, Changwad Samutsongkarn
- Contribute 2 PC to Baan Sre School, Amphur Trakarn Pruephol Chanwad Udolrajthani on 28 September 2009
- Contributed 2 PC to Baan Pangmuddaeng School, Amphur Chiangkum Chanwad Phrayao on 28 September 2009
- Contributed 2 PC to Baan Prung School, Amphur Ta-toom Chanwad Surin on 28 September 2009
- On 9 October 2009, Head Office staff jointly donated and feed the oldest who lack of relatives to take care at Bangkae Nursing Home, Bangkok.
- On 5 October, Mr. Rowan D'Arcy, President and Mr. Chusak Salee, Managing together with staff contributed sundry supplies to 60 monks at Wat Mahapruk tharam, Khet Bangruk, Bangkok
- On 7 October 2009, Hatyai staff accompanied by agents/brokers, surveyor jointly contributed luncheon, stationeries and sundry suppliers to orphan children at Baan Sosa, Thongsong, Amphur Hatyai, Changwad Songkhla
- Ubolrajthani staff jointly contributed sundry supplies to Recovery Center for handicaps on 30 October 2009
- Khonaken staff jointly contributed 5 cows at Wat Pha Tammachart, Changwad Nongklai on 24 October 2009.
- Surajthani branch staff jointly contributed clothes, slippers and money for tramp children who lived in Suksa Kongkhla Surajthani
- Ayud Scholarship contributed to Ms. Aranya Sae Lee, which is under graduated student at Rajchapat Chiangrai.
- Ayud Scholarship contributed to Ms. Tarvimon Sangtim, which is under graduated student at Rajchapat Nakhonsawan by Khun Wusud Chantapat, Nakhonsawan Branch Manager.
- Mr. Rowan D'Arcy presented Ayud Scholarship to Mr. Sarawud Keankeow, which is under graduated student at Rajchapat Nakhonrajsrima on 11 September 2009.
- Chiangmai staff accompanied by Khun Chernsak Anuratvichaikul, Regional Manager together with their domestic staff at Regional 13 jointly contributed clothe, sport equipment to tribute who live up in the norther area, at Na Khoo, Tambol Mae Sab, Amphur Sameung, Chan gwad Chiangmai.

## Corporate Social Responsibility

The Company recognizes the importance of being a responsible and contributing member of the Thai society. Our corporate social responsibility program extends to the following areas:

### Contributions relating to the non-life insurance industry:

- Issuance of Uar-Artorn Personal Accident insurance policies, a government-sponsored project, to help support and provide personal accident benefits to people at the grass-root level
- Global warming project in coordination with the Life and Non-Life Insurance Association

### Contributions to the Society:

- AYUD Scholarship : This scholarship was set up in 2009 to financially assist needy students with an average grade of 3.0 and above to study until graduation. This four-year scholarship program aims to provide students with education and experience that they can take back to help their own community on a long term basis. Additionally, during summer months, students participating in this program receive internship and daily financial allowance from the company
- Children Library : The Company together with Mahidol University helped to build a library for upcountry children
- Financial contributions : The Company made various financial contributions throughout the year to Kidney Foundation, Thamikachon Foundation for the Blinds, Education Technology for the Blinds Foundation, and for The King's 80th birthday celebration program.





## Management Structure

The Company's Management structure is comprised of two committees and four sub-committees that are appointed by the Board of Directors:

1. Executive Committee
2. Investment Committee
3. Audit Committee
4. Nomination & Remuneration Committee

In accordance with the Articles of Association, the Company shall have a Board of Directors comprised of at least five members to conduct the business of the Company, not less than half of whom shall reside within the country. As of 31 December 2009, the Board of Directors consists of 12 members:

Non-executive Directors	5 member
Independent Director	4 member
Executive Directors	3 member

Board members are qualified to assure adherence to the relevant rules and regulations set forth by the Office of Insurance Regulatory and Supervision Commission (OIC), and promulgate amendments issued by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The term of reference for each board member is three years.

### Company's Directors

As of 31 December 2009, there are 12 members of the Board of Directors who are named in the Ministry of Commerce certificate as per schedule page No. 26

	Name/Surname	Designation	Appointed Year
1.	Mr. Veraphan Teepsuwan	Non-Executive Director	2002
2.	Mr. Rowan D'Arcy	Executive Director	2007
3.	Mr. Chusak Salee	Executive Director	1997
4.	Mr. Laksna Thongthai, PhD.	Executive Director	1994
5.	Mr. Surachai Prukbamroong	Independent Director	1999
6.	Mr. Metha Suvanasarn	Independent Director	2005
7.	Mr. Savang Tongsmutra	Independent Director	2000
8.	Mr. Suwat Suksongkroh	Independent Director	1994
9.	Mr. Adisorn Tantanankul	Non-Executive Director	1996
10.	Mr. Andreas Johann Wilhelm, PhD.	Non-Executive Director	2006
11.	Mr. Chet Raktakanishta	Non-Executive Director	1994
12.	Mr. Virojn Srethapramotaya	Non-Executive Director	1998
	Ms. Jiratcha Ruplek	Secretary to the Board	2008

Note: Ms. Jiratcha Ruplek was appointed Secretary to the Board on 15 August 2008.

### Company Signatories

The Articles of Association stipulate that the Board has the authority to assign a director or a number of directors to sign or act on behalf of the Company, two persons jointly signing and affixing the document with the company seal. A certified letter specifies the five authorized directors, namely Mr. Rowan D'Arcy, Mr. Chusak Salee, Mr. Laksna Thongthai, PhD, Mr. Chet Raktakanishta and Mr. Virojn Srethapramotaya.

Report on the change in shareholding of the Director and Executives as of 31<sup>st</sup> December 2009 (Ordinary Shares). Detailed schedule may be found under Share Held by Member of the Board of Directors on page no.19

## Charter of the Board of Directors

### 1. Achieving the Vision

The Board of Directors (the "Board") of The Ayudhya Insurance Public Company Limited (the "Company") recognizes the importance of good corporate governance in promoting and strengthening the trust of its shareholders, stakeholders and the public, and believes that good corporate governance practices will enhance shareholder value.

In pursuing the Vision of the Company: "To be a leader in our preferred niche markets", the Board will conduct itself in accordance with the highest standards of ethical conduct and in accordance with the law, in the best interests of its shareholders and stakeholders.

### 2. Functions and Responsibilities

The functions and responsibilities of the Board are as stipulated by the law and resolutions of shareholders including the following:

- 2.1 directing the policies, strategies and financial objectives for the Company and monitoring the implementation of those policies, strategies and financial objectives, with the aim to maximizing economic value and shareholders' wealth;
- 2.2 creating structures and procedures designed to ensure compliance with regulatory requirements, the Articles of Association, resolutions of shareholders' meetings and ethical standards in good faith and with care;
- 2.3 creating structures and procedures designed to ensure that there are appropriate systems of risk management, and internal compliance and control;
- 2.4 monitoring and assessing management performance in achieving strategies and budgets approved by the Board (at least half-yearly);
- 2.5 setting criteria for, and evaluating, the performance of the President, and other senior members of management (at least annually);
- 2.6 reviewing on a regular and continuing basis the succession plan for the position of President;
- 2.7 observing and ensuring compliance with the Directors' Code of Conduct.

### 3. Authority

The Board exercises its authority as stipulated by the law and resolutions of shareholders including the following:

- 3.1 appointment and determination of remuneration and conditions of service of the President;
- 3.2 appointment of Managing Director
- 3.3 approval of :
  - 3.3.1 the Strategic Plan (to be reviewed annually);
  - 3.3.2 the Annual Business Plan;
  - 3.3.3 the Annual Budget;
  - 3.3.4 the Quarterly, Semiannual and Annual Financial Reports;
  - 3.3.5 the remuneration of members of Board Committees (within the overall amount approved by shareholders);
  - 3.3.6 the remuneration and conditions of service for President, following annual review;
  - 3.3.7 changes to organizational structure at the group level and other significant organizational changes;
  - 3.3.8 the acquisition, establishment, disposal or cessation of any significant asset or any business of the company;
  - 3.3.9 any changes to the authority delegated by the Board.
- 3.4 all matters not otherwise delegated to the Executive Committee, the President or management.





#### 4. Composition

At least 3 members or one-fourth of the Board (whichever is higher) shall be Independent Directors, and not more than one-third of the Board shall be Executive Directors.

#### 5. Criteria for Board Membership

In proposing directors, the Board will take into consideration experience in at least one area of significance to the Board (e.g. banking, business, marketing, human resources, finance, law, management or management consulting); ability to contribute to deliberations of the Board; ability to exercise sound business judgment; ability to think strategically; demonstrated leadership experience; also seeking a high level of professional skill and integrity, as well as other appropriate personal qualities.

#### 6. Director Types

##### 6.1 Independent Directors:

“Independent Director” means a director who has no business transactions or participation in management that could affect his or her independent decision-making. The qualifications for the Company’s Independent Director are more rigorous than the criteria established by the Securities and Exchange Commission and the Capital Market Supervisory. Details of the Independent Director’s qualifications are as follows:

- 6.1.1 Hold shares not in excess of 0.5 percent of the total number of voting rights of the Company, its parent company, subsidiaries, affiliates, principal shareholders or controlling persons, including any shares held by persons related to the Independent Director.
- 6.1.2 Neither is or has ever been an executive director, employee or advisor who receives a salary, or a controlling person in the Company, its parent company, subsidiaries, affiliates, same-level subsidiaries, principal shareholders or controlling persons, unless the position has ended not less than two years prior to the date of the Company filing with the Securities and Exchange Commission and the Stock Exchange of Thailand. This prohibition excludes any Independent Director whose previous positions were in the capacity of government officer or advisor of government agencies that are major shareholders or controlling persons of the Company.
- 6.1.3 Not be related by blood or registration under law, such as father, mother, spouse, sibling or child, or spouse of the children, to any executives, major shareholders, controlling persons or persons to be nominated as executives or controlling persons of the Company or its subsidiaries.
- 6.1.4 Not have a business relationship with the Company, its parent company, subsidiaries, affiliates, major shareholders or controlling persons, that could interfere with the Independent Director’s judgment, and neither be nor have been a principal shareholder or controlling person of any company having a business relationship with the Company, its parent company, subsidiaries, affiliates, major shareholders or controlling persons, unless that relationship has ended not less than two years prior to the date of the Company filing with the Securities and Exchange Commission and the Stock Exchange of Thailand.

The term “business relationship” as used above includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantees, providing assets as collateral, or any other similar actions that result in the Company or the Independent Director’s counterparty being subject to indebtedness payable to the other party in an amount of three percent or more of the net tangible assets of the Company or 20 million baht, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of Capital Market Supervisory Board rules on connected transactions *mutatis mutandis*. The combination of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with that person commences.

- 6.1.5 Neither is or has ever been an auditor of the Company, its parent company, subsidiaries, affiliates, major shareholders or controlling persons, and not be a principal shareholder or controlling person, or partner of an audit firm that is employed to conduct audits of the Company, its parent company, subsidiaries, affiliates, major shareholders or controlling persons unless that relationship has ended not less than two years from the date of the Company on filing with the Securities and Exchange Commission and the Stock Exchange of Thailand.
- 6.1.6 Neither is or has ever been a professional advisor, including legal advisor or financial advisor, who receives an annual service fee in excess of two million baht from the Company, its parent company, subsidiaries, affiliates, major shareholders or controlling persons, and neither is or has ever been a principal shareholder, controlling person or partner of that professional advisor, unless the relationship has ended not less than two years from the date of the Company filing with the Securities and Exchange Commission and the Stock Exchange of Thailand.
- 6.1.7 Not be a director who has been appointed a representative of a Company director, major shareholder or shareholders who are related to the major shareholder;
- 6.1.8 Not operate any business of a similar nature that is a significant competitor of the Company or a subsidiary, and not be a principal competitor in any partnership, or be an executive director, employee, staff or advisor who receives a salary or holds shares exceeding 0.5 percent of the total number of voting rights of any other company operating a business of a similar nature that is a significant competitor of the Company or a subsidiary.
- 6.1.9 Not have any characteristics that make him or her incapable of expressing independent opinions with regard to the Company's business affairs.

#### 6.2 Executive Directors:

An executive director is a Director who is involved in the company management on a full-time basis, and receives regular monthly remuneration from the company in the form of salary or its equivalent "Executive Director".

### 7. Retirement and Election

- 7.1 One-third of the Directors shall retire from office at every Annual General Meeting. If the number of Directors to retire from office is not a multiple of three, then the number nearest to but not exceeding to one-third, shall retire.
- 7.2 The Nomination and Remuneration Committee will propose candidates for consideration by the Board.
- 7.3 The Board shall elect one of the Directors (not being an Executive Director) as Chairman.

### 8. Induction

Newly appointed directors will be provided with appropriate briefings and information relating to the Company, and be advised of the legal, regulatory and other duties of Directors of listed companies and general insurance business.

### 9. Meetings

- 9.1 The Board shall meet no less than 5 times a year. Directors are obliged to meet legal attendance requirements and are expected to attend all Board meetings.
- 9.2 At least one-half of the Directors must be present at a Board meeting to constitute a quorum.
- 9.3 Decisions of the Board shall be made by majority vote. A Director having an interest in a given matter must not participate in any decisions relating to that matter.
- 9.4 Board and Committee papers should be provided to Directors at least seven days prior to the relevant meeting.

### 10. Board Committees

- 10.1 The Board may establish Committees to assist it in carrying out its responsibilities, which shall include Audit, Nomination and Remuneration Committees and Executive Committee
- 10.2 The Board shall approve Committee members, Committee Charters setting out matters relevant to their composition, responsibilities and administration, and other matters relating to such Committees as the Board may consider appropriate.

### 11. Self Assessment

The Board shall undertake an annual Board performance evaluation which compares the performance of the Board with the requirements of this Charter, and considers and implements any improvements to the Board Charter.



### Executive Committee

In 2009, an Executive Committee as per definition of SEC and SET stated therein, comprises of 4 members namely:-

	Name/Surname	Designation	Attendant
1.	Mr. Rowan D'Arcy	Chairman	10/10
2.	Mr. Laksna Thongthai, PhD.	Member	8/10
3.	Mr. Nutt Suthisomboon	Member	7/10
4.	Mr. Chusak Salee	Member and Secretary	10/10

*Please Note:* Mr. Nutt Suthisomboon tendered his resignation as at 1st August 2009.

### Role and Duties of Executive Committee

#### 1. Responsibilities

- 1.1 The company operating performance has been in line with the provisions of the Civil and Commercial Code on Company limited, Ministerial regulations of Non-Life Insurance Act, and Public Company Limited Act together with other related laws which are still under proceeding and will be in-forced in the future.
- 1.2 The company operating performance shall be conducted with fidelity, justice and moral. Beside, the Executive Committee has to continue to adhere strongly to its underlying philosophy of operating its business with caution in order to achieve the company's objective .
- 1.3 To prepare and submit monthly financial balance sheet, profit and loss accounts to Executive Committee on the twentieth of the next following month by comparing with the same month of the previous year.
- 1.4 To consider, and propose the budget and Forecast Plan of the next following year to the first of Board of Directors' meeting, submitted together Annual Report of each year for resolution.

#### 2. Authorities

- 2.1 To determine risks and reinsurance acceptance
- 2.2 To determine management structure and organization chart
- 2.3 To determine policy and procedure for up-grading human resource such as, company regulations, staff welfare and provident fund etc.
- 2.4 To revise the future plan and/or business expansion such as to establish or decrease the office branches
- 2.5 To consider and appoint Senior Management, Assistant Managing Director up to Managing Director
- 2.6 To review the budget of staff salaries increment, cost-of-living and annual bonus for Senior Department Managers, Assistant Managing Director up to Managing Director
- 2.7 To determine the type of authority and disbursement which empower to sign on the company Policy and Procedure.
- 2.8 To allocate of reserves against risks into categories by preparing annual budget which shall be separately performed as per Chart of Account in advance.
- 2.9 To approve to buy company fixed assets which considered as necessity for company operating, such amount that beyond the budget and forecast plan must be obtained approval from Board of Directors in the amount within Baht 1.5 million (Baht One Million Five Hundred thousand only) each and the overall expenses not exceeding Baht 5 million (Baht Five Million) per annum
- 2.10 To approve any expenses incurred over budget with the amount not exceeding than 5% of the overall budget and other expenses which are not indicated in the annual budget or forecast plan, amounting to Baht 500,000 ( Five hundred thousand baht) of each expense. The overall expenses shall not exceeding Baht 2,000,000 (Baht Two Million only) per annum.
- 2.11 In case of an emergency, an immediate action must be taken and reports of such proceeding shall subsequently submitted to the next Board of Directors meeting at the first stage.

### Audit Committee

The Company had established Audit Committee on 12 October 1999 which comprised of independent directors and the tenure of the committee members shall be for a period of three (3) years and shall run concurrently with their tenure on the board namely:-

At the Board of Director Meeting No. 4/2008 held on 15 August 2008 passed the resolution to re-elect Audit Committee who are retiring by rotation to be put forward for another term.

In 2009, Audit Committee comprises of the following members:-

	Name/Surname	Designation	Attendant
1.	Mr. Surachai Prukbamroong	Chairman	8/8
2.	Mr. Metha Suvanasarn	Member	8/8
3.	Mr. Savang Tongsmutr	Member	8/8
	Miss Paporn Piyayodilokchai	Secretary to the meeting	

*Please note:* Miss Paporn Piyayodilokchai had appointed to be Secretary to the meeting since 21 May 2001.

### Audit Committee Charter \*

#### PURPOSE

The Audit Committee or AC was established with the approval of the Board of Directors to be an independent organization to provide the support and operate in the name of the Board of Directors in order to review the financial information proposed to the shareholders and concerned parties, review the internal control system determined by the Management and the Board of Directors and the internal auditing process and communicate with the auditors of the company and to consider the associated items or the items which may be contradictory on the benefits.

#### AUTHORITY

The Audit Committee will carry out the following authorities :

1. To consider, select and propose for appointment of the capable persons having independence to perform the duty as the auditors of the company to the Board of Directors, together with annual audit fee to order to obtain an approval from the Shareholders' Meeting.
2. Review the works of service and other consultation given by the auditors or the external audit offices and determine the remuneration for external auditors subsequently.
3. Consider and resolve any disagreements between management and the auditor regarding financial reporting.
4. The Audit Committee is entitles to audit and investigate persons involved and the related matter within the scopes of authority and duty. The Audit Committee must have the authority in employing specialists to help audit and investigate as the Audit Committee considers it suitable.
5. The Audit Committee is entitles to audit as informed by the auditors of the company which the auditors have found doubtful behaviors that the Directors, Managers or persons in charge of the operations of the business of the company had committed an offense and has informed the facts concerning such behaviors to the Audit Committee for acknowledgement .
6. Meet with company officers, or outside counsel, as necessary.
7. The role and duties as member of the Audit Committee must be an additional part of the Company's Board of Directors subsequently.
8. The Audit Committee shall not perform any roles and duties other than those specified in this Charter unless there are regulation or law or assignment from the Company's Board of Directors to allow otherwise with the agreeableness of the Audit Committee.



## COMPOSITION

9. The Audit Committee must comprise of at least 3 persons whose obtained high qualification to be Audit Committee in accordance with the regulations set fort by Securities and Exchange Commission, the Stock Exchange of Thailand and the Office of Insurance Commission. At lease one member had knowledge and experience enough for review reliable of the financial statement. The Chairman of the Audit Committee should be appointed by the Company's Board of Directors or the Audit Committee who are appointed by the Company's Board of Directors would be able to select the Chairman of Audit Committee among themselves.

## MEETINGS

10. The Audit Committee should organize at least four meetings per annum or more if necessary. The Audit Committee may invite the Management or persons involved to join the meetings and give the part of information concerned. The Audit Committee would be attend each meeting in person or via tele - or video-conference. Meeting agendas will be prepared and provided in advance to the participants, along with attached information. Minutes will be prepared.

## RESPONSIBILITIES

The Audit Committee will carry out the following responsibilities :

## FINANCIAL REPORTS

11. Review for the company to have the financial reports correctly and sufficiently.
12. Review with the Management and the auditor after the completion of the quarter and annual audits to consider the following factors :
  - 12.1 Financial statement for the quarter, annual and remarks on the financial statements.
  - 12.2 Audit report.
  - 12.3 Observations and additional suggestions regarding the auditor's auditing plans.
  - 12.4 Troubles and conflicts which are significant to the Management during the working of the Auditor.
  - 12.5 Other materials relating to the auditing standard that the Audit Committee should understand or communicate with the auditor.
13. Review the accuracy and completeness of the information of the annual report.
14. Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement.

## INTERNAL CONTROL

15. Review for the company to have the internal control system and internal audit system to be appropriate and successful. Consideration the independence of Internal Audit Department.
16. Review and consider together with the auditor and the Internal Audit Department Manager to confirm the adequacy of :
  - 16.1 Internal control system, including information technology security and control.
  - 16.2 Significant carelessness which the auditor, the Internal Audit Department Manager and the Management have their common opinion on.
17. Enquire about the level of major risk as well as the method of risk reduction from the Management, the Internal Audit Department Manager and the auditor.

## INTERNAL AUDIT

18. Review and approve the annual audit plan.
19. Review and consider together with the Management and the Internal Audit Department Manger on the following points.
  - 19.1 Significant carelessness discovered during the year and response from the Management.
  - 19.2 Troubles happened during the audit which include the scope of work or the access to the information necessary for auditing.
  - 19.3 Changing the scope of audit differently from the one in the auditing plan.
  - 19.4 Budget and headcount of the Internal Audit Department.



19.5 Internal Audit Department Charter.

19.6 The standard of work performance of the Internal Audit Department should be in lieu of the Institute of Internal Auditors of Thailand had stipulated herein.

20. Consent in the appointment, deposition, transfer or dismissal and make an evaluation of the annual performance of the Internal Audit Department Manager.

21. To participate in a joint meeting with Internal Audit Department Manager without the participation of the Management at least once a year.

#### EXTERNAL AUDIT

22. Review and consider the external auditors proposed audit scopes and approach, including coordination of audit effort with internal audit.

23. Review the performance of the external auditors and to agree with consider select and propose for appointment or change the external auditors

24. Review the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the company.

25. To participate in a joint meeting with the auditors without the participation of the Management at least once a year.

#### COMPLIANCE

26. 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.

27. Review the findings of any examinations by regulatory agencies, and any auditor observations.

28. Review the process for communicating the code of conduct to company personnel, and for monitoring compliance there with.

29. Obtain regular updates from management and company legal counsel regarding compliance matters.

30. Review for the company to comply with the law on the Securities and the Stock Exchange, the determinations of the Stock Exchange, and the law concerning the business of the company.

31. To consider associated items or the items which may have contradiction on the benefits to be in compliance with the law and the determinations of the Stock Exchange of Thailand to be ensured that such items are reasonable and having maximum benefits to the company.

#### REPORTING RESPONSIBILITIES

32. Prepare the Audit Committee Meeting minutes to be proposed to the Company's Board of Directors.

33. Prepare report of the Audit Committee that showing the responsibilities and performance of the Audit Committee to be proposed to the Company's Board of Directors and as part of the Company's Annual Report. The report of the Audit Committee must consist of the information at least according to determine by Announcement of the Stock Exchange of Thailand.

#### OTHER RESPONSIBILITIES

34. Coordinating the same trend of understanding amongst the Board of Directors, the Auditor and the Internal Audit Department and also providing the confidence and confirmation of the independence of the Internal Auditor and the Auditor.

35. always review and amend the Audit Committee Charter to update and to suit the environment of the organization and proposed to the Company's Board of Directors for approval.

36. Review the good corporate governance of the Company whether they are suitable and in line with the good corporate governance specified by Supervisory unit.

37. The Chairman of the Audit Committee acknowledges the interests of the Directors and the Administrators or the associated persons according to the copy of the report on the interests received from the secretary of the company.

38. Evaluate the committee's or individual member's performance on a regular basis.

\* This Audit Committee Charter has made as Thai issue and translation into English issue. If any argument shall be hold Thai issue mainly.



Qualifications and passed experiences of three audit committee member which have adequate expertise and experience to review creditability of the company financial statement. Details of their passed experience are as follows:-

**1. Mr. Surachai Prukbumrung :** Chairman who used to hold the various positions with Bank of Thailand during 1959-1998 for 39 years and held other significant positions as follows:-

- Senior Director : Bank Examination and Analysis Department
- Senior Director : Deposit and Bond Department
- Senior Director : Administrative Department
- Senior Deputy Director : Deposit and Bond Department
- Deputy Director : Bank Supervision and Examination Department

**2. Mr. Metha Suvanasarn :** Member who used to hold the various position with Bank of Thailand and held significant position with others as follows:-

- Chairman of the Audit Committee : Software Industry Promotion Agency
- Sub-Committee : Standard Development : Office of Auditor General of Thailand
- Risk Management Specialist : SME Development Bank of Thailand
- Chairman of Advance Technology Committee : the Institute of Internal Auditors of Thailand
- Senior Direct : Note Printing Work
- Director, Bank of Thailand: In Northeastern Region office at Khonkaen

**3. Mr. Savang Tongsmutra :** Member who used to hold the various position with Bank of Thailand during 1966-1998 for 32 years as follows:-

- Sr. Vice President & Vice President : Accounting Department
- Deputy Vice President : Audit Department
- Vice President : Audit Department

#### Nomination & Remuneration Committee

The Company had established Nomination & Remuneration Committee on 19 January 2007 which comprised of Independent/ non-executive directors and the tenure of the committee members shall be for a period of three (3) years and shall run concurrently with their tenure on the board namely:-

In 2009, Nomination & Remuneration Committee comprise of directors namely:-

	Name – Surname	Designation	Attendant
1.	Mr. Metha Suvanasarn	Chairman	5/5
2.	Mr. Chet Raktakanishta	Member	4/5
3.	Mr. Andres Johann Wilhelm	Member & Secretary	5/5

#### Nomination & Remuneration Charter

These terms of reference set out the terms on which a committee of the Board to be known as the Nomination and Remuneration Committee ("Committee") shall be constituted and shall operate.

