



ศรีอยุธยา แคปปิตอล  
SRI AYUDHYA CAPITAL

# ANNUAL REPORT 2014 FOR PROSPERITY





# CONTENTS



BID	OFFER	EXECUTE	...
3 135	167	3	88 15
46	347	90	1 10
4880	2255	100	9590 10
265	20	150	8560
1143 1	1000	500	163790
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2	174	200	567640
203	254	1	4504
3555	304	5	17300
235	76	50	366
135	9 14	265	130 17
17653	2300	1	8274
659	50	10	186860
325	555	20	1290
1020	620	200	245900
2087	2682	200	124390
108	233	35	223660
1093	900	77	442730
38	50	20	3 18
10800	8854	200	64009
800	35	65	662
35	15	1	29
1279	104 1	1	8
97	50	58	10





2.....	Message from the Chairman and President & CEO
4.....	Financial Highlights
5.....	Vision and Mission
6.....	Company Business
8.....	General Information
10.....	Board of Directors
26.....	Nature of Business
32.....	Risk Factors
36.....	Major Shareholders
37.....	Shares Held by Members of the Board of Directors
38.....	Organizational Structure
39.....	Management Structure
49.....	Report on Good Corporate Governance Practices
59.....	Sub-Committees
82.....	Sustainable Business Development
83....	Fair Business Operations
83....	Anti-corruption
83....	Respecting Human Rights
83....	Fair Labor Practices
84....	Responsibility towards Consumers
84....	Community and Social Development
88....	Innovation and Promulgation of Innovation Derived from CSR Operations
89.....	Internal Control and Risk Management
93.....	Related Parties Transactions
94.....	Report of the Audit Committee
96.....	Report of the Nomination & Remuneration Committee
97.....	Opinion on Related Transactions
98.....	Report on the Board of Directors' Responsibility towards the Financial Statements
99.....	Report of the Independent Certified Public Accountants
100.....	Financials
100....	Statements of Financial Position
102....	Statements of Comprehensive Income
104....	Consolidated Statements Of Changes In Equity
105....	Separate Statements of Changes in Equity
106....	Statements of Cash Flows
108....	Notes To The Consolidated And Separate Financial Statements
158....	Financial Statements
159....	Analysis of Financial Ratio
160....	Financial Records
161....	Dividend Policy
162.....	Operating Result
171.....	SET Form 56-2 Information Guide

## MESSAGE FROM THE CHAIRMAN AND PRESIDENT & CEO

In the year 2014, the Thai economy registered only 0.7% growth due to low domestic demand and challenging economic conditions globally. The clarity on the political situation emerged around midyear boosted the private sectors confidence which, in turn, improved private consumption and resulted in increased private investment in certain sectors such as telecommunication. Throughout the year, low interest rates made the overall financial conditions an accommodating factor. The financial sector remained resilient despite low business activities challenges.

Growth of the non-life insurance market was 1.07% due to a mixture of the lingering effects of the government's first car policy scheme, the continued softening of rates in the commercial sector and low domestic demand, particularly in the first half of the year. The gross written premium for automobile insurance, which makes up 57 percent of the total non-life insurance premium, showed negative growth of -0.45% for the year. Fire insurance and Marine and Transportation both also showed negative growth in 2014, while Industrial Insurance, Public Liability, Personal Accident and Health were the main areas of growth.

For the year 2014, your company's operating unit improved its market position in non-life insurance with a gross written premium increase of 3.3% to THB 3.08 billion, the growth drivers being Fire +4.3%, Marine +1.8% and Miscellaneous Accident +8.0%. The number of policies increased by 10% during this period. Insurance profit was solid for the normal business with a combined ratio of 86.6%. Extraordinary items, being additional recoveries from reinsurers for the major flooding in 2011, resulted in a once-off gain of THB 146.5 million reducing the combined ratio to 78.6%. The capital adequacy ratio improved to 493% representing one of the strongest in the industry.

Also our 20% owned associate company, Allianz Ayudhya Assurance the "life" affiliate, building on a solid base, improved its performance further and contributed THB 387 million (2013 - THB 355 million) to our consolidated result while growing its shareholders equity by 46%.

The shareholder approved sale of the non-strategic stake in a non insurance investment holding provided a substantial one-off investment gain of THB 1.07 billion after tax. The funds available from this transaction, together with existing holdings, have been earmarked for the expansion of the business and to take advantage of possible future opportunity to increase our stake in Allianz Ayudhya Assurance.



Total profit after tax of THB 1.86 billion provided earnings per share rising to THB 7.45 up from THB 2.36 in 2013. However, excluding the effect of one-off items, the profit after tax improved by 13.6% generating in earnings per share of THB 2.68.

In 2015, the Thai economy is expected to recover at an annual growth rate in the range of 3.0% - 3.5% with private consumption, investment and massive government spending in infrastructure development being the main drivers. Lower oil prices will assist consumers while exports are expected to grow, albeit at a reduced pace due to slower global demand. The Thai Baht will be exposed to more volatility as a result of the European Union and Japan implementing quantitative easing (QE) monetary policies. Tourism is anticipated to grow by 10%.

With the expected improvement in the growth rate of the country, the projected market growth rate for the insurance business for 2015, according to the Office of Insurance Commission, is around as 13% for the Life business and 9% for the Non-life business. This takes into consideration the improvement in the Thai economy. The Insurance Industry will also be preparing for the impact of the launch of the Asean Economic Community (AEC) at the beginning of 2016 and the potential increased competition and cost pressures accompanying the changing business environment.

For year 2015, your company looks to build upon the solid base it has established in prior years to extend its reach and performance. This will be increasingly influenced by the competitive market situation and looming launch of the AEC. A major focus will be continuous efforts to expand our digital capabilities and customer relationship management excellence in response to the rapidly changing customers' requirements. The strong financial position of the company has placed it well to consider supporting viable merger and acquisition endeavours for its subsidiary, Sri Ayudhya General Insurance, should interesting opportunities become available.

On behalf of the Board of Directors, we wish to express our gratitude to the group's management and staff for their hard work and commitment throughout 2014. We also would like to thank customers, shareholders and stakeholders for their unfaltering support and trust in us always.



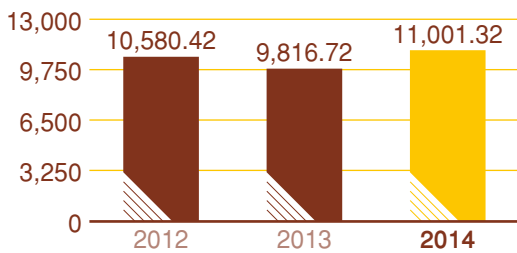
Mr. Veraphan Teepsuwan  
Chairman

Mr. Rowan D'Arcy  
President and CEO

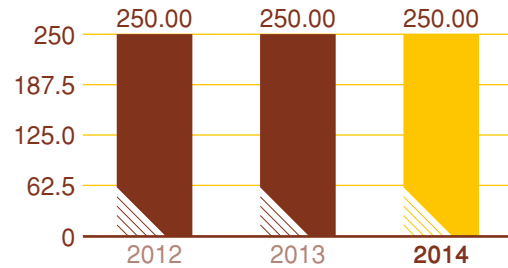
# FINANCIAL HIGHLIGHTS

(Unit: Million Baht)

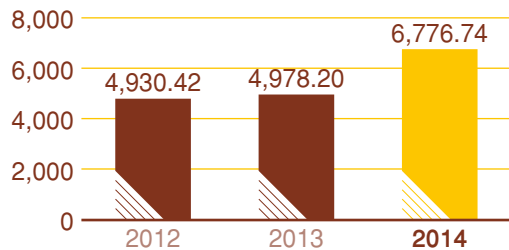
## TOTAL ASSETS



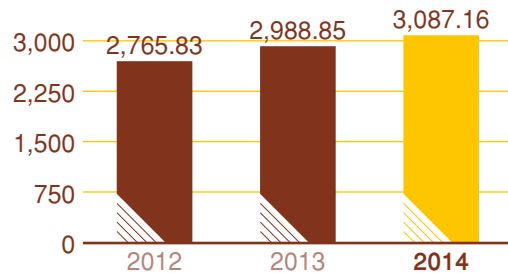
## ISSUE AND PAID-UP SHARE CAPITAL



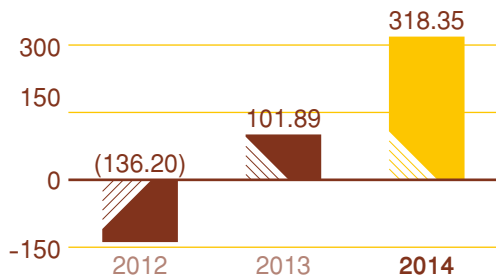
## TOTAL SHAREHOLDERS' EQUITY



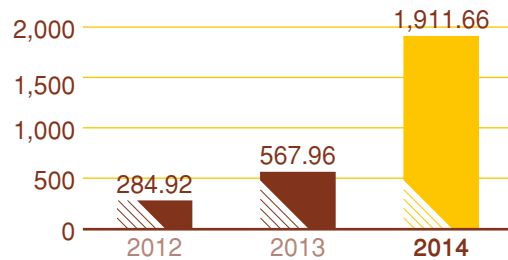
## GROSS PREMIUM WRITTEN



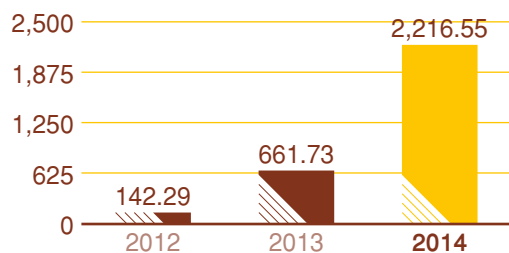
## UNDERWRITING PROFIT



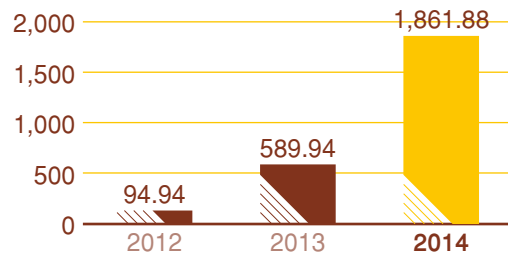
## PROFIT ON INVESTMENT



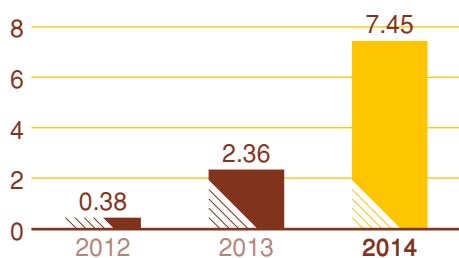
## PROFIT BEFORE INCOME TAX



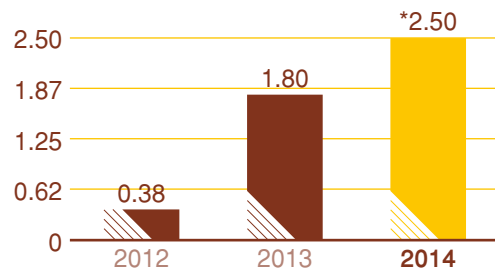
## NET PROFIT



## EARNINGS PER SHARE (BAHT)



## DIVIDEND PER SHARE (BAHT)



\* Waiting for approval from Shareholders' Meeting.



## VISION AND MISSION

### OUR BUSINESS

We are an investment holding company that focuses on selecting and accumulating a portfolio of investments primarily in the insurance industry, both life and non-life, and others to create value-added returns for stockholders.

### VISION

To become one of Thailand's leading investment holding companies with primary focus in the insurance sector, leveraging on AYUD's experience, expertise, and network to achieve sustainable growth.

### MISSION

- ◆ Employ skilled, entrepreneurial people
- ◆ Provide exceptional service
- ◆ Ensure sustainable growth
- ◆ Deliver continuous growth in profits
- ◆ Remain committed to change and continuous improvement

### VALUE

- ◆ Responsibility
- ◆ Transparency
- ◆ Respect
- ◆ Fairness
- ◆ Integrity
- ◆ Trust

### STRATEGY

Build value for our group of companies by delivering attractive returns to shareholders through:

- ◆ Approaching the market with a long term view on investment, returns and dividend growth
- ◆ Acquiring holdings in companies with strong brands and/or companies with valuable assets that match with the Company's criteria on investment/risk assessments



## COMPANY BUSINESS

Presently, Sri Ayudhya Capital PCL is an investment holding company focused primarily on investing in insurance sector, with minor investments in other businesses. The Company has a registered capital of Baht 500 million and holds a 'public company' status. It is registered in the Stock Exchange of Thailand as AYUD.

The head office is situated at 898 Ploenchit Tower, 7th floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330. Telephone: +662-657-2970. Fax: +662-657-2971. Website: [www.ayud.co.th](http://www.ayud.co.th). E-mail: [info@ayud.co.th](mailto:info@ayud.co.th)

The Company has been serving customers for 64 years, principled on conducting business with prudence, in order to build financial stability while serving customers with efficiency, honesty and fairness.

### HISTORY AND KEY DEVELOPMENT

Sri Ayudhya Capital Public Company Limited, previously named The Ayudhya Insurance Public Company Limited, was a leading non-life insurance company. It was first established on October 7, 1950 with a registered capital of Baht 2 million to conduct non-life insurance businesses including fire, marine & transportation, miscellaneous and motor.

### MAJOR CHANGES FROM 2011

In 2011, the Company and its subsidiary, Sri Ayudhya General Insurance PCL, entered into a transfer of business agreement to transfer all insurance policies, including assets and liabilities relating to non-life insurance operation to the subsidiary. The responsibilities and obligations under existing insurance policies made between the Company and customers and/or other parties will be held by the subsidiary.

The Company then returned its insurance license to the Office of Insurance (OIC) and changed its company status to 'investment holding company' with the purpose of investing in other businesses as specified in the Company's acquisition plan, effective December 20, 2011. The Company continues to keep its status a registered company in the Stock Exchange of Thailand.

### SUBSIDIARY COMPANY

Sri Ayudhya General Insurance Public Company Limited (subsidiary), (formerly BT Insurance Company Limited) was established in Thailand on September 21, 1982, and received the license to conduct all types of non-life insurance businesses on September 24, 1982.

On March 31, 2011, the subsidiary registered to change the company name from "BT Insurance Company Limited" to "Sri Ayudhya General Insurance Company Limited" with the Department of Business Development, Ministry



of Commerce, and increased its registered capital from Baht 300 million to Baht 1,200 million. The difference of Baht 900 million in capital was registered.

On October 3, 2011, the subsidiary registered to change its company status to a public company with the Department of Business Development, Ministry of Commerce and received the approval from the Office of Insurance (OIC). On April 12, 2012, at the 2nd extraordinary shareholders' meeting of the subsidiary, shareholders approved the increase of the capital of Baht 1,200 million (120 million ordinary shares at Baht 10.00 per share) to Baht 2,400 million (240 million ordinary shares at Baht 10.00 per share) by issuing 120 new shares and offered to existing shareholders at Baht 10.00 per share, totaling Baht 1,200 million. The subsidiary called for share subscription payment totaling 60 million amounting to Baht 600 million which then paid for the increase in capital with the Department of Business Development, Ministry of Commerce on May 4, 2012.

Presently, Sri Ayudhya General Insurance Public Company Limited (SAGI) is situated at 898 Ploenchit Tower, 18th floor, Zone A, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330.

### **ASSOCIATE COMPANY**

Allianz Ayudhya Assurance Public Company Limited (AZAY), an associate company, has its core business in life insurance and currently, the Company holds 20.17% of the total issued shares in AZAY.

In 2002, the Company purchased 17,162,978 ordinary shares, or 5.82% of total issued shares of Allianz Ayudhya Assurance Public Company Limited (AZAY), then known as Ayudhya Allianz C. P. Life Public Company Limited (AACP). On January 18, 2012, the Company acquired 17,265,108 shares, for Baht 517.95 million, making a total of 34,428,086 shares, or 11.67%. On May 9, 2012, the Company acquired 25,072,194 shares, for Baht 752.17 million. The total investment made in AZAY amounted to 59,500,280 shares, or 20.17%, making this investment to fall under the classification as an "associate company".

Allianz Ayudhya Assurance Public Company Limited (AZAY) is founded in Thailand on April 11, 1951 and was granted a life insurance license on April 20, 1951. Presently, the associate company is situated at 898 Ploenchit Tower, 1st floor Zone B, 2nd floor Zone B (Mezzanine), 6th floor, 14th floor, and 17th floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330.

## GENERAL INFORMATION

<b>OFFICE</b>	<b>Bangkok</b>	898 Ploenchit Tower 7 <sup>th</sup> Fl., Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330, Thailand.
	<b>Tel.</b>	: +66-2657-2970
	<b>Fax</b>	: +66-2657-2971
	<b>Email</b>	: info@ayud.co.th
	<b>Website</b>	: www.ayud.co.th
<b>REGISTRATION AND SHAREHOLDING STRUCTURE</b>	<b>Type of registration</b>	: Public Company Limited
	<b>Registration number</b>	: 0107537001391
	<b>Type of business</b>	: Investment holding company with investment focus in the insurance business
◆ <b>AUTHORIZED SHARE CAPITAL</b>	<b>Ordinary shares</b>	: 500 million ordinary shares at Baht 1.00 per share
	<b>Total</b>	: Baht 500 million
◆ <b>ISSUED AND PAID-UP SHARE OF CAPITAL</b>	<b>Ordinary shares</b>	: 250 million ordinary shares at Baht 1.00 per share
	<b>Total</b>	: Baht 250 million
◆ <b>SUBSIDIARY</b>	<b>Sri Ayudhya General Insurance Public Company Limited</b> 898 Ploenchit Tower 18 <sup>th</sup> Fl., Zone A, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330, Thailand.	
	<b>Tel.</b>	: +66-2657-2555
	<b>Fax</b>	: +66-2657-2500
	<b>Website</b>	: www.sagi.co.th
◆ <b>ASSOCIATE COMPANY</b>	<b>Allianz Ayudhya Assurance Public Company Limited</b> 898 Ploenchit Tower, 1 <sup>st</sup> Fl., Zone B, 2 <sup>nd</sup> Fl., Zone B-Mezzanine, 6 <sup>th</sup> , 14 <sup>th</sup> and 17 <sup>th</sup> Fl., Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330 Thailand	
	<b>Tel.</b>	: +66-2305-7000
	<b>Fax</b>	: +66-2305-7011
	<b>Website</b>	: www.azay.co.th
◆ <b>REFERENCES</b>	<b>Registrar</b> Thailand Securities Depository Co., Ltd., 62 The Stock Exchange of Thailand Bldg., 4, 6-7 Fl., Rachadapisek Road, Klongtoey, Bangkok 10110 Thailand	
	<b>Tel.</b>	: +66-2229-2800, +66-2654-5599
	<b>Fax</b>	: +66-2359-1259
◆ <b>DEBENTURE HOLDER'S REPRESENTATIVE</b>	-None-	
◆ <b>AUDITOR</b>	<b>Dr. Suphamit Techamontrikul,</b> - Certified Public Accountant Registration No. 3356 and/or <b>Mr. Permsak Wongpatcharakorn,</b> - Certified Public Accountant Registration No. 3427 and/or <b>Mr. Chavala Tienprasertkij,</b> - Certified Public Accountant Registration No. 4301	



**DELOITTE TOUCHE TOHMATSU  
JAIYOS AUDIT CO., LTD.**

Rajanakarn Building, 25th Floor, 183 South Sathorn Road, Kwaeng Yannawa,  
Khet Sathorn, Bangkok 10120 Thailand  
**Tel.** : +66-2676-5700  
**Fax** : +66-2676-5757

**FINANCIAL INSTITUTIONS**

- ◆ **Bank of Ayudhya Public Company Limited**  
**Head Office**  
1222 Rama III Road, Bangponpang, Yannawa,  
Bangkok 10120 Thailand  
**Tel.** : +66-2296-2000  
**Ploenchit Branch**  
550 Ploenchit Road, Lumpini, Pathumwan,  
Bangkok, 10330 Thailand  
**Tel.** : +66-2208-2000
- ◆ **The Thai Military Bank Public Company Limited**  
**Phaholyothin Branch**  
3000 Phaholyothin Road, Ladyao, Chatuchak,  
Bangkok 10900 Thailand  
**Tel.** : +66-2299-1111
- ◆ **Kasikorn Bank Public Company Limited**  
**Lang Suan Branch**  
99/8 Lang Suan Road, Lumpini, Pathumwan,  
Bangkok 10300 Thailand  
**Tel.** : +66-2652-0240-2  
**Ratburana Branch**  
1 Ratburana Road, Ratburana, Bangkok 10140 Thailand  
**Tel.** : +66-2871-3650
- ◆ **The Government Housing Bank**  
**Head Office**  
63 Rama 9 Road, Huai Khwang, Bangkok 10320 Thailand  
**Tel.** : +66-2645-9000
- ◆ **CIMB Thai Bank Public Company Limited**  
**Head Office**  
44 Lang Suan Road, Lumpini, Pathumwan, Bangkok 10330 Thailand  
**Tel.** : +66-2626-7000

# BOARD OF DIRECTORS



**Mr. Veraphan Teepsuwan**  
Chairman



**Mr. Rowan D'Arcy**  
President & CEO

**Mr. Surachai Prukbamroong**  
Independent Director, and  
Chairman of Audit Committee



**Mr. Virojn Srethapramotaya**  
Director



**Mr. Suwat Suksongkroh**  
Independent Director



**Miss Nopporn Tirawattanagool**  
Director and Member of  
Nomination & Remuneration  
Committee





**Mr. Chusak Salee**  
Managing Director



**Mr. Laksna Thongthai**  
Director, and Assistant  
Managing Director



**Mr. Metha Suvanasarn**  
Independent Director and Member  
of Audit Committee, and Chairman  
of Nomination & Remuneration  
Committee



**Mr. Vichit Kornvityakoon**  
Independent Director, Member of  
Audit Committee, and Chairman of  
Compliance Committee



**Dr. Ulf Lange**  
Director and Nomination &  
Remuneration Committee  
Member



**Mr. Bryan James Smith**  
Director and Nomination &  
Remuneration Committee  
Member

# BOARD OF DIRECTORS INFORMATION



## Education and Training

- ◆ MBA, Northeastern University, USA
- ◆ Bachelor of Economics, Boston University, USA
- ◆ Certificate of Training and Seminar, Thai Institute of Directors Association (IOD): Role of the Chairman Program (RCP), Year 2008

% Shareholding: None

Family Relationship with Directors and Executives: None

## MR. VERAPHAN TEEPSUWAN

Chairman

(Appointed February 28, 2002)

Age 73 years

## Work Experience in the Last 5 Years

Period	Position	Name of Organization
◆ 2002-Present	Chairman	Sri Ayudhya Capital PCL

## Other Listed Companies

◆ January 3, 2007-Present	Chairman	Bank of Ayudhya PCL
◆ November 2006-Present	Chairman	Siam City Cement PCL
◆ 2003-Present	Vice Chairman	Eastern Star Real Estate PCL

## Other Companies/Organizations

◆ September 2010-Present	Director	Exclusive Senior Care International Co., Ltd.
◆ 1983-March 2014	Director	Bangkok Broadcasting & TV Co., Ltd.
◆ 1995-January 2011	Chairman	Allianz Ayudhya Assurance PCL





## MR. ROWAN D'ARCY

President & CEO

(Authorized Signatory)

(Appointed December 1, 2007)

Age 60 years

### Education and Training

- ◆ University of Witwatersrand, Johannesburg, South Africa
- ◆ Ashridge Business School, UK
- ◆ Certificate of Training and Seminar, Thai Institute of Directors Association (IOD): Director Certificate Program (DCP 103/2008)

% Shareholding: None

Family Relationship with Directors and Executives: None

### Work Experience in the Last 5 Years

Period	Position	Name of Organization
◆ December 1-31, 2007	Director	The Ayudhya Insurance PCL
◆ January 1, 2008-Present	President & CEO (Authorized Signatory)	Sri Ayudhya Capital PCL

### Other Listed Companies

-None-

### Other Companies/Organizations

◆ November, 2010-Present	President & CEO (Authorized Signatory)	Sri Ayudhya General Insurance PCL
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#### Education and Training

- ◆ Master of Business Administration, Sul Ross State University, USA
- ◆ Bachelor of Science, Agricultural Economics, Kasetsart University
- ◆ Director Certification Program, Institute of Directors Association (IOD)

**% Shareholding:** 0.017% (43,000 shares)

**Family Relationship with Directors and Executive:** None

#### MR. CHUSAK SALEE

Managing Director

(Authorized Signatory)

(Appointed November 1, 1997)

Age 61 years

#### Work Experience in the Last 5 Years

Period	Position	Name of Organization
◆ November 1997-Present	Managing Director (Authorized Signatory)	Sri Ayudhya Capital PCL

#### Other Listed Companies

-None-

#### Other Companies/Organizations

◆ November 2010-Present	Managing Director (Authorized Signatory)	Sri Ayudhya General Insurance PCL
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**MR. LAKSNA THONGTHAI**

Director (Authorized Signatory)  
(Appointed March 21,1994)

Age 60 years

**Education and Training**

- ◆ Ph.D. in Industrial and Systems Engineering, University of Southern California, Los Angeles, USA
- ◆ M.S. in Systems Engineering, UCLA, Los Angeles, USA
- ◆ B.S. in Industrial Engineering, Chulalongkorn University
- ◆ Director Certification Program, Thai Institute of Director Association (IOD)
- ◆ Diploma Examination Assigned from Graduate Member to become Fellow Member from Thai Institute of Director Association (IOD)
- ◆ Pass of Reinsurance and Insurance Management Training Courses from France, Germany, and England

% Shareholding: None

Family Relationship with Directors and Executives: None

**Work Experience in the Last 5 Years**

Period	Position	Name of Organization
◆ March 1994-December 2014	Director, and Assistant Managing Director (Authorized Signatory)	} Sri Ayudhya Capital PCL
◆ January 1, 2015-Present	Director (Authorized Signatory)	

**Other Listed Companies**

-None-

**Other Companies/Organizations**

◆ 1990-Present	Director	Thongthai Water Pipe & Chemical Co., Ltd.
◆ 2001-Present	Director	Nirvana Co., Ltd.



**MR. SURACHAI PRUKBAMROONG**

Independent Director, and Chairman of Audit Committee

(Appointed October 12, 1999)

Age 76 years

**Education and Training**

- ◆ Bachelor of Accountancy and Bachelor of Commerce, Thammasat University
- ◆ Certificate of Bank Examiner, Bank of Examination School, Federal Deposit Insurance Corporation, USA
- ◆ Certificate - Pacific Rim Bankers Program, University of Washington, USA
- ◆ Certificate - Senior Management, University of California, Berkeley, USA
- ◆ Certificate of Banking, The Bank of Tokyo, Japan
- ◆ Senior Executive Program, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- ◆ Certificate - Financial Executive, The Thai Institute of Banking and Finance
- ◆ Certificate - Executive Information System, IBM Certificate of Executive Information System, IBM Education Center
- ◆ Director Certification Program, Thai Institute of Directors Association (IOD): Association Role of Chairman Program (RCP) (Chairman 2000), Directors Accreditation Program (DAP), Board Performance Evaluation (BPE), Corporate Governance Report of Thai Listed Companies (CGR), DCP Refresher Course, Director Forum - Thai Institute of Director Association (IOD)

**% Shareholding:** None

**Family Relationship with Directors and Executives:** None

**Work Experience in the Last 5 Years**

**Period**

- ◆ 1999-Present

**Position**

Independent Director, and Chairman of Audit Committee

**Name of Organization**

Sri Ayudhya Capital PCL

**Other Listed Companies**

- ◆ 1999-April 2012

Independent Director, and Chairman of Audit Committee

Bank of Ayudhya PCL

**Other Companies/Organizations**

- ◆ November 2010-Present

Independent Director, and Chairman of Audit Committee

Sri Ayudhya General Insurance PCL



**MR. VIROJN SRETHAPRAMOTAYA**

Director (Authorized Signatory)

(Appointed February 27, 1998)

Age 63 years

**Education and Training**

- ◆ MBA, Jacksonville State University, USA
- ◆ Bachelor of Accountancy, Chulalongkorn University
- ◆ Director Advanced Management Program for International Bankers, The Wharton School, University of Pennsylvania, USA
- ◆ Certificate of Financial Executive, The Thai Institute of Banking and Finance Association, The Thai Bankers' Association
- ◆ Certificate of Training and Seminar, Thai Institute of Directors Association (IOD): Certificate of Director Accreditation Program (DAP), Year 2003, Director Certification Program (DCP), Year 2003, Directors Diploma Examination (DDE), Year 2003, DCP Refresher Course, Year 2007, Role of the Chairman Program (RCP), Year 2008, Successful Formulation & Execution of Strategy (SFE), Year 2010, Financial Institutions Governance Program (FGP), Year 2010, Chartered Director Class (CDC), Year 2012, Corporate Governance for Capital Market Intermediaries (CGI ), Year 2014, Advanced Audit Committee Program (AACP), Audit Committee Program (ACP), Monitoring the Internal Audit Function (MIA), Monitoring Fraud Risk Management (MFM), Monitoring the Quality of Financial Reporting (MFR), and Monitoring the System of Internal Control and Risk Management (MIR) Year 2013

% Shareholding: None

Family Relationship with Directors and Executives: None

**Work Experience in the Last 5 Years**

Period	Position	Name of Organization
◆ February 27, 1998-Present	Director (Authorized Signatory)	Sri Ayudhya CapitalPCL

**Other Listed Companies**

◆ January 2014-Present	Advisor to the Board of Directors	} Bank of Ayudhya PCL
◆ February 2010-December 2013	Director (Authorized Signatory)	
◆ January-February 2010	Senior Advisor to the Corporate Banking Group	
◆ January 2007-December 2009	Head of CorporateBanking	
◆ January-December 2009	Credit Committee Member	
◆ April 2006-December 2009	Executive Committee Member	
◆ February 2004-December 2009	Senior Executive Vice President	
◆ October 2002-December 2009	Risk Management Committee Member	
◆ July 2007-March 2009	Compliance Review	



### Other Companies/Organizations

◆ January 2011-Present	Chairman (Authorized Signatory)	} Sri Ayudhya General Insurance PCL
◆ December 2010-January 2011	Director	
◆ February 2012-Present	Director and Audit Committee Member	Allianz Ayudhya Assurance PCL
◆ April 2014-Present	Chairman of the Audit Committee and Governance and Independent Director	Globlex Securities Co.,Ltd.
◆ February 2007-December 2009	Chairman	Krungsri Factoring Co., Ltd.
◆ April 2008-April 2009	Director	Ayudhya Development Leasing Co., Ltd.



### MR. METHA SUVANASARN

Independent Director and Member of Audit Committee

(Appointed September 1, 2005)

Chairman of Nomination & Remuneration Committee

(Since January 19, 2007)

**Age 74 years**

### Education and Training

- ◆ B.A. Accountancy, Thammasat University
- ◆ Certificate of Training and Seminar, Thai Institute of Directors Association (IOD): Director Certification Program (DCP12/2001), DCP Refresher Course 2/2006, Role of the Compensation Committee (RCC9/2009), Director Certification Program Update (DCPU 1/2014)
- ◆ Certified in the Governance of the Enterprise IT (CGEIT), USA
- ◆ CRISC Certified in Risk and Information System Controls, USA
- ◆ CRMA Certification in Risk Management Assurance, USA
- ◆ Certified Internal Audit (CIA), USA
- ◆ Certified Public Accountant (CPA), Thailand
- ◆ Computer Audit Certificate, Federal Deposit Insurance Corporation (FDIC), USA
- ◆ Management Certificate, University of California at Berkeley, USA
- ◆ Advanced Management Certificate, Harvard University Graduate School of Business Administration, USA
- ◆ New Era Governance Certificate, Harvard Business School, USA

**% Shareholding:** None

**Family Relationship with Directors and Executives:** None

### Work Experience in the Last 5 Years

Period	Position	Name of Organization
◆ 2005-Present	Independent Director and Member of Audit Committee	} Sri Ayudhya Capital PCL
◆ 2007-Present	Chairman of Nomination & Remuneration Committee	

## Other Listed Companies

-None-

## Other Companies/Organizations

◆ November 2010-Present	Independent Director and Member of Audit Committee, and Chairman of Nomination & Remuneration Committee	Sri Ayudhya General Insurance PCL
◆ 2013-Present	Vice President	Audit Chairman of ISACA (Information Security Audit and Control Association), Bangkok Chapter
◆ Present	Vice President	Vice Chairman of Thailand Information Security Association (TISA)
◆ Present	Risk Management Committee	Thai Chamber of Commerce and Board of Trade of Thailand
◆ Present	Director	Director, Information Security, National Electronics and Computer Technology Center (NECTEC)
◆ Present	Specialist	IT Examination Specialist of Bank of Thailand
◆ Present	Sub-Committee	Standard Development of Electronics Transaction, Ministry of Information and Communication Technology

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**MR. VICHIT KORNVITYAKOON**

Independent Director, Member of Audit Committee, and Chairman of Compliance Committee

(Appointed January 28, 2013)

**Age 64 years**

**Education and Training**

- ◆ Master of Business Administration Program, Thammasat University
- ◆ Bachelor of Accountant, Chulalongkorn University
- ◆ Bachelor of Laws, Thammasat University
- ◆ Certificate of Training and Seminar, Thai Institute of Directors Association (IOD): Director Certification Program (DCP 172/2013), Advanced Audit Committee Program (AACP 14/2014), Anti-Corruption for Executive Program (ACEP14/2015)

**% Shareholding:** None

**Family Relationship with Directors and Executives:** None

**Work Experience in the Last 5 Years**

Period	Position	Name of Organization
◆ January 28, 2013-Present	Independent Director, Member of Audit Committee, and Chairman of Compliance Committee	Sri Ayudhya Capital PCL

**Other Listed Companies**

-None-

**Other Companies/Organizations**

◆ 2013-Present	Independent Director, Member of Audit Committee, and Chairman of Compliance Committee	Sri Ayudhya General Insurance PCL
◆ Present	Director in Sub-Committee	Director in Sub-Committee of Developed Supervision in Deposit Protection System, Deposit Protection Agency
◆ Present	Director	Director in Ex.Com Group of Sukhumvit Asset Management Co., Ltd.
◆ July 2014-Present	Director	Small and Medium Enterprise Development Bank of Thailand
◆ 2009-2010	Director	Financial Institutions Policy Group, Bank of Thailand (BOT)
◆ 2010	Director	Planning and Development Department, Bank of Thailand (BOT)





**MR. SUWAT SUKSONGKROH**

Independent Director

(Appointed March 21, 1994)

Age 68 years

**Education and Training**

- ◆ Bachelor of Law, Thammasat University
- ◆ Thai Barrister at Law
- ◆ Certificate of Training and Seminar, Thai Institute of Directors Association (IOD): Directors Certification Program (DCP 12/2001), Company Secretary Program (CSP 1/2002), DCP Refresher Course (DCP 2/2006)

% Shareholding: 0.013% (32,500 shares)

Family Relationship with Directors and Executives: None

**Work Experience in the Last 5 Years**

Period	Position	Name of Organization
◆ August 2008-Present	Independent Director	Sri Ayudhya Capital PCL

**Other Listed Companies**

◆ March 21, 1994-August 2008	Director and Secretary to the Board of Directors	The Ayudhya Insurance PCL
◆ 1982-June 2008	Secretary to the Board of Directors, Bank of Ayudhya PCL	Bank of Ayudhya PCL
◆ 2004-March 2011	Director	Ayudhya Securities PCL

**Other Companies/Organizations**

◆ January 2011-Present	Independent Director	} Sri Ayudhya General Insurance PCL
◆ November 4, 2014-Present	Nomination & Remuneration Committee Member	



**MISS NOPPORN  
TIRAWATTANAGOOL**

Director

(Appointed April 22, 2013)

Nomination & Remuneration  
Committee Member

(Appointed May 14, 2013)

**Age 60 years**

**Education and Training**

- ◆ Master of Accounting, Faculty of Commerce and Accountant, Thammasat University
- ◆ Bachelor of Business Administration (in Accounting), Thammasat University
- ◆ Certificate of Training and Seminar, Thai Institute of Directors Association (IOD): Director Accreditation Program (DAP) Year 2003, Role of the Compensation Committee (RCC) Year 2009, Audit Committee Program (ACP) Year 2010, Director Certification Program (DCP) Year 2010, Financial Institutions Governance Program (FGP) Year 2011, Anti-Corruption for Executive Program (ACEP) Year 2013

**% Shareholding: None**

**Family Relationship with Directors and Executives: None**

**Work Experience in the Last 5 Years**

Period	Position	Name of Organization
◆ April 22, 2013-Present	Director	Sri Ayudhya Capital PCL
◆ May 14, 2013-Present	Member of Nomination & Remuneration Committee	

**Other Listed Companies**

◆ January 1, 2015-Present	Risk and Compliance Committee Member	Bank of Ayudhya PCL
◆ January 2, 2014-Present	Director (Authorized Signatory)	
◆ April 28, 2010-Present	Nomination and Remuneration Committee Member	
◆ October 17, 2014-Present	Director	Srivichaivejvivat PCL
◆ April 2012-Present	Director	Siam City Cement PCL.
◆ July 22, 2014-Present	Director of Nomination and Compensation Committee, Director of Governance, Risk and Compliance Committee	

**Other Companies/Organizations**

◆ December 15, 2014-Present	Director	Belle Development Co., Ltd
◆ December 1, 2014-Present	Director (Authorized Signatory)	Grand Fortune Co., Ltd.
◆ April 21, 2014-Present	Director	Bangkok Broadcasting & TV Co., Ltd.
◆ April 21, 2014-Present	Director (Authorized Signatory)	BBTV Satelvision Co., Ltd.
◆ April 21, 2014-Present	Director (Authorized Signatory)	GL Asset Co., Ltd.
◆ April 21, 2014-Present	Director (Authorized Signatory)	Mahakij Holdings Co., Ltd.
◆ April 21, 2014-Present	Director (Authorized Signatory)	BBTV Production Co., Ltd.
◆ January 10, 2014-Present	Director (Authorized Signatory)	BBTV Alliance Ltd.
◆ January 10, 2014-Present	Director (Authorized Signatory)	BBTV Bond Street Building Ltd.
◆ August 2012-Present	Director (Authorized Signatory)	ITBC Business Consultant Group Co., Ltd.
◆ April 2011-Present	Director (Authorized Signatory)	Exclusive Senior Care International Co., Ltd.
◆ September 2010-Present	Director (Authorized Signatory)	BBTV International Holdings Co.,Ltd.
◆ September 2010-Present	Director (Authorized Signatory)	Sunrise Equity Co., Ltd.
◆ September 2010-Present	Director (Authorized Signatory)	BBTV Equity Co., Ltd.



**DR. ULF LANGE**

Director, and Nomination & Remuneration Committee Member  
 (Appointed January 28, 2014)  
 Age 38 years

**Education and Training**

- ◆ Doctorate in Tax Laws, University of Passau
- ◆ European School of Management and Technology (ESMT) Berlin, Executive MBA
- ◆ Certificate of Training and Seminar, Thai Institute of Directors Association (IOD): Director Certification Program (DCP 189/2014)

**% Shareholding:** None

**Family Relationship with Directors and Executives:** None

**Work Experience in the Last 5 Years**

Period	Position	Name of Organization
◆ January 28, 2014- September 30, 2014	Director, and Nomination & Remuneration Committee Member	Sri Ayudhya Capital PCL

**Other Listed Companies**

-None-

**Other Companies/Organizations**

◆ January 2014- September 30, 2014	Director, and Nomination & Remuneration Committee Member	Sri Ayudhya General Insurance PCL
◆ March 2012- September 30, 2014	Director, and Chief Finance Officer	Allianz Ayudhya Assurance PCL, Bangkok
◆ July 2008-May 2010	Executive Assistant to the CFO of Allianz SE	} Allianz SE, Munich, Germany
◆ May 2010-February 2012	Head of Legal, Compliance and HR (CEEMA)	
	Member of the Board of Directors	Allianz Rosno, Russian Federatio
	Member of the Board of Directors	Allianz Zagreb, Croatia
	Member of the Board of Directors	Allianz Bulgaria Holding, Bulgaria



**MR. BRYAN JAMES SMITH**

Director and Nomination &  
Remuneration Committee Member  
(Appointed November 4, 2014)  
(Authorized Signatory)

**Age 56 years**

**Education and Training**

- ◆ Master of Business Administration, Australian Graduate School of Management, The University of New South Wales, Sydney, Australia
- ◆ Bachelor of Commerce / Bachelor of Laws, The University of New South Wales, Sydney, Australia

**% Shareholding: None**

**Family Relationship with Directors and Executives: None**

**Work Experience in the Last 5 Years**

Period	Position	Name of Organization
◆ November 4, 2014-Present	Director, and Nomination & Remuneration Committee Member (Authorized Signatory)	Sri Ayudhya Capital PCL

**Other Listed Companies**

-None-

**Other Companies/Organizations**

◆ November 4, 2014-Present	Director, and Nomination & Remuneration Committee Member (Authorized Signatory)	Sri Ayudhya General Insurance PCL
◆ November 2011-Present	President and CEO	} Allianz Ayudhya Assurance PCL
◆ April 2009-November 2011	Chief Officer-Direct Marketing, Bancassurance & Group	
◆ 2007-2009	Senior Vice President, Regional AGI Bancassurance, Hong Kong	AIG



## OTHER INFORMATION



### **MS. JIRATCHA RUPLEK**

Senior Vice President,  
Company Secretary

**Age 47 years**

#### **Education and Training**

- ◆ Bachelor of Laws, Ramkhamhaeng University
- ◆ Certificate of Training and Seminar, Thai Institute of Directors Association (IOD): Company Secretary Program (CSP 28/2008), Effective Minute Taking (EMT 12/2008), Board Reporting Program (BRP 12/2013), Company Reporting Program (CRP 7/2013)

#### **Other Companies**

- ◆ Company Secretary and Secretary to the Board of Directors, Sri Ayudhya General Insurance PCL

#### **Work Experience in the Last 5 Years**

- ◆ Senior Vice President, Company Secretary-Sri Ayudhya Capital PCL
- ◆ Company Secretary and Secretary to the Board of Directors, Sri Ayudhya Capital PCL



### **MRS. PAPORN PIYAYODILOKCHAI**

Senior Vice President,  
Internal Audit Department  
Head of Internal Audit

**Age 47 years**

#### **Education and Training**

- ◆ Bachelor of Science (Accounting), Bangkok University
- ◆ Bachelor of Business Administration (Business Computer), Siam University
- ◆ Bachelor of Laws, Sukhothai Thammathirat Open University
- ◆ Bachelor of Public Health (Occupational Health and Safety), Sukhothai Thammathirat Open University
- ◆ Master of Accountancy (Financial Accounting), Chulalongkorn University
- ◆ Master of Laws (Private and Business Law), Dhurakit Pundit University
- ◆ Master of Science (Computer and Communication Technology), Dhurakij Pundit University
- ◆ Certified Public Accountant (Thailand)
- ◆ Attorney and Notarial Services Attorney

#### **Other Companies**

- ◆ Senior Vice President, Internal Audit Department, Sri Ayudhya General Insurance PCL

#### **Work Experience in the Last 5 Years**

- ◆ Senior Vice President, Internal Audit Department, Sri Ayudhya General Insurance PCL
- ◆ Senior Vice President, Internal Audit Department, Sri Ayudhya Capital PCL
- ◆ Manager, Internal Audit Department, Sri Ayudhya Capital PCL

## NATURE OF BUSINESS

Sri Ayudhya Capital Public Company Limited is an investment holding company with primary investment in Sri Ayudhya General Insurance Public Company Limited, a subsidiary company operating in non-life insurance business. The Company also invests in Allianz Ayudhya Assurance Public Company Limited, an associate company, and earns income from investments.