#### Membership

- The Committee shall comprise at least three non executive directors, one of which shall be an independent director. Directors who are not Committee members may attend Committee meetings, at the invitation of the Committee.
- The Chairman and the other members of the Committee will be disclosed in the Company's Annual Report and Accounts. Terms of Reference, membership of the Committee and a schedule of remuneration consultants to the Committee (including whether they have any other connection with the Company) shall be made available to any persons upon request and shall also be included upon the Company's corporate website. The schedule of remuneration consultants shall be attached as an appendix to these Terms of Reference and will be updated and revised from time to time as necessary.

- In appointing the members to the Committee the Board will give due consideration to the Principles of Good Corporate Governance for Listed Companies guidelines as recommended by the Stock Exchange of Thailand.
- The Chairman of the Committee shall be an independent director and shall be appointed by the Board. The Company Chairman shall not be the Chairman of the Committee.
- One member (or his/her nominee) shall act as Secretary to the Committee.
- The tenure of the committee members shall be for a period of three (3) years and shall run concurrently with their tenure on the board.

#### Frequency of Meetings and Quorum

1. Meetings shall be held quarterly and at such other times and locations as may be deemed appropriate;
2. A quorum of the Committee shall be three members present throughout the meeting which can also be held via teleconference or via e-mail.
3. The Chairman of the Committee (or failing him/her, a nominee who shall be a member of the Committee) shall attend Annual General Meetings of the Company.

#### Nomination Terms of Reference

- The Committee is authorized by the Board to exercise such of the powers and discretions of the Board as they deem necessary or expedient to provide a formal selection and recommendation procedure for new Board appointments, CEO and CEO direct reports save that without the sanction of a resolution of the Board of Directors of the Company, the Committee shall not have any of the powers or discretions of the Board in relation to any of the matters exclusively reserved for the Board of Directors from time to time;
- The Committee is authorized by the Board to obtain independent professional advice, at the Company's expense, if it considers this necessary in the fulfillment of its duties.

#### Nomination Duties and scope of responsibilities

1. review regularly the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary;
2. be responsible for identifying and nominating candidates for the approval of the Board for any new appointments (including appointments to committees) whether of executive or non-executive directors. The Committee may use either an external search consultancy or open advertising to assist in the recruitment process;
3. with the Board's approval, proceed towards a final recommendation subsequent to having followed a formal selection procedure;
4. subsequent to approval from the Board, ensure that a newly-appointed director receives a full and proper induction into the Company's affairs, including external training, as appropriate;
5. be responsible for reviewing and providing to the Board a recommendation as appropriate on any extension of a non-executive director's terms of appointment on expiry; and
6. recommend directors who are retiring by rotation to be put forward (or not as the case may be) for re-election.

#### Nomination Proceedings

1. The meetings and proceedings of the Committee shall be governed, mutatis mutandis, by the provisions of the Company's Articles of Association regulating the meetings and proceedings of the Directors, so far as the same are not superseded by any regulations imposed by the Committee.
2. Where at all possible not less than seven days' prior notice of a meeting will be given - such notice to include the distribution of an Agenda and supporting papers in respect thereof to all Committee members.
3. Minutes of Committee meetings will be circulated to all Committee members, other directors (provided no conflict of interest exists) and the Company Secretary as soon as reasonably practicable after each meeting.
4. The Committee's remit shall be subject to review and approval by the Board at least annually.



### Remuneration & Remuneration - Terms of Reference

Subject to the restrictions set out under excluded matters 5 below, the role of the Committee will be to determine on behalf of the Board and shareholders and within these terms of reference the following:-

1. specific remuneration packages for executive directors, the Chief Executive Officer's senior direct reports and the Chairman of the Company including, but not limited to, any pension rights and any compensation payments; and
2. recommendations to the Board on the Company's framework of executive remuneration and its cost.

The Committee in carrying out its duties under these terms of reference will:-

3. comply with all legal requirements including those of the SEC Listing Authority's Listing Rules, Disclosure Rules and Prospectus Rules and give due consideration to the Principles of Good Corporate Governance practices as recommended by the Stock Exchange of Thailand;
4. give due regard to the proportion of executive directors' and Chief Executive Officer's senior direct reports' remuneration which should be structured so as to link rewards to corporate, business sector and individual performance.

Without prejudice to the generality of the terms of the Committee set out above, the Committee will:-

satisfy itself that appropriate supervision is in place for the Company's executive remuneration such as share option (and similar type)

- 4.1 schemes, determine grants of options to be made to executive directors, determine grants to senior executives and other employees (having received written recommendations in respect of the same from the Chief Executive Officer and determine any performance conditions to apply to the exercise of such options or award of shares;
- 4.2 review the design of all share based incentive plans for approval by the Board and/or shareholders. In designing schemes of performance-related remuneration, the Committee shall have due regard to the provisions contained in the legal requirements including those of the SEC Listing Authority's Listing Rules, Disclosure Rules and Prospectus Rules and give due consideration to the Principles of Good Corporate Governance practices as recommended by the Stock Exchange of Thailand;
- 4.3 monitor and review (at least annually) the remuneration packages and terms and conditions of executive directors' employment contracts and the Chief Executive Officer's senior direct reports employment contracts;
- 4.4 in determining specific remuneration packages for executive directors and for the Chief Executive Officer's senior direct reports, determine basic salary, any benefits in kind, any annual bonuses, participation in any long term incentive plans, any pension entitlements and other compensation payments;
- 4.5 ensure that the Chairman (or in his absence, an alternative member) of the Committee attends the Company's Annual General Meeting to answer questions concerning executive directors' remuneration;
- 4.6 be authorized by the Board so that it may obtain such outside or other independent professional advice as it considers necessary in the fulfillment of its duties, all of which shall be at the Company's expense.
- 4.7 consult with the Chairman of the Company in formulating the Committee's remuneration policy and will consult the Chief Executive Officer when determining specific remuneration packages for his/her senior direct reports;
- 4.8 liaise with the Board in relation to the preparation of the statement of remuneration policy for executive directors in the Annual Report to shareholders;
- 4.9 review the Remuneration Report appearing within the Annual Report and Accounts and make any necessary recommendations to the Board in respect of disclosure so as to comply with all applicable legal and Stock Exchange Commission requirements.

### Remuneration Excluded Matters

For the avoidance of doubt the Committee will not (but the Board will):-

1. determine the remuneration of any non-executive director (with the exception of the Company Chairman);
2. determine the terms of any consultancy agreement of any non-executive director including the members of this Committee;
3. report and account directly to shareholders on remuneration policies for both executive and non-executive directors;
4. determine any other matter which the Board shall advise the Committee is reserved to be determined by the Board; and
5. ensure that, through the Chairman of the Board, the Company maintains contact as required with its principal shareholders about executive remuneration.

Notwithstanding the above, the Committee may at any time make recommendations to the Board in respect of the above matters for the Board to consider and/or decide as it sees fit.

#### Remuneration Proceedings

- The meetings and proceedings of the Committee will be governed by the Company's Articles of Association regulating the meetings and proceedings of directors.
- Where at all possible, not less than seven days' prior notice of a meeting will be given of the Committee. Such notice will include the agenda and any supporting papers.
- Minutes of meetings shall be taken by the Secretary and will be circulated to all Committee members and, upon request, made available to other Board directors as soon as reasonably practicable after each meeting.

#### Remuneration General Matters

The Committee in carrying out its tasks under these terms of reference:-

1. shall normally invite the Chief Executive Officer to attend meetings to discuss the performance of other executive directors and make proposals as necessary. Others may be called upon or shall be able to speak by prior arrangement with the Chairman of the Committee. No Committee attendee shall participate in any discussion or decision on their own remuneration.
2. may wish to consult the other Board non-executive directors in its evaluation of the Chief Executive Officer.
3. has exclusive authority to review and approve in advance any new pension arrangement (whether in respect of an executive director or any other employee of the Company) in excess of the Inland Revenue's statutory earnings cap, as amended from time to time.

The Board will ensure that the Committee may have access to professional advice both inside and outside of the Company, such advice to be provided at the Company's expense.

These terms of reference will be subject to annual review (unless required earlier) and approval by the Board.

#### Appendix

In order to assist the Committee in carrying out its duties, the Committee consults on a regular basis with its independent external remuneration advisers.

With respect to the remuneration of senior executives (for whom the Company's remuneration policy also applies), the Committee also consults with the Chief Executive Officer.

#### Investment Committee

The Company had established Investment Committee on 9 May 1996 which comprised of 4 members and shall run concurrently with their tenure on the board .

In 2009, Investment Committee comprises of the following member:-

	Name/Surname	Designation	Attendant
1.	Mr. Rowan D'Arcy	Chairman	6/6
2.	Mr. Andreas J. Wilhelm	Member	6/6
3.	Mr. Nikhil Srinivasan	Consultant	6/6
4.	Mr. Chusak Salee	Member and secretary	6/6

#### Investment Committee Charter

The Investment Committee establishes investment guidelines and supervises the investment activity of the Company. The Investment Committee regularly monitors the overall investment results, reviews compliance with the investment objectives and guidelines, and ultimately reports the overall investment results to the board of directors. These guidelines specify minimum criteria on the overall credit quality and liquidity characteristics of the Company's portfolio. They include limitations on the size of certain holdings as well as restrictions on purchasing certain types of securities or investing in certain industries.



### 1. Purpose of the Committee

The purposes of the Investment Committee (the "Committee") of the Board of Directors (the "Board") of The Ayudhya Insurance Public Company Limited (the "Company") shall be to oversee the Company's investment transactions, management, policies and guidelines, including review of investment manager selection, establishment of investment benchmarks, review of investment performance and oversight of investment risk management exposure policies and guidelines.

### 2. Composition of the Committee

The Committee shall be comprised of three or more directors. The members of the Committee shall be elected annually to one year terms by the affirmative vote of a majority of the Board members at the first meeting of the Board to be held following the annual general meeting of shareholders or as soon thereafter as practicable. Vacancies on the Committee shall be filled by like vote of the Board at the next meeting of the Board following the occurrence of the vacancy or as soon thereafter as practicable. A member may be removed from the Committee at any time, with or without cause, by like vote of the Board.

### 3. Meeting and procedures of the Committee

The Board shall designate one member of the Committee as its Chairperson.

The Committee shall fix its own rules of procedure, which shall be consistent with the Bye-Laws of the Company and this Charter.

The Committee shall establish a regular meeting schedule, which shall be at least two times annually or more frequently as circumstances require.

The Chairperson of the Committee or a majority of the members of the Committee may also call a special meeting of the Committee.

A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum.

All actions of the Committee will require the vote of a majority of its members present at a meeting of the Committee at which a quorum is present.

The Committee shall maintain minutes of its meetings and shall regularly report on its actions to the Board.

The Committee may form subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate; provided, however, that no subcommittee shall consist of fewer than two members; and provided further that the Committee shall not delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole.

The Committee shall have access to any of the books and records of the Company that the Committee shall consider relevant to carrying out its duties and may require any officer or employee of the Company to attend meetings of the Committee and provide to it any information available to the Company relevant to the Committee's activities, except as the Board may otherwise direct.

### 4. Committee responsibilities

The Committee shall have the following goals and responsibilities with respect to the Company's investment transactions, management, policies and guidelines:

- 4.1 to review and approve on a quarterly basis any loan or investment made by or on behalf of the Company;
- 4.2 to review and approve periodically policies and guidelines governing the Company's investment portfolio and monitor compliance with those policies;
- 4.3 to review and approve periodically policies and guidelines regarding the Company's use of derivatives and monitor compliance with those policies;
- 4.4 to review and approve periodically any investment benchmarks or other measurement devices employed by the Company to monitor the performance of its investment portfolio;
- 4.5 to monitor on an ongoing basis the performance of the Company's investment advisers and retain and terminate such advisers as it deems appropriate;
- 4.6 to perform such other responsibilities regarding the Company's investment activities or policies or other matters as the Board may from time to time assign the Committee.



#### 5. Investigations, studies and sue of outside advisers

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and may retain, at the Company's expense, such independent counsel or other advisers as it deems necessary for the proper performance of its responsibilities.

The Company's Chief Investment Officer, with the approval of the Chief Executive Officer, and the Committee shall each have the authority to retain or terminate any consultant or advisor retained at the direction of the Committee or the Company's Chief Investment Officer to assist the Committee in carrying out its responsibilities, including authority to approve the fees or other compensation, and other retention terms, of such consultant or advisor, such fees or other compensation to be borne by the Company.

#### 6. Evaluation of the Committee's performance

The Committee shall, on an annual basis, evaluate its performance under this Charter. In conducting this review, the Committee shall evaluate whether this Charter appropriately addresses the matters that are or should be within its scope.

The Committee shall address all matters that the Committee considers relevant to its performance, including at least the following:

- 6.1 the adequacy, appropriateness and quality of the information received by the Committee and presented by the Committee to the Board,
- 6.2 the adequacy of the Committee's deliberations regarding the matters reported to and acted upon by the Committee and of the deliberations of the Board regarding the matters reported to and recommended to the Board by the Committee.

The Committee shall deliver to the Board a report setting forth the results of its evaluation, including any recommended amendments to this Charter and any recommended changes to the Company's or the Board's policies or procedures.

#### Definition of The Company's Senior Management as stated by Securities and Exchange Commissions are as follows:

The four executives from the President are as follows:-

- |                                    |  |
|------------------------------------|--|
| 1. Mr. Rowan D'Arcy                | President & CEO                          |
| 2. Mr. Chusak Salee                | Managing Director                        |
| 3. Mr. Nutt Suthisomboon           | Deputy Managing Director                 |
| 4. Mr. Laksna Thongthai, Ph.D.     | Director and Assistant Managing Director |
| 5. Capt. Vimolwan Vichitranan Rtn. | Assistant Managing Director - IT         |
| 6. Ms. Orathai Rongthongaram       | Accounting Department Manager            |

#### Company Secretary

Miss Jiratcha Ruplek	Company Secretary
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*Note:* The Board of Direct No.4/2008 passed the resolution to appoint Ms. Jiratcha Ruplek to be a secretary to the Board in compliance with SEC Act (No.4) B.E. 2551 with effective 15 August 2008 .



## The Nomination of Directors and Executive Officers

The Nomination & Remuneration Committee was nominated to select qualified persons to replace any directors executives who had either completed their term or resigned, to comply with both the company is own good corporate governance practices and regulations we well as those of the Stock Exchange of Thailand.

To appoint member of Board of Directors: The Company Board of Directors and senior management have to meet all qualifications as laid down by Section 68 of the Public Limited Company Act B.E. 2535 and company regulation as stated in the company Article of Association No. 17 as follows:-

In appointing Board of Directors who shall be a person and shall consist the following particulars:-

1. Being a sui juris
2. Not be adjudged bankrupt; not be adjudged incompetent or quasi-incompetent
3. Never have been sentenced to imprisonment upon final judgment for offences relating to property committed dishonestly.
4. Not be a person was fined or terminated from government office, organization and state enterprise in respect of dishonesty
5. Not be rejected by the qualification in accordance with the subjects and procedures prescribed by the Insurance Commissioner in the notification.

### Procedures to appoint Board of Directors as follows:-

1. The selection of directors must be carried out at the shareholders' meeting. In case whenever there is directors due to retire and/or to select a person who meets at the relevant qualifications and who abides by the public limited company regulations as a replacement director. The directors shall be elected at the shareholders' meeting in accordance with the Articles of Association No. 18 stated as follows:-

- 1.1 Each shareholder shall have a number of vote equal to the number of shares held.
- 1.2 The electing the director, one or more than one director may be elected at a time, as the shareholders' meeting may deem fit. For each resolution, each shareholder must exercise all votes it has under No. (1), he holds without dividing one or any of his shares to any individual or group of individuals.
- 1.3 The resolution of Board of Directors must be passed by majority vote. In casting vote at a general meeting, the decision of the Chairman of the Meeting shall have a casting vote.

2. In other cases, wherever there is a vacancy for the position of director, the board can select a person who meets all the relevant qualifications and who abides by the public limited company regulations as a replacement director. His is usually presented at the next board of directors' meeting, except in cases when the remaining term of service is less than two months. Section 75 and the company Article of Association No. 22 stated that the resolution of the Board of directors must be reached by not less than three-fourths of the remaining directors. A replacement director's term is limited to the remaining time in the term of the director he is replacing.

### Procedures to appoint Board of Directors

The directors shall be nominated at the shareholders' meeting as hereunder:-

1. Each shareholder shall have a number of vote equal to the number of shares held.
2. The voting can be either for individual or in group, or by any means the Meeting agreed upon. For each resolution, each shareholder must exercise his vote according to the number of shares under mentioned No. 1, he holds without dividing one or any of his shares to any individual or group of individuals.
3. The resolution of Board of Directors must be passed by majority vote. In casting vote at a general meeting, the decision of the Chairman of the Meeting will be finalized.

**To revoke from Director:**

At the Annual Shareholders Meeting, had stipulated that one third of the total directors to notify at the Annual Shareholders Meeting's resolution that the re-election and reinstated 1 in 3 of total directors who tenure have ended to become board members.

Director will be revoked as follows:-

1. Passed- away
2. Resignation
3. Lack of qualification, quasi-incompetent
4. At a general meeting, an ordinary resolution shall require not less than three fourths (3/4) of the total amount of attended shareholders and the number of its shareholders shall not be less than half of the capital share registered.
5. By Court's advice.

Any Board member who tenders their resignation to the company, the date of resignation shall be in-forced upon the date of company receipt.



## Remuneration for Directors and Executives Management

### Cash Remuneration

The remuneration paid to the Company's Board of Director and Executives was based on both the nature and extent of duties and responsibilities assigned, and in line with other companies in the same industry. Subsequent to the decision made by Nomination and Remuneration Committee during 2008 and 2009, it was decided that Board Members would receive in total for each year of service the sum of Baht 9,002,000 which included the annual compensation and transportation costs.

*Remuneration for Directors and Executives Management as follow:-*

No.	Name	Designation	2008 Transport	2008 Remuneration	2008 Total	2009 Transport	2009 Remuneration	2009 Total
1	Mr. Veraphan Teepsuwan	Chairman	480,000	440,000	920,000	480,000	440,000	920,000
2	Mr. Surachai Prukbamroong	Director and Chairman of Audit Committee	456,000	430,000	886,000	456,000	430,000	886,000
3	Mr. Metha Suvanasan	Director and Chairman of Nomination & Remuneration	456,000	410,000	866,000	456,000	410,000	866,000
4	Mr. Savang Tongsmutra	Director and Audit Committee	420,000	390,000	810,000	420,000	390,000	810,000
5	Mr. Chet Raktakanishta	Director and Nomination & Remuneration Committee	420,000	360,000	780,000	420,000	360,000	780,000
6	Mr. Andreas J. Wilhelm, Ph.D.	Director and Nomination & Remuneration Committee	420,000	360,000	780,000	420,000	360,000	780,000
7	Mr. Virojn Srethapramotaya	Director	360,000	340,000	700,000	360,000	340,000	700,000
8	Mr. Suwat Suksongkroh	Director	360,000	340,000	700,000	360,000	340,000	700,000
9	Mr. Adisorn Tantianankul	Director	360,000	340,000	700,000	360,000	340,000	700,000
10	Mr. Rowan D'Arcy	Director and Executive Management	420,000	260,000	680,000	420,000	260,000	680,000
11	Mr. Chusak Salee	Director and Executive Management	360,000	240,000	600,000	360,000	240,000	600,000
12	Mr. Laksna Thongthai, Ph.D.	Director and Executive Management	360,000	220,000	580,000	360,000	220,000	580,000
		Total	4,872,000	4,130,000	9,002,000	4,872,000	4,130,000	9,002,000

In 2009, five senior executives of the Company: President, Managing Director, Deputy Managing Director and two Assistants to Managing Director (excluding Accounting Department Manager), were paid Baht 24,237,319.81 in salary compensation.

### Other Remunerations

No director or executive had direct or indirect interest in any agreement entered into by the Company i.e. ordinary shares/warrants.

### Provident fund

The Company and its employee jointly established a provident fund under the Provident Fund Act B.E. 2530. Contribution to the Fund is made on monthly basis by the executives and employees. The Fund is managed by Ayudhya Fund Management Company Limited. In 2009, the Company contributed Baht 723,395.00 to the Fund for its five management executives.

# Report on Good Corporate Governance Practices

## Policy on Corporate Governance

Good corporate governance refers to fair, transparent and equitable business administration and management by persons authorized to manage and make decisions for the business. These authorized persons need to be held responsible for their duties and accountable for their actions by all stakeholders of the Company, which includes shareholders, creditors, employees, customers and the general public.

The Board of Directors has placed much importance on the creation of a good system of corporate governance. It is envisioned that business operations be carried out efficiently, with stability and sustainable growth, as well as value added to the economy. The Company strives toward business prosperity and pays due regard to the interests of stakeholders. The Company pursues an administrative policy based on the principles of the sufficiency economy, through reason, loyalty, honesty and fairness to all stakeholders pursuant the principles of good corporate governance outlined by the Stock Exchange of Thailand.

Pursuant to the 2006 good corporate governance policy for listed companies of the Stock Exchange of Thailand, the Company addresses five issues.

## Section 1 : Rights of shareholders

The Company appreciates all aspects of shareholders' rights. Guidelines have been laid down for the preservation of rights and equality of all shareholders as prescribed by the articles and the Company's code of conduct in order to engender the confidence of shareholders that they are receiving ample protection. Such rights consist of the right to trade or transfer shares, to have the benefit of profits or dividends, to receive adequate news and information on the business, to attend shareholders' meetings and express opinions and vote on such matters as electing and removing directors, determining directors' remuneration, and approving the appointment of auditors and transactions that affect the Company.

1. The Company has provided for the extensive disclosure of information and performance, as well as connected transactions, and essential information for shareholders to make decisions, in addition to resolutions of the Board of Directors on dividend payments and information about ordinary shareholders' meetings approximately two months in advance. This is disseminated in both Thai and English media through the SCP system of the Stock Exchange of Thailand and the Company's website: [www.ayud.co.th](http://www.ayud.co.th).

2. The Company has additional channels for distributing notices of ordinary shareholders' meetings and relevant documents, in Thai and English, through the Company's website 30 days in advance of the ordinary shareholders' meeting date and before receiving meeting documents. This is to furnish shareholders with additional time to consider the materials.

3. Shareholders have the right to attend the ordinary shareholders' meeting held annually within 120 days of the closing date of the Company's fiscal year at 31 December. The date, time and venue are scheduled appropriately for the convenience of shareholders, as follows

- The meeting date will be set on a business day between 08.00 and 16.00 hrs;
- The meeting venue will be in Bangkok or a metropolitan area with convenient transport; and
- The Company uses a barcode system and employs officials for convenience of registration, as well as the provision of duty stamps in the case of proxies.

- (1) To send notices calling the meeting, the Company has entrusted the Securities Depository (Thailand) Company Limited, which acts as the Company's share registrar to send notices of ordinary shareholders' meetings and relevant documents containing adequate and complete information together with the facts and opinions of the Board of Directors on every item of the agenda. The Company also provides proxy forms in accordance with the regulations of the Ministry of Commerce so that shareholders who cannot attend the meeting in person may grant proxies to others, or independent directors speci-



fied by the Company to attend the meeting on his/her behalf and cast votes on resolutions. A map of the meeting venue is also provided. These documents allow shareholders to consider their vote on any item on the agenda at least seven days in advance, or 14 days in advance. Furthermore, the Company places advertisements in daily newspapers for three consecutive days at least three days before the meeting date. As a result of providing such documents, shareholders attend meetings regularly, and registration of attendance is carried out conveniently, at least two hours prior to the meeting. An appropriate reception is also provided for attendees.

(2) The Board of Directors establishes procedures for the nomination of candidates by minority shareholders. Supporting information such as candidates' qualifications is provided by minority shareholders who nominate the candidates and disseminated through the Company's website: [www.ayud.co.th](http://www.ayud.co.th) and the SCP system of the Stock Exchange of Thailand.

2. Any shareholder who attends a meeting after its commencement is entitled to vote on the agenda under consideration and not yet decided and is counted as part of the quorum on the agenda he/she considers and votes on unless others shareholders view otherwise.

3. At the meeting of shareholders, prior to proceeding to the agenda:

- The Board of Directors will announce the number and proportions of shareholders present at the meeting and the number of proxies granted.
- The Chairman will introduce all committees in attendance.
- The President/Managing Director will provide an explanation on voting and vote-counting procedures that will be implemented for each agenda item pursuant to Company regulations. Votes are cast openly on every agenda item.

1. The Chairman allocates ample time for meetings. Every shareholder has equal and full opportunity to express opinions and recommendations. The Chairman will answer all questions clearly and directly throughout the meeting. Furthermore, the minutes of the meeting are completely recorded, and the resolutions and votes of all stakeholders are summarized transparently and fairly. The Company discloses the structure of shareholding and the 10 major shareholders of the Company as at the closing date before the meeting date through the Company's website to make its shareholders confident in its operations. The Company also considers suitable compensation in return for its shareholders.

2. All directors stress the importance of attending Annual Shareholders Meetings, at which shareholders can ask relevant questions directly to the chairpersons of the committees responsible for specific issues.

3. All members of the Board comprising 12 directors attended the General Shareholders' Meeting of 2009, including the Chairman of the Board, Chairman of the Audit Committee, Chairman of Nomination & Remuneration Committee, President & CEO, Managing Director and the Company's external auditors. This was the first year that the barcode system was used for registration.

In 2009, the Company set the date for Shareholders' Meeting No. 60 on April 21, 2009 at 14.00 hrs in the Conference Room on the 9th floor of the Bank of Ayudhya Building, 550 Ploenchit Road, Kwaeng Lumpini, Khet Pathumwan, Bangkok. The notice calling the meeting and relevant documents were disseminated through the company's website, [www.ayud.co.th](http://www.ayud.co.th), where shareholders could receive the information a month in advance. This was also the first year that a video record was made of the meeting.



## Section 2 : Equality of shareholders

1. The Company organized its shareholders meeting with equal treatment to all shareholders, whether Thai or expatriate. In cases of expatriates, the Company sent the notice calling the meeting and all relevant documents, as well as proxy forms, both in Thai and English, to enable all shareholders to participate in the deliberations and cast their votes on the various activities of the Company in accordance with the company agenda.

2. The right to vote at the meeting is in accordance with the number of shares held, with one share equaling one vote.

3. The Company will not add any addenda to the agenda of the shareholder meeting without advance notice and will convey the information at the meeting pursuant to the notice so that shareholders can consider items before making a decision on each.

4. In cases where a shareholder cannot attend the meeting, the Company provides him/her with a proxy form attached to the notice calling the meeting so such shareholder can authorize another person or the Chairman of the Audit Committee or an independent director to attend the meeting on his/her behalf for the protection of his/her rights.

5. Votes are cast openly, and ballot papers are provided for every item on the agenda. Shareholders have the opportunity to vote as they see fit. Ballot papers are collected in cases of disapprovals or abstentions for each item. The results are then aggregated and processed with the total number of votes in attendance of the meeting. Before announcing the final votes at the resolution of the meeting, the Company summarizes the results and displays them on a screen for all shareholders to acknowledge simultaneously at the meeting. In addition, for transparency, the ballot papers are kept at the head office in Bangkok, and are open to inspection after the conclusion of the meetings.

6. Minutes of the meeting are recorded accurately and comprehensively and signed by the company Chairman who presides over the meeting. Such minutes are sent to the Stock Exchange of Thailand within 14 days of the date of the General Shareholders Meeting. Publication is also made on the Company's website in both Thai and English to provide a channel for shareholders to acknowledge and examine information without having to wait for the next meeting. The documents are sent to the Ministry of Commerce within the deadline prescribed by law.

7. The monitoring and internal control of data is stipulated in the Code of Conduct. Directors, executives, and other employees involved with internal data are forbidden to trade the Company's securities within one month prior to the disclosure of the Company's financial statements to the public. If a trade occurs, it must be reported to the Company and the Securities and Exchange Commission within three business days of the date of the trade. The updated information of securities held by Directors, executives and external auditors will be reported to executives at the board meeting. The Company discloses information on shareholding structure and shares held by the Board in the annual report.

8. Company by-laws allow the right to vote at the meeting on the election of directors in accordance with the number of shares held, with one share equaling one vote. A resolution of the Board of Directors must be passed by majority vote. In casting votes at a general meeting, the decision of the Chairman of the Meeting shall be the decisive vote.

## Section 3 : Role of Stakeholders

The Company recognizes the rights of various groups of stakeholders that are related to the Company such as customers, management and employees, stakeholders, competitors and shareholders. The legal and other relevant regulations on the rights of the aforementioned communities are rigorously followed:

**Customers:** Each insured has been well served with the issuance of an appropriate policy and claims are settled promptly when in accordance with the relevant clause in the policy.

**Staff:** Employees are essential to driving the Company toward its business targets. Policies are laid down in the Code of Conduct manual, providing guidance on fair treatment, in terms of opportunities, remuneration, appointments and transfers, as well as the importance supporting the development of the potential and competence of employees at all levels. The working knowledge and skills of employees are enhanced and potential is developed toward leadership. Employees are



also able to participate in determining the direction of operations so as to reach a unified vision. The working culture and environment are consistently maintained in a manner that is safe for the life, health and property of employees. Regarding health, sanitation and employee safety, measures have been implemented along with sufficient and appropriate vocational health and environmental measures to avoid loss of life from accidents and prevent injuries and illnesses as a result of work. A number of welfare benefits are also provided, such as annual health check-ups, a provident fund and an old-age retirement pension. Fair compensation is paid to employees commensurate to performance.

**Furthermore,** Executive Management set up sub-committees to encourage employees to take part in the management of various company matters to assure they are accurate, appropriate, efficient and effective. These five sub-committees each contain a member of the Executive Committee in an advisory capacity.

- Enterprise Risk Management Committee
- Credit Control Committee
- Compliance Committee
- Staff Welfare Committee
- Provident Fund Committee

**Partners:** In setting company policy and the operation plan, the Company takes into consideration fairness to agents, brokers, auto dealers and financial institutions for the long-term benefit of the Company.

**Competitors:** The Company adheres to sound and fair competitive practices. This forms part of the stimulus for the development of innovative products and prompt after-sales service that makes a lasting impression. We cooperate with competitors that operate their business similarly to the Company's by avoiding any unscrupulous behavior.

**Social Responsibility:** The Company takes into account the effects of its operations on resource conservation and the environment, emphasizes energy conservation and participates in many activities that improve the quality of life of the people in our society.

*(Details are provided in Responsibilities to Society, the Community and the Environment on page no.132)*

**Shareholders:** We seek to satisfy our shareholders by achieving efficient operations and furnishing complete and accurate financial information.

The Company's internal controls are also sufficient and appropriate, contributing to an efficient operation as per the details stated in Section page no.160 The Board of Directors considers total related transactions that are conducted in the normal course of Company business, and the disclosure of this information appears in the Financial Statements.

#### Section 4 : Disclosure and Transparency

The Board of Directors is responsible for financial statements and financial information technology as specified in the Annual Report. The financial statements have been prepared in conformity with Thai accounting standards and practices generally accepted in Thailand, and the appropriate accounting policy is used regularly. Also, significant disclosure has been revealed in a section of Notes to the Financial Statements herein. The Board of Directors appointed an Audit Committee comprised of non-Executive Directors and independent Directors that is responsible for the quality of financial statements and the internal control system.

The Company has clear regulations concerning internal control and monitoring day-to-day management performance. The Audit Committee is responsible for maintaining internal control and providing reasonable assurance of the integrity and reliability of the financial statements as per Section page no.133

The Board of Directors appointed the Audit Committee consisting of Independent Directors and non-executive directors to be responsible for the quality of financial reports and internal controls.

The Board of Directors is satisfied that internal controls are sufficient to provide confidence in the reliability of the financial statements as at December 31, 2009.

Additionally, risk management - the assessment of major risk factors such as providing credit terms, investment risks, and major client risks - are detailed in Section page no.210 A risk analysis has been undertaken of matters that might cause risk as well as measures to monitor the causes and reduce such risks.

The Board of Directors has attended to the disclosure of company financial and general information correctly and transparently with emphasis on the policies mandated by the Office of the Insurance Regulatory and Supervision Commission, the Securities and Exchange Commission and the Stock Exchange of Thailand.

The Company has not yet set up an Investor Relations Unit because of the lack of activities that bear communicating with shareholders, financial institutions, analysts and government offices. However, the Company is now conducting marketing and sales via its website at [www.ayud.co.th](http://www.ayud.co.th) and by telephone at (662) 263-0335.

## Section 5 : Responsibilities of the Board of Directors

### 1. Structure of the Company's Board of Directors

1.1 The Board of Directors determines policy and business direction, and supervises and monitors management operations to assure compliance with company policy and objectives, toward the successful implementation the vision, strategy, target, and business plan for the best interests of the Company and shareholders. Their function is to operate the Company in line with the business plan and contribute to its service efficiency to the benefit of customers, shareholders and the Company, based on honesty, fairness and sincerity.

The duties, responsibilities and authority of the Board of Directors, Executive Committee, Investment Committee, Audit Committee and Nomination & Remuneration Committee are detailed in Company Management Structure herein.

The Chairman, President and Managing Director enjoy clear separation of power and authority in accordance with the corporate governance and company management structures.

As at 31 December 2009, the Company had 12 members on its Board of Directors:

Executive Directors	3 persons
Non-Executive Directors	5 persons
Independent Directors	4 persons or 33.33% of the Board of Directors

The Company is confident that the executive directors, non-executive directors and independent directors will independently perform and approve policies in the best interests of the Company. Moreover, each of the independent directors was trained and passed the DAP and DCP courses held by the Institution of Directors (IOD).

The Board of Directors clearly determines the charter of each appointed committee. The President & CEO, as the head of the executive team, is responsible for the Board of Directors' business operations and performance in accordance with the Board of Directors charter.

#### 1.2 Terms of directors

The term of office of the Board of Directors is specified in the by-laws of the Company and the Public Limited Company Act. When a term expires, the Board member may be re-elected. The Company appoints the Nomination & Remuneration Committee, which is independent and responsible for recruiting qualified directors with competence in diversified fields, vision, ethics and transparency.

#### 1.3 Definition & Qualifications of Independent Directors

In compliance with the minimum requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand, an independent director is a director who can express his/her opinions freely with an aim to improving the management of the organization and leading it toward progress, transparency and good governance. The qualifications of an independent director are as follows:



- Hold not more than 0.5 percent of the total number of voting shares of a company or other juristic person that may be in conflict.
- Take no part in management, and not be an employee, advisor earning a regular salary, auditing, legal or other advisor, or have controlling power over the Company or be in conflict, and must not have had such an interest for at least two years.
- Not be a close relative or related person who has influence over the independence of the executive director, a major shareholder or juristic person that might cause conflicts, including not being appointed to be a representative for the purpose of protecting the benefit of a direct and major shareholder.
- Not be a close relative or related person who has influence over the independence of the executive director, a major shareholder or juristic person that might have conflict including not being appointed to be a representative for the purpose of protecting the benefit of a direct and major shareholder.
- Be able to protect the interests of shareholders equally, and to attend Board Meetings to make independent decisions on various matters.
- Not be on the list of persons whom the Stock Exchange of Thailand considers unsuitable for management.

The Board undertakes an annual Board self-assessment that compares the performance of the Board with the requirements of the Board

(The Definition of an Independent Director has already stated as per page no.135)

#### 1.4 Number of companies in which directors have a position

The Company discloses any other companies where directors are working in the same or another position in Form 56-1 and in the annual report. At present, the Company is assured that there are no negative effects arising from other positions and all have ample time for the Company, attend meetings regularly and benefit the Company.

#### 1.5 Aggregation and delegation of authority

The Chairman of the Board is not the same person as the President & CEO and is not related in a any manner to the executive team. These two persons hold different positions, perform different duties, and are independent from each other.

The by-laws of the Company clearly provide for the delegation of authority among the Board of Directors and the management team at all levels. Essential issues must be approved by both to maintain the balance of authority, and assure transparency and good corporate governance.

#### Company Secretary

A resolution was passed at Board of Directors Meeting No. 4/2008 held on 15 August 2008 to appoint Ms. Jiratcha Ruplek as Company Secretary, which role and responsibilities are in accordance with the policies set forth by the SEC and SET:

1. To arrange the Annual Shareholders Meeting and Board of Directors Meeting, prepare minutes of the meeting, and follow up on board resolutions in compliance with the rules and regulations of the Company.
2. To serve the Board of Directors in providing legal advice, taking care of the activities, and monitoring compliance with resolutions.
3. To advise on rules, regulations and guidelines that should be acknowledged and complied with by the Board of Directors.
4. To supervise and assure the proper and prudent discharge of functions by the Board of Directors and executive officers, taking into consideration the rights and fair treatment of shareholders.
5. To communicate with the relevant supervisory authorities

## 2. Sub-Committees

The Board of Directors has appointed four sub-committees: the Audit Committee, Nomination & Remuneration Committee, Executive Management Committee, and Investment Committee [ON P 4 IT SAYS 5 - INCLUDING THE PROVIDENT FUND COMMITTEE]. Certain sub-committees are not comprised entirely of independent members, but of non-executive directors, executive directors and independent directors. All members are qualified persons who possess an understanding of the roles and charters of Company directors and sub-committee members. Charters are discharged responsibly, loyalty, honestly, fairly, prudently, diligently

and independently. It is believed that all committee members understand and strictly adhere to these principles and the structures of each committee are accepted by shareholders.

*(Details of the charters and responsibilities of each committee are disclosed in Shareholding and Management Structure on page no.127 and 133)*

### 3. Roles, charters and responsibilities of committees

**3.1** The Board of Directors is comprised of members with knowledge, expertise and experience in the core business of the Company. The Board sets the vision, mission, strategies, goals, annual operating plan and budget for the utmost efficiency of operations and to achieve Company targets. The Board monitors the performance of the executives to assure compliance with operating plans, and stipulates and separates roles, duties and responsibilities among itself, the executives, employees and relevant persons.

The Board entrusts the Audit Committee to supervise the performance of the Internal Control Department and sets the internal control system to assure that it is sufficient. In addition, the Board monitors risk management and applies the principles of good corporate governance to add value to the business and shareholders.

In order to achieve the leadership and vision of the Board in terms of knowledge, competence and capabilities, the Company encourages the Board to participate in seminars and training programs that are useful in the performance of its duties.

**3.2** The Board of Directors appreciates the importance of good corporate governance and good practices of listed company directors, and continually undertakes to enhance the efficiency, effectiveness and transparency of the organization's operating systems. The Company seeks to engender the trust and confidence of shareholders, investors and the general public, which in turn will promote the advancement and stability of the business and consequently confer benefits upon shareholders, interested persons and the society as a whole as well as enhance the prospects of the Company's employees. Hence, the following corporate governance policies have been prescribed in writing, approved at the Board of Directors' meeting and disseminated on the Company's website and intranet. These consist of three parts : Policy on Corporate Governance, Code of Ethics and Code of Conduct. These good corporate governance policies are as follows :

Procedures should be implemented to ensure that the Company's management structure has a clear scope of the mandates, functions and responsibilities of each committee and executive

Procedures should be implemented to assure confidence that financial statements accurately reflect the Company's performance and appraisals, and that prescriptions and measures are imposed to prevent and maintain risks at appropriate levels.

Procedures should be implemented to assure confidence that the Company's various processes are efficient and effective subject to checks and balances that ensure transparency and accountability.

Procedures should be implemented to eliminate conflicts of interest, with the Company's interests the initial consideration. For this reason, a transparent operating system must be utilized.

Procedures should be implemented to disclose accurate and complete data to the extent it does not prejudice the legitimate interests of the Company.

The Company's objective is business excellence on the basis of customer satisfaction by having an open mind to suggestions and performing self-assessments to ensure continued exciting innovations.

Employees are trained in ethics and morals along with the development of their career potential.

The ownership status of the shareholder is appreciated and respected along with the rights of every interested person. Treatment of such persons are equitable.

Business is undertaken with the awareness of accountability to shareholders, interested persons and society as a whole.

Business is undertaken with an appreciation of environmental responsibility.

**3.3** The Company issues the Code of Ethics for the Board of Directors, executives and employees to adhere to as guidelines in dealing with the Company, shareholders, customers, employees, agents/brokers, society, the environment and competitors for the purpose of attaining the utmost good faith, honestly and fairness in its operations.





Furthermore, the Company issues the Code of Conduct in writing, which was approved by the Board of Directors, executives and employees. This Code of Conduct, available via the company's intranet and website, is the guidebook of practices all people in the organization must adhere to in fulfilling their duties with good intentions that will lead to good corporate governance, and as a result, create confidence among shareholders, allies and competitors.

**3.4** Following are the practical measures established by the Company's Board of Directors to prevent conflicts of interest for the maximum benefit of the Company and shareholders:

Items that may lead to conflicts of interest are revealed at the meeting of the board, in terms of value, parties concerned and reasons supported, according to the applicable rules promulgated by the Stock Exchange of Thailand. Directors with conflicts of interest must leave the meeting room and are not allowed to vote on the agenda relating to such items.

Furthermore, such items will be promptly and transparently disclosed and included in the annual report and Form 56-1.

**3.5** The Board of Directors pays attention to the internal control of financial operations, business performance and corporate governance, including the computer system. Accordingly, an internal audit was established to monitor these controls and provide recommendations directly to the Audit Committee, as well as report annually to assure confidence that these controls follow the stipulated guidelines, are effective and independent, and fulfill the functions of monitoring and balancing.

Both the Board of Directors and the Audit Committee concur that the Company has a proper and adequate internal control system, as shown in the Audit Committee Report included in the annual report and Form 56-1.

**3.6** The Board of Directors appreciates the importance of risk factors in the continual management of the organization. The committee was entrusted with the task of managing these factors and controlling activities and processes, in order to reduce factors that may be detrimental to the organization and maintain the level and extent of any damages that could arise at a level that is acceptable to the organization, assessable, controllable and reviewable systematically to assure compliance with the Company's targets. In 2009, the Risk Management Committee held 11 meetings.

The Risk Management Committee consists of 19 executives at the department and division levels. The scope of its functions has been prescribed with a view to jointly implementing a more systematic and efficient risk management system. These operations commenced in 2008.

#### **4. Board Meetings**

Board of Directors Meetings are normally scheduled not less than once every three months. The agenda and minutes of the previous meeting, together with supporting documents, are submitted to Board of Directors seven days in advance to enable directors to undertake adequate considerations and studies of the information prior to attending the meeting. The exception is when there is an emergency relating to the protection of Company interests, in which case less than seven days' notice may be given. The duration of each meeting is approximately two hours. During the meeting, directors are allowed to express opinions openly and freely, and the Company chairman will consolidate the opinions and conclusions reached. Directors having an interest must leave the meeting during the consideration of such matter, which then must contain half of the Board of Directors. All meetings are attended by the Board Secretary in order to record it and take minutes, which will be approved by the meeting and verified by the Company Chairman and Board Secretary.

Board of Directors Meetings are scheduled five times annually. If there is an emergency, additional meetings may be called. The Audit Committee, President, Managing Director, Accounting Department Manager and internal audit units schedule regular joint meetings with the Company auditor quarterly.

In a meeting of the Board of Directors, if there is a query, or additional information is required from relevant persons, the President/Managing Director will invite the appropriate high-level executive officers to give explanations if applicable.

Moreover the Board of Directors has delegated to the President the task of scheduling meetings of the Executive Committee at least once a month. Additional meetings may, however, be called in cases of emergency.

The Board of Directors has also delegated to the President the task of scheduling meetings of the Investment Committee, accompanied by an investment consultant, quarterly. Additional meetings may be called in cases of emergency.

Minutes of Board meetings and meetings of sub-committees are recorded in writing and the originals filed at the Company's head office for the convenience of reference by the Board of Directors and relevant persons.

The attendance of the Board of Directors may be summarized as follows:

No.	Name	Attendance
1	Mr. Veraphan Teepsuwan	5/5
2	Mr. Surachai Prukbamroong	5/5
3	Mr. Savang Tongsmutra	5/5
4	Mr. Metha Suvanasan	5/5
5	Mr. Adisorn Tantianankul	5/5
6	Mr. Chusak Salee	5/5
7	Mr. Laksna Thongthai, Ph.D.	5/5
8	Mr. Chet Raktakanishta	4/5
9	Mr. Virojn Srethapramotaya	5/5
10	Mr. Andreas J. Wilhelm, PhD	3/5
11	Mr. Suwat Suksongkroh	5/5
12	Mr. Rowan D'Arcy	5/5

##### 5. Board Self-Assessment

In 2009, the Board of Directors drew up a self-assessment form for its performance, which exhibits the opinions of each director on the overall performance of the Board of Directors, and is not an evaluation of individual directors. The objective is to enable a review of the performance and any problems that may require further modification and improvement. The exercise promotes efficiency in the discharge of functions by the Board of Directors and aids in fostering relationships between the Board of Directors and the executives.

##### 6. Remuneration of Directors and Executives

The Company director appointed the Nomination & Remuneration committee to recommend appropriate compensation to the company's directors and executives. The Shareholders Meeting assumes responsibility for approving this remuneration and assigning the Board of Directors to allocate it.

Ordinary Shareholders Meeting No. 60 held on April 21, 2009 approved remuneration that amounted to not more than Baht 4.2 million per annum. The remuneration is a company asset and will be allocated appropriately.

*(Details are disclosed in Shareholding and Management Structure on Page no.127 and 133 )*

Remuneration for Directors and Management is as follows:

- Remuneration for Directors - an appropriate amount is clearly specified and approved by a shareholders' resolution.
- Remuneration for Management - this is paid to each management executive in compliance with company policy, which is related to operating results and their work experience.

The remuneration paid to Directors and Management in 2009 is detailed in Section page no.37



## 7. Board of Directors' Training

- a. The Board realizes the importance of roles, functions and responsibilities to the Company and strives to improve the performance of all staff by encouraging directors and employees to participate in training programs such as the Director Certification Program of IOD and others that are useful in the performance of their duties and good for the organization. The Company also reimburses traveling expenses both domestically and internationally. When the Company appoints a new director or hires a new employee, he or she is informed of the nature of our business, trends and company objectives.

The Company also emphasizes maximizing the potential and capacity of all levels of employees by encouraging continuing education for high-level employees toward a leading role in the organization. This is to assure that the Company can hand down each position to the next generation for sustainable growth.

Participation of Directors in Training/Seminars Organized by IOD

Role of the Chairman	(RCP)
Director Accreditation Program	(DAP)
Director Certificate Program	(DCP)
Corporate Governance Report	(CGR)
DCP Refresher Course	
Role of the Compensation Committee	(RCC)
Audit Committee Program	(ACP)
Non-Finance Director	(FN)
Fellowship	

เลขที่	Name	RCP	DAP	DCP	Fellowship	RCC	ACP	FN	FSD	CGR	DCP Refresher Course	CSP
1	Mr. Veraphan Teepsuwan	x		x								
2	Mr. Surachai Prukbamroong		x	x						x	x	
3	Mr. Savang Tongsmutra		x	x								
4	Mr. Metha Suvanasan			x		x						
5	Mr. Adisorn Tantianankul			x					x			
6	Mr. Chusak Salee			x								
7	Mr. Laksna Thongthai, Ph.D.			x	x							
8	Mr. Chet Raktakanishta			x		x	x	x			x	
9	Mr. Virojn Srethapramotaya	x	x	x	x							
10	Mr. Andreas J. Wilhelm, Ph.D.											
11	Mr. Suwat Suksongkroh			x							x	x
12	Mr. Rowan D'Arcy			x								

## b. Succession Plan

Executive management is appointed by the Board of Directors and is responsible for preparing the succession plan in order to ensure that the company's objectives are reached with continuity.

## (5) Control of Internal Data

The Company has clear regulations concerning shareholding reporting stipulating that directors and executive committee members must report their shareholdings, as well as any of their spouse and their children under legal age, and related directors and/or senior executives, in accordance with Section No. 258 of the Securities and Exchange Act and the Stock Exchange of Thailand Act, B.E. 2535 (1992), which stipulate that the SET must be advised of any transfer of any shareholdings within three days of the date such

action was taken. Additionally, the Company's policy under Section No. 7 regarding disciplinary action and penalties is enforced for the following violations:

- No. 1.12 To cooperate or consult either directly or indirectly with competitors that operate their business similarly to the company's.
- No. 1.22 To be dishonest either directly or indirectly in order to benefit illegally.
- No. 1.25 To disclose policy and business performance that are kept confidential to outsiders.
- No. 1.36 To obtain photocopies of essential company documents and/or inform those not related to the Company of its business performance.

Any staff member who violates these company regulations is subject to the following disciplinary action:

Verbal warning,

Letter of warning,

Withdrawal of fringe benefits

Unpaid leave for 7 days

Termination without severance payment

#### Human Resources

As at 31 December 2009, the Company had a total staff of 354 persons, which can be broken down as follows:

Underwriting, claims and marketing staff 177 persons. Support staff 177 persons.

In the past three years, there have been no significant changes in number of staff and no legal disputes involving domestic staff.

#### Employee Remuneration

Total remuneration of staff in 2009 can be broken down as follows:

■ Salary	131.15
■ Bonus	19.96
■ Social welfare	2.49
■ Provident Fund	5.69

## Internal Control

The Company's Board of Directors was of the opinion that the company's internal control was sufficient and appropriate, contributing to efficient and effective operation. The financial reports were reliable and timely, and could be used as data for considering and making business decisions. Operations are in compliance with the law, and the regulations and policies of the Company are in accordance with the Board's Recommendation No. 2/2010 dated 26 February 2010, which can be summarized as follows:

### 1. Organization and Environment

- Clear business objectives and measurable output. The annual budget was analyzed carefully by management and approved. In setting policies and drafting the operations plan, fairness to business partners was taken into consideration for the long-term benefit of the Company.
- An organizational structure with clearly defined responsibilities. Each division of the Company will function in accordance with the organizational chart and written operational rules and manuals. The Company rules specify morals and rules that prohibit staff members from actions that would be counter-productive to the interests of the Company, as well as penalties for any violations.



## 2. Risks Management

- A risk management team. The Company set up a group of committees that will be responsible for the Company's Risk Management procedures. These procedures are designed to mitigate significant risks to an extent that they are very unlikely to occur, including operational risks, insurance business risks, investment risks and risks involving particular principal clients. The committee will review and evaluate the system and standards, as well as the effectiveness of these procedures, once a year or as required.
- Early warnings will be investigated. In order to avoid any misbehavior, the Risk Management Team also established Fraud Guidance and Whistle Blower procedures via the Company's intranet, which staff can access to assure that business is conducted properly and legally.

## 3. Control of Management Operations

- Delegate authority. Credit authorization will be determined by the administration at each level and clearly defined in writing. This division of authority extends to authorizing and reporting on accounting records and IT, and responsibilities include separating assets for counter-checking.
- Comply with SET regulations. The Company will operate in compliance with the Announcements and Regulations of the Stock Exchange of Thailand, as proscribed by the Department of Insurance and the Office of the Committee for Stock and Securities regarding business operations with major shareholders, the Board, administrators and other related parties, and measures have been adopted to assure that business is conducted properly and prevent any violations.

## 4. Information Technology and Telecommunication

- Compile adequate data. The Board will be provided with ample accurate information to be used in making decisions, including letters calling for meetings and documents used in meetings, and the necessary documents and data for consideration will be prepared in advance. Reports of the Board Meetings will be sufficiently detailed for shareholders to inspect the work of the Board.
- File documents, account records and financial data systematically. This has been achieved using standard certified accounting procedures appropriate to the nature of the Company's business.
- Compiling operations data. This includes appropriate, topical, and timely financial data and informational materials relating to various operations that management can use to make decisions on policies and procedures, utilizing IT to assess possible outcomes and assuring that this data is readily accessible to the relevant authorities.
- Improve lines of communication. Establish a system of internal and external communication to keep staff members informed of administrative information and the duties of each person.

## 5. Monitoring System

- Dealing with discrepancies. Management compared output with objectives and presented their findings to the Board. When discrepancies occurred between objectives and results, Management will immediately determine the cause and take corrective and timely measures. It is Company policy that Management report to the Board immediately in cases of dishonesty or suspected dishonesty, violation of the law or other wrongdoings that could have significant implications for Company and damage its name or financial standing.
- The Audit Committee. The committee is responsible for monitoring finances and financial procedures through a system of internal controls and audits, in compliance with the relevant laws and regulations. Remuneration and nomination of auditors was specified.
- The Internal Audit Department. The department is responsible for checking internal control systems. The internal auditor may work independently and submit reports in a frank manner. If a significant error is detected, it will be reported to the Board and the Audit Committee for a determination of corrective measures within an appropriate time frame.