Sri Ayudhya General Insurance Public Company Limited (referred to as "Subsidiary") is a legal entity established in Thailand on September 21, 1982, primarily operating in non-life insurance business, which obtained a license to engage in all kinds of non-life insurance business on September 24, 1982.

### Company Revenue Structure based on Consolidated Financial Statements

The main income of the Company as per the consolidated financial statements can be divided into two parts: underwriting income from the subsidiary and the investment income. Details of the income as of December 31, 2014, 2013 and 2012 are shown as follows:

(Unit in Baht)

	2014		2013		2012	
	Amount	%	Amount	%	Amount	%
Underwriting Income*						
Fire	421,708,452	19.2	373,343,636	17.4	377,216,931	19.8
Marine and transportation	190,827,734	8.7	185,758,315	8.7	184,091,421	9.7
Miscellaneous	677,379,964	30.9	673,724,926	31.5	559,780,439	29.4
Motor	901,999,040	41.2	906,304,879	42.4	780,373,022	41.1
<b>Total</b>	<b>2,191,915,190</b>	<b>100.0</b>	<b>2,139,131,756</b>	<b>100.0</b>	<b>1,901,461,813</b>	<b>100.0</b>

\* Underwriting income comprised of net earned premiums and commission and brokerages.

(Unit in Baht)

	2014		2013		2012	
	Amount	%	Amount	%	Amount	%
Net Earned Income						
Fire	360,777,581	19.8	314,578,414	16.5	341,344,058	20.0
Marine and transportation	114,097,024	6.2	112,676,553	5.9	97,060,741	5.7
Miscellaneous	565,957,707	31.1	575,091,530	30.1	491,086,102	28.7
Motor	780,861,183	42.9	906,304,872	47.5	780,379,006	45.6
<b>Total</b>	<b>1,821,693,495</b>	<b>100.0</b>	<b>1,908,651,369</b>	<b>100.0</b>	<b>1,709,869,907</b>	<b>100.0</b>

(Unit in Baht)

	2014		2013		2012	
	Amount	%	Amount	%	Amount	%
1 Underwriting income	2,191,915,190	53.4	2,139,131,756	78.8	1,901,461,813	86.6
2 Investment income	1,911,658,546	46.5	567,962,149	20.9	284,924,149	13.0
3 Other income	2,689,254	0.1	7,497,340	0.3	7,991,835	0.4
<b>Total income</b>	<b>4,106,262,990</b>	<b>100.0</b>	<b>2,714,591,245</b>	<b>100.0</b>	<b>2,194,377,797</b>	<b>100.0</b>

Remarks: The Company discloses the investment policy in section No. 5 Assets used in operating the business

In 2014, the composition of the Company's income structure changed from 2013, with the proportion of insurance income reducing from 78.8% in 2013 to 53.4% in 2014 as a result of a higher proportion of investment income in 2014.

The proportion of investment income increased from 20.9% in 2013 to 46.5% in 2014, as a result of increased profit from the investment of securities, recording Baht 1,342.12 million 2014, an increase of 2,481.12%. The rise was attributed to the sales of shares the Company held in Sunrise Equity Company Limited. During the third quarter of 2014, the Company sold 54,613,666 shares held in Sunrise Equity Company Limited at Baht 34.70 per share for a total of Baht 1,895.09 million to Great Luck Equity Company Limited and Great Fortune Equity Company Limited. As a result, the Company earned a profit of Baht 1,348.01 million from these shares. Net investment income in 2014 reduced from the same period the previous year by 30.45 million baht, or 19.2%, as the result of lower interest rates and dividends. The Company earned income from the profit of our associate company, Allianz Ayudhya Assurance Public Company Limited of Baht 387.31 million in 2014, an increase of 32.03 million baht, up 9.02% from Baht 355.28 million last year.

## 1 NATURE OF PRODUCT OR SERVICE

The subsidiary operates a non-life insurance business covering personal and business lines, these are:

1. **Fire Insurance:** The nationwide coverage includes structure, buildings, properties, commercial buildings, industrial plants including assets, inventory, machines and equipment, and raw materials.
2. **Marine and transportation:** The insurance ranges coverage on goods transported by ship at sea and/or by river both internationally and within Thailand. There is also coverage for marine hull. The coverage is provided on goods transported over land by truck or train, as well as by air and parcel post.
3. **Miscellaneous:** The insurances available are personal and group accident, travel, money, burglary, machinery and erection, construction, workman compensation, electronics and computers, public liability, all risks, business interruption, credit card, plate glass, contractors' plant and machinery, and leasehold.
4. **Motor:** Covers are for automobiles and motorcycles. Choices range from compulsory to voluntary with various options.

In operating the non-life insurance business, aside from accepting risks directly, the Company accepts reinsurance from local and international insurance companies. The Company ensures its financial stability by spreading risks based on the insurance accepted standards and practices, and to ensure that these risks are managed effectively, the Company reinsures high risk cases locally and internationally as appropriate.

Aside from the primary business activity, other the investments are made to increase income, for example loans, government bonds, stocks, short term investment, savings, and investment in other businesses. For all of these investment activities, the Company adheres to the principle of investing in companies with financial stability and high yields with a long-term view. Additionally, the Subsidiary's investment is subject to the terms and conditions of the Notification of the Insurance Commission regarding Investment in Other Businesses of Non-life Insurance Companies, B.E. 2556 (2013), and under the supervision of the Office of Insurance Commission.

### Critical Factors Affecting Opportunities or Limitations in Business Operations

None for the Company and Subsidiary, because the Subsidiary was granted a license to engage in all kinds of non-life insurance business.

## 2. MARKET AND COMPETITION

### (a) The Market and Subsidiary: Sri Ayudhya General Insurance PCL

Direct premiums of non-life insurance business amounted to Baht 205,247.49 million in 2014, a growth of 1.07% from 2013, divided into fire insurance at Baht 11,058.65 million, down by 6.40%, marine and shipping insurance at Baht 5,293.93 million, down 0.16%, miscellaneous insurance at Baht 70,991.59 million, up 5.14%, and motor insurance at Baht 117,903.31 million, down 0.45%. Source of Data: Business Intelligence and Statistics, Office of the Insurance Commission

(Unit: '000)

Type of Insurance	Direct Premiums of Non-Life Insurance Business		
	2014	2013	% Increase (decrease)
Fire	11,058,654	11,814,663	(6.40)
Marine and transportation	5,293,933	5,302,201	(0.16)
Miscellaneous	70,991,595	67,519,278	5.14
Motor	117,903,313	118,441,473	(0.45)
<b>Total</b>	<b>205,247,495</b>	<b>203,077,615</b>	<b>1.07</b>

### Competitive Strategy

To remain competitive, the Company uses the following strategies:

1. Increase competencies of employees by continuing to invest and develop their skills in all areas in order to increase the level of service to customers.
2. Continue to improve operational processes to ensure service excellence in terms of quality and speed of delivery to respond to customer needs.
3. Systematically and continuously upgrade technology used in work processes. This is to increase efficiency, and accuracy in order to support business growth (covering volume of work, number of branches, and speed of transactions for accepting new clients as well as for taking action on claims) with the objective of satisfying customers.

### Types of Customers

Customers include government agencies, state enterprises, private sectors and the general public. Private sector customers include factories, hotels, financial institutions covering their risks in providing loans; and affiliated financial institutions and hire-purchase companies that are required to insure their interests against risk of loss. Insurance coverage is provided for people 20 years of age who wish to insure their homes and motor vehicles. For personal accident insurance, the mandatory age of the insured is from 15-60 whereas there is no mandatory age for travel insurance.

In 2014, 50.64% of fire insurance business came from customers of Bank of Ayudhya PCL covering their bank loans for property and homes.



## Customers

Customers are divided into three major groups:

1. Bank of Ayudhya assets, customers of Bank of Ayudhya and customers of other financial institutions who insure their homes and shops under bank loans.
2. Businesses including industrial factories, financial institutions, hotels and shops in Bangkok Metropolis and upcountry.
3. Individuals over the age of 20 who take out personal accident, travel accident and property insurance for their homes and motor vehicles.

**Remarks:** In the past three years, the Company and its subsidiary have not relied on any major client whose business exceeds 30% of the total income.

## Distribution Channels

The subsidiary's distribution channels are comprised of the following:

1. Brokers and agents
2. Financial institutions and affiliated companies
3. Direct sales

Distribution breakdowns in the past three years:

	2014	2013	2012
1 Brokers and agents	47.93%	48.78%	52.59%
2 Financial institutions and affiliated companies	48.94%	47.25%	43.30%
3 Direct sales	3.13%	3.97%	4.11%

Major source of businesses are from Bank of Ayudhya PCL, financial institutions, brokers, agents, and direct sales. In addition to cooperating with Bank of Ayudhya, the Company continues to develop the bancassurance channel with other financial institutions.

New innovative products based on consumer insight which were developed with Bank of Ayudhya PCL include PA Prompt, PA Care, PA Prompt Plus, Cancer Prompt Plus, Home Prompt, Senior PA Prompt Plus and Mobile Prompt. In addition, for motor insurance, there are Auto Prompt Super 3 Plus, and Auto Prompt Super 3 Plus Flood Protection - all of which are well-received by customers.

Agents and brokers play a significant role in the Company's expansion plan as they advise customers on risk management according to their needs. With that in mind, the Company places high importance in selecting only the most qualified agents and brokers to service our customers. Training programs are offered throughout the year to update and increase the level of professionalism of agents and brokers.

### Criteria for Licensing Agents and Brokers

To qualify as an agent/broker for the Company, the person must possess qualifications in accordance with the Non-Life Insurance Act, B. E. 2535 (1992) amended by the Non-Life Insurance Act (No. 2) B.E. 2551 (2008), promulgated on February 6, 2551 (2008) and must pass examinations required. Those whose examination results pass the required level of non-life insurance knowledge then can submit for a non-life insurance agent/broker application to the Registrar in the form prescribed.

### (b) Industry Competition

2014 market share of the subsidiary as provided by Statistics Division, Examination Planning and Development, Office of Insurance Commission is shown as follows:

(Unit: '000)

Type of Insurance	Direct Premiums of the Subsidiary	Direct Premiums of 63 Insurance Companies	Market Share (%)	Ranking
Fire	602,871	11,058,654	5.45	6
Marine and transportation	371,606	5,293,933	7.02	4
Miscellaneous	1,151,171	70,991,595	1.62	18
Motor	928,512	117,903,313	0.79	30
<b>Total</b>	<b>3,054,160</b>	<b>205,247,495</b>	<b>1.49</b>	<b>18</b>

As of December 31, 2014, there are 63 operating insurance companies within the country, split into 53 Thai insurance companies, 5 defined as branches of foreign insurance companies and 5 group health insurance companies.

The subsidiary has an edge over competition due to strong financial strengths enabling it to operate efficiently over the years. The subsidiary is firmly established within the Bank of Ayudhya Public Company Limited network of companies and is fully supported by them and other financial institutions. The Company and the Bank share their mutual support for their business operations. The Company continues to improve its performance and service efficiency with their professional teams, with the ultimate purpose of increasing market share for fire, miscellaneous, marine and transportation, and motor insurance. As customers become more interested in the quality of service along with the financial stability of insurance companies, the subsidiary, more than ever, focuses its response in these areas. At the end of 2014, the Subsidiary has 14 provincial branches and five sub-branches dedicated to servicing claims, spanning the northern, central, eastern, northeastern and southern regions. All branches are on-line to increase service and speed with efficiency.

### (c) Provision of Products and Services

#### Source of Funds

The source of funds for the subsidiary comes from underwriting income which is then invested for better returns. In addition, the other source of funds comes from shareholders which is managed to gain better returns from investments as well.

**Loans**

The subsidiary's policy on loans and risk management is in compliance with the Notification of the Ministry of Commerce on Investment of Insurance Companies in Other Businesses which specifies the proportion and conditions on loans. Details are disclosed in 5.2 The Company's Assets.

**The Ability to Maintain Loss Ratio**

The subsidiary has set a loss ratio on overall insurance classes of approximately 50%.

**Liquidity**

The Subsidiary has a policy to manage its cash flow for daily operations by retaining cash and short-term bank deposits sufficient to cover the daily operational expenses, in order to enable efficient financial management.

**(4) Work-in-process**

None.

# RISK FACTORS

Factors and influences that could affect the operations of the Company and its subsidiary and future performance are discussed as follows:

## Strategic Risk

The strategic risk covers the policy setting, development, operational plan, and the implementation thereof that may not be suitable to the internal and external environment.

### ◆ Risk Management

The Risk Management Committee, senior management of the Company and the subsidiary jointly share the responsibility in continuous monitoring, reviewing, and analyzing strategic risks. Findings are periodically presented to senior management and related departments. Major strategic decisions are pre-planned, coordinated with clear steps to be taken so that the process of translating strategy into implementation is actionable, timely and appropriate to changes.

### ◆ Product Design and Development, and Price Structure

In developing any new non-life insurance product, considerations are given to the range of coverage as well as applying actuarial science methods to calculate insurance rates. This is to ensure that products are competitive and sufficient in covering for claims. Monitoring procedures and evaluations for each product are regularly conducted in order to make appropriate improvements in coverage and/or pricing.

## Risk from Investment Fluctuations

The Company is subject to this type of risk due to investments made in the market. Fluctuations in interest rates and in the stock market index are results of local and international political and economic crisis.

In 2014, the world capital market was affected by the US fiscal policy adjustment. The economic recovery of the US, Japan and EU helped to attract investors to reinvest in some developed markets. At the end 2014, the Stock Exchange of Thailand (SET) index closed at 1,497.67 points, or a 15.30% increase versus 2013, peaking at 1,600.16 points and dipping to its lowest at 1,224.62 points during that year. The high volatility is evident in the 20-year statistics which show that although the market has somewhat recovered, it still has yet to reach its once-highest point at 1,643.43.

The overall Thai economy is growing at a slower rate with risks being in the delay of the government's policy implementation, the weaker-than-expected consumer demand and political instability. Positive factors come from lower crude oil prices which will in turn drive consumer demand, and exports. External risks that continue to cause fluctuation in the capital market are the slow economic recovery of developed countries and newly emerging countries.

The Company manages the capital market risk by establishing Investment Management Guideline (IMG). The guideline sets the framework and investment direction for the year by specifying the limitation in all types and levels of investments based on targeted rate of returns and liquidity which is then linked to the risk-based capital (RBC) that the Company adheres.

The Company closely monitors and reports all investment results to the senior management, as well as the Investment Committee. In addition, for the subsidiary, the risk management team conducts stress tests using various scenarios to ensure that risks from investments are considered and managed carefully, thoroughly, and that timely and appropriate responses and actions are taken.



The Company has no policy in investing in derivatives and currency exchanges.

The Company believes that the investment guideline helps to generate good mid-long term returns from investment in the stock market. The Company considers appropriate returns on investment based on circumstances and acceptable risks and gives high importance to the financial stability as the foundation of good investment rule. Caution and thoroughness precedes any action in order to produce highest benefits to shareholders.

### **Liquidity Risk**

Liquidity risks arises from the inability to repay debts or obligations when due, to the inability to convert assets into cash, or the inability to mobilize funds in time, or funds with higher-than-acceptable costs.

The Company has both short and long term funds available for investments; and manages the liquidity availing an adequate amount of cash to operate the Company efficiently. In cases where the subsidiary needs to pay claims in large sums, the Company plans for the cash flow in advance, reserving funds to pay for claims as well as for daily running of the business. The investment policy in managing funds is continuously reviewed to achieve high yields with low risks, and with consideration given to liquidity of each asset.

#### **◆ Managing Risks based on RBC**

As of December 31, 2014, the Company and its subsidiary have assets in cash and deposits in the amount of Baht 1,368.95 million, investment in securities available-for-sale in the amount of Baht 3,033.72 million, and bank deposits exceeding 3 months at Baht 311.74 million. Investments stated are shown in fair value. Short-long term investments are securities that are in market demand, with secondary market to support selling and buying. In addition, the subsidiary maintains RBC higher than required by the Office of Insurance (OIC).

### **Operational Risk**

Operational errors could cause disruption in business to the point where it results in financial loss and/or damage to its reputation.

#### **- Managing Operational Risks**

The Audit Department is in charge of auditing operational procedures according to controls established. The Company provides the Committee with authority to oversee that operational procedures are followed based on the Company's policies, rules and regulations as per the objectives set, and the resolutions of the shareholders' meeting. In addition to this, the Company has organized employee training on risk management and set the policy in managing risks at the operational level with emphasis on internal, financial as well as operational controls with compliance to good corporate governance.

#### **◆ Report and Evaluation of Risks based on CRSA: Control and Risk Self-Assessment**

The Company has established a guideline to manage operational risks by setting procedures to assess risks using CRSA: Control and Risk Self-Assessment as a tool in the operation of the subsidiary under the supervision of the Risk Management Committee. The Committee regularly monitors the key risk management plans with corrective actions specified. If faced with an operational risk that is considered to be at the organizational level, a special committee will be assigned to analyze and formulate corrective actions to successfully manage these risks.

◆ **Business Continuity Plan: BCP**

The Business Continuity Plan is developed to back up and recover important information, operation, and service within 30 minutes from the start of the emergency. To ensure that the Company and its subsidiary's operations will not be disrupted to the point that it can cause damage to the business performance, the backup plan is tested regularly, at least once a year. Top three priorities are:

1. Telephone/communications system to service customers and to report incidents
2. Operational system to service motor and PA claims
3. Insurance underwriting system

**Insurance Risk**

Insurance risk means the fluctuation of the frequency, extent of damage, and number of events that is out of the standard assumption used in establishing rate of insurance, calculations for reserve, and underwriting considerations.

The Company examines thoroughly the level of risks that is acceptable to take by referring to the insurance underwriting manual, evaluating insurance rates, risk spreads, and other relevant considerations to ensure that there is no concentrated risk by way of geography or by type of risks. If the risks exceeds the defined level, the Company extends the risks to reinsurers by proportional reinsurance, and/or non-proportional reinsurance which means that the reinsurer will take the responsibility for claim payments on extensive damage as per agreed terms.

**Credit Risk**

Credit risk is a risk of financial loss that arises from counterparties' failure to pay debts as obligated or due to credit down-rating of counterparties. Counterparties as used herein refers to issuers of promissory notes, debtors, or reinsurance counterparties, as well as treaty-related insurance intermediaries and brokers. An example of credit risk is the default risk that an organization will not pay out or postpone payment on, a credit insurance contract or other trade or transaction on time. A downgrade in the credit rating of the issuer or the reinsurers will eventually affect the current value of the contract. Therefore, the Company has established a policy on reinsuring with local and overseas reinsurers. In addition, investments in debt securities are only made with private companies with strong financial background based on their credit rating.

As of December 31, 2014, the Company and the subsidiary has a fund in the amount of Baht 1.38 million as loans with interest charged to its employees who has guarantors in accordance with the rules on the employee welfare policy. Loans and investments of the subsidiary which is an insurance company falls under the regulations of the Office of Insurance Commission, the Announcement on Investment by Insurance Companies in Other Businesses, B.E. 2556 (2013).

**Risk from Dependence on Major Customers**

Presently, the subsidiary receives fire and miscellaneous insurance premiums from Bank of Ayudhya PCL customers, and its saving and loan customers. In 2014, premiums from this source amounted to 50.64% of all fire premiums, with the bank acting as the broker sending in policies to the subsidiary.

### **Risk from Overdue Premium Collection**

For the subsidiary, the distribution channels for the non-life insurance business are agents and brokers. The subsidiary issues insurance policies and forwards them to agents and brokers who are given credit terms risking uncollectible premiums.

Agents' and brokers' Liquidity is a risk that is considered with utmost importance. The subsidiary has set a strict guideline in managing collections. A monthly meeting is held to follow up on overdue accounts using announcements and regulations of the Office of Insurance Commission (OIC) which specify premiums payment period. If outstanding premiums cannot be collected in due time and/or exceeds the terms given, the collection department then takes over the debt-collection process. The subsidiary has a higher-than-standard rating on the appraised outstanding premiums as set by the OIC which is at 80% minimum.