## Corporate Highlights

- 1950 On October 7, The Ayudhya Insurance Public Company Limited, with registered capital of Baht 2 million, receives a license to operate in all classes of general insurance, including Fire, Marine & Transportation and Miscellaneous, from its headquarters on Bangkok's Yaowarat Road. The original headquarter was situated at 34/37 Yaowarat Road, Tambon Samyeak, Amphur Samphanthawong, Bangkok.
- 1967 Registered capital is increased to Baht 5 million.
- 1968 Registered capital is increased to Baht 20 million.
- 1971 The Company moves its offices to the third floor of the Bank of Ayudhya Building at 550 Ploenchit Road, and expands its accident underwriting business to include motor.
- 1987 Registered capital is increased to Baht 40 million, and the Company moves to the 10th floor of the Phanuni Building on Ploenchit Road. The Company is registered in the Stock Exchange of Thailand
- 1988 Registered capital is increased to Baht 100 million.
- 1989 Registered capital is increased on the Stock Exchange of Thailand.
- 1990 Registered is increased to Baht 500 million, Baht 250 million paid up.
- 1993 The Company moves to its current location on the seventh floor of Ploenchit Tower.
- 1994 On May 9, the Company changes its name to The Ayudhya Insurance Public Company Limited.
- 1997 The Company expands its insurance and investment business, focusing on management and services. Commencing its nationwide expansion program, three branches are opened in Rayong, Hatyai and Phuket.
- 1998 The fourth branch opens in Khon Kean.
- 1999 The fifth branch opens in Chiangmai.
- 2000 Three more branches open in Nakhon Ratchasima, Nakhon Sawan and Phisanulok.
- 2001 Four more branches open in Ubon Ratchathani and Surathani provinces, and two sub-branches are opened in Chonburi and Lopburi to expedite claims settlement.
- 2002 The Company receives the "Disclosure Award" from the Stock Exchange of Thailand for its commitment to providing customers with prompt service, accuracy and transparency.
- 2003 The Company receives the "Best Management Award" from the Department of Insurance (now called the Office of the Insurance Commission) for four consecutive years for its commitment to developing staff potential:
- 2003 The Company receives Second Place in the Top Three Best Management Award category.
- 2004 2004 The Company receives Third Place in the Top Three Best Management Award category.
- 2005 The Company receives Second Place in the Top Three Best Management Award category.
- 2006 2006 The Company receives Third Place in the Top Three Best Management Award category out of the 63 non-life insurance companies in the industry.
- 2004 The Company's Nakhon Pathom office receives a certificate for prompt service with merit in a motor claim payment case.
- 2006 To mark the auspicious occasion of the 60th Anniversary His Majesty the King's Accession to the Throne, the Company dedicates merit to His Majesty by distributing cloth bags to customers and correspondents in an effort to cut down on the use of plastic bags, among other initiatives.
- 2007 The Company expands its distribution channels via agents and brokers, as well as major clients, and continues to focus on providing increasingly better service to its customers.



2008 Recognizing the significance of environmental protection, particularly global warming, the Company promotes energy-saving in the office by switching off unnecessary lights and electrical appliances during the lunch break, encouraging company employees to plant mangrove in Rayong and Chonburi, and distributing cotton bags to customers and correspondents.

2009 The Company focuses on expanding its insurance and investment business through state-of-the-art management and skills development, and nationwide coverage continues with an agency in Chonburi and a sub-branch in Pattaya. Five more are opened, for a total of 12 branches, six sub-branches and three agency offices.

The Company continues to launch new products, including the “Bancassurance” project in collaboration with Bank of Ayudhya Plc. that results in PA Prompt, PA Care, Cancer Prompt, Auto Prompt 3 Plus, PA Prompt Plus, and Cancer Prompt Plus. The Company's Marine Jet Ski Policy is recognized as the first policy to provide security for visitors and promote tourism.

In recognition of its exceptional management, the Company receives the following awards for its operating performance:

- Annual General Shareholders Meeting - The Company achieved 5 stars of 2009 AGM checklist or equivalent to 91 points from Thai Investors Association (TIA).
- Corporate Governance Report of Thai Listed Companies achieved 4 stars or equivalent to 89 points from The Stock Exchange of Thailand.
- The Company is awarded First Prize in the “Best Management Award” category during 2007-2008 for two consecutive years among 68 general insurance companies.
- The Company receives the Best Innovative Product Award from the Netherlands - Thai Chamber of Commerce.

At present, the company continues to adhere strongly its underlying philosophy of operating its businesses with caution in order to strengthen its stability and always improving its service efficiency to benefit every client, based on honesty, fairness and sincerity. This philosophy has been the core of our business operations for over 60 years.

## Review of Business Operation

The Ayudhya Insurance Public Company Limited

engages in the following business activities:-

1. **Non-Life insurance.** This comprises four basic lines : fire, marine, motor and miscellaneous.
2. **Investment.** Under the insurance law, as supervised by the Office of the Insurance Commission of the Ministry of Finance, the Company can invest its surplus income in the form of deposits with financial institutions, promissory notes and government bonds, and in all types of short- and long - term securities.

**Fire Insurance:** Coverage is available against the risk of loss or damage due to fire, lightning and explosions to such property as office buildings and factories, dwelling houses, residences, commercial buildings, industrial plants, property contained in buildings, goods in storage, as well as machinery and raw material at industrial plants within Thailand territory limit.

**Marine and Transportation Insurance:** The company offers coverage on goods transported by ship at sea and by river both internationally and within Thailand. Coverage is also provided on goods transported overland by truck or by train, as well as by air and parcel post as well as marine hull.

**Motor Insurance:** This covers the risk of losses due to automotive accidents and is divided into two categories :

1. Compulsory insurance under the third-party insurance Act of 1992, applicable to vehicles and motorcycles from October 1992 by covering death or injuries due to motor accidents within the specified limits.
2. Voluntary insurance, including third-party, third-party/Theft and comprehensive or first-class coverage

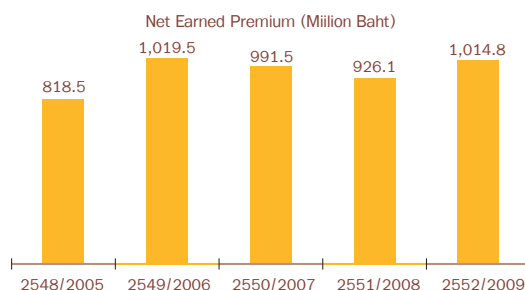
**Miscellaneous Insurance:** Numerous types of insurance coverage are available, including Personal and Group Accident insurance, Travel insurance, Money insurance, Burglary insurance, Machinery insurance, Erection all risks insurance, Contractor's All Risks insurance, Workmen's Compensation insurance, Electronic Equipment insurance, Public Liability insurance, All Risks insurance, Director and Officer insurance, Plate Glass insurance, Contractor's Plant and Machinery insurance and Leasehold insurance.





## Company Revenue Structure

The Ayudhya Insurance Plc offers general non-life insurance coverage, including fire, marine, motor and miscellaneous. Premiums earned from the various categories were as follows.



The Company's income structure changed proportionally from the previous year as underwriting income in 2009 increased to 81.0% from 75.8% in 2008. In 2009 the Company continued to expand its distribution channels to the provinces, and therefore Bank of Ayudhya Plc. fully supported it with bancassurance to increase underwriting income.

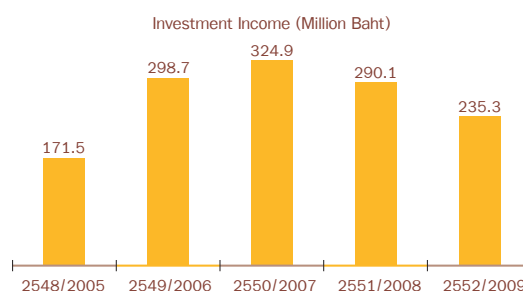
Underwriting Income of the year ending 31<sup>st</sup> December 2009, 2008 and 2007

(Unit: Baht)

Underwriting Income	2009		2008		2007	
	Amount	%	Amount	%	Amount	%
Fire	308,440,278	30.4	300,510,505	32.5	309,592,465	31.2
Marine & Transport	43,018,617	4.2	43,666,757	4.7	30,566,912	3.1
Miscellaneous	160,864,172	15.9	155,587,597	16.8	140,710,102	14.2
Motor	502,507,012	49.5	426,362,495	46.0	510,612,222	51.5
Total	1,014,830,079	100.0	926,127,354	100.0	991,481,701	100.0

### Investment income

Net investment income in 2009 showed a decrease of 23.8%, equivalent to 18.8% over the same period in 2008. This was due to the 27.9% reduction in interest and dividend income. Gain on investments in securities for 2009, however, showed a 34.82% increase.



Comparison of Revenue Structure of the year ending 31<sup>st</sup> December 2009, 2008 and 2007

(Unit: Baht)

	Type of Income	2009		2008		2007	
		Amount	%	Amount	%	Amount	%
1.	Underwriting Income	1,014,830,079	81.0	926,127,354	75.8	991,481,701	75.0
2.	Investment Income	235,281,574	18.8	290,089,990	23.8	324,884,204	24.6
3.	Others	2,735,390	0.2	5,046,984	0.4	5,941,950	0.4
	Total Income	1,252,847,043	100.0	1,221,264,328	100.0	1,322,307,855	100.0

## 2009 Operating Results

The Company earned premiums of Baht 1,014.83 million in 2009, a Baht 88.70 million, or 9.58%, increase over 2008. Net investment income from interest and dividends for 2009 was Baht 186.37 million, Baht 72.32 million, or 27.96%, less than the year before. Gains on investments in securities totaled Baht 46.72 million, an increase over last year's Baht 34.65 million of Baht 12.07 million, or 34.82%. In 2009, the Company had Baht 2.19 million in income from the reversal of impairment losses on notes, whereas in 2008, the Company recorded impairment losses on notes in the amount of Baht 3.65 million and a reversal of impairment losses on general investments of Baht 0.39. Other income in 2009 amounted to Baht 2.74 million, a decrease of Baht 2.31 million, or 45.80%, from the previous year.

On the expense side, the Company had two types of major expenditures: underwriting expenses and operating expenses. In 2009, the Company had underwriting expenses of Baht 627.76 million, a 26.93% increase over the Baht 494.57 million of 2008. Underwriting expenses were comprised of losses incurred, loss adjustments, commissions and brokerages, and other variable costs related directly to underwriting income.

Losses incurred and loss adjustment expenses depended on the losses incurred by insureds during the year. Operating expenses in 2009 were Baht 292.91 million, an increase of Baht 5.40 million, or 1.88%, over the Baht 287.51 million of 2008. Personnel expenses for 2009 increased by Baht 6.72 million or 3.89%, and premises and equipment expenses were Baht 74.94 million, an increase of Baht 3.01 million, or 4.19%, over the Baht 71.93 million of 2008. This was due to the Company's investment in information technology to meet its requirements for speed and efficiency, and also supported the Company's new products. Currently, the Company has 12 branches and six sub-branches for claims services, and the operations of all are connected online to the Head Office for prompt, convenient and efficient management and services by every branch.

In 2009, the Company had pre-tax profits of Baht 332.18 million, a decrease of Baht 107.01 million, or 24.36%, from the Baht 439.18 million of 2008. Corporate income tax in 2009 totaled Baht 58.02 million, a decrease of Baht 24.60 million from the Baht 82.62 million of 2008. As a result, the Company showed

after-tax profits for 2009 of Baht 274.16 million, a Baht 82.40 million, or 23.11%, decrease from 2008. Underwriting profit decreased from last year by Baht 44.49 million or 10.31%, net investment income decreased by Baht 72.32 million, or 27.96%, and gains from investments in securities increased by Baht 12.07 million, or 34.82%. The Company also showed income from the reversal of impairment losses on notes of Baht 2.19 million. Other income in 2009 totaled Baht 2.74 million, a Baht 2.31 million, or 45.80%, decline from the previous year. Earnings per share in 2009 were Baht 1.10 a decrease from 2008 of Baht 0.33 per share, which showed earnings per share of Baht 1.43. As a result, the return-on-equity ratio for 2009 was 5.11%, down from 6.59% from 2008.

Other factors impacted on the Company's operations in the past year, including:

- (1) More insurance companies with foreign interests created stronger competition for advanced technology, the development of policy forms to meet customer requirements, suitability for new risks, and services. Companies with foreign partners enhanced their capabilities to take on more business and provide new products. They also introduced new technology to develop and expand their business through direct marketing utilizing advanced communications to gain the attention and interest of prospective customers. By investing in technology and human resources, the Company prepared for this stronger competition, which resulted in an increase in operating expenses.
- (2) The insurance business in 2009 saw total direct premiums of Baht 109,845 million, up 3.40% over the same period the previous year, despite increasing oil prices and the slowdown in household spending due to the increases in the prices of consumer products. Thailand's economy declined 2.3% to minus 2.5% from the previous year, while the insurance business over the past five years has expanded steadily, having been developed to be in a strong position. We saw an adjustment in the social behavior and thinking regarding security by families who sought insurance as a mechanism to relieve some of the



burden of the economic crisis, and as a necessity, or “fifth requirement” for living. As the basic principle of insurance is to mitigate the risks of unexpected and unforeseeable circumstances, once people realize this benefit, no matter what the state of the economy may be, the insurance business will remain unaffected. With continued turmoil in the Thai economy, increases in crude oil prices, droughts, floods, earthquakes and the disturbances in the three southern provinces, a campaign was embarked upon to alert people to the risks that can occur and advising them to pay more attention to insuring.

### Underwriting Results

In 2009, the Company generated total premiums of Baht 1,829.85 million, an increase over 2008 of Baht 148.36 million, or 8.82%. The Company paid Baht 755.24 million in reinsurance premiums, or 41.27% of overall premiums. The Company's retention was Baht 1,074.61 million. The ratio of net written premiums to equity was 0.20 times, higher than 2008, which was 0.18 times. The rate of underwriting profit for 2009 was 36.02% of net written premiums, a decrease from 2008's, which was 44.64%. This was because underwriting profits per net written premiums for 2009 decreased from the year before by Baht 44.49 million, or 10.31%, due to an increase in losses incurred in 2009 in the amount of Baht 80.85 million, or 23.73%. As a consequence, underwriting expenses in 2009 were Baht 627.76 million, an increase of Baht 133.19 million, or 26.93%, over 2008's total of Baht 494.57 million.

In 2009, the increase in total written premiums came from Marine and Transportation, Miscellaneous and Motor insurance. Marine and Transportation premiums written increased substantially due to business expansion resulting from accepting more risks from agents. The increase in Miscellaneous premiums written was the result of the Bancassurance project that the Company engaged in with the network of Bank of Ayudhya Plc. to increase underwriting income, and the increase in Motor premiums written was due to the Company's expanded its distribution channels through provincial branches.

In 2009, the Company incurred claims of Baht 421.59 million, a loss ratio of 41.54% of earned premiums, an increase over 2008, which had a loss ratio of 36.79%. Commissions and brokerages

in 2009 amounted to Baht 68.83 million, an increase over the previous year's Baht 61.88 million of Baht 6.95 million, or 11.23%. Other 2009 underwriting expenses of Baht 126.90 million represented an increase over the previous year's Baht 84.34 million of Baht 42.56 million, or 50.46%. Consequently, the Company's total underwriting expenses for all classes in 2009 increased over last year by Baht 133.19 million, or 26.93%. Profits on underwriting in 2009 of Baht 387.07 million were 10.31% lower than 2008's Baht 44.49 million.

In 2009, the Company had net written premiums per written premium (a Retention Rate) of 58.73%, a 57.49% increase over last year, because the Company received a Baht 148.36 million, or 8.82%, increase in written premiums, whereas the Company's ceded premiums increased Baht 40.44 million from Baht 714.80 million to Baht 755.24 million, a 5.66% rise. As a result, net written premiums rose from Baht 966.69 million to Baht 1,074.61 million, an increase of Baht 107.92 million or 11.16%.

The ratio of underwriting expenses for 2009 was 48.15% of earned premiums, an increase over the 46.83% of 2008. This was due to the Company's underwriting and operating expenses increasing Baht 54.90 million, or 12.66%, whereas earned premiums in 2009 increased Baht 88.70 million, or 9.58%, over 2008.

### Fire Insurance

The Company obtained written Fire premiums for 2009 of Baht 437.69 million, or 23.92% of overall written premiums, a decline of 3.94% from Baht 17.95 million in 2008. The Company ceded reinsurance premiums in the amount of Baht 133.02 million, or 30.39% of the total Fire premiums. The Company retained Baht 304.67 million, or 69.61% of total Fire premiums. The unearned premium reserve for Fire insurance in 2009 decreased from last year by Baht 13.41 million, or 139.10%. Consequently, earned premiums from Fire insurance 2009 of Baht 308.44 million represented a decrease from last year of Baht 7.93 million, or 2.64%.

In 2009, losses incurred from Fire insurance totaled Baht 42.09 million, a 15.69%, decrease from the previous year's Baht 7.83 million. The loss ratio from fire insurance equaled 13.65% of earned premiums, a decrease from last year's 16.61%. Commission and brokerage premiums in 2009 decreased 28.41%



from last year to Baht 14.91 million. Other underwriting expenses amounted to Baht 46.64 million, an increase over last year of Baht 12.04 million, or 34.80%. Consequently, profits from Fire underwriting of Baht 180.79 million represented an 11.39% increase from the previous year to Baht 18.49 million.

In 2009, the Office of the Insurance Commission reduced the Fire Tariff Rate 10% on residential properties. Additionally, the criteria for fire tariffs in provincial areas will be the same rate as Bangkok metropolitan.

The Company has branches in various provinces to provide convenient Fire underwriting service to customers, agents, brokers and Bank of Ayudhya Plc. (BAY). This helps people save money, as they can insure their residences against the risk of fire at a lower premium rate. The Company tried to expand its distribution channels to other sources to compensate while maintaining existing clients through the improvement of our personnel to ensure speedy and accurate management, as well as technology to improve the efficiency of our computer programs to better support the growing volume of our business and serve promptly every customer, agent, broker and Bank of Ayudhya customer that insures their residences and shops under a bank loan.

#### Marine and Transportation Insurance

The Company received Marine and Transportation premiums in 2009 of Baht 263.70 million, or 14.41% of overall written premiums, a 3.69% increase over the Baht 9.39 million of 2008. The Company ceded reinsurance premiums in the amount of Baht 215.75 million, or 81.82% of total Marine and Transport premiums. Net written premiums amounted to Baht 47.95 million, or 18.18% of total Marine and Transportation premiums. Earned premiums in 2009 of Baht 43.02 million were down from last year by Baht 0.65 million, or 1.48%.

The Company incurred a loss for this division in 2009 of Baht 10.27 million, an increase over 2008 of Baht 0.58 million, or 6.03%. The Marine loss ratio was 23.86% of earned premiums, and total underwriting expenses during 2009 increased from 2008 by Baht 10.70 million, or 95.54%. Consequently, the profit on underwriting for 2009 of Baht 43.52 million decreased from 2008 by Baht 11.35 million, or 20.68%.

In 2009, Marine Jet Ski Policies were issued in cooperation with the government, the first policy of its kind to provide security

to tourists in Phuket. The policy covered 219 units of jet ski under the slogan "It's best travel in Phuket with Jet Ski insurance, the first of its kind of the world", which was launched on November 26, 2009 at Patong Beach in Phuket.

In 2009, Marine and Transportation premiums written grew 3.69%. Marine Cargo decreased 9.60%, whereas Marine Hull increased 119.47%. The decline in written premiums for Marine Cargo was due to the reciprocities that adversely affected Marine and Transportation and the global recession.

The primary sources of business for Marine and Transportation insurance came from major agents that continually support the Company's Marine business and are happy with our prompt service, accuracy and sound management through One Team Service.

#### Motor Insurance

The Company received Baht 555.23 million from Motor written premiums in 2009, 30.34% of overall written premiums, and an increase over 2008 of Baht 82.35 million, or 17.42%. Retention of Motor premiums was Baht 532.18 million, or 95.85% of total Motor premiums. The Motor unearned premium reserve decreased from the previous year by Baht 8.10 million, or 21.45%, which resulted in net earned premiums for Motor of Baht 502.51 million for 2009, an increase over last year of Baht 76.15 million, or 17.86%.

Motor claims incurred in 2009 of Baht 308.67 million represented an increased over the previous year of Baht 75.78 million, or 32.54%. The loss ratio was 61.43% of earned premiums. Total underwriting expenses for Motor in 2009 increased by Baht 103.17 million, or 31.45%. As a result, in 2009 the Company made a profit on Motor underwriting of Baht 71.30 million, down Baht 27.02 million, or 27.48%, from the year before.

With effect January 1, 2009, the Office of the Insurance Commission stipulated that the provision of Motor premium payments for personal and juristic vehicles must comply with universal practices, namely Cash Before Cover. The provision stipulated that the insured had to pay their premium prior to the effective date, and was announced to the public as well as agents and brokers.

In 2009, Motor premiums written grew 17.42%, and came from agents, brokers, vehicle dealers and financial institutions



that provide auto leasing. The Company emphasized providing good service to the insured and the efficient management of its branches to enable its customers to buy Motor insurance and be served by Company branch offices conveniently.

### Miscellaneous Insurance

The Company received Baht 573.23 million in Miscellaneous written premiums, or 31.33% of overall written premiums, in 2009 of, an increase of Baht 74.57 million or 14.95%, over 2008. Reinsurance premiums totaled Baht 383.42 million, 66.89% of total Miscellaneous premiums, and the Company's retention was Baht 189.81 million, 33.11% of total Miscellaneous premiums. The unearned premium reserve increased from the previous year by Baht 35.01 million, or 577.42% which resulted in Miscellaneous earned premiums of Baht 160.86 million in 2009, an increase of Baht 5.28 million, or 3.39%, over last year.

The Miscellaneous loss incurred in 2009 was Baht 60.57 million, up Baht 12.32 million, or 25.52%, from 2008. The Miscellaneous loss ratio equaled 37.66% of earned premiums. Total miscellaneous underwriting expenses for 2009 increased over the previous year by Baht 29.88 million, or 75.60%, which resulted in 2009 profits of Baht 91.46 million, down Baht 24.60 million, or 21.20%, from 2008.

In 2009, the Company was firmly established with the BAY network and launching innovative products like PA Prompt, PA Care, PA Prompt Plus, and Cancer Prompt Plus. The Company also launched Auto Prompt 3 Plus, which generated automobile premiums.

Primary sources of business for Miscellaneous insurance came from BAY, insurance brokers, agents and direct accounts. The Company's Miscellaneous underwriting expanded with its Bancassurance Project with BAY, the major distribution channel.

### Investment

The SET index increased 63.25% in 2009 compared to the same period last year. The continuation of the local recovery will depend in part on the government's full implementation of its stimulus packages, a revival in private spending, production, and exports. While private investors appear to be at the lower level, this is continually improving, though political disturbances and pollution problems at Maptaphut could adversely affect overall

economic expansion. This notwithstanding, Thailand will continue to improve with the global economy, but a cessation of measures to motivate world economies could have adverse effects.

The Company manages its liquidity efficiently to enable it to achieve good returns. An adjustment by management on the Company policy for investment for high returns at low risk is suited to every scenario as it calls for careful consideration of liquidity, caution and prudence.

As at December 31, 2009, the Company had investment assets of Baht 6,270.47 million, an increase over 2008 of Baht 468 million, or 8.07%. Net investment income for 2009 was comprised of interest and dividends of Baht 186.37 million, a decrease from the year before of Baht 73.32 million, or 27.96%, which was due to reduced short-term interest rates in the money market. The Company sold some common shares and debentures during 2009. As a result, profit from investments in securities was Baht 46.72 million, a Baht 12.07 million, or 34.82%, increase over the Baht 34.65 million of 2008.

In 2009 the Company also had Baht 2.19 million in income from the reversal of impairment losses on notes, whereas last year there was an impairment loss on notes of Baht 3.65 million and a reversal of impairment losses on general investments of Baht 0.39 million. Consequently, the Company gained on its investments in securities in 2009 in the amount of Baht 235.28 million, a decrease of Baht 54.81 million, or 18.89%, from Baht 290.09 million in 2008. Thus, the rate of return on investments in 2009 decreased from 2008 from 5.00% to 3.97%.

### Financial Status

#### 1. Assets

##### Components of assets

The assets of the Company were comprised of investments in securities, loans, cash and deposits with financial institutions, land, premises and equipment, outstanding premiums and others.

As at December 31, 2009, the Company had total assets of Baht 6,726.91 million, an increase over last year of Baht 378.45 million, or 5.96%.

As at December 31, 2009, the Company had total investments in securities of Baht 5,705.45 million, an increase of Baht 1,098.90 million over the Baht 4,606.55 million of 2008. In 2009, the Company invested in bonds in the amount of Baht 1,510.84 million, a Baht

401.30 million increase over the Baht 1,109.54 million of 2008 due to investments in Bank of Thailand and foreign bonds. Investments in treasury bills of Baht 339.76 million represented a Baht 157.92 million increase over previous year's Baht 181.84 million.

Investments in notes totaled Baht 109.56 million, a reduction of Baht 276.79 million from 2008's Baht 386.35 million. Investments in debentures of Baht 663.11 million represented a Baht 707.78 million increase over the Baht 44.67 million of 2008.

Investments in mutual funds totaled Baht 1,860.40 million, an increase of Baht 84.93 million over 2008's Baht 1,775.47 million.

Investments in listed and non-listed stocks totaled Baht 1,221.70 million, an increase of Baht 43.96 million over 2008's Baht 1,177.74 million.

As at year-end 2009, the Company had unrealized gains on investments in securities of Baht 169.02 million, whereas in 2008 there was an unrealized loss on investments in securities of Baht 41.27 million. This was due to the 63.25% increase on the SET index compared to the same period the previous year.

Loans to employees with guarantors in accordance with the welfare policy of the Company as at year-end 2009 totaled Baht 2.97 million, a 0.43 million increase over the previous year's Baht 2.54 million.

Cash and deposits at financial institutions at year-end 2009 totaled Baht 562.05 million, a Baht 631.33 million decrease from previous year's Baht 1,193.38 million. This was due to the Company's increased investment in bonds and treasury bills.

Land, premises and equipment as at December 31, 2009 totaled Baht 172.75 million, a Baht 3.56 million increase over 2008's Baht 169.19 million. This was due to the Company's investments in IT equipment, office renovation and expansion, and purchase of new vehicles to replace the existing ones that had completed their term of use in the amount of Baht 9 million. Expired vehicles, combined with office equipment, equipment and computers that needed to be replaced, resulted in total acquisition costs of Baht 5.44 million.

Outstanding premiums as at December 31, 2009 were Baht 180.53 million, a Baht 76.24 million, or 29.69%, decrease from 2008's Baht 256.77 million. This was due to the Company's emphasis on efficiency in the follow-up of outstanding premiums by paying stricter attention to premium collection. The Company

has clear policy to manage such collections, including a monthly review to formulate criteria on credit premium collection. The Company has also taken stringent legal action against defaulting agents, brokers and clients. The Company's internal auditors have audited outstanding premium data, and followed up on receipt of payments and related accounting records.

In early 2009, the Office of Insurance Commission stipulated that motor premium payments must be in compliance the universal practice known as "Cash Before Cover" in which the insured must pay their premium prior to the effective policy date, and the formula for risk with respect to premium collection procedures was published in the form of the Premium Collection Manual, which Company personnel follow in their work process and for terms of payment, coordinating with other concerned parties.

The Company manages premium collection through a policy that concisely indicates the credit terms for long overdue payments. A meeting on credit control is held monthly to follow up on long-outstanding accounts in compliance with the regulations set forth by Office of the Insurance Commission. Once an outstanding account exceeds the specific term of the agreement, the Credit Control Unit will take over and follow up on collection procedures.

#### Asset Quality

##### (a) Assets

As at December 31, 2009, the Company's investments in securities, including bonds, treasury bills, notes, stocks, debentures and unit trusts, totaled Baht 5,705.45 million, which were presented at fair value. In addition, the Company recorded a net unrealized gain on the change in value of its investments of Baht 126.76 million in shareholders' equity.

##### (b) Debtors

In 2009, the Company's turnover rate of outstanding premiums was 46 days. The Company has a policy on credit terms for premium payments, allowing 30 days to general customers.

As at December 31, 2009, the allowance for doubtful accounts totaled Baht 5.74 million. This estimate of doubtful debt as at year-end was based on the Company's experience in collection from debtors. The basis for calculating the reserve for doubtful accounts is as follows:



For outstanding premiums of from six months to one year, the Company sets the reserve at 50%.

For outstanding premiums of over one year, the Company sets the reserve at 100%.

## 2. Liquidity

### (1) Cash Flow

Over the past three years, the Company's cash flow from operations has been positive. In 2009, net cash provided by investment activities totaled Baht 2,107.44 million. Cash received in the form of investments amounted to Baht 2,058.95 million net on investments of Baht 48.49 million. Cash was received and used by major investment activities such as debt and equity securities and cash deposited in financial institutions. In 2009, a proportion of stocks, debentures and unit trusts were sold, so the Company invested in treasury bills, bonds, debentures and unit trusts. The Company has a policy to manage funds for the best returns and adapt to economic changes like fluctuating interest rates and the SET index each year.

Cash and cash equivalents including cash on hand, deposits with banks, treasury bills and notes with maturities not exceeding three months as at December 31, 2009 totaled Baht 574.24 million, an increase over the previous year of Baht 291.73 million. This was due to the decrease in deposits with maturities of over three months.

### (2) Liquidity Ratio

As at December 31, 2009m the Company recognized an outstanding liquidity ratio of 4.04 times, indicating that the Company's current assets were sufficient to pay its current liabilities.

In 2009, the Office of Insurance Commission called for a provision concerning the financial status of non-life insurance companies, stipulating a method that would measure financial status on both a quantitative and qualitative basis. The ratio of appraised outstanding premiums per total outstanding was the quantity element used for the evaluation of liquidity risk in the Company's outstanding premiums. The minimum standard ratio should not be under 75%, and at the end of 2009, the ratio of the Company stood at 87.13%.

## 3. Sources of Fund

### (1) Appropriation of Capital Structure

The Company had no change of capital structure during the past year. As at December 31, 2009, the Company's debt-to-equity ratio was 0.22 times, up from 0.21 times in 2008. The debt-to-equity ratio was this low because the Company's capital did not come from loans and the Company's liabilities came from business operations.

### (2) Shareholders' Equity

The Company's shareholders' equity as at December 31, 2009 was in the amount of Baht 5,470.75 million, a Baht 219.37 million increase over the Baht 5,251.38 million in 2008. This was because in 2009 the Company had net unrealized gains from the change in the value of its investments of Baht 126.76 million, whereas in 2008 there was a net unrealized loss from the change in the value of its investment of Baht 30.95 million. Further, unappropriated retained earnings amounted to Baht 631.81 million in 2009, a Baht 61.66 million increase over 2008's Baht 570.15 million.

### (3) Liabilities

The Company had liabilities as at December 31, 2009 amounting to Baht 1,256.16 million, a decrease of Baht 159.09 million from the previous year's Baht 1,097.07 million. Liabilities of the Company were largely operational, and included unearned premium reserves, outstanding claims, reserves of claims incurred but unreported, and amounts withheld on reinsurance treaties due to reinsurers, bank overdrafts, premiums received in advance, accrued commissions, deferred tax liabilities, accrued operations expenses and accrued corporate income tax.

## GOALS

Our operational objectives in 2009 were to maintain maximum profits, emphasizing the growth of underwriting premiums, managing investment assets to gain high returns, enhancing efficiency and tightening control of operating expenses.

The company's operating results remain satisfactory with premiums written of Baht 1,829.85 million in 2009, a Baht 1,681.49 million, or 8.82% increase, over the previous year. Profits from underwriting decreased from the previous year by Baht 44.49 million, or 10.31%, due to loss claims incurred of Baht 80.85 million, 23.73% more than the same period in 2008. The Loss Ratio of 42.57% represented an increase over last year of 37.61%, due to an increase in losses incurred by Miscellaneous and Motor insurance. Total underwriting expenses increased by Baht 42.56 million, or 50.46%, due to the increased volume of business.

In 2009, net investment income decreased from the previous year by Baht 72.32 million, or 27.96%, due to the plunge in short-term interest rates in the 2009 financial market. This notwithstanding, investments in securities increased over last year by Baht 12.07 million, or 34.82%. Meanwhile, at the end of 2009 the company recorded an unrealized gain of Baht 169.02 million from investments in securities while in 2008 the company recorded an unrealized loss of Baht 41.27 million. This was due to the 63.25% increase in the SET Index in 2009.

Liquidity was affected as the governments of many countries strongly subsidized their financial institutions to relieve the burden of the economic crisis. However, the Company has always invested in a variety of ways for additional long-term revenue to assure financial security and good returns. As a result, the Company showed a net profit in 2009 of Baht 274.16 million, down 23.08% from the previous year by Baht 356.56 million.

## Human Resources Development

The Management and Board of Directors of Ayudhya Insurance Plc. are well aware of the major role that human resources play in the company's success. At the Company's instigation, the Board stresses the development and management of its human resources with an emphasis on creating and sustaining leadership and teamwork, employing a management system that efficiently and appropriately balances productivity and returns. The Company also aims to improve the knowledge and skills of employees at every level to ensure their extensive knowledge base, proficiency and potential, so that they become a valuable driving force that supports the Company in achieving its operational objectives.

The Company has devised strategies and policies to develop and manage its human resources in the context of a changing business environment to ensure that employees are well prepared to compete in our business, emphasizing a workplace culture and work environment that motivates employees to continue learning while fully realizing their potential. Toward this end, the Company developed the Target Letter to evaluate and offer returns based on performance while ensuring transparency and fairness, with an aim to motivating and retaining its people.

Company staff have also attended an insurance business course conducted by the Thailand Insurance Institute and information technology has been introduced that encourages staff to develop themselves and enhance their computer abilities to support the growth in volume of our business. Meanwhile, all are continually improving their service efficiency to provide maximum benefit to customers, based on a policy of honesty, fairness and sincerity.

To better realize the potential of our personnel, the Company has arranged a wide variety of training courses on work techniques, with an emphasis on the particular task of each employee. These short courses are offered in addition to the long-term staff development plan of the Company.

In 2008, the Company spent Baht 1,269,972.58 on training and development programs for its 279 employees.



## Information Technology and Tele-communication Development

The Ayudhya Insurance is well aware of the importance of expansion and has adopted a policy to increase its business in a fiercely competitive environment. The effective use of information technology is indispensable to this mission, not only to assure efficient service but to cut operating costs.

To design a state-of-the-art IT master plan that meets current as well as future needs, the Company has developed a system of internal and external communication linking data to our Customer Relationship Management software. This technology will assure that our IT system can support our projected nationwide expansion and growth in the volume of our business with speed and accuracy to the benefit of clients, agents and brokers, and is being modified and upgraded in a process of continuous optimization and KPI management. The goal is the provision of excellent service to customers and the elimination of unnecessary processes to save time as well as costs. It has the added value of making other products available to customers online.

To increase sales at the service counters of commercial banks, in 2008 and 2009 the Company installed the Bancassurance Information Technology system, which enables tellers to issue insurance policies to bank customers as a one-stop service. This service has proved to be so successful at Bank of Ayudhya that it has been modified to support the entire network of BAY counters nationwide. Additionally, in 2009, a variety of innovative non-life insurance products were rolled-out, such as PA Prompt, Cancer Prompt and Auto Prompt, all impressive, and low-cost, packages.

To support our operations in accordance with the principles of good corporate governance, the Company applied information technology to its 2009 shareholders meeting as recommended by the Securities and Exchange Commission and the Stock Exchange of Thailand. This allowed announcements and contact information to be made available on the company website [www.ayud.co.th](http://www.ayud.co.th), as well as online registration and voting, and barcodes are utilized for accuracy and speed.

On the risk management side, the Company issued an announcement in 2008 to the effect that, with an aim to making security its paramount IT issue, it has improved its operating systems and revised its policies in response to the government's enactment of the Computer Crime Act B.E. 2550 on 10 June 2007.



## Business Environment and Competition

### Marketing and Competition

#### (a) Policies and type of product

During the year 2009, the non-life insurance business has the overall direct premium income of Baht 109,845 million, represented a 3.40 % increase over the same period in 2008. Direct fire insurance premiums totaled Baht 7,786.56 million, a 3.79% increase over the previous year while marine and transport premiums of Baht 3,633.18 million, represented a 13.41% decrease and miscellaneous insurance premium of Baht 33,000.59 million, represented a 8.53 % increase. Motor premium were Baht 65,425.10 million, a 2.02% increase over 2008.

Class	Direct Premium (Unit: Thousand Baht)		
	2009	2008	% Increase (Decrease)
Fire	7,786,556	7,502,319	3.79
Marine & Transportation	3,633,181	4,195,816	(13.41)
Miscellaneous	33,000,592	30,408,060	8.53
Motor	65,425,099	64,132,354	2.02
Total	109,845,428	106,238,549	3.40

(Source : Statistics Div. Examination Planning and Development Dept. OIC)

#### Competitive Strategies

To assure its position of leadership in the insurance industry, the company has applied three strategic policies:

1. Use every means possible to realize the full potential of our personnel to enhance the quality of our service;
2. Develop increasingly more efficient work processes to deliver quality service that meets customer requirements on time; and
3. Maintain our commitment to new technology to improve the quality of the tasks performed by our personnel, ensure quick and informed management decisions, and assure that our anticipated nationwide business expansion is handled in a smooth and timely fashion.

#### Customers

Our wide range of customers includes government agencies and state enterprises, as well as private businesses and the general public. Customers in the private sector include factories, hotels, financial institutions and business concerns, and encompass customer loans from banks, affiliated financial institutions and hire-purchase companies that are required to insure their interest against the risk of loss. We also provide cover to individuals over 20 years of age who wish to insure their homes and motor vehicles. For Personal Accident Insurance, the insured's mandatory age is from 15 to 60 years, whereas there is no mandatory age for Travel Accident Insurance.

In 2009, 56.57% of the total premiums for fire insurance came from properties of Bank of Ayudhya Plc. and property owners insuring their homes and shops against the risk of fire under a bank loan.



### Target Customers

Our major customers comprise three groups:

1. Bank of Ayudhya properties and customers who insure their residences and shops under a bank loan;
2. Industrial factories, financial institutions, hotels and business enterprises within Metropolitan Bangkok, its suburbs and in the provinces; and
3. 1. Individuals over the age of 20 who take out personal accident, travel accident and property insurance for their homes and motor vehicles.

*Note:* In the past 3 years, the Company has not relied on major clients whose business exceeds 30% of our total income.

### Distribution and Distribution Channel

The Company's distribution channels are comprised of three primary means:

- Brokers and agents;
- Financial institutions and affiliated companies; and
- Direct sales

Distribution Breakdown 2007-2009

Type of Distribution Channel	2009	2008	2007
1. Brokers and agents	55.03%	57.42%	54.80%
2. Financial institutions and affiliated companies	39.43%	37.32%	40.18%
3. Direct sales	5.54%	5.26%	5.02%

With an emphasis on quality and secure growth, the company has developed its potential to provide full support by offering complete insurance packages of related professional services to its customers. Agent and broker satisfaction is our top priority in accordance with our expansion initiatives. Therefore, the Company will always select only the most qualified agents and brokers to assure the best customer service. Training programmes are frequently conducted for agents and brokers, which have resulted in many of them becoming top insurance professionals.

Licensing regulations for brokers and juristic persons

To qualify as an agent of the Company, a juristic person must be licensed in accordance with the Non-Life Insurance Act, B.E. 2535 (1992) as well as the Non-life Insurance Act (No. 2), B.E. 2551(2008), which went into effect on 6 February 2008, and register with the Office of the Insurance Commission.

### (b) Competition within insurance industry

In 2009, the market share of the insurance industry was divided as follows:

Class	Company Direct Premium Written Unit: Thousand Baht	Overall Direct 71 companies Unit: Thousand Baht	Market Share (%)	Ranking in the market
Fire	403,651	7,786,556	5.18	6
Marine & Transpotation	241,069	3,633,181	1.56	5
Miscellaneous	513,441	33,000,592	1.56	19
Motor	555,226	65,425,099	0.85	31
Total Premium written	1,713,387	109,845,428	1.56	22

(Source : Statistics Div. Examination Planning and Development Dept. OIC)

As at 30 December 2009, there are 71 competitors within the country which will be divided into general insurance 61 companies, 5 branches of foreign companies and group of health insurance consists of 5 companies .

Thanks to our financial efficiency, the Company has had an advantage over its competitors in the insurance business for the past 60 years. The Company is firmly established within the Bank of Ayudhya Public Company Limited network of affiliated companies and fully supported by them. The Company also has a team of experts on hand for insuring large and complicated risks and operates with caution to increase its market share of fire, marine and transportation, motor and miscellaneous insurance.

This financial stability has allowed the Company to concentrate on service. As of 2009, the Company has 12 branches and six sub-branches, allowing us to provide claims settlement in the north, central, east, northeast and south. For optimal efficiency, speed and service, these branches are connected to the Head Office through an internal network.

### **(3) Products or Services**

#### **Source of Fund**

Underwriting income was the source of fund which operating performance aimed to maintain the maximize profit, representing the growth of underwriting premium, efficiency, performance and controlling of operating expenses and on the other side of business, which are considered in the long term, to be financially secure and yielding good returns.

#### **Loans**

Loans and their risk management must be in compliance with the conditions in the Notification of the Ministry of Commerce regarding the investment of insurance companies in other businesses. The proportions and conditions of loans as they pertain to investment assets are detailed in Article 5.2 of the Notification.

#### **Ability to maintain loss ratio**

Policy : Loss ratio of overall insurance classes that set by the Company is approximately 50%.

#### **Liquidity**

Policy : For its daily business operations, the Company retains an appropriate amount of cash on-hand, in addition to short-term investments, allowing it to support claims settlements with efficiency.

#### **Work-in-process**

None -



## Report on the Board of Director's Responsibility towards the Financial Statements

The Board of Directors is responsible for the financial statements of the company and the financial information appearing in the annual report and on the internet. As such, the financial statements are prepared in accordance with generally accepted Thai accounting standard, by utilizing appropriate accounting policies, consistency and cautious discretion, and the best methods for calculating estimates. Furthermore, sufficient essential information is disclosed in the footnotes to the financial statements.

The Board of Directors has called for the establishment and implementation of an effective internal control system, to ensure reasonable confidence that the reporting of accounting data is accurate, comprehensive and sufficient to support the business. The ability to identify possible areas of weakness in the systems would reduce the opportunities for malfeasance or significant misconduct or wrongdoing.

Notwithstanding, the Board of Directors has appointed the Audit Committee, which comprises independent directors, to supervise and be responsible for the quality of financial data and the system for internal controls. The opinion of the Audit Committee on this matter is contained in the annual report.

Moreover, it is the opinion of the Board of Directors that the Company's internal control system is, overall, satisfactory and capable of creating confidence in the credibility of the 2009 Financial statements of the company.

Mr. Veraphan Teepsuwan  
Chairman

Mr. Rowan D'Arcy  
President & CEO

## 2009 Report of the Nomination and Remuneration Committee

Dear Shareholders,

The Nomination and Remuneration Committee currently composed of three non-executive directors namely, Mr. Metha Suvanasarn as Chairman of the Committee, Mr. Chet Raktakanishta as member and Mr. Andreas Johann Wilhelm, Ph.D. as member and secretary to Nomination & Remuneration Committee.

The Nomination and Remuneration Committee has performed its duties as assigned by the Board of Directors. In 2009, the Committee held altogether five meetings, with attendance by all the members. Joint meeting were also held with the company's president and the senior management to access information that will support the Committee in the consideration of the issues under its authority. The results of the Committee's meetings are reported regularly to the Board of Directors. The Committee's significant undertakings in 2009 are detailed as follows:-

### Nomination

- Propose the renewal of directors were required to retire in 2009 in term of the Articles of Association of the company. These were three members of the audit committee and the President. The nomination of the renewal could be re-elected in term of qualified person to be director in compliance with the requirements of SEC and SET based on Annual Shareholders' resolution.
- Formulated and prepared the succession plan.

### Remuneration

- Considered and proposed to the Board of Directors concerning the President's target letter.
- Considered and proposed to the Board of Directors remuneration for the President and Managing Director.
- Considered and proposed to the Board of Directors remuneration for the directors.

In 2009, the committee performed its assigned duties fully and properly with competence, dedication and independence in the best interests of the Company and its shareholders.



Mr. Metha Suvanasarn

Chairman

Nomination & Remuneration Committee



## Report of the Audit Committee

To : The Shareholders of the Ayudhya Insurance Public Company Limited

The Audit Committee is responsible for supervising of the company's financial reports, and monitoring the systems of internal control and internal audit. The Committee is also assigned to monitor the company's compliance with all rules and regulations given and enforced by the relevant authorities, as well as, to nominate the company's auditors and propose auditing fees,

In the year 2009, the Audit Committee already held 6 meetings and 2 special meetings with the auditor only that in all 8 meetings. The 3 Audit Committee members participating in the meeting every time. The key issues can be summarized as follows :

1. To review and hold discussion with the internal and external auditors, and the company's executives, regarding the quarterly and the fiscal financial statements, the audits results of the Computer Control System, and reviews of risk management of the company.

2. To evaluate the performance of the company's internal audit department through reviews of audit plans, staffing policy, and audit results, as well as to monitor the company's compliance with the comments and recommendations made by the internal auditors and review the company's compliance with the principles of Good Corporate governance.

3. To consider and provision of opinion on the reports of the Company's internal control systems and the procedural regulations for investment in other businesses of the non-life insurance companies issued by certified Public Accountant for fiscal year ended December 31<sup>st</sup>, 2008. The report of the Independent Certified Public Accountants was conducted in accordance with the Notification of the Insurance Registrar Re: Criteria, Methods, and Conditions for Auditing Internal Control Systems and Investment Procedures of Non-Life Insurance Companies Investing in other Businesses, Dated 29th March, 2004.

4. To Consider of the Audit Committee Charter and the scope of duties of the Audit Committee which has additional duties provided in the Securities and Stock Exchange of Thailand Act (Issue 4) 2008 and the Announcement of the Stock Exchange of Thailand on the qualifications and the scope of the operations of the Audit Committee 2008.

5. To Consider the Fraud Guidelines and Whistle Blower Policy.

6. Discussion with the Auditor on the issues which the Auditor has the intention to inform the Audit Committee on the auditing, IT Auditing, as well as the efficiency of the internal control.

The Audit Committee considered that the company has the financial report which is correct and sufficient, having Internal control system and the Internal Audit system which is appropriate and efficient, in compliance with the law on Securities and Stock Exchange, determinations of the Sock Exchange of Thailand and the law concerning the business of the company, related transactions are in compliance with the law and determinations of the Stock Exchange of Thailand.

In addition, the Audit Committee has given suggestion concern the improving the internal control and internal audit on the risk base to had some appropriate.

Furthermore, the Audit Committee proposed for approval to the Ordinary General Shareholders' Meeting on the appointment of Deloitte Touche Tohmatsu Jaiyos Audit Company Limited, by Mr. Niti Jungnitnirundr and/or Mrs. Nachalee Boonyakarnkul, and/or Mr. Permsak Jerajakwattana, as the company's auditors for the fiscal year 2010.

The Audit Committee has independently performed its duties with full information and cooperation. The Committee wishes to express sincere appreciation for the kind cooperation to all concerned.

(Mr. Surachai Prukbamroong)  
Chairman of the Audit Committee

February 26, 2010

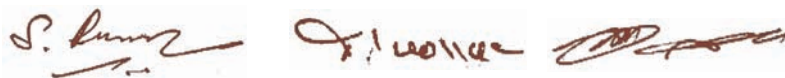


Subject : Opinion on Related Transactions

To: The Shareholders of the Ayudhya Insurance Public Company Limited

We, as a Member The Audit Committee of The Ayudhya Insurance Public Company Limited has opinions on related transactions between The Ayudhya Insurance Public Company Limited and related companies for the fiscal year ended December 31, 2009 were conducted in the company's normal course of business.

Respectfully,



(Mr. Surachai Prukbamroong) (Mr. Savang Tongsmutra) (Mr. Metha Suvanasarn)

Member of the Audit Committee

The Ayudhya Insurance Public Company Limited



## REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND THE BOARD OF DIRECTORS  
THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED

We have audited the balance sheets of The Ayudhya Insurance Public Company Limited as at December 31, 2009 and 2008, and the related statements of income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of The Ayudhya Insurance Public Company Limited as at December 31, 2009 and 2008, and the result of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Niti Jungnitnirundr

Certified Public Accountant (Thailand)

Registration No. 3809

BANGKOK

February 15, 2010

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

## BALANCE SHEETS

THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED  
AS AT DECEMBER 31, 2009 AND 2008

BAHT

		2009	2008
<b>ASSETS</b>			
INVESTMENT IN SECURITIES	(Note 4)		
Bonds		1,510,840,066	401,297,831
Treasury bills		339,764,080	157,917,251
Notes		109,562,518	386,350,000
Stocks		1,221,698,555	1,177,736,988
Debentures		663,105,619	707,777,191
Other securities			
Unit trusts		1,860,404,147	1,775,473,570
Warrants		75,048	-
Total investment in securities		<u>5,705,450,033</u>	<u>4,606,552,831</u>
LOANS	(Note 5)	2,966,136	2,540,602
CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS	(Note 6)	562,052,243	1,193,375,629
PREMISES AND EQUIPMENT - NET	(Note 7)	44,160,882	56,142,273
AMOUNT DEPOSIT ON REINSURANCE TREATIES		2,780,015	7,536,954
DUE FROM REINSURERS		21,870,427	29,002,755
PREMIUM DUE AND UNCOLLECTED - NET	(Note 8)	174,794,137	251,736,786
ACCRUED INCOME ON INVESTMENT		20,399,898	25,053,073
OTHER ASSETS			
Deferred tax assets	(Note 20)	105,028,396	106,021,052
Intangible assets - net	(Note 9)	25,534,527	14,979,406
Others		61,871,154	55,513,893
<b>TOTAL ASSETS</b>		<u>6,726,907,848</u>	<u>6,348,455,254</u>

Notes to the financial statements form an integral part of these statements



## BALANCE SHEETS (CONTINUED)

THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED  
AS AT DECEMBER 31, 2009 AND 2008

BAHT

		2009	2008
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
UNEARNED PREMIUM RESERVE	(Note 10)	543,431,620	483,653,842
LOSS RESERVES AND OUTSTANDING CLAIMS	(Note 11)	222,747,079	182,315,546
AMOUNT WITHHELD ON REINSURANCE TREATIES DUE TO REINSURERS		128,349,623	116,123,441
BANK OVERDRAFTS	(Note 12)	451,234	92,936
OTHER LIABILITIES			
Premium written received in advance		120,437,051	91,154,370
Accrued commissions		34,729,338	45,963,006
Deferred tax liabilities	(Note 20)	42,253,920	6,173,780
Others		88,380,800	67,615,753
<b>TOTAL LIABILITIES</b>		<b>1,256,155,705</b>	<b>1,097,074,628</b>
<b>SHAREHOLDERS' EQUITY</b>			
<b>SHARE CAPITAL</b>			
Authorized share capital			
500,000,000 ordinary shares of Baht 1.00 each		500,000,000	500,000,000
Issued and paid-up share capital			
250,000,000 ordinary shares of Baht 1.00 each, fully paid		250,000,000	250,000,000
PREMIUM ON SHARE CAPITAL		3,512,183,950	3,512,183,950
SURPLUS (DEFICIT) ON REVALUATION OF INVESTMENTS	(Note 3.1)	126,761,760	(30,950,527)
<b>RETAINED EARNINGS</b>			
Appropriated			
Statutory reserve	(Note 13)	50,000,000	50,000,000
Other reserves	(Note 14)	900,000,000	900,000,000
Unappropriated		631,806,433	570,147,203
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>5,470,752,143</b>	<b>5,251,380,626</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>6,726,907,848</b>	<b>6,348,455,254</b>