# MAJOR SHAREHOLDERS

Top ten major shareholders as at August 22, 2014

No	Name of Shareholders	No. of Shares	Percentage
1	DEUTSCHE BANK AG, FRANKFURT A/C CLIENTS ACCOUNT-DCS	42,104,000	16.842
2	Bangkok Broadcasting & Television Company Limited	28,802,500	11.521
3	TRIPLE PRIME TEAM HOLDINGS COMPANY LIMITED	25,238,750	10.096
4	Bank of Ayudhya Public Company Limited	24,305,800	9.722
5	BBTV Equity Company Limited	21,946,000	8.778
6	Thongthai (1956) Company Limited	9,610,000	3.844
7	CITIBANK NOMINEES SINGAPORE PTE LTD-UBS AG LONDON BRANCH-NRBS IPB CLIENT SEG	7,380,500	2.952
8	Great Fortune Equity Company Limited	7,045,250	2.818
9	Ms. Sudthida Ratanarak	6,344,870	2.538
10	Mr. Vichit Chinwongvorakul	4,106,800	1.643

## SHARES HELD BY MEMBERS OF THE BOARD OF DIRECTORS

As at December 31, 2014

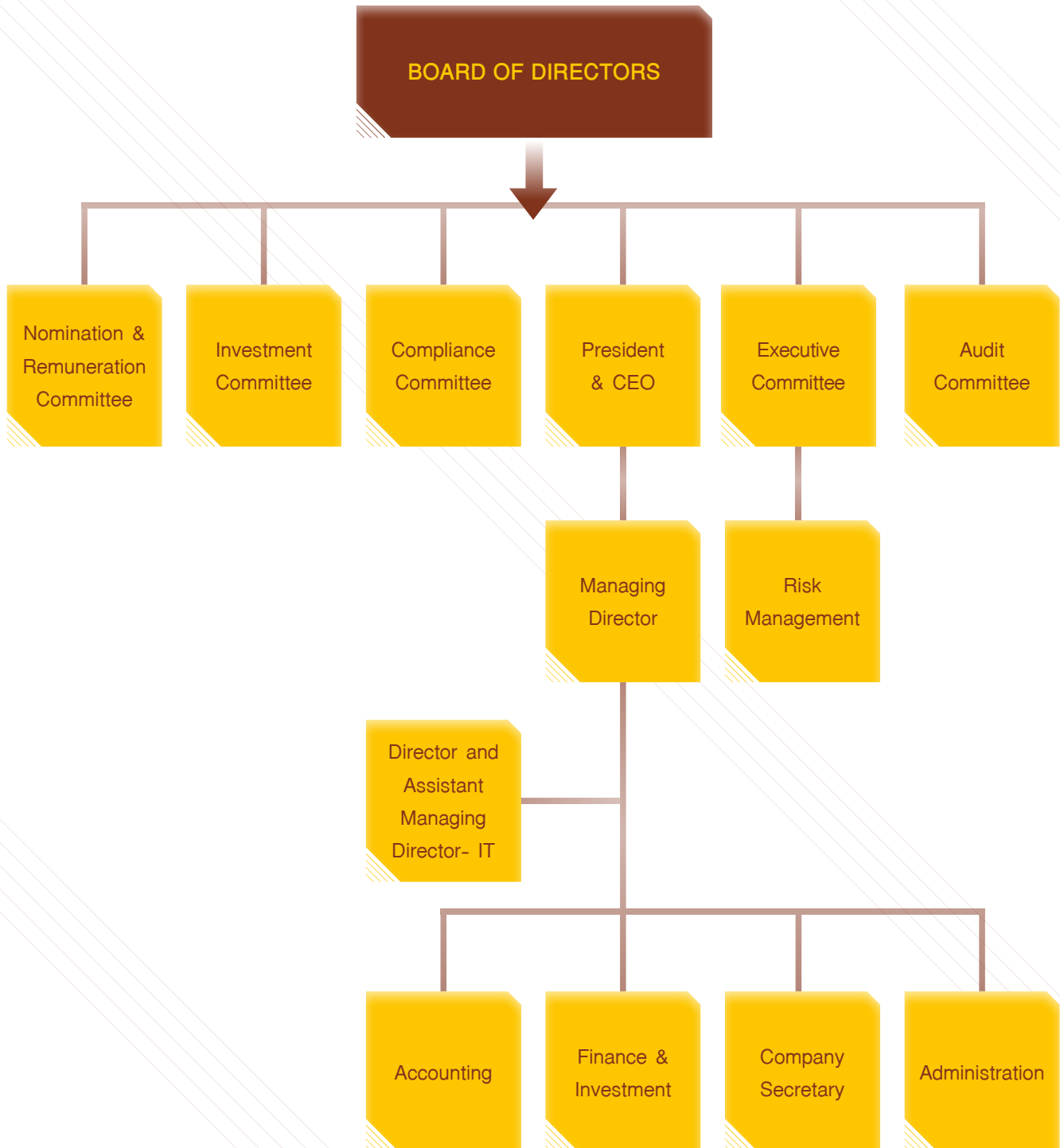
No	Board of Directors	Designation	31 December 2014		31 December 2013	
			Shares	Proportion (%)	Shares	Proportion (%)
1	Mr. Veraphan Teepsuwan	Chairman	-	-	-	-
2	Mr. Surachai Prukbamroong	Director	-	-	-	-
3	Mr. Metha Suvanarn	Director	-	-	-	-
4	Mr. Vichit Kornvityakoon	Director	-	-	-	-
5	Mr. Suwat Suksongkroh	Director	32,500	0.013	32,500	0.013
6	Ms. Nopporn Tirawattanagool	Director	-	-	-	-
7	Mr. Virojn Srethapramotaya	Director	-	-	-	-
8	Mr. Bryan James Smith <sup>1/</sup>	Director	-	-	-	-
9	Mr. Rowan D'Arcy	Director	-	-	-	-
10	Mr. Chusak Salee	Director	*43,000	0.017	*42,000	0.016
11	Mr. Laksna Thongthai	Director	-	-	-	-

Remarks: \* Including spouse

1/ Mr. Bryan James Smith was appointed as director per resolution of the Board of Directors No. 5/2014 on November 4, 2014.



# ORGANIZATIONAL STRUCTURE



# MANAGEMENT STRUCTURE

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



Details of each of the above committees are provided in the Good Corporate Governance Section.

## 1. BOARD OF DIRECTORS

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 December 31, 2014, the Board of Directors consists of 11 members, with four non-executive directors, four independent directors, and three executive directors.

Board members are qualified to assure adherence to the relevant rules and regulations set forth by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The term for each board member is three years.



## Company Directors

As of December 31, 2014 the following are members of the Board of Directors as registered with the Ministry of Commerce

No.	Name	Designation	Attendance	Year Appointed
1	Mr. Veraphan Teepsuwan	Non-Executive Director	5/5	2002
2	Mr. Rowan D'Arcy	Executive Director	5/5	2007
3	Mr. Chusak Salee	Executive Director	5/5	1997
4	Mr. Laksna Thongthai	Executive Director	5/5	1994
5	Mr. Surachai Prukbamroong	Independent Director	5/5	1999
6	Mr. Metha Suvanasarn	Independent Director	5/5	2005
7	Mr. Vichit Kornvityakoon	Independent Director	5/5	2013
8	Mr. Suwat Suksongkroh	Independent Director	5/5	1994
9	Ms. Nopporn Tirawattanagool	Non-Executive Director	4/5	2013
10	Mr. Bryan James Smith <sup>1/</sup>	Non-Executive Director	-	2014
11	Mr. Virojn Srethapramotaya	Non-Executive Director	5/5	1998
	Ms. Jiratcha Ruplek	Secretary to the Board	-	2008

Remarks:

1/ Appointed as per the resolution of the Board of Directors' Meeting No. 5/2014 on November 4, 2014.

## 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, with criteria stipulated by the Board as per company registration details. The certified registration specifies five authorized directors, namely Mr. Rowan D'Arcy, Mr. Chusak Salee, Mr. Laksna Thongthai, Mr. Virojn Srethapramotaya, and Mr. Bryan James Smith. Any two of the five directors may sign with the Company seal.

## Charter of the Board of Directors

### 1. Achieving the Vision

The Board of Directors (the "Board") of Sri Ayudhya Capital 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 will enhance shareholder value.

In pursuing the Vision of the Company: "To become one of Thailand's leading investment holding companies with primary focus in the insurance sector, leveraging on AYUD's experience, expertise, and network to achieve sustainable growth", the Board will conduct itself in accordance with the law and the highest ethical standards in the best interests of its shareholders.

## 2. Functions and Responsibilities

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

- 2.1 Directing the policies, strategies and financial objectives of the Company and monitoring the implementation of these policies, strategies and financial objectives, with an aim to maximizing economic value and shareholder 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, internal compliance and control;
- 2.4 Monitoring and assessing management performance in achieving strategies and budgets approved by the Board (at least semi-annually);
- 2.5 Setting criteria for, and evaluating, the performance of the President & CEO, and other senior management, (at least annually);
- 2.6 Overseeing and reviewing the succession planning processes for the positions of President and senior management personnel, who are fully responsible for the management of the Company, under regular and continuing guidance of the Board of Directors;
- 2.7 Observing and ensuring that the management team and employees are communicated fully on expected compliance with the Company's Code of Conduct.

## 3. Authority

The Board exercises its authority as stipulated by laws and the resolutions of shareholders' meetings, including:

- 3.1 Appointing and determining the remuneration and conditions of service of the President & CEO;
- 3.2 Appointing the Managing Director;
- 3.3 Approving:
  - 3.3.1 The strategic plan (reviewed regularly throughout the year);
  - 3.3.2 The annual business plan;
  - 3.3.3 The annual budget;
  - 3.3.4 The quarterly, semi-annual and annual financial reports;
  - 3.3.5 The remuneration of members of Board Committees (not exceeding the overall amount approved by shareholders);

- 3.3.6 The remuneration and conditions of service for the 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 business of the Company;
- 3.3.9 Any changes to the authority delegated by the Board; and

3.4 All matters not otherwise delegated to the Executive Committee, the President or management.

#### 4. Composition

At least four members or one third 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); the ability to contribute to deliberations of the Board; the ability to exercise sound business judgment; the ability to think strategically; demonstrated leadership experience; and a high level of professional skill and integrity; as well as other appropriate personal qualities.

## 2. THE EXECUTIVE COMMITTEE

The executive committee is comprised senior management personnel appointed by the Chairman of the Board of Directors to conduct day-to-day business, achieve business goals and objectives as set.

As of December 31, 2014, the Executive Committee is comprised of the following:

No.	Name	Designation	Attendance
1	Mr. Rowan D'Arcy	Chairman	11/12
2	Mr. Chusak Salee	Member and Secretary	11/12
3	Mr. Laksna Thongthai	Member	11/12

#### Roles and Duties of the Executive Committee

##### 1. Responsibilities

- 1.1 Assure that the Company's operations are in line with the provisions of the Civil and Commercial Code on Limited Companies, the Public Company Limited Act, the Securities and Exchange Act and other pertinent laws that are pending and will be enforced in the future.
- 1.2 Assure that the Company's operations are conducted with fidelity, justice and morals, and that the Executive Committee continues to rigorously adhere to its underlying philosophy of operating the business with caution to achieve the Company's objectives.



- 1.3 Prepare and submit monthly financial balance sheets and profit and loss accounts to the Executive Committee within the twentieth of the month to be compared with last month, and the same month of the previous year.
- 1.4 Prepare and propose the budget and forecast plan for the following year at the first Board of Directors meeting of the year, and at the same time, consider for resolution the financial reports for the year.

## 2. Authority

- 2.1 To determine the investment policy and risk management policy;
- 2.2 To determine the management structure and organization chart;
- 2.3 To determine human resources policies and procedures, i.e. company regulations, and employee provident fund;
- 2.4 To revise the annual business plan;
- 2.5 To consider and appoint senior management, from the Assistant Managing Director to the Managing Director;
- 2.6 To review the budget for staff salary increases, cost-of-living adjustments and annual bonuses for senior managers, from the Assistant Managing Director to the Managing Director;
- 2.7 To determine the level of authority for signing off on the Company's documents;
- 2.8 To manage and control the expenses of the Company to be within the annual budget as approved by the Board of Directors, broken down into chart of accounts.
- 2.9 To have the authority to approve the purchase of fixed assets that are considered necessary for the Company's operations beyond the approved budget and forecast plan but not to exceed Baht 1.5 million (Baht one million five hundred thousand) per item, and the overall amount shall not exceed Baht 5 million (Baht five million) per annum;
- 2.10 To approve any expenses incurred over-budget at an amount not exceeding 5% of the overall budget, and other expenses that are not indicated in the annual budget or forecast plan, amounting to Baht 500,000 (Baht five hundred thousand) for each expense. Overall expenses shall not exceed Baht 2,000,000 (Baht two million) per annum; and
- 2.11 Anything outside and/or beyond the authority designated to the Executive Committee but is considered as an emergency, and that immediate action must be taken to prevent the Company from potential damage or from receiving appropriate benefits, a unanimous resolution may be used to proceed as appropriate. Such a proceeding shall be reported first at the next Board of Directors meeting.

### 3. COMPANY SECRETARY

At the Board of Directors Meeting No.4/2008, a resolution was passed to appoint Ms. Jiratcha Ruplek to the position of Secretary to the Board in compliance with SEC Act (No.4) B.E. 2551 in effect August 15, 2008. Responsibilities as Company Secretary are to oversee, coordinate, and facilitate the Company meetings; and Shareholders meetings, and to ensure that these meetings are held with adherence to relevant laws and regulations. The appointment of the Company Secretary is overseen by the Board with confidence that the person possesses appropriate qualifications, knowledge, skills and experience. The Company Secretary's qualifications and responsibilities are detailed in Good Corporate Governance Section, Responsibilities of the Board of Directors, no. 1.7.

### 4. REMUNERATION FOR DIRECTORS AND EXECUTIVE MANAGEMENT

#### Cash Remuneration

The remuneration paid to the Company's Board of Directors, subsidiary and Executives were approved through the Nomination and Remuneration Committee and based on both the nature and extent of each person's duties and responsibilities, in line with comparable companies in the same industry.

In 2013, Board Members received in total the sum of Baht 10,218,530 and in 2014, a total sum of Baht 16,948,814 was paid which included annual remuneration and bonus, with details as per the following comparison.

Comparison of Board Remuneration 2014 and 2013

No.	Name	2014			2013		
		Salary	Bonus	Baht	Salary	Bonus	Baht
1	Mr. Veraphan Teepsuwan	480,000	773,100	1,253,100	440,000	462,500	955,400
2	Mr. Surachai Prukbamroong	684,000	1,358,304	2,042,304	633,240	456,000	1,136,340
3	Mr. Metha Suvanarn	684,000	1,295,128	1,979,128	629,160	430,500	1,108,860
4	Mr. Vichit Kornvityakoon	684,000	1,271,145	1,955,145	576,730	439,700	1,016,430
5	Mr. Andreas J. Wilhelm	-	252,692	252,692	576,000	421,200	997,200
6	Ms. Nopporn Tirawattanagool	420,000	625,950	1,045,950	277,500	280,800	558,300
7	Mr. Virojn Srethapramotaya	840,000	1,215,060	2,055,060	660,000	397,800	1,057,800
8	Mr. Suwat Suksongkroh	545,000	1,076,348	1,621,348	500,040	397,800	897,840
9	Dr. Ulf Lange	420,000	585,774	1,005,774	-	-	-
10	Mr. Bryan James Smith	105,000	146,440	251,440	-	-	-
11	Mr. Adisorn Tantianankul	-	-	-	120,000	132,600	252,600
12	Mr. Rowan D'Arcy	630,000	817,525	1,447,525	555,960	303,900	859,860
13	Mr. Chusak Salee	540,000	754,298	1,294,298	480,000	280,500	760,500
14	Mr. Laksna Thongthai	360,000	385,050	745,050	360,000	257,400	617,400
Total		6,392,000	10,556,814	16,948,814	5,808,630	4,409,900	10,218,530

#### Remuneration for the Management Team

In 2014, the total remuneration for the five members of the management team of the Company as defined by the Securities and Exchange Commission was Baht 68.01 million which comprised salaries, bonus, and other benefits. The total remuneration of the 18 members of the management team of the subsidiary was Baht 34.34 million.

### Other Remunerations

The Company and its subsidiary provide provident fund for employees by contributing 5% of the employee salary into the fund.

In 2014, the Company contributed Baht 1.26 million into the provident fund for the management executives, and Baht 1.22 million for management executives of the subsidiary

No Directors or Executives had a direct or indirect interest in any agreement entered into by the Company, i.e. ordinary shares/warrants.

## 5. PERSONNEL

The total number of employees as of December 31, 2014 was 418. The Company has paid remuneration to employees in the form of salary, bonuses, the employer's portion of social security contributions, a provident fund and retirement compensation, totaling amount Baht 326.10 million.

Type of company	Number of employees	Total remuneration (Baht Million)
Parent company	13	76.38
Subsidiaries	405	249.72
Total	418	326.10

### Employee Administration Policy

In administering leading organizations in today's competitive environment, it is undeniable that human resources administration plays a very important role in driving an organization towards continuous development and growth. Human resources management practices have changed to encourage deeper levels of employee involvement in business strategy through the opening of communications with the management team. In addition, human resources administration has become increasingly focused on developing employees' potential as a foundation for driving sustainable business growth.

The Company believes employees are the most important core resource driving our success. Not only do our human resources administration policies apply to the Company, but also to our subsidiaries.

### Compliance with Human Rights Principles

The Company adheres to fair employment practices by considering qualifications and suitability without regard to race, skin color, religion, gender, sexual orientation, age and/or disability. The Company provides a working environment that is free of harassment and threat. In case of any improper activity, all employees may report incidents to their supervisors and/or the Human Resources Department immediately.

The Company treats its employees according to international human rights principles by educating them about these principles so they may be applied in practice. All employees shall understand respect for dignity, privacy, and the rights of each individual they interact with at work. Employees shall not cause or induce violations or obstructions of human rights. Any employees who are aware of a violation must inform their supervisors immediately so that an investigation can be carried out accordingly.

## Management and Development of Personnel

In 2014, the Company created a road map to restructure the foundation of human resources administration in order to refine employees' scope of work as required by continuous changes in business development and technology. This positively affected customer services and business partners, and increased the Company's competitiveness. In addition, the Company assessed personnel development to ensure they possessed knowledge more directly related to their work. Remuneration is also based according to individual and team performance to guarantee they deliver the best possible efficiency. In this regard, the details of the initiatives that have been implemented and/or completed within this year are as follows:

- ◆ Improvement of annual performance assessment (Performance Management Process) - By making a plan and establishing an objective, the performance indicators are considered starting from the company level to department level, and finally to the individual level.
- ◆ Clear direction of the Company's career paths (Career Ladders) as a main structure for personnel to plan their career paths and develop themselves according to their own aspirations and the Company's requirements.
- ◆ Succession planning for important roles (Succession Planning) - In order for the smooth administration and prevention of business interruptions, risk levels for each position are analyzed and development and career plans established with a clear structure and timeframe for persons designated as successors.
- ◆ Preparation of a Competency Model in each Job Family - This is to develop personnel so they can work effectively (in progress).
- ◆ Screening of talent (Talent Review) - This helps to make a personnel development plan according to specific and outstanding abilities (in progress).
- ◆ Survey of employee satisfaction - Questionnaires were distributed, including questions on working environment as well. As a result of the survey, the Company approved an office renovation project to improve working environment so that employees can work happily and safely in a clean environment.
- ◆ Training on leadership for medium-level executives to enhance their leadership skills - This is to promote their strengths in effective management, attentiveness to situations and knowledge and understanding of proper employee administration.
- ◆ Moreover, the Company conducted a survey of employee remuneration in the industry to provide employees with equivalent remuneration, matching the market.

In 2014, 359 employees of the Company and our subsidiaries participated in 19 internal training courses and 131 external training courses. Total expenses totaled Baht 4,167,341.31.

## Fostering Relationship Between Employees and the Company

The Company emphasizes building a continual relationship with employees by organizing employee activities which can be chosen and joined throughout the year. The Company believes if employees and teams are happy at work, they can perform effectively and will develop a bond between colleagues, the Company and society, which will help the organization find success.

The Company communicates openly and sincerely with its employees. Monthly communications are sent via intranet, announcing Company and employee movements as well as providing knowledge, informing them of voluntary employee activities, and allowing them a channel to express their opinions and interact with the Company at any time. In addition, the Company organizes meetings for all employees two times a year, as stated above, to clarify Company policies and guidelines. The meetings also give employees an opportunity to ask questions and propose ideas.

Moreover, the Company appointed subcommittees for employees to engage in addressing internal matters in a proper and suitable manner, benefitting employees and the Company as a whole, e.g. the risk management committee, work performance supervision committee, employee welfare committee, and provident fund committee. Employee meetings: The Company respects employees' opinions and allows department representatives to participate in meetings on Company activities and the provision of benefits, such as the New Year's party, uniform design, workplace improvement, etc.

#### Activities Organized in 2014

The Company organized various types of activities for employees that help build good relationships and strengthen bonds among employees. One example is organizing a celebration of every employee's birthday by announcing it via the intranet so that colleagues can express their well wishes in writing and exchange cards. For retirement, the Company's executives shows their appreciation by giving a souvenir and recognizing their contributions.

#### February:

- ◆ A team-building activity is organized to build relationships among employees of the entire organization, so that they can better understand themselves and their colleagues through a workshop that seeks to set mutual guidelines for working together effectively and happily.
- ◆ The 1st Manager Conference of the year is a meeting where the Company's executives and employees of all levels meet to clarify policies and guidelines of business execution, declare work achievements, and exchange ideas and opinions for the development of the Company.

#### April:

- ◆ Songkran Festival To preserve and carry on the Thai tradition, the Company organized a water-blessing ceremony for prosperity.

#### August:

- ◆ Mother's Day: The Company created wristbands to receive optional and voluntary donations from employees. The money donated was given to Phayathai Children's Home.





**October:**

- ◆ The 64th anniversary of the Company's foundation: The Company organized activities for making merit, offering food to monks, having lunch together and with rewards and souvenirs.
- ◆ The 2nd Manager Conference of the year allows all executives and employees to meet in order to clarify policies and guidelines of business execution, declare work achievements, and exchange ideas and opinions for the development of the Company.

**December:**

- ◆ Father's Day: Employees went to sign their names to convey their best wishes to His Majesty the King on his 87th Birthday at 100th Year Siriraj Centennial Hall, Siriraj Hospital. On the same day, they paid homage to Phra Phuttha Maha Mani Rattana Patimakon or the Emerald Buddha at Wat Phra Si Rattana Satsadaram (Temple of the Emerald Buddha).
- ◆ Christmas Day and New Year festival: The Company gave out souvenirs to its employees. Besides the Company's annual festival, each department held their own party to foster relationships between employees.



# REPORT ON GOOD CORPORATE GOVERNANCE PRACTICES

## POLICY ON CORPORATE GOVERNANCE

The Board of Directors has placed utmost 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 while adding value to the economy. The Company strives toward business prosperity and pays due regard to the interests of stakeholders. The Company bases its operation on the principles of a sufficiency economy, through reason, loyalty, honesty and fairness to all stakeholders with respect to human rights while adhering to the principles of good corporate governance as stipulated by the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC). In 2014, the Company strictly followed the good corporate governance policy covering these areas:

### 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. These rights are expressed as follows:

**The right to disclosure of information:** 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. The information is disseminated in both Thai and English as well as through the SCP system of the Stock Exchange of Thailand and the Company's website: [www.ayud.co.th](http://www.ayud.co.th), under 'Investor Relations' section.

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 adequate time to review the materials.

**The right to attend shareholders meetings:** 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 meeting is set with adherence to the laws and regulations as applicable,



with the use of AGM Check List and good governance practices. The date, time and venue are scheduled appropriately for the convenience of shareholders, with the meeting date and time be set on a business day between 08.00 and 16.00 hours. The meeting venue will be in Bangkok or a metropolitan area with convenient transportation; 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.

The Company's Board of Directors always realizes the importance of shareholders' rights, and encourages them to exercise their rights. In 2014, the Company held Shareholders' Meeting No. 65 on April 22, 2014 at Ballroom 2 & 3 of The Grand Hyatt Erawan Bangkok, 494 Rajdamri Road, Lumpini, Pathumwan, Bangkok 10330 with the following proceedings:

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 including the Annual Report in CD format, containing adequate and complete information, together with the facts and opinions of the Board of Directors on every item on the agenda. The Company also provides proxy forms, which may also be downloaded via [www.ayud.co.th](http://www.ayud.co.th) 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 specified 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 within seven days in advance, or at least 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. To provide shareholders with the opportunity of proposing an agenda to nominate candidates for the Board of Directors: At the Shareholders' Meeting No. 65, the Company provided for an additional agenda calling for nomination of candidates for the Board of Directors in advance, with specific criteria announced via [www.ayud.co.th](http://www.ayud.co.th) and the SCP system of the Stock Exchange of Thailand.
3. 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.
4. At the meeting of shareholders, prior to proceeding to the agenda, the Chairman will announce the following:
  - 4.1. The number and proportions of shareholders present at the meeting and the number of proxies granted.
  - 4.2. The Chairman will introduce all the Board members, committee members, senior management members and auditors in attendance.
  - 4.3. 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.
  - 4.4. 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.



- 4.5. For the agenda on electing Board members, the Company prepares a summary of qualifications for shareholders to review.
- 4.6. 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, and carries out the meeting efficiently.
- 4.7. 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.
- 4.8. In 2014, the Company set the Shareholders' Meeting No. 65 on April 22, 2014 with all relevant documents sent 14 days in advance to provide shareholders with support information on all items of the agenda for voting. Altogether, 11 Directors attended the meeting 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. The barcode system was used to register attendance and votes. The entire Meeting was also recorded and may be viewed via [www.ayud.co.th](http://www.ayud.co.th).

For 2015, The Board of Directors set the date for the next Shareholders' Meeting No. 66 for April 21, 2015, 14.00 hours, at Ballroom 2 & 3, 7th floor, Sofitel Bangkok Sukhumvit, 189 Sukhumvit Road, between Soi Sukhumvit 13-15), Klongtoey Nua, Wattana, Bangkok 10110. 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 obtain the information a month in advance. Again, the barcode system for registration of attendance and votes will be used as well as the video capturing of the entire meeting.

## **EQUALITY OF SHAREHOLDERS**

The Company treats all shareholders, whether Thais or foreigners with equality. For foreign shareholders, the Company sends 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. The right to vote at the meeting is in accordance with the number of shares held, with one share equalling one vote. 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. 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.

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. Ballots 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 at 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 ballots are kept at the head office in Bangkok, and are open to inspection after the conclusion of the meetings. Minutes of the meeting are recorded accurately and comprehensively and signed by the 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.

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. 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 equalling one vote. A resolution of the Board of Directors must be passed by majority vote. In casting votes at a general meeting, if number of votes are even, the Chairman of the meeting retains the right to one additional vote as the decisive vote.

## ROLE OF STAKEHOLDERS

The Company is determined to conduct its business with equality to all stakeholders and recognizes the rights of various groups of stakeholders as described below. The Code of Conduct further stipulates moral and legal obligations by the management and staff.

The legal and other relevant regulations on the rights of the aforementioned stakeholders are rigorously followed in order to bring about sustainable growth in business as well as social benefits and value.

**Shareholders:** The Company is focused on growing the business through building long term value of the Company for better returns. Dividend payments are based on the result of the business as well as the economic position as prescribed by the Company's dividend policy.

**Customers:** The Company delivers services to customers with integrity and fairness. The Company provides communication channels for customers to get in touch with us whether for inquiries or for complaints. These include: Office phone number 02-657-2970, investment inquiries may be directed to the Company Secretary at (622) 657-2970 and e-mail: [info@ayud.co.th](mailto:info@ayud.co.th).

**Employees:** The Company considers human resources to be the core asset essential to driving the Company toward its business targets. Human resource policies, together with the Code of Conduct guideline specifically provide guidance on fair treatment, in terms of opportunity, remuneration, appointments and transfers, as well as the importance of supporting the development of the potential and competence of employees at all levels. The working knowledge and skills of employees are enhanced through continuous training and potential is developed toward leadership. Employees are also encouraged 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. Welfare benefits such as annual health check-ups, a provident fund and an old-age retirement pension are provided. Appropriate remuneration is provided based on individual achievement as well as the Company's results.

Furthermore, the Company set up sub-committees with staff participation in the management of various company matters to ensure appropriate steps are taken to protect the Company and for benefits to all. These sub-committees are risk management, compliance, welfare and provident funds.

**Partners:** The Company treats all partners with equality and integrity and partnerships are based on mutual benefits and prevention of possible conflicts, with respect to trade contracts and agreements made. The Code of Conduct covers measures on dealing with entertainment and gifts, participation in activities and/or events; and the manner in which supplier/customer relationship should be handled. The policy is described in detail to ensure a clear understanding among the management and employees on rules, regulations, and expected behaviour to be strictly followed.

**Competitors:** The Company adheres to sound and fair competitive practices and strictly follows all laws and regulations pertaining to it. To increase our competitiveness in the market, the Company focuses on the development of innovative products and improvement of after-sales services.

**Creditors:** The Company adheres strictly to the terms as agreed with creditors and fosters an environment of mutual respect and trust.

**Social, Community**

**and Environment:** The Company sets forth the policy on CSR as a process, covering both in-process and after-process, and supports the society in which we operate in various ways from making contributions to participating in activities that help to improve lives/living conditions. Our CSR as a process, focuses on involvement and participation of these activities to ensure that business and society grow together as one.

**Government:** The Company operates under lawful practices, maintains a transparent working relationship and cooperates with government agencies on requests for information. Measures are established to direct ways in which the Company's management and employees interact with the government.

**Anti-Corruption** The Company formally expressed its intention to join the Collective Action Coalition (CAC) on September 12, 2014 and has issued its policy on anti-corruption, both direct and in direct, and in all forms to be honoured by the management and employees.

In addition, the Company puts in place a Whistle Blower Policy which stipulates that the management and employees must report any suspicious activity that might be considered as illegal, out of the Company's set rules and regulations, Code of Conduct and by-laws which may be sensitive to the reputation of the Company.

The public may make similar types of report to the Company's audit committee chairman via internal audit department.

Stakeholders may contact the Company to provide suggestions, complaints, and any other comment via the Company Secretary, tel. 02-657-2970 and via email: [info@ayud.co.th](mailto:info@ayud.co.th)



## 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 the generally accepted Thai accounting standards and practices, 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 gives importance to internal control including financials, operational procedures, and compliance. The internal audit department is responsible for maintaining that systems and standard procedures are followed as detailed in the Internal Control Section.

The Board of Directors is satisfied that internal controls are sufficient to provide confidence in the reliability of the financial statements as of December 31, 2014.

The Company has set clear policies on risk management. Assessing major risk factors such as strategic / operational risks, investment risks, liquidity risks, financial risks and other risks are detailed in the Risk Factors Section.

The Board of Directors attends to the disclosure of the Company financial and general information correctly and transparently with emphasis on the policies mandated by the Securities and Exchange Commission and the Stock Exchange of Thailand.

The Company provides important information for investors and the public via the Company's website at [www.ayud.co.th](http://www.ayud.co.th). Inquiries may be directed to the Company Secretary at tel. 02-657-2970 or by email at [info@ayud.co.th](mailto:info@ayud.co.th).

## RESPONSIBILITIES OF THE BOARD OF DIRECTORS

### 1. STRUCTURE OF THE COMPANY'S BOARD OF DIRECTORS

The Board of Directors functions responsibly based on the Company's objectives and by-laws, with participation in setting the vision, goal, business plan and budget as well as monitoring business performance to ensure effectiveness and alignment with plan in the best interests of the Company and its shareholders. The appointment



of directors are made in accordance to the Company's regulations and resolutions of the shareholders meeting. Additionally, the Company sets the management structure with clear division of responsibility between the Board of Directors and the management with details as follows:

- 1.1. The Chairman of the Board is not the same person as the President & CEO and the managing director. The division of authority and power is clearly set in accordance with the corporate governance and Company management structure. As of December 31, 2014, the Company has 11 members on the Board of Directors: 3 executive directors, 4 non-executive directors, and 4 independent directors, or 36.36% 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 directors was trained and passed courses held by the Institution of Director (IOD).
- 1.2. 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. The Board of Directors clearly determines the role and responsibilities of each appointed committee. The President & CEO as the head of the executive team, is responsible to the Board of Directors for the business operations and performance in accordance with the Board of Directors charter.
- 1.3. Terms of Directors: The term of office of the Board of Directors is specified in the by-laws of the Company and adheres to the Public Limited Company Act 1992. When a term expires, the Board member may be re-elected by the shareholders meeting resolution and/or the resolution of the Board of Directors. The Company does not restrict the age of its Board of Directors as it believes that the expertise and experience in business overrides the age factor.
- 1.4. 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:
  - 1.4.1. Holding shares not exceeding 0.5 percent of the total number of voting rights of the company, its parent company, subsidiary, affiliate, principal shareholder or controlling person of the company, including the shares held by related persons of the independent director.
  - 1.4.2. Neither being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the company, its parent company, subsidiary, affiliate, same-level subsidiary, principal shareholder or controlling person of the company, unless the foregoing status has ended not less than two years prior to the date of company filing with the Securities and Exchange Commission and the Stock Exchange of Thailand; however, the prohibition excludes independent director who was government officer or adviser of the government agencies that are major shareholder or controlling person of the company.
  - 1.4.3. Not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children to executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the company or its subsidiary.
  - 1.4.4. Not having a business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, in the manner which may interfere with

his independent judgment, and neither being nor having been a principal shareholder or controlling person with any business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the Company unless the foregoing relationship has ended not less than two years prior to the date of company filing with the Securities and Exchange Commission and the Stock Exchange of Thailand. The term business relationship aforementioned under paragraph one 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, guarantee, providing assets as collateral, including any other similar actions, which result in the company or his counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the company or Baht 20 million or more, 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 concerning 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 the person commences.

- 1.4.5. Neither being nor having been an auditor of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the company, and not being a principal shareholder or controlling person, or partner of an audit firm which employs audits of the Company, its parent company, subsidiary, affiliate, major shareholders or controlling person of the company unless the foregoing relationship has ended not less than two years from the date of company on filing with the Securities and Exchange Commission and the Stock Exchange of Thailand.
  - 1.4.6. Neither being nor having been any professional adviser including legal adviser or financial adviser who receives an annual service fee exceeding Baht two million from the Company, its parent company, subsidiary, affiliate, major shareholders or controlling person of the company, and neither being nor having been a principal shareholder, controlling person or partner of the professional adviser unless the foregoing 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.
  - 1.4.7. Not being a director who has been appointed as a representative of the Company's director. Major shareholder or shareholders who are related to the major shareholder.
  - 1.4.8. Not operating any business which has the same nature as and is in significant competition with the business of the Company or subsidiary, or not being a principal competition in any partnership, or not being an executive director, employee, staff, or adviser who receives salary; or holding shares not exceeding 0.5 percent of the total number of voting rights of any other company operating business which has the same nature as and is in significant competition with the business of the Company or subsidiary.
  - 1.4.9. Not having any characteristics which make him incapable of expressing independent opinions with regard to the Company's business affairs.
- 1.5. 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 directors have ample time for the Company, attend meetings regularly to the benefit the Company.
- 1.6. Aggregation and Delegation of Authority: The Chairman of the Board is not the same person as the President & CEO and is not related in 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.

- 1.7. Company Secretary: According to The Securities and Exchange Act of 2008 Section 89/15, 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. Appropriate training courses such as Company Secretary Program (CSP), Effective Minute Taking (EMT), Board Reporting Program (BRP), and Company Reporting Program (CRP) were undertaken. Qualifications are:

**Qualifications:**

- 1.7.1. Must have the understanding of role and responsibilities of Company Secretary including the role of Board of Directors, and knowledge of related laws and regulations. Develop knowledge continually to be effective in the role.
- 1.7.2. Must have the knowledge and understanding of the Company's business and operation including that of subsidiaries.
- 1.7.3. Must not exploit the Company's business opportunity for personal gain, and must be able to keep confidential information.
- 1.7.4. Ethical and considers all stakeholders, and must not do anything to damage the company's reputation and imagery.
- 1.7.5. Perform duties with responsibility and honesty; support the company work to achieve the objectives with corporate governance and code of ethics.

**Scope and responsibilities:**

- 1.7.6. To arrange the Annual Shareholders Meeting and Board of Directors Meeting and be in compliance with the rules and regulations of the Company.
- 1.7.7. To serve the Board of Directors in providing legal advice, taking care of the activities, and monitoring compliance with resolutions. To advise on rules, regulations and guidelines that should be acknowledged and complied with by the Board of Directors. To prepare minutes of the meeting, and follow up on Board resolutions.
- 1.7.8. To prepare minutes of the meeting, and follow up on Board resolutions in compliance with the rules and regulations of the Company.
- 1.7.9. To produce and keep safe the annual reports, letters to shareholders to attend shareholders meeting, and letters to Board of Directors, and resolutions.
- 1.7.10. Keep safe the stakeholders transaction reports by Directors and management, and make copies to Chairman and Audit Committee Chairman within 7 days from the date of the report.



- 1.7.11. Manage the disclosure of information and information technology as related to the regulating agencies and in accordance to their terms.
- 1.7.12. Communicate with shareholders to inform rights and updates.
- 1.7.13. Oversee the activities of the Board of Directors.
- 1.7.14. Any other work as regulated by the SEC.

**2. SUB-COMMITTEES**

The Board of Directors has appointed six sub-committees: Audit Committee, Nomination & Remuneration Committee, Executive Management Committee, Investment Committee, Compliance Committee, and Risk Management 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.

A list of sub-committees with number of meetings attended by each committee member during 2013-2014 is shown on the next page.



Name of Sub-committee *	Names	Attendance	Attendance
		2014	2013
Audit Committee*	1. Mr. Surachai Prukbamroong	9/9	7/7
	2. Mr. Metha Suvanarn	9/9	6/7
	3. Mr. Vichit Kornvitayakoon	9/9	6/7
Nomination & Remuneration Committee*	1. Mr. Metha Suvanarn	5/5	5/5
	2. Ms. Nopporn Tirawattanagool	4/5	3/5
	3. Dr. Ulf Lange	3/5	-
	4. Mr. Bryan James Smith	-	-
	5. Mr. Andreas Johann Wilhelm	-	3/5
Executive Committee*	1. Mr. Rowan D'Arcy	11/12	10/11
	2. Mr. Chusak Salee	11/12	11/11
	3. Mr. Laksna Thongthai	11/12	10/11
Investment Committee*	1. Mr. Rowan D'Arcy	3/4	4/4
	2. Dr. Ulf Lange	3/4	-
	3. Mr. Bryan James Smith	-	-
	4. Mr. Chusak Salee	4/4	4/4
	5. Mr. Surajak Kotikula	2/4	3/4
	6. Mr. Andreas Johann Wilhelm	-	3/4
Compliance Committee*	1. Mr. Vichit Kornvitayakoon	3/3	4/4
	2. Mr. Chusak Salee	3/3	4/4
	3. Mr. Tivakorn Kanjanakit	2/3	4/4
	4. Ms. Orathai Rongthongaram	3/3	2/4
	5. Mr. Rakchart Smitinandana	3/3	1/4
	6. Mrs. Apiradee Kanjanarat	3/3	2/4
	7. Mr. Pramote Wathanateerakul	2/3	4/4
	8. Ms. Jiratcha Ruplek	3/3	4/4
Risk Management Committee*	1. Mr. Rowan D'Arcy	12/12	11/11
	2. Mr. Chusak Salee	11/12	11/11
	3. Mr. Laksna Thongthai	5/12	6/11
	4. Mr. Tivakorn Kanjanakit	10/12	11/11
	5. Ms. Orathai Rongthongaram	12/12	9/11
	6. Mr. Satja Jungnitnirandr	11/12	11/11
	7. Mr. Sakrapee Sungkhapun	10/12	7/11
	8. Mr. Virat Luangaram	11/12	8/11
	9. Mr. Pirat Wongsaisuwan	10/12	8/11
	10. Mr. Supakij Sookpong	10/12	9/11
	11. Ms. Jiratcha Ruplek	11/12	11/11
	12. Ms. Siriwan Wangwilai	11/12	8/11
	13. Ms. Krisna Phoonsiri	10/12	9/11
	14. Mrs. Paporn Piyayodilokchai	11/12	10/11
	15. Mrs. Apiradee Kanjanarat	12/12	4/11
	16. Mr. Rakchart Smitinandana	11/12	5/11
	17. Mrs. Marin Saengsint	12/12	5/11
	18. Mr. Issra Choovisit	10/12	-
	19. Mr. Pramote Wattanateerakul	11/12	8/11
	20. Mr. Pornsak Hengyotmark	3/6	10/11

Remark: Additional details are provided in each Committee Section.



### 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 its members, 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. Good Corporate Governance: The Board of Directors appreciates the importance of good corporate governance and good practices of listed company directors, and continually undertakes measures 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, 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, stipulated as follows:

- 3.2.1. 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.
- 3.2.2. 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.
- 3.2.3. 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.
- 3.2.4. 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.
- 3.2.5. Procedures should be implemented to disclose accurate and complete data to the extent it does not prejudice the legitimate interests of the Company.
- 3.2.6. 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.
- 3.2.7. Employees are trained in ethics and morals along with the development of their career potential.
- 3.2.8. The ownership status of the shareholder is appreciated and respected along with the rights of every interested person. Treatment of such persons is equitable.
- 3.2.9. Business is undertaken with the awareness of accountability to shareholders, interested persons and society as a whole.

- 3.2.10. Business is undertaken with an appreciation of environmental responsibility.
- 3.3. The Company issues the Code of Ethics manual for the Board of Directors, executives and employees to adhere to as guidelines in dealing with the Company, shareholders, customers, employees, creditors, society and the environment, and competitors for the purpose of attaining the utmost good faith, honesty 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. Measures established by the Company's Board of Directors to prevent conflicts of interest for the maximum benefit of the Company and shareholders are 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 not be involved and are not allowed to vote on the agenda relating to such items. Any decision relating to such items must be disclosed promptly for transparency.
- 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 fulfil 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 recognizes the importance of managing risk factors in the organization and has designated the Executive Committee to establish a risk management committee to manage these factors by overseeing business activities including processes to reduce and minimize potential damages that could arise to an acceptable level; and to have in place sustainable measures to control, assess, and review systems and procedures as per the Company's objectives. Scope of risks covers the following:
- 3.6.1. Strategic risks;
- 3.6.2. Financial risks, classified into two major types: (a) market fluctuation risks and (b) credit control risks;
- 3.6.3. Operational risks: The management assesses risk and regularly reviews any significant risk mitigation to ensure that the Company can prevent and handle incidents in a timely manner. The Risk Management Committee continually raises the issue of risk awareness and provides reports to management and employees.
- 3.6.4. The Company has a Business Continuity Plan and conducts annual virtual tests with staff members to minimize any disruption to its operations.
- 3.6.5. The Risk Management Committee consists of executives of each department and division. 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 quarter. 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 must subsequently contain half of the Board of Directors. All meetings are attended by the Board Secretary in order to record 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 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.

#### AUDIT COMMITTEE

The Company established an Audit Committee on October 12, 1999 comprised of three independent directors. At Board of Directors Meeting No. 4/2014 held on August 7, 2014, a resolution was passed to re-elect for another term Audit Committee members whose tenure was up on October 12, 2014. The Audit Committee was comprised of the following members:

No.	Name	Designation	Tenure	Attendance
1	Mr. Surachai Prukbamroong	Chairman	3 year	9/9
2	Mr. Metha Suvanarn	Member	2 year	9/9
3	Mr. Vichit Kornvityakoon	Member	1 year	9/9
	Mrs. Paporn Piyayodilokchai	Secretary		

Remark: Mrs. Paporn Piyayodilokchai was as appointed Secretary of the Audit Committee on May 21, 2001.

All of the Audit Committee members are experienced and are qualified to conduct financial audits for the Company. Details of their qualifications are shown below:

1. **Mr. Surachai Prukbamroong**, Chairman of the Audit Committee, worked at The Bank of Thailand during 1959-1998 for 39 years having key positions:
  - ◆ Senior Director, Bank Examination and Analysis Department
  - ◆ Senior Director, Savings and Bonds Department
  - ◆ Senior Director, Administration Department
  - ◆ Senior Deputy Director, Deposits and Bonds Department
  - ◆ Deputy Director, Bank Supervision and Examination Department
  
2. **Mr. Metha Suvanarn**, Member, has held various positions with the Bank of Thailand and other significant positions as follows:
  - ◆ Chairman of the Audit Committee, Software Industry Promotion Agency
  - ◆ Sub-Committee Member, Standard Development - Office of the Auditor General of Thailand
  - ◆ Risk Management Specialist, SME Development Bank of Thailand
  - ◆ Chairman of the Advanced Technology Committee, The Institute of Internal Auditors of Thailand
  - ◆ Senior Director, The Note Printing Works, Bank of Thailand
  - ◆ Director, Bank of Thailand, Khonkaen Regional Office
  
3. **Mr. Vichit Kornvityakoon**, Member, has held various significant positions with the Bank of Thailand for 36 years, from 1975 to 2010:
  - ◆ Senior Vice President & Vice President, Accounting Department
  - ◆ Deputy Vice President, Audit Department

#### **Purpose**

The Audit Committee was established with the approval of the Board of Directors to be an independent organization that will support and operate in the name of the Board of Directors, reviewing the financial information proposed to shareholders and concerned parties, reviewing the internal control system and internal auditing process determined by Management and the Board of Directors, communicating with the auditors of the Company, and considering any items that may be contrary to the benefit of the Company.