Notes to the financial statements form an integral part of these statements

## STATEMENTS OF INCOME

THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

BAHT

	2009					2008	
	Fire	Marine		Motor	Miscellaneous	Total	Total
		Hull	Cargo				
<b>Underwriting income</b>							
Gross premium written	437,692,336	57,463,448	206,233,055	555,225,827	573,233,381	1,829,848,047	1,681,488,158
<u>Less</u> Premium ceded	133,020,902	50,683,955	165,068,133	23,043,516	383,423,684	755,240,190	714,801,976
Net premium written	304,671,434	6,779,493	41,164,922	532,182,311	189,809,697	1,074,607,857	966,686,182
<u>Less</u> Unearned premium reserve							
increase (decrease) from previous year	(3,768,844)	2,620,483	2,305,315	29,675,299	28,945,525	59,777,778	40,558,828
Earned premium	308,440,278	4,159,010	38,859,607	502,507,012	160,864,172	1,014,830,079	926,127,354
<b>Underwriting expenses</b>							
Losses incurred	42,086,850	935,014	9,329,506	308,666,029	60,573,781	421,591,180	340,744,558
Loss adjustment expenses	1,354,121	79,401	1,616,408	5,478,149	1,915,198	10,443,277	7,605,592
Commissions and brokerages	37,576,561	(5,684,107)	(21,215,100)	85,127,823	(26,977,709)	68,827,468	61,879,492
Other underwriting expenses	46,634,460	1,090,739	13,348,638	31,932,680	33,891,479	126,897,996	84,341,047
Total underwriting expenses	127,651,992	(3,578,953)	3,079,452	431,204,681	69,402,749	627,759,921	494,570,689
Profit on underwriting	180,788,286	7,737,963	35,780,155	71,302,331	91,461,423	387,070,158	431,556,665
<b>Net investment income</b>							
Gain on investment in securities (Note 19)						46,720,561	34,653,232
Reversal of loss (loss) on impairment of investment in notes						2,188,267	(3,650,000)
Reversal of loss on impairment of general investment						-	391,770
<b>Other income</b>							
Gain on sale of assets						591,296	2,430,356
Others						2,144,094	2,616,628
Total other income						2,735,390	5,046,984
<b>Operating expenses</b>							
Personnel expenses						179,201,207	172,485,250
Premises and equipment expenses						74,938,850	71,926,582
Taxes and duties						1,191,133	899,506
Bad debt and doubtful accounts						474,846	106,710
Directors' remuneration						9,002,000	9,072,000
Other operating expenses							
Travelling expenses (Note 25)						7,066,687	6,139,908
Others						21,036,100	26,880,448
Total operating expenses						292,910,823	287,510,404
PROFIT BEFORE INCOME TAXES						332,176,299	439,183,235
INCOME TAXES (Note 20)						58,017,069	82,620,237
NET PROFIT						274,159,230	356,562,998
BASIC EARNINGS PER SHARE					BAHT	1.10	1.43
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES					SHARES	250,000,000	250,000,000

Notes to the financial statements form an integral part of these statements



## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

BAHT

	Issued and paid-up share capital	Premium on share capital	Surplus (deficit) on revaluation of investments	Retained earnings			Total
				Statutory reserve	Other reserve	Unappropriated	
Beginning balance as at January 1, 2008	250,000,000	3,512,183,950	288,128,246	50,000,000	900,000,000	563,584,205	5,563,896,401
Changes during the year							
Decrease in the surplus on revaluation of investments (Note 3.1)	-	-	(319,078,773)	-	-	-	(319,078,773)
Net profit	-	-	-	-	-	356,562,998	356,562,998
Dividend paid (Note 21.1)	-	-	-	-	-	(187,500,000)	(187,500,000)
Interim dividend (Note 21.2)	-	-	-	-	-	(162,500,000)	(162,500,000)
<b>Ending balance as at December 31, 2008</b>	<u>250,000,000</u>	<u>3,512,183,950</u>	<u>(30,950,527)</u>	<u>50,000,000</u>	<u>900,000,000</u>	<u>570,147,203</u>	<u>5,251,380,626</u>
Beginning balance as at January 1, 2009	250,000,000	3,512,183,950	(30,950,527)	50,000,000	900,000,000	570,147,203	5,251,380,626
Changes during the year							
Increase in the surplus on revaluation of investments (Note 3.1)	-	-	157,712,287	-	-	-	157,712,287
Net profit	-	-	-	-	-	274,159,230	274,159,230
Dividend paid (Note 21.3)	-	-	-	-	-	(87,500,000)	(87,500,000)
Interim dividend (Note 21.4)	-	-	-	-	-	(125,000,000)	(125,000,000)
<b>Ending balance as at December 31, 2009</b>	<u>250,000,000</u>	<u>3,512,183,950</u>	<u>126,761,760</u>	<u>50,000,000</u>	<u>900,000,000</u>	<u>631,806,433</u>	<u>5,470,752,143</u>

Notes to the financial statements form an integral part of these statements



## STATEMENTS OF CASH FLOWS

THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

BAHT

	2009	2008
<b>CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Direct premium received	1,819,612,554	1,534,381,637
Cash paid from reinsurance	(286,813,607)	(237,350,733)
Losses incurred from direct insurance	(543,380,308)	(522,092,526)
Loss adjustment expenses from direct insurance	(10,443,276)	(7,605,592)
Commissions and brokerages from direct insurance	(279,605,002)	(236,102,559)
Other underwriting expenses	(119,812,969)	(79,127,344)
Net investment income	194,118,185	237,643,467
Other income	2,144,094	2,616,628
Operating expenses	(259,999,644)	(262,016,824)
Income taxes	(69,661,816)	(41,652,881)
Others	-	(961,623)
Net cash provided by operating activities (Note 3.3)	<u>446,158,211</u>	<u>387,731,650</u>
<b>CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
<b>CASH FLOWS PROVIDED BY</b>		
Investment in securities		
Redemption of investment in held-to-maturity securities - treasury bills with maturity over 3 months	160,000,000	170,000,000
Redemption of investment in held-to-maturity securities - notes with maturity over 3 months	428,228,757	-
Redemption of investment in available-for-sale securities - notes with maturity over 3 months	-	300,000,000
Redemption of investment in available-for-sale securities - bonds	20,000,000	360,000,000
Sale of investment in available-for-sale securities - ordinary shares	218,248,272	403,621,624
Sale of investment in available-for-sale securities - debentures	30,122,188	-
Sale of investment in available-for-sale securities - other securities	281,272,763	175,965,544
Sale of investment in available-for-sale securities - warrants	-	141,247
Redemption of investment in available-for-sale securities - debentures	330,000,000	-
Sale of general investments - ordinary shares	-	62,412,500
Capital decrease of general investments - ordinary shares	365,000	-
Repayment of general investments - other securities	-	391,770

Notes to the financial statements form an integral part of these statements



## STATEMENTS OF CASH FLOWS (CONTINUED)

THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

BAHT

	2009	2008
<b>CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES (CONTINUED)</b>		
Loans	1,374,466	1,282,736
Premises and equipment	623,803	2,558,818
Deposits at financial institutions with maturity over 3 months	637,202,287	93,955,954
Net cash provided by investing activities	<u>2,107,437,536</u>	<u>1,570,330,193</u>
<b>CASH FLOWS USED IN</b>		
Investment in securities		
Purchase of investment in held-to-maturity securities - treasury bills with maturity over 3 months	-	(157,045,216)
Purchase of investment in held-to-maturity securities - notes with maturity over 3 months	(150,000,000)	(390,000,000)
Purchase of investment in available-for-sale securities - bonds	(1,175,334,154)	(588,967,109)
Purchase of investment in available-for-sale securities - ordinary shares	(71,795,036)	(108,758,697)
Purchase of investment in available-for-sale securities - debentures	(300,000,000)	(576,424,149)
Purchase of investment in available-for-sale securities - other securities	(274,778,099)	(30,000,000)
Purchase of investment in available-for-sale securities - warrants	(63,070)	(112,904)
Purchase of general investments - ordinary shares	(10,690)	-
Loans	(1,800,000)	(875,000)
Deposits at financial institutions with maturity over 3 months and deposits used as collateral	(63,134,132)	(663,213,950)
Premises and equipment	(8,997,529)	(20,617,360)
Intangible assets	(13,032,486)	(2,162,103)
Cash used in investing activities	<u>(2,058,945,196)</u>	<u>(2,538,176,488)</u>
Net cash provided by (used in) investing activities	<u>48,492,340</u>	<u>(967,846,295)</u>
<b>CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		
Bank overdrafts	358,298	(5,172,715)
Dividends paid	(212,500,000)	(350,000,000)
Net cash used in financing activities	<u>(212,141,702)</u>	<u>(355,172,715)</u>
Net increase (decrease) in cash and cash equivalents	282,508,849	(935,287,360)
Cash and cash equivalents as at January 1,	291,734,958	1,227,022,318
Cash and cash equivalents as at December 31, (Note 3.2)	<u>574,243,807</u>	<u>291,734,958</u>

Notes to the financial statements form an integral part of these statements

# THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

### 1. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS AND OPERATION OF THE COMPANY

#### 1.1 Basis for preparation of the financial statements

The financial statements have been prepared in accordance with the regulations of the Stock Exchange of Thailand dated January 22, 2001, regarding the basis, conditions and procedures for the preparation and submission of financial statements and reports for the financial position and results of operations of listed companies B.E. 2544, and the Registrar's Notification of the Department of Insurance No. 10/2545 regarding the presentation of the financial statements of insurance companies dated March 6, 2002 and in accordance with generally accepted accounting standards in Thailand.

The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with accounting standards and practices generally accepted in Thailand.

#### 1.2 Operation of the Company

The Company was registered in Thailand on October 7, 1950. The main business is non-life insurance and the Company was awarded its license to operate all classes of non-life insurance on May 21, 1971. The head office is located at Ploenchit Tower, 7th floor, 898 Ploenchit Road, Lumpini, Pathumwan, Bangkok.

1.3 The Federation of Accounting Professions issued the Notification of Federation of Accounting Professions No. 12/2552 dated May 15, 2009 regarding the renumbering of Thai Accounting Standards (TASs) and Thai Financial Reporting Standards (TFRSs) to be equivalent to the International Accounting Standard and the International Financial Reporting Standard. Therefore, the disclosure of new number of TASs and TFRSs in the financial statements for the years ended December 31, 2009 and 2008 have been used in accordance with such Notification.

1.4 The Federation of Accounting Professions issued the Notification of Federation of Accounting Profession No. 16/2552 dated May 21, 2009 regarding the following accounting standards that were announced in the Royal Gazette, but not yet in effect for the year ended December 31, 2009:

Thai Accounting Standard/Thai Financial Reporting Standard	Effective date
Accounting Framework (Revised 2007)	January 1, 2011
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance
	January 1, 2012
TAS 24 (Revised 2007)	Related Party Disclosures (previously TAS 47)
	January 1, 2011
TAS 40	Investment Property
	January 1, 2011

The Company's management anticipates that all of the above accounting standards will be adopted in the Company's financial statements when they become effective and the management has assessed the impact of these accounting standards, when they are effective, for financial periods of initial application and does not expect them to have a material effect on the Company's financial statements.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Cash and cash equivalents

Cash and cash equivalents include cash on hand and all types of deposits with banks including investment in securities-notes with original maturity of 3 months or less.

In the statement of cash flows, deposits at banks used as collateral or having original terms to maturity over 3 months are not included in cash and cash equivalents but are presented in investing activities.



## 2.2 Recognition of revenues and expenses

### Premium

Premium income is recognized on the date the insurance policy is issued after deducting premium ceded and premium cancelled and refunded.

### Reinsurance premium

Reinsurance premium income is recognized when the Company receives the reinsurance application or statement of accounts from the ceding company. Reinsurance profit commissions are recognized when the Company receives the statement of accounts from the reinsurers.

### Interest and dividends

Interest is recognized as income on an accrual basis. Dividends are recognized as income on the closing date of shareholders' register or on the date on which the right to receive the dividend arises.

### Commissions and brokerages

Commissions and brokerages are recognized as expenses on an accrual basis.

### Expenses

Expenses are recognized on an accrual basis.

## 2.3 Investment in securities

Securities classified as available for sale are stated at fair value. Gain or loss on the change in fair value is recognized as a component of shareholders' equity.

Securities classified as general investments are stated at cost.

Debt securities classified as held to maturity are stated at amortized cost.

In case of temporary impairment in value of investment has occurred, the resultant loss for all classification of investments is recognized in the statement of income.

Premiums and discounts on debt securities are amortized and accreted to income as adjustments to interest income by using the effective interest rate method.

The costs of securities sold are determined by the weighted average method.

Fair value of investments is calculated on the following basis:

1. Private sector debt and equity securities which are listed securities are calculated by using the bid prices at The Stock Exchange of Thailand on the last business day of the year.
2. Government bonds are estimated by using the Bank of Thailand (BOT) formula, based on the risk free yield curve of the Bank.
3. Private sector debt securities which are non-listed securities are calculated by using the bid prices at The Thai Bond Market Association on the last business day of the year. In the absence of such prices, market value are estimated by applying the aforementioned risk adjusted yield curve.

## 2.4 Allowance for doubtful accounts and bad debt

The allowance for doubtful accounts is provided at the estimated collection losses on receivables at the end of the year. Such estimated losses are based on the Company's collection experience.

## 2.5 Premises and equipment

Land is stated at cost. Premises and equipment are stated at cost, net of accumulated depreciation.

Depreciation is calculated by the straight-line method, based on the estimated useful lives of the assets as follows:

Building	20 years
Others	5 years

## 2.6 Intangible assets

Intangible assets consisting of computer software are stated at cost, net of accumulated amortization.

Amortization is calculated by the straight-line method, based on the estimated useful lives of the assets of 5 years.

## 2.7 Unearned premium reserve

Unearned premium reserve is set aside in compliance with the basis as specified in the Notification of the Ministry of Commerce as follows:

Fire, Marine (Hull), Motor and Miscellaneous	- Monthly average basis (the one-twenty fourth basis)
Marine (Cargo)	- Net premium written for the last ninety days
Travelling accident	- Net premium written for the last thirty days

## 2.8 Loss reserve and outstanding claims

Loss reserve and outstanding claims have been provided upon receipt of claim advices from the insured and recorded at the amount appraised by an independent appraiser or by the Company's appraiser. In addition, the Company records a provision for losses incurred but not yet reported (IBNR) equal to 2.5% of net premium written for the last 12 months for the year 2008 and for the year 2009, records the higher of the amount calculated under the actuarial method and 2.5% of net premium written for the last 12 months, according to the notification of Ministry of Commerce regarding "Allocation of Un earned Premium Reserve and Loss Reserve", dated September 30, 2005.

## 2.9 Provident fund

The Company has a provident fund which is contributory and has been registered in accordance with the Provident Fund Act B.E. 2530 (1987). The Company's contribution to the Fund is recorded as expense for the year.

## 2.10 Income tax expenses

The Company has adopted International Accounting Standard No.12 "Income Taxes" (revised 2008) which the content is not different from draft Thai Accounting Standard No.12 "Income Taxes" (2009). The policy is as follows:

Income tax expense is based on the taxable profit multiplied by the tax rate that has been enacted at the balance sheet date and adjusted by the effect of deferred income tax accounting.

Deferred tax assets and liabilities result from temporary differences between the carrying amounts of assets or liabilities in the balance sheet and their tax bases. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilized.

Deferred tax expenses are charged or credited in the statement of income, except when the temporary differences relate to items credited or charged directly to equity, in which case the deferred tax is also recorded in equity.

Deferred tax assets and liabilities are offset when they relate to income tax levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

## 2.11 Basic earnings per share

Basic earnings per share is calculated by dividing net income by the number of weighted average ordinary shares outstanding at the end of the year. In the case of a capital increase, the number of shares is equal to the weighted average according to the time of the subscription received for the increase in issued and paid-up share capital. As at December 31, 2009 and 2008, the Company does not have any common share equivalents outstanding which would have had a dilutive effect on earnings per share.

## 2.12 Foreign currency transactions

Transactions during the year denominated in foreign currencies are translated into Baht at the rates of exchange prevailing at the transaction dates. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into Baht at the reference exchange rates established by the Bank of Thailand at that date. Gains and losses on exchange arising on settlements and translation are recognized as income or expense when incurred.



### 2.13 Significant accounting estimates, assumption and judgment

The preparation of financial statements in conformity with generally accepted accounting principles also requires the Company's management to exercise judgment in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

## 3. ADDITIONAL INFORMATION FOR CASH FLOWS

### 3.1 Non-cash items

As at December 31, 2009 and 2008, the surplus (deficit) on revaluation of investments were shown net of deferred tax assets as follows:

	2009 Baht	2008 Baht
Unrealized gain (loss) on investment in available-for-sale securities	144,320,561	(65,962,488)
Unrealized gain on general investment	24,695,119	24,695,119
Total unrealized gain (loss)	169,015,680	(41,267,369)
<u>Add</u> Deferred tax assets (see Note 20)	-	16,490,622
<u>Less</u> Deferred tax liabilities (see Note 20)	(42,253,920)	(6,173,780)
Surplus (deficit) on revaluation of investments - net	126,761,760	(30,950,527)

For the years ended December 31, 2009 and 2008, changes in deficit on revaluation of investments - net of deferred tax were as follows:

	For the years ended December 31,	
	2009 Baht	2008 Baht
Increase (decrease) of unrealized gain on investment in available-for-sale securities	210,283,049	(425,438,364)
Decrease of deferred tax assets	(16,490,622)	-
(Increase) decrease of deferred tax liabilities	(36,080,140)	106,359,591
Increase (decrease) in surplus (deficit) on revaluation of investments - net	157,712,287	(319,078,773)

### 3.2 Cash and cash equivalents consist of the following:

	2009 Baht	2008 Baht
Cash and deposits at financial institutions	562,052,243	1,193,375,629
Investment in securities - treasury bills	339,764,080	157,917,251
Investment in securities - notes	109,562,518	386,350,000
	1,011,378,841	1,737,642,880
<u>Less</u> Deposits at bank with maturity over 3 months	(283,572,516)	(857,640,671)
Deposits at bank used as collateral	(44,000,000)	(44,000,000)
Treasury bills with maturity over 3 months	-	(157,917,251)
Notes with maturity over 3 months	(109,562,518)	(386,350,000)
Cash and cash equivalents	574,243,807	291,734,958

### 3.3 Cash flows provided by operating activities

Items to reconcile net profit to net cash flows provided by operating activities for the years ended December 31, 2009 and 2008 are as follows:

	2009 Baht	2008 Baht
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit	274,159,230	356,562,998
Items to reconcile net profit to net cash flows:		
Depreciation	20,946,413	20,808,832
Amortization of intangible assets	2,477,365	1,499,186
Gain on sale of assets	(591,296)	(2,430,355)
Unearned premium reserve increase (decrease) from previous year	59,777,778	40,558,828
Amortization of bonds premium	6,738,787	1,720,570
Amortization of bonds discount	(27,512)	(748,921)
Amortization of treasury bills discount	(2,082,749)	(1,881,925)
Amortization of notes discount	-	(7,275,898)
Amortization of debentures discount	(519,002)	(314,779)
Gain on sale of available-for-sale securities - debentures	(122,189)	-
Gain on sale of investment in available-for-sale securities - ordinary shares	(55,166,766)	(9,051,550)
(Gain) loss on sale of investment in available-for-sale securities - other securities	8,568,394	(25,363,332)
Gain on sale of investment in available-for-sale securities - warrants	-	(28,343)
Gain on sale of general investments - ordinary shares	-	(210,007)
Reversal of loss on impairment of general investments	-	(391,770)
(Reversal of loss) loss on impairment of investment in notes	(2,188,267)	3,650,000
Interest received from investment in held-to-maturity securities - notes	(1,017,260)	-
Deferred income tax	(15,497,966)	19,074,666
Profit from operations before changes in operating assets and liabilities	295,454,960	396,178,200
Operating assets (increase) decrease		
Amount deposit on reinsurance treaties	4,756,939	(799,704)
Due from reinsurers	7,132,328	4,984,468
Premium due and uncollected	76,942,649	(27,220,068)
Accrued income on investment	4,653,175	(12,550,568)
Other assets	(5,646,701)	(3,816,370)
Operating liabilities increase (decrease)		
Loss reserves and outstanding claims	40,431,533	(16,500,107)
Amount withheld on reinsurance treaties	12,226,182	20,289,303
Due to reinsurers	(28,606,914)	(14,665,476)
Premium written received in advance	29,282,681	4,354,382
Accrued commissions	(11,233,668)	6,967,313
Other liabilities	20,765,047	30,510,277
Net cash provided by operating activities	446,158,211	387,731,650





#### 4. INVESTMENT IN SECURITIES

Investment in securities as at December 31, 2009 consists of the following:

	Cost/Amortized Cost Baht	Unrealized Gains Baht	Unrealized Losses Baht	Fair Value Baht
<b>Available-for-sale securities</b>				
Equity securities				
Investment in listed securities				
Ordinary shares	290,807,776	175,735,059	(13,829,038)	452,713,797
Warrants	63,069	11,979	-	75,048
Other securities				
Unit trusts	1,878,562,859	15,876,535	(34,074,729)	1,860,364,665
Debt securities				
Treasury bills	339,764,080	-	-	339,764,080
Bonds	1,526,087,000	4,205,515	(19,452,449)	1,510,840,066
Debentures	647,257,930	15,847,689	-	663,105,619
Total	4,682,542,714	211,676,777	(67,356,216)	4,826,863,275
				Cost/ Book Value Baht

#### General investments

Equity securities				
Ordinary shares				744,289,639
<u>Add</u> Unrealized gain on transfer of investment				24,695,119
				768,984,758
Other securities : Unit trusts			2,700,522	
<u>Less</u> Allowance for impairment			(2,661,040)	39,482
Total				769,024,240

	Maturity within		Amortized Cost Baht
	1 year Baht	2-5 years Baht	
<b>Held-to-maturity securities</b>			
Debt securities			
Notes	109,562,518	-	109,562,518
Total	109,562,518	-	109,562,518
Total value of investment in securities			5,705,450,033

Other information related to held-to-maturity securities are as follows:

	Amortized Cost Baht	Unrealized Gains Baht	Unrealized Losses Baht	Fair Value Baht
<b>Held-to-maturity securities</b>				
Debt securities				
Notes	109,562,518	-	-	109,562,518
Total	109,562,518	-	-	109,562,518

Investment in securities as at December 31, 2008 consists of the following:

	Cost/Amortized Cost Baht	Unrealized Gains Baht	Unrealized Losses Baht	Fair Value Baht
<b>Available-for-sale securities</b>				
Equity securities				
Investment in listed securities				
Ordinary shares	382,794,633	71,673,671	(44,316,304)	410,152,000
Other securities				
Unit trusts	1,893,625,916	12,274,914	(130,466,742)	1,775,434,088
Debt securities				
Treasury bills	157,917,251	-	-	157,917,251
Bonds	377,464,121	23,833,710	-	401,297,831
Debentures	706,738,928	3,356,162	(2,317,899)	707,777,191
Total	<u>3,518,540,849</u>	<u>111,138,457</u>	<u>(177,100,945)</u>	<u>3,452,578,361</u>

Cost/  
Book Value  
Baht

#### General investments

Equity securities				
Ordinary shares				
				742,889,869
<u>Add</u>	Unrealized gain on transfer of investment			<u>24,695,119</u>
				767,584,988
Other securities : Unit trusts				
			2,700,522	
<u>Less</u>	Allowance for impairment			<u>(2,661,040)</u>
				39,482
Total				<u>767,624,470</u>

Maturity within		Amortized
1 year	2-5 years	Cost
Baht	Baht	Baht

#### Held-to-maturity securities

Debt securities				
Notes				
	390,000,000			
<u>Less</u>	<u>Allowance for impairment</u>	<u>386,350,000</u>	<u>-</u>	<u>386,350,000</u>
Total		<u>386,350,000</u>	<u>-</u>	<u>386,350,000</u>
Total value of investment in securities				<u>4,606,552,831</u>

Other information related to held-to-maturity securities are as follows:

	Amortized Cost Baht	Unrealized Gains Baht	Unrealized Losses Baht	Fair Value Baht
<b>Held-to-maturity securities</b>				
Debt securities				
Notes				
	386,350,000	1,311,170	-	387,661,170
Total	<u>386,350,000</u>	<u>1,311,170</u>	<u>-</u>	<u>387,661,170</u>



In 2002, the Company transferred stock of a related company previously included in available-for-sale securities to general investment as such company delisted their shares from the Stock Exchange of Thailand. The fair value of the stock at the transfer date amounted to Baht 154,700,428. The unrealized gain on the transfer of investment amounting to Baht 24,695,119 was deducted from unrealized loss on the change in value of investment under shareholders' equity.

As at December 31, 2009, certain bonds and debentures are deposited with a related bank as the Company's backup assets (see Note 16).

## 5. LOANS

Other loans are loans to employees in accordance with the welfare policy of the Company with interest rate of 2.75 - 4.00% per annum for the years ended December 31, 2009 and 2008.

## 6. CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS

	2009 Baht	2008 Baht
Cash	225,000	215,000
Cash at banks-call deposits	87,597,644	124,476,417
Cash at banks-time deposits	474,229,599	1,068,684,212
Total cash and deposits at financial institutions	<u>562,052,243</u>	<u>1,193,375,629</u>

As at December 31, 2009 and 2008, fixed deposits amounting to Baht 44 million are pledged as collateral for bank overdrafts, loans in the form of promissory notes and deposited as collateral with the Registrar of Baht 20 million, Baht 10 million and Baht 14 million, respectively (see Notes 12 and 15).