#### **Authority**

The Audit Committee will carry out the following duties:

1. Consider, select and propose for appointment, capable persons with the independence to perform the duties of auditors of the Company for the Board of Directors, together with the annual audit fee, for approval at the Shareholders' Meeting.
2. Review the work of the auditors or external audit offices and determine the remuneration for external auditors.
3. Consider and resolve any disagreements between management and the auditor regarding financial reporting.
4. The Audit Committee is entitled to audit and investigate persons and related matters within the scope of its authority and duties; the Audit Committee must have the authority to employ specialists to help audit and investigate as it deems suitable.
5. The Audit Committee is entitled to audit if informed by the auditors that dubious behaviour has been discovered on the part of directors, managers or persons in charge of the operations of the Company, or that an offense has been committed.

6. The Audit Committee is entitled to meet with company officers, or outside counsel, as necessary.
7. The role and duties of members of the Audit Committee must be secondary to those of the Company's Board of Directors.
8. The Audit Committee shall not perform any role or duty other than those specified in this Charter unless the Company's Board of Directors specifies otherwise with the consent of the Audit Committee.

The Audit Committee must be comprised of at least three highly qualified persons in accordance with the regulations set forth by Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). At least one member must have sufficient knowledge and experience to reliably review the financial statements. The Chairman of the Audit Committee shall be appointed by the Company's Board of Directors, or the Audit Committee, which is appointed by the Company's Board of Directors, will select the Chairman of Audit Committee among themselves.

### **Meetings**

The Audit Committee will organize at least four meetings per year, and more if necessary. The Audit Committee may invite Management or persons involved to join the meetings and supply any pertinent information. Audit Committee members will attend each meeting in person or via tele - or video conference. Meeting agenda will be prepared and provided in advance to the participants, along with pertinent information. Minutes will be prepared.

### **Responsibilities**

The Audit Committee will carry out the following responsibilities:

#### **◆ Financial Reports**

1. Review the Company's financial reports correctly and sufficiently.
2. Consider the following factors with Management and the auditor upon completion of quarterly and annual audits:
  - 2.1 Financial statement for the quarter and year;
  - 2.2 Audit report;
  - 2.3 Observations and additional suggestions regarding the auditor's plans;
  - 2.4 Troubles and conflicts that are significant to Management regarding the work of the Auditor; and
  - 2.5 Other matters relating to the auditing standards that the Audit Committee should understand or communicate to the auditor.
3. Review the accuracy and completeness of the information in the Annual Report.
4. Understand how Management develops interim financial information, and the nature and extent of internal and external auditor involvement.

### Internal Control

1. Review the Company's internal control and internal audit systems to assure that they are appropriate and successful, considering the independence of Internal Audit Department.
2. Review and consider with the auditor and the Internal Audit Department Manager the adequacy of:
  - 2.1 The internal control system, including information technology security and control; and
  - 2.2 Significant carelessness about which the auditor, the Internal Audit Department Manager and Management are in agreement.
3. Review and consider the level of major risk as well as the method of risk reduction from Management, the Internal Audit Department Manager and the auditor.

### Internal Audit

1. Review and approve the annual audit plan.
2. Review and consider with Management and the Internal Audit Department Manager the following matters:
  - 2.1 Significant carelessness discovered during the year and the response from Management;
  - 2.2 Troubles occurring during the audit that include the scope of work or access to the information necessary for auditing;
  - 2.3 Changing the scope of the audit from the one in the auditing plan;
  - 2.4 The budget and headcount of the Internal Audit Department;
  - 2.5 The Internal Audit Department Charter;
  - 2.6 The standard of work performance of the Internal Audit Department should be in line with that of the Institute of Internal Auditors of Thailand as stipulated herein.
3. Consent to the appointment, deposition, transfer or dismissal, and make an evaluation of the annual performance of the Internal Audit Department Manager.
4. Participate in a meeting with the Internal Audit Department Manager without the participation of Management at least once per annum.

### External Audit

1. Review and consider the proposed scope of the external auditors' work and approach, including coordination of audit efforts with the internal audit.
2. Review the performance of the external auditors and select and propose for appointment, or change, the external auditors.
3. Review the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Company.
4. Participate in a meeting with the auditors without the participation of Management at least once a year.



## **Compliance**

1. Review the effectiveness of the system for compliance with laws and regulations, monitor the findings of Management's investigations, and follow up on any instances of non-compliance, including taking disciplinary action.
2. Review the findings of any examinations by regulatory agencies, and any auditor observations.
3. Review the process for communicating the code of conduct to company personnel, and monitor compliance therewith.
4. Obtain regular updates from Management and the Company's legal counsel regarding compliance matters.
5. Review to assure company compliance with the regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), and the related laws.
6. Review related items and items that may be in conflict of interest to ensure that these adhere to the laws and regulations of the Stock Exchange of Thailand (SET) and that such items are reasonable and provide maximum benefit to the Company.

## **Reporting Responsibilities**

1. Prepare the Audit Committee Meeting minutes to be proposed to the Company's Board of Directors.
2. Prepare the Report of the Audit Committee detailing the responsibilities and performance of the Audit Committee to be proposed to the Company's Board of Directors and included in the Company's Annual Report. The Report of the Audit Committee must at least consist of the information required by the Stock Exchange of Thailand (SET).

## **Other Responsibilities**

1. Coordinate the same trend of understanding among the Board of Directors, the Auditor and the Internal Audit Department and provide confidence and confirmation of the independence of the Internal Auditor and the Auditor.
2. Review and amend the Audit Committee Charter to suit the environment of the organization and propose amendments to the Company's Board of Directors for approval.
3. Review the Company's good corporate governance to assure that they are appropriate and in line with the policies specified.
4. The Chairman of the Audit Committee acknowledges the related interests of the Directors and the management or associated persons according to copy of the report on the related interests received from the Secretary of the Company.
5. Evaluate the committee's or individual member's performance on a regular basis.

## NOMINATION & REMUNERATION COMMITTEE

The Company established the Nomination & Remuneration Committee on January 19, 2007. The committee is comprised of three independent/non-executive directors, and the tenure of committee members shall be for a period of three years which shall run concurrently with their tenure on the Board.

As of December 31, 2014, the Nomination & Remuneration Committee was comprised of the following directors:

No.	Name	Designation	Status	Attendance
1	Mr. Metha Suvanarn	Chairman	Independent	5/5
2	Miss Nopporn Tirawattanagool	Director	Non-Executive	4/5
3	Dr. Ulf Lange <sup>1/</sup>	Director	Non-Executive	3/5
4	Mr. Bryan James Smith <sup>2/</sup>	Director	Non-Executive	-
5	Mr. Andreas Johann Wilhelm <sup>3/</sup>	Director	Non-Executive	-

Remarks: 1/ Appointed as Director of the Committee on January 29, 2014 and resigned on October 1, 2014.

2/ Appointed as Director of the Committee on October 4, 2014.

3/ Resigned as Director of the Committee on January 28, 2014.

### Composition

The Committee shall be comprised of at least three non-executive directors, one of whom shall be an independent director. Directors who are not Committee members may attend Committee meetings at the invitation of the Committee.

In appointing the members of 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 (SET) and the Stock and Exchange Commission (SEC).

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 Committee members shall be for a period of three years and shall run concurrently with their tenure on the Board.

### Meetings

- ◆ Meetings shall be held quarterly and at such other times and locations as may be deemed appropriate. A quorum of the Committee shall be three members present throughout the meeting, which can also be held via teleconference or e-mail.
- ◆ 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 it deems necessary or expedient to provide a formal selection and recommendation procedure for new Board appointments, CEO and CEO direct reports, with the exception 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 to the fulfilment of its duties.

#### **Duties and 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 toward 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 term 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.

#### **Nomination & Remuneration - Terms of Reference**

Subject to the restrictions set out under Excluded Matters 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 compensation payments;

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:

- ◆ Comply with all legal requirements including those of the Stock Exchange of Thailand (SET) listing rules, disclosure requirements and give due consideration to the principles of good corporate governance practices as recommended by the Stock Exchange of Thailand (SET); and
- ◆ Give due regard to the proportion of the Executive Director's 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:

1. Satisfy itself that appropriate supervision is in place for the Company's executive remuneration such as share options and similar schemes, determine grants of options to be made to executive directors, 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;
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 duly regard the provisions contained in the legal requirements including those of the Stock Exchange of Thailand (SET) 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 (SET);
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. 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;
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;
6. Be authorized by the Board to obtain such outside or other independent professional advice as it considers necessary in the fulfilment of its duties, all of which shall be at the Company's expense;
7. Consult with the Chairman of the Company in formulating the Committee's remuneration policy and consult with the Chief Executive Officer when determining specific remuneration packages for his/her senior direct reports;
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;
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 of Thailand (SET) requirements.

### Remuneration - Excluded Matters

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

- ◆ Determine the remuneration of any non-executive director (with the exception of the Company Chairman);
- ◆ Determine the terms of any consultancy agreement of any non-executive director including the members of this Committee;
- ◆ Report and account directly to shareholders on remuneration policies for both executive and non-executive directors;
- ◆ Determine any other matter which the Board shall advise the Committee is reserved to be determined by the Board; and
- ◆ 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:

- ◆ 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.
- ◆ May wish to consult with the other non-executive Board directors in its evaluation of the Chief Executive Officer.
- ◆ 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 has access to professional advice both inside and outside 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.

## INVESTMENT COMMITTEE

The Company established an Investment Committee on May 9, 1996. Members hold a one-year tenure. As of December 31, 2014, the Investment Committee comprised of the following members:

No.	Name	Designation	Attendance
1	Mr. Rowan D’Arcy	Chairman	3/4
2	Dr. Ulf Lange <sup>1/</sup>	Director	3/4
3	Mr. Bryan James Smith <sup>2/</sup>	Director	-
4	Mr. Chusak Salee	Member and Secretary	4/4
5	Mr. Surajak Kotikula	Consultant	2/4
6	Mr. Andreas Johann Wilhelm <sup>3/</sup>	Director	-

Remarks: 1/ Appointed as Director of the Committee on January 28, 2014 and resigned on September 30, 2014.

2/ Appointed as Director of the Committee on November 4, 2014.

3/ Resigned as Director of the Committee on January 28, 2014.

### General

The Investment Committee establishes investment guidelines and supervises the investment activities of the Company. The Investment Committee regularly monitors overall investment results, reviews compliance with investment objectives and guidelines, and ultimately reports the overall investment results to the Board of Directors. The 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.

### Objectives

The purposes of the Investment Committee (the “Committee”) of the Board of Directors (the “Board”) of Sri Ayudhya Capital 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.

### Composition

The Committee shall be comprised of at least three or more directors. 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 vote of the Board.

### Meetings

1. The Board shall designate one member of the Committee as its Chairman.
2. The Committee shall be in a position to specify rules and regulations to be in compliance with the conditions, rules and charter of the Investment Committee.



3. The Committee shall establish a regular meeting schedule, which shall be at least two times annually, or more frequently as circumstances require.
4. The Chairman of the Committee or majority of the members of the Committee may also call a special meeting of the Committee.
5. 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.
6. All actions of the Committee will require the vote of a majority of its members present at the meeting of the Committee at which a quorum is present. Attendance either in person, video conference and/or any other communications device in which members have access to details of the meeting is considered as a quorum.
7. The Committee shall maintain minutes of its meetings and shall regularly report on its actions to the Board.
8. The Committee may form sub-committees for any purpose that the Committee deems appropriate and may delegate to such sub-committees such power and authority as the Committee deems appropriate; provided, however, that no sub-committees shall consist of fewer than two members; and provided further, that the Committee shall not delegate to a sub-committee any power or authority required by any law, regulation, or listing standard to be exercised by the Committee as a whole.
9. 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 to provide financial information and any related information that is relevant to the Committee's activities, except as the Board may otherwise direct.

### **Responsibilities**

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

1. To review and approve, on a quarterly basis, any loan or investment made by, or on behalf of, the Company;
2. To review and approve periodically policies and guidelines governing the Company's investment portfolio, and monitor compliance with those policies;
3. To review and approve periodically policies and guidelines regarding the Company's use of derivatives, and monitor compliance with those policies;
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;
5. To monitor on an on-going basis the performance of the Company's investment advisers and retain and terminate such advisers as it deems appropriate; and

- 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.

#### Investigations, Studies and 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 have the authority to retain or terminate any consultant or adviser retained at the direction of the Committee or the Company's Chief Investment Officer to assist the Committee in carrying out its responsibilities, including the authority to approve the fees or other compensation, and other retention terms, of such consultant or adviser, such fees or other compensation to be borne by the Company.

#### 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:

- ◆ The adequacy, appropriateness and quality of the information received by the Committee and presented by the Committee to the Board; and
- ◆ 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.



## COMPLIANCE COMMITTEE

The Company established a Compliance Committee on February 28, 2012. As of December 31, 2014, the Compliance Committee comprised of the following members:

No.	Name	Designation	Status	Attendance
1	Mr. Vichit Kornvityakoon	Independent Director and Audit Committee Member	Chairman	3/3
2	Mr. Chusak Salee	Head of Operations	Member	3/3
3	Mr. Tivakorn Kanjanakit	Head of Distribution	Member	3/3
4	Ms. Orathai Rongthongaram	Head of Accounting/Finance	Member	3/3
5	Mr. Rakchart Smitinandana	Head of Information Technology	Member	3/3
6	Mrs. Apiradee Kanjanarat	Head of Human Resources	Member	3/3
7	Mr. Pramote Watthanateerakul	Head of Risk Management	Member	2/3
8	Ms. Jiratcha Ruplek	Head of Legal	Member and Secretary	3/3

### General

The Compliance Committee (“the Committee”) is established by the Board of Directors of the Company.

### Purpose

The purpose of the Compliance Committee is to assist and support the Board in reviewing and monitoring the Company’s employee compliance in the areas of corporate governance, social responsibility and sustainability.

### Composition

The Committee shall consist of at least the following members: Head of Distribution, Head of Operations, Head of Accounting and Finance, Head of Legal, Head of Information Technology, Head of Human Resources, Head of Risk Management, and Head of Audit (shall be an adviser to the Committee).

The Chairman of the Committee shall be an Independent Director and shall be appointed by the Chairman of the Board. The President or equivalent shall be an adviser to the Committee. The Secretary of the Committee shall be appointed by the Board of Directors. The Committee may invite other individuals to attend meetings of the Committee as appropriate.

### The Committee

- ◆ Operating within the context of the Company’s Corporate Governance framework to ensure compliance with the laws and regulations as applicable to the Company’s business activities as set forth in this Charter as well as reviewing the effectiveness of the Company’s non-financial policies and procedures;
- ◆ Building trust through lawful conduct and management of non-financial risk;
- ◆ Building trust by integrating high standards of business conduct and legal compliance with regards to environment laws and regulations;

- ◆ Building trust that the Company maintains its adherence to laws and regulations pertaining to the environment.
- ◆ Building trust that the Company maintains a high standard of conduct in the society and community in which we operate;

#### **Term**

Members of the Compliance Committee shall have a term of two years and be reviewed every two years. Additional members may be added, with the term specified as per the directive of their appointments. In case of a vacancy for reasons other than completion of the term, the Board of Directors shall appoint a new member who shall hold the office only for the remaining period. Members of the Committee may be re-appointed upon completion of their term to ensure continuity in their functions.

#### **Meetings**

The Committee shall meet as frequently as required but not less than three times a year. Any Committee member may call for a meeting of the Committee. Members of the Committee must be notified at least three days in advance on the meeting date, time, venue and agenda. A quorum of the Committee shall be at least 50% or more.

#### **Responsibilities**

The Committee is responsible for reviewing the Company's overall compliance program to ensure adherence and integration of laws and regulations into daily business operation and conduct of employees with the objective of reducing risks.

The Committee's responsibilities include but are not limited to the following:

- ◆ Adherence to Corporate Governance
  - Certify that corporate governance policies are properly applied and implemented to provide guidance to the directors, executives and other employees on:
    - Adherence to Corporate Governance rules and regulations as applied to stakeholders, such as shareholders, suppliers, customers and employees;
    - Assurance that ethical standards and practices are maintained in the Company's operations;
    - The responsibility to detect, communicate and report any unlawful and unethical practices;
    - Strict adherence to the Company's culture of compliance;
    - Control and, where appropriate, recommend changes to the Company's Corporate Governance policies; and
    - Review the Company's policy and management process as applicable to corporate social responsibility, and move it forward in order to meet objectives.
- ◆ Risk management of non-financial matters
  - Conduct ongoing assessment of the Company's risk profile such as security risk, IT risk and its impact to the business and make recommendations to the Audit Committee on acceptable levels of risk;



In managing under good corporate governance practices, the Company encourages and supports directors and senior management to attend director certification programs and other relevant programs held by the Thai Institute of Directors Association (IOD), all of which are considered beneficial to both attendants as well as to the Company. Additionally, for any newly appointed director, the Company supplies documents to introduce the nature of the Company's business, direction, and objectives.

Participation of Directors in Training/Seminars Organized by the Thai Institute of Directors Association (IOD).

No	Name	RCP	DAP	DCP	Fellowship	RCC	AACP	ACP	CGR	SFE	FGP	DCP Refresher	MFM	MIA	MIR	MFR	CDC	CSP	ACEP	CGI	BPE	DDE	DCPU	
1	Mr. Veraphan Teepsuwan	x		x																				
2	Mr. Surachai Prukbamroong	x	x						x			x										x		
3	Mr. Vichit Kornvityakoon				x		x												x					
4	Mr. Metha Suvanasan			x	x	x						x												x
5	Ms. Nopporn Tirawattanagool		x	x		x		x			x								x					
6	Mr. Chusak Salee				x																			
7	Mr. Laksna Thongthai				x	x																		
8	Mr. Virojn Srethapramotaya	x	x	x	x		x	x		x	x	x	x	x	x	x	x			x		x		
9	Dr. Ulf Lange				x																			
10	Mr. Suwat Suksongkroh				x							x							x					
11	Mr. Bryan James Smith*																							
12	Mr. Rowan D'Arcy				x																			

\* Pending training by the IOD in June 2015.

Role of the Chairman	(RCP)
Director Accreditation Program	(DAP)
Director Certificate Program	(DCP)
Fellowship	Fellowship
Role of the Compensation Committee	(RCC)
Advanced Audit Committee Program	(AACP)
Audit Committee Program	(ACP)
Corporate Governance Report of Thai Listed Companies	(CGR)
Successful Formulation & Execution of Strategy	(SFE)
Financial Institutions Governance Program	(FGP)
DCP Refresher Course	DCP Refresher
Monitoring Fraud Risk Management	(MFM)
Monitoring the Internal Audit Function	(MIA)
Monitoring the system of Internal Control and Risk Management	(MIR)
Monitoring the Quality of Financial Reporting	(MFR)
Chartered Director Class	(CDC)
Company Secretary Program	(CSP)
Anti-Corruption for Executive Program	(ACEP)
Corporate Governance for Capital Market Intermediaries	(CGI)
Board Performance Evaluation	(BPE)
Directors Diploma Examination	(DDE)
Director Certification Program Update	(DCPU)



### Succession Plan

The Executive Committee keeps the Board of Directors informed of the development and succession planning inclusive of the selection process of senior executives. The development of executives and succession planning is done simultaneously in order to ensure that the Company's objectives are reached with continuity.

### Internal Information Control

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.

The Company has established policies to protect against insider trading and provided advice on securities trading to ensure employees are well-informed of the prohibition on insider trading. Employees must strictly comply with relevant laws and regulations pertaining to the use of internal information, including laws on financial institution business, securities, and the stock exchange. The Company put into place measures to provide employees comprehensive knowledge and understanding of anti-insider trading policies, and to provide consultation on securities trading.

The Company has established privacy policies to protect the "privacy of individuals", as related to the "personal information" of customers, partners, employees and board/committee members, as well as to ensure employees understand privacy policies regarding the acquisition, utilization, disclosure, and responsible preservation of personal information. This helps protect against illegal practices and any adverse effects on reputation, credibility, and the Company's image from the disclosure of private information. It also avoids conflicts of interest from the acquisition, utilization, and disclosure of personal information.

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

- ◆ Any direct and/or indirect involvement or undertaking of consultation for businesses that may be of similar nature to the Company's business.
- ◆ Any direct and/or indirect use of position to acquire personal benefits and/or others' benefits by illegal means.
- ◆ To disclose policy and business performance that is kept confidential to outsiders.
- ◆ To obtain photocopies of essential company documents without permission and/or inform those not related to the Company of its business performance.

### Subsidiary and Associate Oversight

The Company oversees the operations of its subsidiary, Sri Ayudhya General Insurance Public Company Limited, where the Board has regulatory mechanisms capable of governing management and responsibilities as follows:

- ◆ Majority of The Company's directors are appointed as directors to administrate the operations of the subsidiary to align with the Company's objectives.
- ◆ The Company's Audit Committee is appointed as the subsidiary's Audit Committee with the authority, duties, and responsibilities as stipulated in the Audit Committee Charter.
- ◆ Internal control is established appropriately and strictly in the subsidiary in accordance with the Company's internal control, in terms of organizational, executive operational control, information & communication and monitoring systems.