## 7. PREMISES AND EQUIPMENT - NET

Premises and equipment - net as at December 31, 2009 and 2008 consist of the following:

	2009			
	Balance as at December 31, 2008 Baht	Increase Baht	Disposal Baht	Balance as at December 31, 2009 Baht
<b>Cost</b>				
Land	1,610,500	-	-	1,610,500
Buildings	773,500	-	-	773,500
Office equipment	82,818,915	5,746,372	(3,838,521)	84,726,766
Furniture and fixtures	25,425,119	697,272	(400,692)	25,721,699
Vehicles	58,562,927	2,553,885	(1,204,000)	59,912,812
Total premises and equipment	<u>169,190,961</u>	<u>8,997,529</u>	<u>(5,443,213)</u>	<u>172,745,277</u>
<b>Accumulated depreciation</b>				
Buildings	(635,551)	(29,331)	-	(664,882)
Office equipment	(58,765,449)	(9,058,886)	3,816,696	(64,007,639)
Furniture and fixtures	(18,113,915)	(3,253,979)	390,011	(20,977,883)
Vehicles	(35,533,773)	(8,604,217)	1,203,999	(42,933,991)
Total accumulated depreciation	<u>(113,048,688)</u>	<u>(20,946,413)</u>	<u>5,410,706</u>	<u>(128,584,395)</u>
Premises and equipment - net	<u>56,142,273</u>			<u>44,160,882</u>

	2008			
	Balance as at	Increase	Disposal	Balance as at
	December 31,			December 31,
	2007			2008
	Baht	Baht	Baht	Baht
<b>Cost</b>				
Land	1,610,500	-	-	1,610,500
Buildings	773,500	-	-	773,500
Office equipment	74,522,779	13,935,661	(5,639,525)	82,818,915
Furniture and fixtures	24,638,989	1,272,699	(486,569)	25,425,119
Vehicles	62,032,935	5,409,000	(8,879,008)	58,562,927
Total premises and equipment	<u>163,578,703</u>	<u>20,617,360</u>	<u>(15,005,102)</u>	<u>169,190,961</u>
<b>Accumulated depreciation</b>				
Buildings	(606,164)	(29,387)	-	(635,551)
Office equipment	(55,513,355)	(8,763,238)	5,511,144	(58,765,449)
Furniture and fixtures	(15,417,197)	(3,183,208)	486,490	(18,113,915)
Vehicles	(35,579,779)	(8,832,999)	8,879,005	(35,533,773)
Total accumulated depreciation	<u>(107,116,495)</u>	<u>(20,808,832)</u>	<u>14,876,639</u>	<u>(113,048,688)</u>
<b>Premises and equipment - net</b>	<u>56,462,208</u>			<u>56,142,273</u>
<b>Depreciation for the years ended December 31,</b>				
2009				<u>20,946,413</u>
2008				<u>20,808,832</u>

As at December 31, 2009 and 2008, certain fixed assets at cost of Baht 76.35 million and Baht 75.13 million, respectively, were fully depreciated but still in use.

#### 8. PREMIUM DUE AND UNCOLLECTED - NET

Premium due and uncollected - net as at December 31, 2009 and 2008 consist of the following:

	2009	2008
	Baht	Baht
Not over 60 days	132,387,282	171,315,322
Over 60 days up to 90 days	29,319,219	54,743,496
More than 90 days	18,827,671	30,708,093
Total premium due and uncollected	<u>180,534,172</u>	<u>256,766,911</u>
<u>Less</u> Allowance for doubtful accounts	<u>(5,740,035)</u>	<u>(5,030,125)</u>
Total premium due and uncollected - net	<u>174,794,137</u>	<u>251,736,786</u>

The balances as at December 31, 2009 and 2008 of premium due and uncollected are classified by aging as follows:

	2009	2008
	Baht	Baht
Not over 3 months	161,706,501	226,058,818
Over 3 months up to 6 months	14,375,513	24,081,247
Over 6 months up to 12 months	3,771,731	4,459,202
More than 12 months	680,427	2,167,644
Total	<u>180,534,172</u>	<u>256,766,911</u>



## 9. INTANGIBLE ASSETS - NET

Intangible assets - net as at December 31, 2009 and 2008 consist of the following:

	2009			
	Balance as at	Increase	Decrease	Balance as at
	December 31,			December 31,
	2008	Baht	Baht	2009
	Baht	Baht	Baht	Baht
Computer software	32,358,581	13,032,486	-	45,391,067
<u>Less Accumulated amortization</u>	<u>(17,379,175)</u>	<u>(2,447,365)</u>	-	<u>(19,856,540)</u>
Total intangible assets - net	<u>14,979,406</u>			<u>25,534,527</u>
	2008			
	Balance as at	Increase	Decrease	Balance as at
	December 31,			December 31,
	2007	Baht	Baht	2008
	Baht	Baht	Baht	Baht
Computer software	30,196,478	2,162,103	-	32,358,581
<u>Less Accumulated amortization</u>	<u>(15,879,989)</u>	<u>(1,449,186)</u>	-	<u>(17,379,175)</u>
Total intangible assets - net	<u>14,316,489</u>			<u>14,979,406</u>
Amortization for the years ended December 31,				
2009				<u>2,447,365</u>
2008				<u>1,449,186</u>

## 10. UNEARNED PREMIUM RESERVE

The balance sheets as at December 31, 2009 and 2008 did not include additional unearned premium reserve of ceded premium to foreign reinsurers of Baht 48.86 million and Baht 51.19 million, respectively. Such unearned premium reserve was required to be recorded in the financial report to be submitted particularly to the Office of Insurance Commission under its relevant regulations.

## 11. LOSS RESERVES AND OUTSTANDING CLAIMS

As at December 31, 2009 and 2008, the loss reserves and outstanding claims account included outstanding claims and accrued interest of Baht 79.29 million and Baht 76.19 million, respectively, caused by a loss claim incurred by an insured company on September 24, 1997. On September 30, 2003, the courts passed a verdict that the Company had to pay the claim of Baht 41.29 million including 7.5% per annum of interest from the date of litigation until such claim is paid. The Company recorded such claim and accrued interest since 2003. However, in 2004 the Company has submitted an appeal to the court. On November 27, 2008, the appeal court had the dismissal for this case. After that the insured company submitted the case to the supreme court in December 2008. Currently, such case is still under consideration of the supreme court.

## 12. BANK OVERDRAFTS

As at December 31, 2009 and 2008, the Company had credit lines for bank overdrafts and loans in the form of promissory notes of Baht 20 million and Baht 10 million, respectively, which were guaranteed by a fixed deposit of Baht 30 million. The interest rate was the fixed deposit rate plus 2% (see Note 6).

## 13. STATUTORY RESERVE

Pursuant to the Public Limited Companies Act B.E. 2535, the Company must allocate to a reserve fund from the annual net profit, not less than five percent of the annual net profit deducted by the total accumulated loss brought forward (if any) until the reserve fund reaches an amount of not less than ten percent of the authorized capital. Such reserve fund is not available for distribution as dividend.

**14. OTHER RESERVES**

As at December 31, 2009 and 2008, other reserves amounting to Baht 900 million were set without having a specific objective.

**15. DEPOSITS WITH THE REGISTRAR**

As at December 31, 2009 and 2008, fixed deposits amounting to Baht 14 million were deposited with the Registrar in accordance with the Insurance Act (see Note 6).

**16. BACKUP ASSETS**

The Company has deposited certain investments with a related bank used for the Company's backup assets according to the Notification of the Office of Insurance Commission regarding "Asset allocation for liabilities and commitment of insurance contract and asset deposition at financial institution B.E. 2551" which indicates the Company to start having the backup assets from April 1, 2009, onward (see Note 4). The backup assets are as follows:

	2009 Baht	2008 Baht
Bonds	460,890,987	-
Debentures	358,739,531	-
	<u>819,630,518</u>	<u>-</u>

**17. LONG-TERM LEASES AND SERVICE AGREEMENTS**

Long-term leases and service agreements consist of the following:

Type of lease	Remaining periods		Total rental payments for the remaining periods Baht
	Within 1 year	Over 1 year to 5 years	
<b>December 31, 2009</b>			
Building	4,371,120	2,657,460	7,028,580
Service	4,371,120	2,657,460	7,028,580
Equipment	5,828,160	3,543,280	9,371,440
	<u>14,570,400</u>	<u>8,858,200</u>	<u>23,428,600</u>
<b>December 31, 2008</b>			
Building	4,371,120	7,028,580	11,399,700
Service	4,371,120	7,028,580	11,399,700
Equipment	5,828,160	9,371,440	15,199,600
	<u>14,570,400</u>	<u>23,428,600</u>	<u>37,999,000</u>

**18. CAPITAL MANAGEMENT**

Under the Non-life Insurance Act, the Company shall maintain the capital fund during the undertaking of non-life insurance business in the amount of not less than ten percent of net premium written for the last calendar year but not lower than thirty million baht. As at December 31, 2009 and 2008, the Company maintains the capital fund exceed the requirement.

The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

In addition, the Company has policy to pay dividend at least 60% of net profit after tax annually, but dependent upon performance and shareholders' resolution.



## 19. GAIN ON INVESTMENT IN SECURITIES

Gain on investment in securities for the years ended December 31, 2009 and 2008 consist of the following:

	2009 Baht	2008 Baht
Gain on sale of available-for-sale securities - ordinary shares	55,166,766	9,051,550
Gain on sale of available-for-sale securities - debentures	122,189	-
Gain (loss) on sale of available-for-sale securities - other securities	(8,568,394)	25,363,332
Gain on sale of available-for-sale securities - warrants	-	28,343
Gain on sale of general investments - ordinary shares	-	210,007
Total gain on investment in securities	<u>46,720,561</u>	<u>34,653,232</u>

## 20. INCOME TAX EXPENSES

For the years ended December 31, 2009 and 2008, income tax expenses consisted of the following:

	2009 Baht	2008 Baht
Income tax expenses - current tax	73,515,035	63,545,571
<u>Add (Less) Tax effect from deferred income tax</u>		
Effect of change in the applicable tax rate used in tax calculation for the portion of net income up to Baht 300 million - from 30% to 25%	-	15,444,364
Allowance for doubtful accounts of premium due and uncollected	(177,478)	-
Unearned premium reserve	(7,940,493)	(6,351,491)
Loss reserve - net	(9,574,609)	4,286,264
Incurred but not reported claims	(674,510)	(236,763)
Allowance for impairment of investment in notes	912,500	(912,500)
Allowance for impairment of general investment	-	6,324,377
Others	1,956,624	520,415
Income tax expenses	<u>58,017,069</u>	<u>82,620,237</u>

According to the Royal Decree No. 475 B.E. 2551 issued under the Revenue Code regarding the corporate income tax rate deduction effective on August 7, 2008, the corporate income tax for listed companies in the Stock Exchange of Thailand has been reduced from 30% to 25% of net profit which does not exceed Baht 300 million. This will remain in effect for three consecutive accounting periods beginning on or after January 1, 2008. Therefore, the Company has used a tax rate of 25% for the corporate income tax and deferred income tax calculations for the years ended December 31, 2009 and 2008 to conform to such tax rate change.

As at December 31, 2009 and 2008, deferred tax assets and liabilities which resulted from the temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base are as follows:

	2009 Baht	2008 Baht
Deferred tax assets resulted from :		
Allowance for doubtful accounts of premium due and uncollected	1,435,009	1,257,531
Unearned premium reserve	43,409,058	35,468,565
Loss reserve - net	51,339,283	41,764,674
Incurred but not reported claims	6,716,299	6,041,789
Unrealized loss on the change in value of investment - available-for-sale securities (see Note 3.1)	-	16,490,622
Allowance for impairment of investment in notes	-	912,500
Allowance for impairment of general investment	665,260	665,260
Others	1,463,487	3,420,111
Total deferred tax assets	<u>105,028,396</u>	<u>106,021,052</u>



	2009 Baht	2008 Baht
Deferred tax liabilities resulted from :		
Unrealized gain on the change in value of investment - available-for-sale securities	36,080,140	-
Unrealized gain on transfer of investment - general investment	6,173,780	6,173,780
Total deferred tax liabilities (see Note 3.1)	<u>42,253,920</u>	<u>6,173,780</u>

## 21. DIVIDENDS

21.1 On April 22, 2008, the ordinary shareholders' meeting passed a resolution to pay an annual dividend for the year 2007 of Baht 1.40 per share. The Company had paid an interim dividend for the operating result from January 1, to June 30, 2007 at Baht 0.65 per share, which was paid on September 14, 2007. The remaining portion of the annual dividend of Baht 0.75 per share paid from the second half of year 2007 operating result for 250 million shares, totaling Baht 187.5 million, was paid on April 28, 2008.

21.2 On August 15, 2008, the Board of Directors' meeting passed a resolution to pay an interim dividend for the operating result from January 1, to June 30, 2008 for 250 million shares, at Baht 0.65 per share, totaling Baht 162.5 million. The Company paid such dividend on September 12, 2008.

21.3 On April 21, 2009, the ordinary shareholders' meeting passed a resolution to pay an annual dividend for the year 2008 of Baht 1.00 per share. The Company had paid an interim dividend for the operating result from January 1, to June 30, 2008 at Baht 0.65 per share, which was paid on September 12, 2008. The remaining portion of the annual dividend of Baht 0.35 per share paid from the second half of year 2008 operating result for 250 million shares, totaling Baht 87.5 million, was paid on April 28, 2009.

21.4 On August 21, 2009, the Board of Directors' meeting passed a resolution to pay an interim dividend for the operating result from January 1, to June 30, 2009 for 250 million shares, at Baht 0.50 per share, totaling Baht 125 million. The Company paid such dividend on September 18, 2009.

## 22. TRANSACTIONS WITH RELATED PARTIES

A portion of the Company's assets, liabilities, revenues and expenses arose from transactions with related parties. The relationship may be by shareholding or the companies may have the same group of shareholders or directors. The Company's management believes that the Company has no significant influence over the related parties. The accompanying financial statements reflect the effects of these transactions determined on the basis of commitments and conditions as in the normal course of business. Transactions with the related parties are mainly as follows:

### 22.1 Investments

As at December 31, 2009

Companies	Type of Business	Relationship	Paid-up share capital Baht	Share holding %	Investment Baht	Dividend Baht
<b>Investment - ordinary shares</b>						
Bank of Ayudhya Plc.	Finance	Some common shareholders and directors	60,741,437,740	0.01	6,325,760	84,720
Ayudhya Securities Plc.	Finance	Some common shareholders and directors	600,000,000	0.43	3,166,660	-
Sunrise Equity Co., Ltd.	Consulting	Some common shareholders	9,970,000,000	5.48	546,136,660	47,513,889
Siam City Cement Plc.	Manufacturing	Some common shareholders and directors	2,375,000,000	0.36	198,900,000	15,562,500
Thai Reinsurance Plc.	Reinsurance	Some common shareholders and directors	1,187,354,940	1.77	109,215,600	7,561,080
Ayudhya Allianz C.P. Life Plc.	Life Insurance	Some common shareholders and directors	2,950,000,000	5.82	217,144,558	-
					<u>1,080,889,238</u>	<u>70,722,189</u>



Companies	Type of Business	Relationship	Investment Baht	Dividend Baht
<b>Investment - debentures</b>				
Bank of Ayudhya Plc.	Finance	Some common shareholders and directors	258,702,553	
Siam City Cement Plc.	Manufacturing	Some common shareholders and directors	102,452,038	
Ayudhya Capital Auto Lease Plc.	Leasing	Some common shareholders	201,914,051	
<b>Investment - unit trusts</b>				
Unit trusts managed by				
Ayudhya Fund Management Co., Ltd.	Fund Management	Some common shareholders		
- AYF Medium Term Fixed Income Dividend Fund			442,307,168	16,277,305
- AYF Cash Plus Fund			44,863,605	-
- AYF Medium Term Fixed Income Fund			139,731,902	-
- AYF Dividend Stock Fund			20,719,000	1,000,000
- KRUNGSRI Korean Government Bond 6M2 Fund			30,365,700	-
- KRUNGSRI Dynamic Dividend Fund (formerly Krungsri-PrimaVest Equity Fund)			10,586,160	-
- KRUNGSRI Dynamic Dividend Fund 2 (formerly PrimaVest Equity Dividend Fund)			6,164,217	429,353
- KRUNGSRI Flexible Dividend Fund (formerly PrimaVest Flexible Fund)			95,099,318	-
- KRUNGSRI Money Fund (formerly Krungsri-PrimaVest Money Fund)			152,920,860	-
- KRUNGSRI-AllianzGI Oriental Flexible Fund (formerly PrimaVest-AllianzGI Oriental Income Fund)			28,489,604	-
- KRUNGSRI-AllianzGI Global High Payout Fund (formerly PrimaVest-AllianzGI Global High Payout Fund)			15,655,961	-
			<u>986,903,495</u>	<u>17,706,658</u>

**As at December 31, 2008**

Companies	Type of Business	Relationship	Paid-up share capital Baht	Share holding %	Investment Baht	Dividend Baht
<b>Investment - ordinary shares</b>						
Bank of Ayudhya Plc.	Finance	Some common shareholders and directors	60,741,437,740	0.01	2,612,200	42,360
Ayudhya Securities Plc.	Finance	Some common shareholders and directors	600,000,000	0.43	3,166,660	-
Sunrise Equity Co., Ltd.	Consulting	Some common shareholders	9,970,000,000	5.48	546,136,660	57,344,349
Siam City Cement Plc.	Manufacturing	Some common shareholders and directors	2,375,000,000	0.73	229,425,000	24,980,250
Thai Reinsurance Plc.	Reinsurance	Some common shareholders and directors	1,187,354,940	1.77	102,494,640	7,981,140
Ayudhya Allianz C.P. Life Plc.	Life Insurance	Some common shareholders and directors	2,950,000,000	5.82	217,144,558	8,753,119
					<u>1,100,979,718</u>	<u>99,101,218</u>

Companies	Type of Business	Relationship	Investment Baht	
<b>Investment - debentures</b>				
Bank of Ayudhya Plc.	Finance	Some common shareholders and directors	251,300,081	
<b>Investment - unit trusts</b>				
Unit trusts managed by				
Ayudhya Fund Management Co., Ltd.	Fund Management	Some common shareholders		
- AYF Medium Term Fixed Income Dividend Fund			454,757,107	12,317,960
- AYF Cash Plus Fund			213,477,030	-
- AYF Medium Term Fixed Income Fund			138,551,952	-
- AYF Dividend Stock Fund			14,027,600	800,000
			<u>820,813,689</u>	<u>13,117,960</u>
PrimaVest Asset Management Co., Ltd.	Fund Management	Some common shareholders and directors		
- PrimaVest Flexible Fund			61,917,769	4,000,476
- PrimaVest Equity Dividend Fund			4,398,146	1,180,720
- Krungsri - PrimaVest Equity Fund			6,851,760	1,500,000
- Krungsri - PrimaVest Money Fund			49,831,966	-
- PrimaVest - AllianzGI Oriental Income Fund (formerly PrimaVest (Thailand) Oriental Income Fund)			21,068,020	-
- PrimaVest - AllianzGI Global High Payout Fund (formerly PrimaVest (Thailand) Global High Payout Fund)			13,297,537	-
			<u>157,365,198</u>	<u>6,681,196</u>

## 22.2 Significant balances and transactions are as follows:

	Relationship	Balances as at December 31,	
		2009 Baht	2008 Baht
Bank deposits			
Bank of Ayudhya Plc.	Some common shareholders and directors	147,670,191	358,885,454
Premium due and uncollected			
Ayudhya Auto Lease Plc.	Some common shareholders	-	19,174
Ayudhya Securities Plc.	Some common shareholders and directors	12,086	14,771
Bank of Ayudhya Plc.	Some common shareholders and directors	203,002	237,643
Ayudhya Fund Management Co., Ltd.	Some common shareholders	-	18,310
Bangkok Broadcasting & T.V. Co., Ltd.	Some common shareholders and directors	134,735	126,207
BBTV Equity Co., Ltd.	Some common shareholders	-	521,384
Siam City Cement Plc.	Some common shareholders and directors	126,609	638,981
Ayudhya Allianz C.P. Life Plc.	Some common shareholders and directors	110,655	278,818
Media of Medias Plc.	Some common shareholders and directors	-	180,802
Ayudhya Asset Management Co., Ltd.	Some common shareholders	648,609	437,049
Siam Realty and Services Co., Ltd.	Some common shareholders	68,375	73,321
Krungsriayudhya Card Co., Ltd.	Some common shareholders	-	(110,132)
Ayudhya Capital Auto Lease Plc.	Some common shareholders	235,403	-
		<u>1,539,474</u>	<u>2,436,328</u>



	Relationship	For the years ended	
		December 31,	
		2009 Baht	2008 Baht
Ayudhya Allianz C.P. Life Plc.	Some common shareholders and directors	617,886	1,132,281
Hyla (Thailand) Co., Ltd.	Some common shareholders and directors	(1,574)	2,827
Media of Medias Plc.	Some common shareholders and directors	385,195	602,510
Ayudhya Asset Management Co., Ltd.	Some common shareholders	4,491,600	4,906,369
Siam Realty and Services Co., Ltd.	Some common shareholders	1,107,670	1,239,413
Ayudhya Factoring Co., Ltd.	Some common shareholders and directors	4,300	4,300
Ayudhya Capital Auto Lease Plc.	Some common shareholders	272,932	5,250
Krungsriayudhya Card Co., Ltd.	Some common shareholders	2,982,854	2,618,400
		<u>142,339,948</u>	<u>147,104,394</u>
Premium ceded			
Thai Reinsurance Plc.	Some common shareholders and directors	203,064,027	170,782,167

The Company used the same pricing policy and conditions for the above premiums as it did for other customers and other insurance companies.

	Relationship	For the years ended	
		December 31,	
		2009 Baht	2008 Baht
Commissions and brokerages			
Bank of Ayudhya Plc.	Some common shareholders and directors	98,217,913	80,426,068
Other underwriting expenses			
Bank of Ayudhya Plc.	Some common shareholders and directors	54,109,192	30,219,365

The Company paid commissions and brokerages and other underwriting expenses as specified in the Bancassurance Agreement made between the Company and such related bank. The commission rates were in compliance with the Office of Insurance Commission criteria and the same basis of the commission rate that the Company has offered to other insurance broker companies.

	Relationship	For the years ended	
		December 31,	
		2009 Baht	2008 Baht
Interest income			
Ayudhya Development Leasing Co., Ltd.	Some common shareholders	-	6,942,729
Bank of Ayudhya Plc.	Some common shareholders and directors	15,878,826	9,419,839
Siam City Cement Plc.	Some common shareholders and directors	2,453,425	-
Ayudhya Capital Auto Lease Plc.	Some common shareholders	1,617,534	-
		<u>19,949,785</u>	<u>16,362,568</u>
Interest expense			
Bank of Ayudhya Plc.	Some common shareholders and directors	339	4,921
Ayudhya Capital Auto Lease Plc.	Some common shareholders	258,935	321,850
		<u>259,274</u>	<u>326,771</u>

Interest was charged at the same interest rates as the bank has offered to other insurance companies. For the interest rates charged by other related parties, the rates were the same as they charged other customers.



	Relationship	For the years ended	
		2009 Baht	2008 Baht
Commission paid			
Ayudhya Securities Plc.	Some common shareholders and directors	955,677	1,131,723
Management fee			
Ayudhya Securities Plc.	Some common shareholders and directors	324,383	386,461
Custodian fee			
Bank of Ayudhya Plc.	Some common shareholders and directors	119,954	22,832
Operating expenses			
Hyla (Thailand) Co., Ltd.	Some common shareholders and directors	-	6,494

Commission, management fee, custodian fee and operating expenses were paid at the same rates and conditions as the related parties charged the other customers.

	Relationship	Rate of rental and service expenses per month		For the years ended	
		2009 Baht	2008 Baht	2009 Baht	2008 Baht
Rental and service expenses					
BBTV Equity Co., Ltd.	Some common shareholders	1,214,200	1,086,438	14,570,400	13,037,250
Siam City Cement Plc.	Some common shareholders and directors	12,000	10,333	144,000	124,000

The Company has office rental, equipment rental and service agreements with related companies for a term of 3 years. The rental rates and conditions are the same as the related parties offer to other companies.

### 23. DISCLOSURE OF FINANCIAL INSTRUMENTS

The Company does not speculate or engage in trading of any derivative financial instruments.

#### 23.1 Accounting policies

Details of significant accounting policies and methods adopted, including criteria for recognition of revenues and expenses relating to financial assets and financial liabilities are disclosed in Note 2.

#### 23.2 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy to protect against credit risk by having securities valuations strictly appraised by specialists and limiting lines of loans so as not to exceed the securities value which is in accordance with the Department of Insurance regulation related to investment for other business of non-life companies.

In the case of recognized financial assets in the balance sheet, the carrying amount of the assets recorded in the balance sheet represents the Company maximum exposure to credit risk.

#### 23.3 Interest rate risk

Interest rate risk refers to the risk changes in interest rates will affect the interest income from investments. The Company's investments include both short-term and long-term investments that have floating rate and fixed rates. The Company manages the risk by considering the risk of investments together with the return on such investments.

As at December 31, 2009 and 2008, significant financial assets classified by type of interest rate are as follows:

	Balance as at December 31,			
	2009		2008	
	Variable	Fixed	Variable	Fixed
	interest rate	interest rate	interest rate	interest rate
	Baht	Baht	Baht	Baht
Investment in securities - net				
Bonds	-	1,510,840,066	-	401,297,831
Treasury bills	-	339,764,080	-	157,917,251
Notes	-	109,562,518	-	386,350,000
Debentures	-	663,105,620	-	707,777,191
Cash and deposits at financial institutions	213,308,708	344,007,009	241,571,189	948,310,900
Total	<u>213,308,708</u>	<u>2,967,279,293</u>	<u>241,571,189</u>	<u>2,601,653,173</u>

The financial instruments carrying interest at fixed rates are classified below on the basis of the length of time from the balance sheet date to the date specified for the fixing of a new rate, or to the maturity date (whichever is sooner) as follows:

**As at December 31, 2009**

	Period specified for fixing new interest rate			Average interest rate %
	Within 1 year	Over 1 year	Total	
	Baht	Baht	Baht	
Investment in securities - net				
Bonds	45,776,661	1,465,063,405	1,510,840,066	3.36
Treasury bills	339,764,080	-	339,764,080	1.00
Notes	109,562,518	-	109,562,518	1.36
Debentures	51,000,058	612,105,562	663,105,620	4.68
Cash and deposits at financial institutions	344,007,009	-	344,007,009	1.26
Total	<u>890,110,326</u>	<u>2,077,168,967</u>	<u>2,967,279,293</u>	

**As at December 31, 2008**

	Period specified for fixing new interest rate			Average interest rate %
	Within 1 year	Over 1 year	Total	
	Baht	Baht	Baht	
Investment in securities - net				
Bonds	20,235,761	381,062,070	401,297,831	3.65
Treasury bills	157,917,251	-	157,917,251	3.33
Notes	386,350,000	-	386,350,000	3.92
Debentures	330,016,976	377,760,215	707,777,191	4.49
Cash and deposits at financial institutions	948,310,900	-	948,310,900	3.54
Total	<u>1,842,830,888</u>	<u>758,822,285</u>	<u>2,601,653,173</u>	





#### 23.4 Estimated fair value of financial instruments

The fair values have been estimated by the Company using available market information and appropriate valuation methodologies.