In addition, the Company has established various policies to comply with the principles of good governance, and Code of Conduct which are consistent with the Company's policies, including anti-corruption policy, conflict of interest policy, corporate governance policy, fair employment policy, policy regarding the law on competition, environment, health and safety policy, policy on sponsorship and donation, and the initiation of corporate social responsibility (CSR) projects, gifts and entertainment policy, intellectual property policy, sanctioned countries and specially designated nationals (SDN) policy, government involvement policy, anti-insider trading and security trading consultation policy, privacy policy, supplier relationships policy, business continuation management policy, and risk management policy. As for the associate company, Allianz Ayudhya Assurance PCL, several directors of the Company have also been appointed as directors.

### Good governance practices in other aspects:

- ◆ Code of Conduct: The Company has declared and distributed business ethics handbooks so that the Board, committees, sub-committees, and employees can use them as a guide in performing their roles, adhering to moral principles that will lead to success under regular oversight from responsible units.
- ◆ The Company values giving back to society. As a part of the Thai community, the Company is committed to participating in developing society, communities, and the environment of Thailand for the future.
- ◆ The Company also established other policies to ensure its operations are in accordance with the principles of good governance. They are as follows:
  - Conflict of interest policy: This policy was established to serve as a guide for employees to strictly adhere to on disclosure or activities and/or relationships that may result in conflicts of interest.
  - Intellectual property policy: A guide the Company uses to advise employees to protect and respect the intellectual property of others.
  - Sanctioned countries and specially designated nationals (SDN) policy - The policy deals with sanctioned states or specially designated nationals (SDN) by the UN and/or the US government. The policy was established to protect the reputation and credibility of the Company in the eyes of investors and government officials, domestically and internationally.

## RISK MANAGEMENT

The Company established the Risk Management Committee on September 1, 2012 comprised of executives from each department of the Company and subsidiary as follows:

No.	Name	Status	Attendance
1	Mr. Rowan D'Arcy	Chairman	12/12
2	Mr. Chusak Salee	Member	11/12
3	Mr. Laksna Thongthai	Member	5/12
4	Mr. Tivakorn Kanjanakit	Member	10/12
5	Ms. Orathai Rongthongaram	Member	12/12
6	Mr. Satja Jungnitnirandr	Member	11/12
7	Mr. Sakrapee Sungkhapun	Member	10/12
8	Mr. Virat Luangaram	Member	11/12
9	Mr. Pirat Wongsaisuwan	Member	10/12
10	Mr. Supakij Sookpong	Member	10/12
11	Ms. Jiratcha Ruplek	Member	11/12
12	Ms. Siriwan Wangwilai	Member	11/12
13	Ms. Krisna Phoonsiri	Member	10/12
14	Mrs. Paporn Piyayodilokchai	Member	11/12
15	Mrs. Apiradee Kanjanarat	Member	12/12
16	Mr. Rakchart Smitinandana	Member	11/12
17	Mrs. Marin Saengsint	Member	12/12
18	Mr. Issra Choovisit	Member	10/12*
19	Mr. Pramote Wattanateerakul	Member	11/12
20	Mr. Pornsak Hengyotmark	Member	3/6**

Remarks: \* Joined the Company and became a member of the Risk Management Committee on February 1, 2014.

\*\* Resigned as employee on July 1, 2014.

### Objectives

The Risk Management Committee is responsible for overseeing risk management of the Company and the subsidiary with the authority to control, monitor and follow up to ensure that the Company's policy on risk management is strictly adhered to, including the reporting and evaluation of risks and in controlling the level of risks to be at acceptable level by the Company.

### Composition

Members of the Committee are executives of the Company and the subsidiary who are knowledgeable and experienced in the fields of work and are capable of considering, improving, and developing plans to ensure that the Company and the subsidiary can continue to operate while facing all types of risks by using measures to counter these risks to be at an acceptable level by the Company.

**Term**

The Committee membership has tenure, with annual assessment and review for reappointment. If, for any reason a position becomes vacant, the Chairman of the Committee shall appoint a new member to ensure continuity.

**Meetings**

The Committee meets monthly and in case of emergency, any member can call for a special meeting with an advanced notice.

**Responsibilities**

The scope and responsibilities of the Risk Committee are as follows:

1. Set the policy and propose to the Board to review the overall risk management which includes insurance risk, credit risk, liquidity risk, market risk, operational risk, and any other risk that may impact the operation, and investments.
2. Set and align strategy to the risk management policy that can be measured, monitored, and oversee that the insurance risk level is at an acceptable level.
3. Review the adequacy of the policy and risk management system including the effectiveness of the system and the implementation of the system as per the policy set.
4. Regularly report to the Board of Directors improvements to be made in order to align with the policy and strategy as set.
5. Ensure that the daily operation covers risk management controls, and that these are adequately reviewed, managed, and reported; and the importance of risk management is communicated to employees.
6. Present findings on risk management to the Audit Committee and to the Board.
7. The Risk Management Committee must meet at least once a month to review, evaluate, follow up, and oversee that the risk management policy and strategy are complied, and that risks are controlled at the level acceptable by the Company.

**Annual Review**

The Committee shall review its performance annually. Assessments on risk criteria are made, covering various types of risks as well as ensuring they are updated and current. Proposed changes then shall be submitted to the Board for review and approval.

# SUSTAINABLE BUSINESS DEVELOPMENT

## SUSTAINABLE BUSINESS DEVELOPMENT

The Company is committed to good business practices, and recognizes the importance of Corporate Social Responsibility (CSR). It is a duty to which the Company is committed as it intends to be a leader in developing businesses that not only benefit the Company but also the community. The Company established clear CSR and environmental policies per the guidelines enacted by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

Providing returns to our shareholders is one part of our mission. Our responsibilities are not complete until we can give back to the community that has always supported us. The Company started the CSR-in-Process and CSR-after-Process to emphasize awareness, responsibility and support from management and employees on all levels for participation to accomplish our CSR goals. Our areas of emphasis are:

1. Fair Business Operations
2. Anti-corruption
3. Respecting Human Rights
4. Fair Labor Practices
5. Responsibility Towards Consumers
6. Community and Social Development
7. Environmental Management
8. Innovation and Promulgation of Innovation Derived from CSR Operations

## STAKEHOLDERS

In determining CSR policies, the Company recognizes the importance of all stakeholders. The Company established policies to interact with all stakeholders, with their interest a priority, as well as abiding by all laws or agreements with individual stakeholders. The Company is committed to conducting business in such a manner as will not violate any stakeholder rights.

The Company is determined to operating with great accountability to stakeholders. We consider mutual growth and benefits for all parties, and want to ensure all stakeholders are aware of their legal rights because it will ultimately result in a sustainable business model for our business. This is stated in the Company's Code of Conduct to ensure that these policies are practiced. The level of commitment and collaboration are factors that will elevate the Company to be admired in the community.

The Company has clear communication channels for stakeholders to contact the Company for suggestions or comments through the Company's Secretary or the Company website.

*The Company has clearly stated guidelines for interacting with each stakeholder, including shareholders, clients, employees, competitors, lenders, the community, the environment and the government in the section: Report on Good Corporate Governance Practices — Role of Stakeholders.*

## FAIR BUSINESS OPERATIONS

The Company recognizes the importance of good corporate governance and therefore operates our business with fairness, accountability, and honesty to ensure operational effectiveness and sustainable growth. The Company established operational guidelines derived from a sufficiency economy business model to increase the Company's value and business operations under well-formed strategies, honesty, ethics, transparency and fairness to all stakeholders. The Company's operational guidelines follow the rules and regulations as enacted by the Stock Exchange of Thailand (SET), Securities and Exchange Commission (SEC).

*The Company is committed to operating under good corporate governance policies. The details can be found in the section: Report on Good Corporate Governance Practices.*

## ANTI-CORRUPTION

The Company entered into an agreement with the Collective Action Coalition or (CAC) on September 12, 2014, and understands the importance in taking a leadership role on anti-corruption activities. The Company has set policies and emphasizes them by having the Audit Committee monitor the activities of the Company and our subsidiary company to make sure our actions are within the law. The company distributed the Code of Conduct manual, which all employees must sign to receive, to provide clear guidelines on ethics, responsibilities and penalties.



Furthermore, the Company has established a Whistleblower Policy that requires directors, managers, and all employees to report any suspicious activities regarding corruption, rule violations, unethical behavior, actions against Company rules or actions considered sensitive to the Company's reputation. If an employee becomes aware of any suspicious activity as mentioned above, he/she can report it to the Head of the Audit Committee through the Internal Audit department.

*The Company established clear policies, the details of which can be found in the section: Report on Good Corporate Governance Practices — Anti-corruption.*

## RESPECTING HUMAN RIGHTS

The Company conducts its business operations with respect for basic human rights towards all employees and stakeholders. The Company takes into account civic rights and political rights, including rights to life and liberty, equality under the law, freedom of speech, fair practice, and respect for human life and dignity.

*The details for the report of operations under good governance and details regarding human rights policies for employees can be found in section: the Management Structure — Respect for Human rights.*

## FAIR LABOR PRACTICES

Our employees are the Company's most important asset. To achieve sustainable growth, the Company established policies to fairly treat each employee, starting from strictly following the Labor Laws Act of May 1998 when hiring. The Company



established search and recruiting processes that are fair, transparent, and accountable. The Company annually evaluates employee wages, salaries, and benefits per industry standards. The Company also established a performance evaluation system that is fair, transparent and accountable. The Company continually fosters employee skills development over multiple training platforms through various educational resources such as the intranet, and tracks employee development. The Company takes a proactive approach and has established a clear succession plan. Furthermore, the Company established a committee for employee benefits that takes part in the decision-making process regarding employee benefits. The goal is to improve the working environment by furthering education programs, modernizing the office space and improving the work environment, designing uniforms, holding annual events and participating in the proposals and management of CSR activities.

The Company established a direct communication channel between employees and management for any comments or suggestions to allow employees with ideas to contribute in developing the Company to become a fair, ethical and transparent organization.

*Details that support clarity in the policies and fair labor practices can be found in the section: Management Structure – Employee Management Policy.*

## RESPONSIBILITY TOWARDS CONSUMERS

Sri Ayudhya Capital Public Company Limited is an investment holding company with a subsidiary company named Sri Ayudhya General Insurance Public Company Limited. Our subsidiary company provides general insurance and advises our customers on risk management and impact on financials. The Company has provided policy guidelines for the subsidiary company to develop and maintain efficient operational standards, including financial and administrative processes to create consumer confidence and satisfaction in case assistance is required by customers encountering accidents. The Company is well-prepared in the areas of financial, technology and staff to provide a 24-hour service through a hotline called “All Incidents, One Number”. This is a one-stop call center that customers can call for assistance. They can also contact the Company through the responsive website and mobile website. These are efforts to provide the most prompt assistance and crucial information in the case of any emergency.

### Consumer Rights

- 1. Right to receive accurate information:** The subsidiary company created supplemental brochures to provide information on insurance with details, conditions of coverage and benefits per the laws enacted by the Office of Insurance Commission (OIC).
- 2. Right to confidentiality:** The Company keeps customer information confidential and will not distribute and/or exchange information for other benefits, except in cases dictated by law.
- 3. Right to complain:** The subsidiary company established convenient communication channels for customers to make complaints regarding employee service and how services were rendered, with a monitoring system for corrective actions and feedback to customers. As for shareholders of the Company, their basic rights can be found in the section: Report on Good Corporate Governance Practices - Shareholder Rights

## COMMUNITY AND SOCIAL DEVELOPMENT

“Developing Thailand’s Society, Community and Environment alongside Business Development in a Sustainable Way” Sri Ayudhya Capital Public Company Limited (AYUD) recognizes the importance of “CSR-After-Process” and considers its mission as a part of Thai society to set a good example through the development of programs, and activities that benefits the overall society.

Generating returns for shareholders is only one aspect of our overall mission. The Company's goals are only complete once it can give back to the community that always supports us. Currently, the Company is involved in multiple social and environmental CSR projects, and encourages employees to initiate potential future projects. The Company emphasizes engagement and responsibility resulting from collaborative efforts from all parties to ensure the activities we created are meaningful to all involved parties.

At the heart of our CSR work is to play a role and contribute to the development of the society and environment. The Company provides the rights and opportunities for employees to volunteer their time to taking part in these CSR activities. They can also propose a project for funding by the Company. Criteria for new projects will be considered with regards to suitability, objectives, and real needs to ensure the Company operates in alignment with the set objectives on CSR. Every employee is provided with a manual that states the Company's commitment and guidelines for CSR practices.

### Activity Processes

#### Insight

The Company emphasizes every employee who is a volunteer to gain insight into the necessity and suitability of each project.

#### Localization

The proposed activity or project should be beneficial and respond to the needs of the community, society and/or environment.

#### Involvement

Employee involvement is the most important aspect for the success of each project.

### Sustainable Transformation

Sustainable transformation is the ultimate goal each project aims to achieve.

### Social Aspect

#### ◆ Project for the Visually Impaired and the Blind: "12 Ideas to Make Someone Happy"

Through donations to The Educational Technology Center for the Blind, The Foundation for the Blind in Thailand under The Royal Patronage of HM The Queen, in Nonthaburi and Thailand Association of the Blind, the Company learned about other needs of these foundations which were beyond monetary donations. As a result, the Company reached out to help create awareness and interest among the general public by featuring ideas/ways to offer help through the Company's 2014 calendar and the 2014 New Year greeting cards under the concept 'Lending a Hand'. The concept shows 12 activities volunteers can do to help the visually impaired such as voice-recording books, converting printed materials into braille, preparing and binding books, spending time singing with the visually impaired, taking a stroll, planting trees, conversing, teaching the visually impaired to use the internet through specially designed applications, etc. All this is meant to show that there are many ways to assist the visually impaired to enhance their lives by giving time to do activities together.

After 17,000 calendars, at the cost of Baht 459,000 were distributed, both foundations reported major increases - more than doubling in the amount of aid received compared to previous years.

*"The usually quiet Center became filled with volunteers from many companies and the general public that came in large groups every day. It was so much at times we could not handle all the help, which is a very good thing" said Prof. Chanidapa Petcharaksa, Director of Education, at the Educational Technology for the Blind Center.*

"Now when people call us, they specify which activity they would like to volunteer for, which is different from the past," said Mr. Kittipong Sutthi, Director at Thailand Association of the Blind.



### Environmental Activities

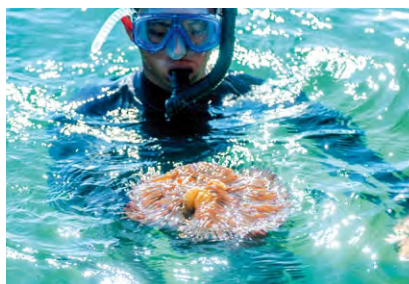
#### ◆ Mangroves Replanting Project, Year 5 at Klong Kone, Samut Songkhram

This is the 5th year the Company held an environmental preservation program through its mangrove replanting project at the Mangrove Forest Conservation Center in Samut Songkhram. The difference for this year's project was the increase in the number of volunteers, consisting of youth volunteers from the Christian Prison Ministry Foundation and over 120 insurance agents, who all collaborated to plant mangroves to help increase green areas and preserve the environment. This year, the Company and volunteers planted 1,000 trees.



#### ◆ Preserving the Ocean Project, Sattahip, Chonburi

Continuing with CSR activities concerning environmental preservation, the Company's staff participated in "Preserving the Ocean" project which consisted of replanting coral reef and releasing marine life back into the ocean at the Royal Thai Marine Corps, Toey Ngam beach, Marine Corps Bay, Sattahip, Chonburi.





**Education**

◆ **School Awning Project at Chanthaburi Provincial Special Education Center**

This Center provides initial education for handicappeds. Services includes programs such as seminars for volunteers and the local community to further improve comprehensive education. The building which houses the classrooms lacked any awning that provided shade from the hot sun, making them unbearably hot. As a result, “The Awning for Students” project was created with the collaboration of the Company’s staff from three Eastern region volunteer teams in Rayong, Chonburi, and Pattaya. They jointly built the awnings for the center, shielding the classrooms from direct sunlight. With protection from the hot sun, the classrooms are now filled with happier students. This project also extended scholarships to underprivileged students.



◆ **Education Development Projects**

In 2014, the Company donated 45 computers and other technological equipment for educational purposes. These donations were aimed at providing better equipment for schools and educational centers.

1. The donation helped establish an electronic library at the Second Battalion and the 29th Battalion at Surasee Base, Kanchanaburi.
2. The donation of computers to the Army Air Defense Command (AADC) 551 Bangkok was for the purpose of establishing a learning center to improve the quality of education for the AADC.
3. The donation of computers to Wat Talad Kriap School in Phra Nakhon Si Ayutthaya.
4. The donation of computers to the library at Wat Sitharam School in Ang Thong.



◆ **Activities on Children’s Day and Sports Day**

The Company donated 50 teddy bears on Children’s Day to Wat In School in Nonthaburi as a part of the Children’s Day sports activities between parents and children.



**ENVIRONMENTAL MANAGEMENT**

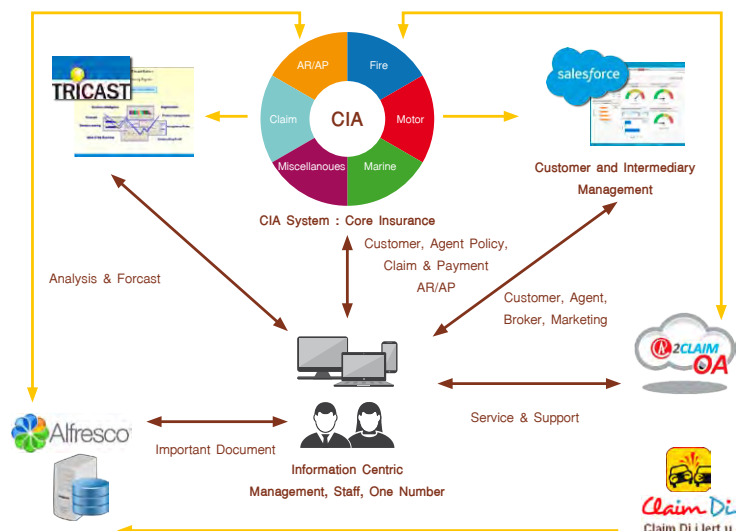
The Company recognizes the importance of the environment and how business operations may affect it. The Company has put into effect several measures to mitigate such impact to the environment as follows:

1. The Company instructed employees to limit paper usage to “as needed” basis, to reduce the impact on the environment, and save paper for other purposes. The Company now stores documents in servers and strives to minimize paper usage through other means such as using CDs instead of printing reports in an effort to becoming a true paperless office.
2. The Company makes an effort to prevent global warming by turning off the electricity every day at noon for 1 hour.

**INNOVATION AND PROMULGATION OF INNOVATION DERIVED FROM CSR OPERATIONS**

The Company values the importance of creating business innovations that will benefit both the business and societal sides, and extend into CSR. Innovations the Company and its subsidiary companies created in 2014 were:

- ◆ A joint development of an OPD debit card with Krungsri Bank: This all-in-one debit card provides cash and insurance for people who are freelance workers. This innovative idea of putting the debit card and OPD insurance together, saves time and provides convenience to customers by reducing the amount of time needed to apply for insurance. At the same time, for the Company, it reduces the internal administrative processes required, resulting in improved efficiency.
- ◆ The creation of E-claims in collaboration with the Office of Insurance Commission (OIC) that allows consumers to make claims directly on the internet for speedy processing, saving time while consumers do not need to make an advance payment for medical expenses.
- ◆ The Company created “All Incidents, One Number”, a one-stop call center customers can call for assistance 24 hours a day for quick and easy access to services.
- ◆ The Company developed a responsive website and a mobile website to provide the most prompt assistance and crucial information in the case of an emergency.
- ◆ The Company developed a new innovative IT system called CIA System - Core Insurance linking all work processes together resulting in reduction of costs, increase of efficiency, speed of delivery, and customer satisfaction.



# INTERNAL CONTROL AND RISK MANAGEMENT



The Company established a system to monitor and manage the following areas: internal control, risk assessment, operation controls, IT & communications, and monitoring.

**The appointment of the Compliance Committee and the Head of Internal Audit**  
At meeting No. 2/2012, held on February 28, 2012, the Board of Directors approved the appointment of the Compliance Committee in accordance with the law as well as in recognition of the principles of good corporate governance and the regulations of the Securities and Exchange Commission (SEC). The Board also appointed Mr. Vichit Kornvityakoon, Independent Director and Member of the Audit Committee, to serve as the Chairman of the Compliance Committee on January 29, 2013. His personal information is available in the Board of Directors Information section of this report.

#### ◆ Delegation of Internal Audit Personnel

At meeting No. 4/2014, held on August 7, 2014, the Board of Directors approved the appointment of Mrs. Paporn Piyayodilokchai, Senior Vice President of the Internal Audit Department of Sri Ayudhya General Insurance Public Company Limited (a subsidiary), to serve as the Company's Head of Internal Audit as Senior Vice President of the Internal Audit Department, Sri Ayudhya Capital Public Company Limited (parent company), effective July 1, 2014. This appointment was based on her qualifications, more than 10 years' experience, and understanding of the internal audit procedures of insurance and financial businesses, as well as her training record in courses related to the performance of internal audit, with details provided in the Other Information section, under Head of Internal Audit. The appointment, removal or relocation of the Head of Internal Audit must be approved by the Audit Committee.