As at December 31, 2009 and 2008, the carrying amounts of financial assets and financial liabilities which were different from the estimated fair value were as follows:

	2009		2008	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	Baht	Baht	Baht	Baht
Financial assets Cash and deposits at				
Cash and deposits at financial institution	562,052,243	561,994,500	1,193,375,629	1,194,241,606
Stocks	1,221,698,555	1,300,111,710	1,177,736,988	1,816,060,939
Other securities - unit trusts	1,860,404,147	1,860,397,537	1,775,473,570	1,775,456,956

The following methods and assumptions were used by the Company in estimating fair value of financial instruments as disclosed herein:

Financial assets - The fair values of financial assets for which their remaining terms to maturity are within 90 days are based on carrying value. For those with remaining terms to maturity greater than 90 days are estimated by using a discounted cash flow analysis based on current interest rates for the remaining years to maturity, except for the fair values of stocks and other securities classified as available-for-sales securities which are based on the bidding prices at the Stock Exchange of Thailand on the last business day of the year. For non-listed securities, the fair values are estimated based on either net asset value or carrying value.

Financial liabilities - The fair values of financial liabilities for which their remaining terms to maturity are within 90 days are based on carrying value. For those with remaining terms to maturity greater than 90 days are estimated by using a discounted cash flow analysis based on current interest rates for the remaining years to maturity.

#### 24. COMMITMENT

As at December 31, 2009 and 2008, the Company had a capital commitment to pay computer program development expenses in the amount of approximately Baht 11.01 million and Baht 6.89 million, respectively.

#### 25. RECLASSIFICATION

A reclassification has been made to the statements of income for the year ended December 31, 2008 to conform to the presentation of the statements of income for the year ended December 31, 2009 by separately presented travelling expenses of Baht 6.14 million, which was previously included in other operating expenses.

#### 26. AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were approved for issuance by the Company's authorized executive directors on February 15, 2010.

## Financial Statements

For the past three years, the auditor's opinion in the Report of the Certified Public Accountant was an unqualified opinion

### Auditor's remuneration

In 2009, the Company paid Baht 1,857,500 in audit fees to the office where the auditor worked:

1. The Annual Audit Fee for the year 2009 was Baht 1,100,000.
2. Fees for reviewing quarterly financial statements amounted to Baht 145,000 each quarter for three quarters for a total of Baht 435,000.
3. The annual fee for assessment of computer data totaled Baht 140,000.
4. Fees for the assessment and preparation of a report in accordance with the Notification of the Insurance Registrar Re: Criteria, Methods, and Conditions for Auditing Internal Control Systems and Investment Procedures of Non-Life Insurance Companies Investing in Other Businesses dated 29th March 2004 amounted to Baht 182,500.

### Major Factors That May Impact on Opportunities or Limit the Operations of the Company

None, as the company obtained a license to transact business in all classes of general insurance.

### Legal Disputes

The Company did not engage in any legal disputes against the risks of assets of more than 5% of Shareholders' Equity.



## Analysis of Financial Ratio

Financial Ratio reflecting financial status and operating results of the company's core business.

Financial Ratio	2009	2008	2007
<b>Liquidity Ratio</b>			
Current Ratio (Times)	4.04	4.85	5.43
Premium Receivable Turnover (Days)	46	57	59
<b>Profitability Ratio</b>			
Net Premium Written per Premium Written (%)	58.73	57.49	59.28
Loss Insured per Earned Premium (%)	41.54	37.61	43.80
Underwriting Profit per Net Premium Written (%)	36.02	44.64	44.19
Underwriting Expenses per Earned Premium (%)	48.15	46.83	41.68
Investment Yield (%)	3.97	5.00	5.24
Net Premium Written per Equity (Times)	0.20	0.18	0.17
Net Profit per Margin (%)	21.88	29.20	30.79
Return on Equity (%)	5.11	6.59	7.48
<b>Efficiency Ratio</b>			
Return on Assets (%)	4.19	5.46	6.17
Assets Turnover (Times)	0.19	0.19	0.20
<b>Financial Ratio</b>			
Debt to Equity Ratio (Times)	0.22	0.21	0.18
POLICY LIABILITY TO CAPITAL FUND (Times)	0.14	0.12	0.11
Unearned Premium Reserve per Equity (Times)	0.10	0.09	0.08
Unearned Premium Reserve per Total Assets (%)	8.08	7.62	6.60
Payout Ratio (%)	90.91	69.93	85.89
<b>Per share</b>			
Par Value (Baht)	1.00	1.00	1.00
Book Value (Baht)	21.88	21.01	22.26
Earning per share (Baht)	1.10	1.43	1.63
Dividend per share (Baht)	*1.00	1.00	1.40

\* Dividend for the year 2009 is waiting for approval from the General Shareholders' meeting.

Financial Ratio	2009	2008	2007
<b>Growth Rate</b>			
Net Premium Written (%)	11.16	4.08	(10.55)
Underwriting Expense (%)	26.93	(14.88)	(12.98)
Operating Expense (%)	1.88	4.29	8.13
Net Earning (%)	(23.11)	(12.41)	12.93
Total Assets (%)	5.96	(5.42)	3.60

## Financial Records

UNIT : MILLION BAHT

Statement of Earnings	2009	2008	2007
Gross Premium Income	1,829.85	1,681.49	1,566.78
Premium ceded	755.24	714.80	637.98
Net Premium Written	1,074.61	966.69	928.80
Unearned premium reserve increase (decrease) from previous year	59.78	40.56	(62.68)
Earned Premium	1,014.83	926.13	991.48
Underwriting expenses	627.76	494.57	581.01
Underwriting Earnings	387.07	431.56	410.47
Earning on Investment	235.28	290.09	324.88
Other Income	2.74	5.04	5.94
Underwriting and Investment Profit	622.35	721.65	735.35
Operating Expenses	292.91	287.51	275.68
Earning Before Income Tax	332.18	439.18	465.61
Corporate Income Tax	58.02	82.62	58.51
Net Earnings	274.16	356.56	407.10
Earnings Per Share (Baht)	1.10	1.43	1.63
Balance Sheet	2009	2008	2007
Total Assets	6,726.91	6,348.45	6,711.94
Current Assets	4,900.43	5,293.75	5,559.05
Premises and Equipment	44.16	56.14	56.46
Total Liabilities	1,256.16	1,097.07	1,148.04
Total Shareholders Equity	5,470.75	5,251.38	5,563.90
Book Value (Baht)	21.88	21.01	22.26
Dividend per share (Baht)	1.00	1.00	1.40
Return on Equity (%)	5.11	6.59	7.48



## Risk factors

### 1. Insurance risk

Damages to insured property arising from disasters or accidents that the Company had agreed to cover caused the Company to pay those claims. Thus, the Company had to manage its risk and followed underwriting procedures by considering the insured, the nature of the business, risks and prevention.

The Company spread its risks by arranging such reinsurance as treaty reinsurance and facultative reinsurance with first-class security reinsurance companies both within the country and abroad. In 2009, the Company had ceded premiums in the amount of Baht 755.24 million from its total written premiums of Baht 1,829.85 million, a proportion of 41.27% of total written premiums. The balance was retained by the Company. However, the Company also ceded non-proportional reinsurance, which did not limit the liability of the reinsurer in proportion to the liability of the reinsured, such as excess of loss reinsurance.

This type of reinsurance covers losses in excess of the limited amount agreed to in the treaty, and reinsurers use it to limit their liability. Thus, this reinsurance will reduce the risk of the Company in operating its insurance business, as in cases of major loss, it will be liable for the limited amount in excess of the loss treaty and the excess amount can be recovered from the reinsurer.

### 2. Market risk

An insurance company may be susceptible to market risk from portfolio investments. Factors affecting portfolio investment include the fluctuation of interest rates and the stock index, which are affected largely by the local and international economic and political situation.

In 2008, Thailand's economy was not only affected by the unfavorable internal political situation, but by the sluggish global economy. The Thai stock index at the end of 2008 decreased significantly from the previous year and market interest rates were volatile. All of these unfavorable situations had been anticipated by the company.

Thailand's stock market index in 2009 showed a substantial increase of 63.25% compared to the SET index at the end of 2008. Major initiatives were undertaken to support liquidity, and the governments of many countries strongly subsidized their financial institutions to relieve the crisis.

However, the Company has always invested in various forms for its long-term financial security and to yield good returns that enhance the security and efficiency of risk-taking based on prudent, cautious, sustainable investments. The equity portfolio is a long-term investment that has not fluctuated a great deal with SET index as they are sound fundamental stocks. At the end of 2009, the Company recorded unrealized gain from investment in securities of Baht 169.02 million whereas in 2008 the company recorded an unrealized loss of Baht 41.27 million.

### 3. Credit risk

Insurance companies may invest in credit asset but the success from the investment in the credit assets depends on the abilities of the borrowers in their payments of interests and repayments of the capital. In some cases, the borrowers can repay the loans for both interests and capital, while in others, the borrowers can not pay interests and repay the loans, causing damage to the insurance company that is the lender.

At December 31, 2009, the Company had a fund in the amount of Baht 2.97 million for loans to employees who have guarantors in accordance with the rules of employee loan welfare, with interest charged. The Company follows the rules, procedures and conditions specified in the announcement of the Ministry of Commerce on the subject of insurance company investment in other businesses.

### 4. Operational risk

These may occur from operational errors that cause the Company to be unable to operate its business as usual, resulting in financial loss or damage to its reputation. In order to reduce such risks, the Company has a committee with the authority and duty to manage the Company in accordance with the laws, purposes, regulations and resolutions of the Shareholders' Meeting. The Executive Committee, the Investment Committee, the Audit Committee and the Nomination & Remuneration Committee have also been established and the scope of authority and duties of each committee clearly specified.

The Company also organized training on risk management and set the policy and direction for operational risk management. In addition, the Company emphasized its internal control system on finance, operations, supervision and practice and established an internal audit committee with the duty of auditing its operations in accordance with the specified control system.

#### 5. Liquidity risk

The Company has both short- and long-term financial investments to manage its liquidity efficiently and assure daily cash flow. In addition, there was an adjustment of management policy on investments for high return at low risk that will suit every situation by considering the liquidity of each invested security.

At December 31, 2009, the Company had assets in the form of cash and deposits with financial institutions amounting to Baht 562.05 million. Of these, Baht 1,510.84 million was in bonds, Baht 339.76 million was in treasury bills, Baht 109.56 million was in notes, and Baht 663.11 million was in debentures. This investment justified book value, and major short- and long-term investments were made after consideration of the liquidity of each security as required by the secondary market.

#### 6. Risk from relying on major clients

At present, the Company receives fire premiums from Bank of Ayudhya Public Company Limited and a large number of their debtors and depositors, amounting to 56.57% of the overall fire premiums of the Company in 2009. The Company has coordinated with the Bank of Ayudhya to set up a Bancassurance project that allows the bank to act as an insurance broker. In 2009, the project proceeded and policies were sold through this channel in the amount of Baht 225.75 million, an increase of Baht 84.69 million, or 60.04%, over 2008, which recorded premiums from the same channel of Baht 141.06 million. To date, the Company has a good relationship with the bank, which continues to direct business to the Company.

#### 7. Overdue Premium Collection Risks

For a non-life insurance business, the distribution channels are agents and brokers. The Company issues policies through agents and brokers, and both are able to collect premiums from customers within a specific period. The Company might sustain uncollected premium risks if the agents or brokers are faced with a liquidity crisis or other financial problems, which makes it a risk for the non-life insurance business.

Nevertheless, in early 2009 the Office of the Insurance Commission (OIC) stipulated that motor premium payments must be in compliance with the universal practice known as "Cash Before Cover" in which the insured must pay its premium prior to the effective date of the policy. The formula for risk in regard to premium collection procedures has been published in the form of the Premium Collection Manual, and the Company's staff follow the appropriate steps in relation to both work process and terms of payment, while coordinating with concerned parties.

The Company issued a policy to manage premium collection that concisely indicates the credit terms for long outstanding premiums. A meeting on credit control is held once a month to follow up on long outstanding accounts in order to comply with the regulations of the Office of the Insurance Commission. When an outstanding account exceeds the specified term of agreement, the credit control unit will be take over and follow up with collection procedures.

In 2009, the OIC stipulated that the premium collection and financial status of non-life insurance companies would be measured on the basis of both quantity and quality. The ratio of appraised outstanding premiums per total outstanding served as the quantity basis used for the evaluation of liquidity risks of Company's outstanding premiums. The minimum standard ratio should not be under 75%, and at the end of 2009, the ratio of the Company was 87.13%.



## Dividend Policy

The Company has a policy to pay dividend to its shareholders at a rate of not less than 60% of the net profit of each year, based on operating results and resolution of the Annual General Shareholders' Meeting.

■ **Obligation incurred through the issuance of Common Stocks**

None

■ **Debentures and Promissory Notes**

The Company has never issued debentures or promissory note.

## Major factors and influences which could effect the Company's operation and future financial situation.

Considering from the risk factors of the Company per the details in the item of risk factors.

**Maintaining various ratios in accordance with the regulation of the regulatory agencies and key ratios that are characteristic of the industry**

1. The Company had statutory reserves of Baht 50 million, equivalent to 10% of the authorized capital of the Company, in accordance with the Public Limited Company Act, B.E. 2535, stipulating that the Company must allocate a reserve fund from annual net profits of not less than 5% that is deducted by the total accumulated loss brought forward (if any) until the reserve fund reaches an amount of not less than 10% of the authorized capital. Such reserve fund is not available for dividend distribution.  
  
At December 31, 2009, the Company had an allocation of unearned premium reserves in the amount of Baht 543.43 million in accordance with the announcement of the Ministry of Commerce concerning the allocation of such reserves.
2. In 2009, the company recorded a provision for losses incurred but not reported (IBNR) equal to 2.5% of net written premiums for the last twelve months, which amount was higher than the IBNR certified by the actuary.
3. The Loss ratio for 2009 equaled 41.54% of earned premiums, 36.7% more than the previous year due to the increased losses incurred during the year that resulted from the higher volume of business.



# AWARDS



**In 2002** The Ayudhya Insurance Plc., still further develop its service provision potential, to serve the clients with prompt service, accurate and transparency. By doing so, the company achieved "Disclosure Award" from Stock Exchange of Thailand

**In 2003** The Ayudhya Insurance Plc., focus an aim to further develop its staff potential to take prompt action, accurate to serve their valuable clients, agents / brokers' requirements. As a result, the Company achieved "Best Management Award" from office of Insurance Regulatory and Supervision Commission for 4 consecutive years, details as hereunder : -

- 2003** The company achieved 2nd for the top three of Best Management Award.
- 2004** The company achieved 3rd for the top three of Best Management Award.
- 2005** The company achieved 2nd for the top three of Best Management Award, and
- 2006** The company achieved 3rd for the top three of Best Management Award.

Among 63 non - life insurance companies in the industry.

**In 2009** The Ayudhya Insurance Public Company Limited had been awarded 1<sup>st</sup> prize of "Best Management Award" Package during 2007 - 2008 for two consecutive years among 71 general insurance companies on 1<sup>st</sup> October 2009 And the company achieved "Best Innovation Product Award" from the Netherlands - Thai

Chamber of Commerce which deemed as the best testament to the kind of commitment we have towards our customers, stakeholders, agent, and alliances on 1<sup>st</sup> November 2009.



## General Information

The Ayudhya Insurance Public Company Limited was established on 7 October 1950 with an initial capital of two million baht as a general insurance company.

### Head Office:

Bangkok : 898 Ploenchit Tower 7th fl., Ploenchit Road,  
Lumpini, Pathumwan, Bangkok 10330, Thailand.

Tel No. : 66-0-2263-0335

Fax No. : 66-0-2263-0589

Email : info@ayud.co.th

Website : www.ayud.co.th

### Authorized Share Capital

500 million ordinary shares of Baht 1 each

Totaling Baht 500 million

### Issued and paid - up share of capital

250 million ordinary shares of Baht 1 each

Totaling Baht 250 million

### References

Registrar

Thailand Securities Depository Co., Ltd.,

62 The Stock Exchange of Thailand Bldg.,

4, 6-7 Fl., Rachadapisek Road, Klongtoey, Bangkok 10110

Tel. No. : 66-0-2229-2800, 66-0-2654-5599

Fax No. : 66-0-2359-1259

### Debenture holder's representative

-None-

### Auditor

Mr. Niti Jungnimitirundr

CPA Number 3809 and/or

Mrs. Nachalee Boonyakarnkul

CPA Number 3126 and/or

Mr. Permsak Jirajakwattana

CPA Number 3427

### Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.

Rajanakarn Buliding, 25th Floor, 183 South Sathorn Road,

Kwaeng Yannawa, Khet Sathor, Bangkok 10120

Tel No. : 66-2-2676-5700

Fax No. : 66-0-2676-5757

### The Financial Institution

#### Bank of Ayudhya Public Company Limited

##### Head Office Branch

1222 Rama III Road, Bangpongpan, Yannawa, Bangkok  
10120

Tel. : 66-0-2296-2000

##### Ploenjit Branch

550 Ploenjit Road Lumpini Pathumwan Bangkok 10330

Tel. : 66-0-2208-2027

#### The Thai Military Bank Public Company Limited

##### Phaholyothin Branch

3000 Phaholyothin Road Ladyao Chatuchak Bangkok  
10900

Tel. : 66-0-22423-637-8

#### Kasikorn Bank Public Company Limited

##### Lang Suan Branch

99/8 Lang Suan Road, Lumpini Pathumwan Bangkok  
10300

Tel. : 66-0-2652-0244-8

##### Ratburana Branch

1 Ratburana Road, Ratburana Bangkok 10140

Tel. : 66-0-2470-5130 , 02-470-5133

#### The Government Housing Bank Public Company Limited

##### Head Office

63 Rama 9 Road Huai Khwang Bangkok 10320

Tel. : 66-0-2645-9000

#### Standard Chartered Bank (Thai) Public Company Limited

##### Head Office

90 North Sathon, Silom Bangrak Bangkok 10500

Tel. : 66-0-2724-0388

#### Thanachart Bank Public Company Limited

##### Tonson Branch

900 Tonson Tower Ploenjit Road Lumpini Phatumwan  
Bangkok 10330

Tel. : 66-0-2655-9000

#### ACL Bank Public Company Limited

##### Head Office

11th -13th Floor, Emporium Tower, Sukhumvit Road

Khlong-Ton, Khlong - Toei Bangkok 10110

Tel. : 66-0-2663-9000

## Branches

### ■ Hatyai Branch

Branch Manager : Mrs. Sawadee Pattanasanti  
 Address : 70, 72 Chotevidhyakul 3 Road, Tambol Hatyai Amphur Hatyai, Songkhla 90110.  
 Tel : 0-7442-8746-9  
 Fax : 0-7442-8750  
 Covered Area : Songkhla, Satun, Phatthalung, Trang, Yala, Pattani, Narathiwat  
 E-mail : sawadee@ayud.co.th

### ■ Phuket Branch

Branch Manager : Mr. Sorawut Palimapun  
 Address : 74/253-254 (Poonpol Night Plaza) Poonpol Road, Tambol Talard Nua, T Amphur Muang, Phuket 83000.  
 Tel : 0-7621-6000, 0-7622-4999  
 Fax : 0-7621-9383  
 Covered Area : Phuket, Phangnga  
 E-mail : sorawut@ayud.co.th

### ■ Rayong Branch

Branch Manager : Mr. Kris Chamkrachang  
 Address : 9/7 Bangna-Trad Road, Tambol Cherng -nern, Amphur Muang, Rayong 21000.  
 Tel : 0-3886-1326-8 0-3861-4465  
 Fax : 0-3862-0659  
 Covered Area : Rayong, Chanthaburi, Trat  
 E-mail : kris@ayud.co.th

### ■ Khon Kaen Branch

Branch Manager : Mr. Isra Prasert  
 Address : 90 Moo 14, Mitraparb Road, Tambol Nai Muang, Amphur Muang, Khon Kaen 40000.  
 Tel : 0-4323-5280 - 2  
 Fax : 0-4323-5283  
 Covered Area : Khon Kean, Mahasarakham, Roiet, Kalasin  
 E-mail : isara@ayud.co.th

### ■ Chiangmai Branch

Branch Manager : Mr. Chakkrit Utachee  
 Address : 158/9 Chiangmai-Lampang Road, Tambol Paton,  
 Tel : 0-5321-0405-8  
 Fax : 0-5321-0409  
 Covered Area : Chaingrai, Lampang, Lamphun, Phrae, Nan, Maehongson  
 E-mail : chakkrit@ayud.co.th

### ■ Nakhonratchasima Branch

Branch Manager : Mr. Peera Jaturanont  
 Address : 1982/2-3 Mitraparp Road, Tambol Nai Muang, Amphur Muang, Nakhonratchasima 30000.  
 Tel : 0-4426-3540-2  
 Fax : 0-4426-3543  
 Covered Area : Nakhonratchasima, Chaiyaphum  
 E-mail : peera@ayud.co.th

### ■ Nakhonsawan Branch

Branch Manager : Mr. Wisid Chantarapatch  
 Address : 27/77 Moo11, Nakhonsawan-Phitsanulok Road, Tambol Watsai, Amphur Muang, Nakhonsawan 60000.  
 Tel : 0-5631-0751-4  
 Fax : 0-5631-0668  
 Covered Area : Nakhonsawan, Chai Nat, Singburi, Ang Thong, Uthai Thani  
 E-mail : wisid@ayud.co.th

### ■ Phitsanulok Branch

Branch Manager : Mr. Songpon Opasripath  
 Address : 459/1079-80 Moo 7, Tambol Samorkae, Amphur Muang, Phitsanulok 65000.  
 Tel : 0-5522-4161, 0-5522-3758  
 Fax : 0-5522-4169  
 Covered Area : Phitsanulok, Sukhothai, Uтарadit, Phetchaburi, Phichit, Tak, Kamphaeng Phet  
 E-mail : songphon@ayud.co.th

### ■ Ubonratchathani Branch

Branch Manager : Mr. Isra Prasert (Acting)  
 Address : 792/1-2 Chayangkool Road, Tambol Nai Muang, Amphur Muang, Ubonratchathani 34000.  
 Tel : 0-4528-4422 - 4  
 Fax : 0-4528-4425  
 Covered Area : Ubonratchathani, Yasothon, Si Sa Ket, Amnatcharoen, Mukdahan  
 E-mail : isara@ayud.co.th

### ■ Suratthani Branch

Branch Manager : Mr. Seri Chumsri  
 Address : 210/9-10 Moo 4, Chonkasem Road, Tambol Makham Teea, Amphur Muang, Suratthani 84000.  
 Tel : 0-7721-8529 - 31  
 Fax : 0-7721-8532  
 Covered Area : Suratthani, Chumphon, Nakhonsithamarat, Ranong  
 E-mail : seri@ayud.co.th



## Branches

### ■ Nakhonpathom Branch

Branch Manager : Mr. Nikom Srithongtae  
 Address : 94 Ratchamakka Road, Tambol Sanamchan, Amphur Muang, Nakhonpathom 73000  
 Tel : 0-3428-0119 - 21  
 Fax : 0-3428-0122  
 Covered Area : Nakhonpathom, Samut Sakhon, Suphanburi, Kanchanaburi, Ratchaburi, Samut Songkhram, Phetchaburi, Prachuap Khirikhan  
 E-mail : nikom@ayud.co.th

### ■ Chonburi Sub-Branch

Branch Manager : Mr. Mana Ngarm-kiatsap  
 Address : 208/12 Moo 3, Prayasajja Road, Tambol Samet, Amphur Muang, Chonburi 20000.  
 Tel : 0-3871-5877-8  
 Fax : 0-3871-5879  
 Covered Area : Chonburi, Chachoengsao, Prachinburi, Sakaeo  
 E-mail : mana@ayud.co.th

### ■ Saraburi Sub-Branch

Branch Manager : Mr. Chirayut Tungcawuttivijit  
 Address : 96/18 Sudbantad Road, Tambol Pakpreew, Amphur Muang, Saraburi 18000.  
 Tel : 0-3631-5071 - 2  
 Fax : 0-3631-5073  
 Covered Area : Saraburi, Phra Nakhon Sri Ayuttaya, Lopburi, Nakhon Nayok  
 E-mail : chirayut@ayud.co.th

### ■ Surin Sub-Branch

Branch Manager : Mr. Peera Jaturanont (Acting)  
 Address : 13/9 Lakmuang Road, Tambol Nai Muang, Amphur Muang, Surin 32000.  
 Tel : 0-4453-1673  
 Fax : 0-4453-1674  
 Covered Area : Surin, Buri Ram  
 E-mail : peera@ayud.co.th

### ■ Udonthani Sub-Branch

Branch Manager : Mr. Uthit Longkem  
 Address : 233/19-20 Udonrdusadee Road, Tambol Markhaeng, Amphur Muang, Udonthani 41000  
 Tel : 0-4232-5118 - 9  
 Fax : 0-4232-5120  
 Covered Area : Udonthani, Loei, Sakon Nakhon, Nong Khai, Nongbualamphu, Nakhon Phanom  
 E-mail : uthit@ayud.co.th

### ■ Chiangrai Sub-Branch

Branch Manager : Mrs. Charnvit Pattananubharb  
 Address : 261/8 Moo 19, Paholyothin Road, Tambol Robvieng, Amphur Muang, Chiangrai 57000  
 Tel : 0-5374-8556-8  
 Fax : 0-5374-8559  
 Covered Area : Chaingrai, Phayao  
 E-mail : charnvit@ayud.co.th

### ■ Krabi Sub-Branch

Branch Manager : Mr. Pichai Jamjannangarm  
 Address : 434/21 U-tarakij Road, Tambol Krabiyai, Amphur Muang, Krabi 81000  
 Tel : 0-7563-2871-2  
 Fax : 0-7563-2873  
 Covered Area : Krabi  
 E-mail : pichai@ayud.co.th

### ■ Pattaya Sub-Branch

Branch Manager : Mr. Sattawut Pruksachart  
 Address : 3/146 Moo 6, Chaloem Phra Kiat Road, Tambol Na Klua, Amphur Banglamung, Chonburi 20150  
 Tel : 0-3848-8379-80  
 Fax : 0-3848-8381  
 Covered Area : Pattaya  
 E-mail : Sattawut@ayud.co.th

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**ศรีอยุธยาประกันภัย**  
THE AYUDHYA INSURANCE

**บริษัท ศรีอยุธยาประกันภัย จำกัด (มหาชน)**  
THE AYUDHYA INSURANCE PUBLIC COMPANY LIMITED



**ศรีอยุธยาประกันภัย**  
THE AYUDHYA INSURANCE

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