At the Meeting No. 2/2015, on February 26, 2015, the Board of Directors, Independent Directors and three Audit Committee members in attendance, the Board of Directors reviewed the adequacy of the





internal control system through internal control assessment questionnaire directed to the Company's executive directors and the report of the Audit Committee. The Board of Directors was of the opinion that the Company's internal control was sufficient and appropriate, and contributed to its efficient and effective operation. Financial reports were reliable and timely, and provided valuable data for the consideration of business decisions. The Company's operation was in line with the law, as well as the regulations and policies of the Company. The Company also established a system of internal control that effectively monitors and controls the operation of its subsidiaries, which can be summarized as follows:

## 1. INTERNAL CONTROL

The Company is committed to integrity and ethics, with continuous development in internal controls. The management established a hierarchical structure of command and responsibility appropriate to achieving the Company's business objectives with the oversight of the Board of Directors. The Company is also committed to motivating, developing and retaining talented personnel. The responsibility of the personnel designated for the Company's internal control system is to achieve the objectives of the Company by assuring an environment in which the appropriate control is in place, as follows:

- The key business management policy is based on honesty and ethics. Clear business objectives are also set for a measurable output in accordance with the pertinent laws and regulations applicable to business operations with a policy of rigorous and high-standard corporate governance.
- The annual budget was analyzed carefully by the administrators and approved at a meeting of the Board of Directors. In setting policy and operation plans, the Company took into consideration fairness to all stakeholders according to the principles of good corporate governance of the Stock Exchange of Thailand for the long-term benefit of the Company.
- An organizational structure with clearly defined responsibilities for each division within the Company was established in accordance with the organization chart.
- Written operational rules and manuals for each division were disseminated through the Company's intranet.
- Company rules specified Codes of Conduct that prohibited personnel from engaging in actions that would be counter-productive to the interests of the Company, and set penalties for any violation. In addition, a monitoring system run by each subsidiary and the Company's oversight management continuously monitored compliance to this Code of Conduct, and evaluated the adequacy of the internal control system of each division of the Company by the internal audit department of the subsidiary.

## 2. RISK ASSESSMENT

The Company's objectives were made clear to identify and assess risks associated with achieving the objectives of the organization. All relevant risks that could affect the performance of the Company were explicitly and comprehensively identified and analyzed. In addition, the Company assessed any possibilities of the risk of fraud, and identified and assessed changes that could affect the Company's internal control system. The following risk management measures were established:

- The Company established a Risk Management Committee to serve and be responsible for the risk management and related procedures of the Company. The Company's policy on risk management is to mitigate significant

risks to the extent possible. Such risks include strategic risks, operational risks, investment risks, market risks, liquidity risks, financial reporting risks, and other compliance risks. Details may be found in the Risk Factors section of this report. The Board of Directors is to review and evaluate the standards and sufficiency of the system and the effectiveness of the procedures implemented at least once annually or as required.

- Financial reports are accurate and sufficient. There are internal control system and internal audits that are sufficient and effective with adherence to the laws and regulations as specified by the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET), and other related laws and regulations as pertain to the business. Related transactions comply with laws and regulations of the Stock Exchange of Thailand.
- The Company approved the appointment of Deloitte Touche Tohmatsu Jaiyos Audit Company Limited, by Dr. Suphamit Techamontrikul, CPA License No. 3356, and/or Mr. Permsak Wongpatcharapakorn, CPA License No. 3427 and/or Mr. Chawala Tienprasertkij, CPA License No. 4301 as its auditors as per the resolution of Annual General Shareholders' Meeting No. 65 on April 22, 2014.
- Notwithstanding the system in place, any early warning signs will be investigated. In order to prevent any wrongdoing, the Risk Management Committee also established a Fraud Prevention Guidance and Whistle Blower Policy via the Company intranet for employees to follow as an additional measure to assure that business is conducted properly and legally.

### 3. OPERATION CONTROLS

The Company uses several measures to assure that the risk of failure to achieve the Company's objectives is maintained at the lowest acceptable level. This is accomplished through the development of technology that controls and helps to support the achievement of company objectives through various policies that set out the expectations and procedures that will translate into operational performance. The Company controls management operations as follows:

- There is a clear written delegation of authority and credit authorization for each level of the management.
- There is a clear division of authority, with the separation of authorization and reporting on accounting records and IT, and asset records for counter-checking.
- The Company operates in compliance with the announcements and regulations of the Stock Exchange of Thailand, as prescribed by the Securities and Exchange Commission regarding business operations with major shareholders, the Board, administrators and other related parties.
- Monitoring measures have been put in place to assure that business is conducted properly to prevent, and correct, any violations, including penalties for violators.

### 4. IT & COMMUNICATION

The Company has established a timetable for reporting quality analytical information so that internal control can proceed as scheduled. Data communication within the organization includes objectives and responsibilities necessary to assure that internal control procedures can proceed as planned. It also provides for communication with outside agencies on issues that may affect the Company's internal control. IT and telecommunication controls include the following points:

- The Board of Directors is provided with ample and accurate information to be used in making decisions, including letters calling for meetings and documents used in meetings, and necessary documents and data for consideration are prepared in advance. Reports of Board of Directors Meetings are sufficiently detailed to allow shareholders to inspect the work of the Board of Directors.
- File documents, account records and financial data are kept systematically using standard certified accounting procedures appropriate to the nature of the Company's business.
- Compilation of financial data includes appropriate, topical and timely financial data and materials relating to various operations that management can use to make decisions on policies and procedures, utilizing IT capability to help assess possible outcomes and assuring that this data is correct, and readily accessible to the relevant authorities.
- In the event of an emergency, the Company has in place a data backup system to retrieve data in case of system breakdown at the head office.
- An efficient system of internal and external communications has been established to keep employees updated so that each employee can function effectively in own area of responsibility.

## 5. MONITORING

The Company has in place a monitoring and evaluation system to ensure that internal controls are properly carried out and any deficiency in internal control is timely communicated to the responsible persons, including senior management and the Board of Directors, as appropriate. The following measures are:

- The management regularly makes comparison on business results versus objectives and presents its findings to the Board of Directors. With the comparison, management determines the cause and immediately takes corrective and timely measures. Additionally, it is the Company's policy that the management reports to the Board of Directors immediately in cases of dishonesty or suspected dishonesty, any possible violation of the law or any other wrongdoing that could have significant implications for the Company's reputation and or financial standing.
- The Audit Committee is established to be responsible for monitoring financial data preparation procedures through a system of internal controls and audits in compliance with relevant laws and regulations, including the nomination of auditors with remuneration specified.
- The Internal Audit Department is established and is responsible for regularly 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 Executive Committee and the Audit Committee for a determination of corrective measures within an appropriate time frame.
- Currently, as the size of business is not yet massive, the Company uses the services of Internal Audit Department of Sri Ayudhya General Insurance PCL (its subsidiary) to conduct the auditing work for the Company.

## RELATED PARTIES TRANSACTIONS

The Company conducted and disclosed related parties transactions with the subsidiary and the related companies. The relationship, which may be by shareholding or by having the same Company's directors or shareholders, is shown as a note No. 31, in the financial statements for the year ending December 31, 2014. The transactions which occurred between the subsidiary and the related parties were conducted based on agreements made and were based on normal course of business conditions.

The Audit Committee has reviewed the related-parties transactions between the subsidiary and the related parties for the fiscal year ending December 31, 2014 and is in the opinion that the transactions were conducted based on normal course of business conditions and that the completed transactions were not done any differently from the ones completed for outside parties; and no stakeholders were involved in the related parties approval process. The Company does not have any policy to support any stakeholder in conducting related parties transactions, however, if such transactions do occur, these will follow the normal course of business conditions, with no difference in offers on pricing and/or terms.

# REPORT OF THE AUDIT COMMITTEE

To the shareholders of Sri Ayudhya Capital Public Company Limited,

The Audit Committee is responsible for supervision as designated by the Board of Directors with the scope of responsibilities and authority in compliance with the Audit Committee Charter. The Audit Committee is comprised of independent directors as follows:

- |                              |                                  |
|------------------------------|----------------------------------|
| 1. Mr. Surachai Prukbamroong | Chairman of the Audit Committee  |
| 2. Mr. Metha Suvanarn        | Member of the Audit Committee    |
| 3. Mr. Vichit Kornvityakoon  | Member of the Audit Committee    |
| Mrs. Paporn Piyayodilokchai  | Secretary to the Audit Committee |

In 2014, the Audit Committee held nine meetings, two with the auditors to acknowledge and consider various issues which can be summarized as follows:

## FINANCIAL REPORTS

Reviews of quarterly and annual consolidated financial statements, and separate financial statements were conducted with the Company's executives, accounting executives and the Company's auditors to ensure that the financial statements were completed under the generally accepted accounting principles. The disclosure of information was adequate, accurate and complete. The reviews covered the financial policy as well as important changes that occurred.

## INTERNAL CONTROL AND COMPLIANCE WITH THE LAWS

Reviews of the Company's internal control systems were conducted to ensure its efficiency and compliance with governing laws and regulations, including those of the Securities and Exchange Commission and the Stock Exchange of Thailand. Audit reports were reviewed with Company's auditors, the internal auditors, and Company's executives. Discussions and recommendations were made based on the result of the audit in order to improve items of importance to ensure that the Company has a sound internal system that is in compliance with the laws, rules and related regulations.

The reviews were made on the results of the internal control of the computer information technology, and the Company's risks management as well as reviews on good corporate governance practices. Reports on good corporate governance practices, and internal control were reviewed for disclosure in the Annual Report.

In addition, meetings with the auditors were held separately without the Company's executives to notify issues that are required to be acknowledged by the Audit Committee with regard to the performance and the independence of auditors in conducting the audits as well as compliance with Section 89/25 of the Securities and Exchange Act (No.4) BE 2551 (2008).

## TRANSACTIONS WITH POSSIBLE CONFLICT OF INTEREST

Reviews were made on related-party transactions and transactions that may be considered as conflict of interest in order to ensure that these items were conducted in compliance with laws and regulations related and that adequate disclosures were made. The Audit Committee provided opinion on conducting transactions between the Company and related parties to ensure that these transactions were made under normal course of business conditions.

In addition, reviews were made to consider the approval in the principle to sell ordinary shares in Sunrise Equity Company Limited to Great Luck Equity Company Limited and Great Fortune Equity Company Limited as they are related parties to the Company.

## **SUPERVISION OF INTERNAL AUDIT DEPARTMENT**

The Internal Audit charter was reviewed and approved to provide the internal auditor department with appropriate scope of responsibility and independence needed to perform its duties. Audit plans, and staffing were reviewed to ensure adequate resources were designated; audit reports of other departments were also reviewed.

## **AUDIT COMMITTEE CHARTER**

The Audit Committee approved the adjustment to the Audit Committee Charter to be more current and relevant. In doing so, the Audit Committee complied with the specified procedures within the Charter in order to promote good corporate governance practices effectively.

## **THE COMPANY'S AUDITOR**

The Audit Committee proposed for approval at the ordinary General Shareholders' Meeting the appointment of Deloitte, Touche Tohmatsu Jaiyos Audit Company Limited, with Dr. Suphamit Techamontrikul, and/or Mr. Permsak Wongpatcharakorn, and/or Mr. Chavala Tienprasertkij as the Company's auditors for fiscal year 2015.

The Audit Committee has independently performed its duties without limitation in obtaining information and has received cooperation from the Company. The Audit Committee is in the opinion that financial reports were complete and accurate and the financial disclosures were adequate and appropriate, and in line with standard accounting practices. Internal control, internal audit and risk management are adequate and efficient. Laws, rules and regulations of the Securities Exchange Act, the Stock Exchange of Thailand and other related laws are observed. Transactions with possible conflict of interest or transactions between the Company and related parties were conducted in compliance to the normal business operation conditions, and the disclosure of information was sufficient. The auditors were able to perform duties with independence and professionalism.



(Mr. Surachai Prukbamroong)  
Chairman of the Audit Committee  
February 26, 2015



# REPORT OF THE NOMINATION & REMUNERATION COMMITTEE

## Dear Shareholders,

The Nomination & Remuneration Committee is comprised of three members who are non-executive directors: Mr. Metha Suvanarn serves as Chairman of the Nomination & Remuneration Committee, Ms. Nopporn Tirawattanagool serves as a member of the Nomination & Remuneration Committee, and Mr. Bryan J. Smith serves as a member of the Nomination & Remuneration Committee.

The Nomination & Remuneration Committee has performed its duties as assigned by the Board of Directors. In 2014, the Committee held five meetings. Joint meetings were held with the President & CEO and senior management to obtain information to support the Committee in its consideration of the matters in its purview. Meeting reports are regularly provided to the Board of Directors. Key undertakings in 2014 can be summarized as follows:

## Nomination

- ◆ Re-elected directors in compliance with the Public Limited Companies Act, B.E. 2535 (1992) and other related regulations.
- ◆ Reviewed the Nomination & Remuneration Committee Charter.
- ◆ Reviewed the suitability and management effectiveness of the company structure for the Company and its subsidiary which resulted in the transfer of the Audit Department and the Human Resources Department from Sri Ayudhya Capital PCL to Sri Ayudhya General Insurance PCL.
- ◆ Reviewed and approved qualifications of the successors to President & CEO and Managing Director of the Company to ensure that they meet with the criteria established, with the vision, expertise, and experience appropriate to the Company's culture and the nature of insurance business.
- ◆ Searched for candidates with the appropriate qualifications to succeed President & CEO and Managing Director who have completed their full terms with the Company and the subsidiary.

## Remuneration

- ◆ Considered annual salary adjustments to be in line with the insurance industry for employees of the Company and the subsidiary.
- ◆ Considered 'in-patient' benefits to be more appropriate for the employees of the Company and subsidiary.
- ◆ Considered and proposed to the Board of Directors the target letter for President & CEO and Managing Director.
- ◆ Considered and proposed to the Board of Directors the remuneration for President & CEO and Managing Director.
- ◆ Considered and proposed to the Board of Directors the remuneration for the directors.

In 2014, the Nomination & Remuneration Committee performed its duties as assigned fully and properly with competence, dedication and independence in the best interests of the Company and its shareholders.



Mr. Metha Suvanarn

Chairman of the Nomination & Remuneration Committee

# OPINION ON RELATED TRANSACTIONS

February 26, 2015


Subject : Opinion on Related Parties Transactions


To : The Shareholders of Sri Ayudhya Capital Public Company Limited


The Audit Committee is in the opinion that related parties transactions between Sri Ayudhya Capital Public Company Limited and related companies for the fiscal year ended December 31, 2014 were conducted in the Company's normal course of business.

For your acknowledgement.

Respectfully,

  
(Mr. Surachai Prukbamroong)

  
(Mr. Metha Suvanasarn)

  
(Mr. Vichit Kornvityakoon)

Members of the Audit Committee  
Sri Ayudhya Capital Public Company Limited

# REPORT ON THE BOARD OF DIRECTORS' RESPONSIBILITY TOWARDS THE FINANCIAL STATEMENTS

The Board of Directors is responsible for the financial statements of the Company and its subsidiary, the financial information appearing in the annual report and on the internet. As such, the financial statements are prepared in accordance with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand, 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 established and implemented effective internal control systems, 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 fraud or significant misconduct.

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.

The Board of Directors is of the opinion that the Company and its subsidiary's internal controls are satisfactory and allow for reasonable confidence in the reliability of the financial statements, the consolidated financial statements of the Company and its subsidiary as of 31 December 2014.



**Mr. Veraphan Teepsuwan**  
Chairman



**Mr. Rowan D'Arcy**  
President & CEO

# REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS  
SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED

We have audited the consolidated financial statements of Sri Ayudhya Capital Public Company Limited and its subsidiary and the separate financial statements of Sri Ayudhya Capital Public Company Limited, which comprise the consolidated and separate statements of financial position as at December 31, 2014, and the related consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Thai Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## OPINION

In our opinion, the aforementioned consolidated and separate financial statements present fairly, in all material respects, the financial position of Sri Ayudhya Capital Public Company Limited and its subsidiary and of Sri Ayudhya Capital Public Company Limited as at December 31, 2014, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

## EMPHASIS OF MATTER

Without modifying our opinion, as discussed in Note 4 to the financial statements, the Company has adjusted the proportionate interest in other component of equity of an associated company. The comparative information thus has been retrospectively restated and disclosed in the consolidated financial statements.



Dr. Suphamit Techamontrikul  
Certified Public Accountant (Thailand)  
Registration No. 3356

BANGKOK  
February 19, 2015

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

# STATEMENT OF FINANCIAL POSITION

## SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2014

BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS			SEPARATE FINANCIAL STATEMENTS	
		As at December 31, 2014	" Restated "		As at December 31, 2014	As at December 31, 2013
			As at December 31, 2013	As at January 1, 2013		
<b>ASSETS</b>						
Cash and cash equivalents	6.2	1,368,953,462	1,687,252,257	643,336,334	37,540,186	94,959,977
Accrued investment income		15,071,761	19,762,271	20,773,777	4,771,687	8,872,295
Premium due and uncollected - net	7	305,664,100	255,078,129	241,337,045	-	-
Reinsurance assets	8 and 42	1,426,546,757	2,266,431,074	4,007,840,736	-	-
Investments						
Investment in securities	9					
Available-for-sale securities		3,033,717,399	2,031,863,773	2,148,507,241	2,619,482,992	1,128,175,838
Held-to-maturity securities		1,613,549,652	561,064,442	630,304,109	205,743,886	251,669,433
General investment		19,489,832	549,883,992	549,883,992	18,328,862	548,673,022
Total investment in securities		<u>4,666,756,883</u>	<u>3,142,812,207</u>	<u>3,328,695,342</u>	<u>2,843,555,740</u>	<u>1,928,518,293</u>
Loans	10	1,377,588	2,677,320	4,378,107	50,285	102,578
Investment in an associate	4 and 11	2,717,156,173	1,874,206,309	1,692,412,228	1,487,263,618	1,487,263,618
Investment in a subsidiary	11	-	-	-	1,823,578,981	1,823,578,981
Premises and equipment - net	12	55,125,177	56,030,529	57,447,296	10,126,123	12,122,438
Intangible assets - net	13	88,236,871	101,051,296	117,252,004	24	24
Deferred tax assets	14	225,365,499	297,414,027	356,907,491	20,120,809	21,496,018
Deferred commissions expenses		59,835,673	54,395,871	39,920,631	-	-
Other assets	15	71,230,301	59,607,809	70,122,222	19,266,553	17,897,628
<b>TOTAL ASSETS</b>		<u><u>11,001,320,245</u></u>	<u><u>9,816,719,099</u></u>	<u><u>10,580,423,213</u></u>	<u><u>6,246,274,006</u></u>	<u><u>5,394,811,850</u></u>

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

# STATEMENT OF FINANCIAL POSITION (CONTINUED)

**SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY**  
**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT DECEMBER 31, 2014**

BAHT

	Notes	CONSOLIDATED			SEPARATE	
		FINANCIAL STATEMENTS			FINANCIAL STATEMENTS	
		As at December 31, 2014	" Restated "		As at December 31, 2014	As at December 31, 2013
			As at December 31, 2013	As at January 1, 2013		
<b>LIABILITIES AND EQUITY</b>						
Income tax payable		268,870,380	1,123,654	1,146,162	262,718,459	1,123,654
Due to reinsurers	16	795,480,417	622,509,146	888,181,628	-	-
Insurance contract liabilities						
Loss reserves and outstanding claims	17	1,090,155,681	2,268,281,429	2,931,055,765	94,778,223	91,681,635
Premium reserve	18 and 42	1,451,942,098	1,338,149,536	1,314,816,028	-	-
Employee benefit obligations	19	60,974,363	62,757,420	57,217,784	4,599,701	14,572,338
Deferred tax liabilities	21	14,137,491	12,196,552	36,637,056	10,702,738	9,755,202
Premium written received in advance		334,883,105	330,860,001	258,459,569	-	-
Commissions and brokerages payables		62,710,173	52,876,141	47,104,950	-	-
Accrued expenses		85,376,901	66,361,950	47,763,396	22,389,998	20,672,957
Other liabilities	22	60,049,814	83,406,497	67,625,246	4,175,104	421,897
<b>TOTAL LIABILITIES</b>		<b>4,224,580,423</b>	<b>4,838,522,326</b>	<b>5,650,007,584</b>	<b>399,364,223</b>	<b>138,227,683</b>
<b>EQUITY</b>						
Share capital						
Authorized share capital						
500,000,000 ordinary shares of						
Baht 1.00 each		500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Issued and paid-up share capital						
250,000,000 ordinary shares of						
Baht 1.00 each		250,000,000	250,000,000	250,000,000	250,000,000	250,000,000
Premium on share capital		3,512,183,950	3,512,183,950	3,512,183,950	3,512,183,950	3,512,183,950
Retained earnings						
Appropriated						
Statutory reserve	23	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Other reserve	24	-	900,000,000	900,000,000	-	900,000,000
Unappropriated		2,466,340,393	231,197,121	(87,836,359)	2,011,670,976	525,135,502
Other components of equity						
Surplus on revaluation of investments	6.1.1	36,793,867	29,030,113	126,792,129	23,054,857	19,264,715
Share of other comprehensive income						
of an associate	4	461,421,612	5,785,589	179,275,909	-	-
<b>TOTAL EQUITY</b>		<b>6,776,739,822</b>	<b>4,978,196,773</b>	<b>4,930,415,629</b>	<b>5,846,909,783</b>	<b>5,256,584,167</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>11,001,320,245</b>	<b>9,816,719,099</b>	<b>10,580,423,213</b>	<b>6,246,274,006</b>	<b>5,394,811,850</b>

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



# STATEMENT OF COMPREHENSIVE INCOME

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2014

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2014	“ Restated ” 2013	2014	2013
<b>Revenues</b>					
Net premium earned	25	1,821,693,495	1,908,651,369	-	-
Fee and commission income	25	370,221,695	230,480,387	-	-
Total revenues		<u>2,191,915,190</u>	<u>2,139,131,756</u>	<u>-</u>	<u>-</u>
<b>Expenses</b>					
Underwriting expenses					
Losses incurred					
Insurance claims and loss adjustment expenses	25	689,132,488	828,777,267	-	-
Commissions and brokerages expenses	25	454,613,502	421,395,418	-	-
Other underwriting expenses	25	362,463,110	351,533,433	-	-
Operating expenses	26	367,357,951	435,540,607	112,906,707	88,957,773
Total underwriting expenses		<u>1,873,567,051</u>	<u>2,037,246,725</u>	<u>112,906,707</u>	<u>88,957,773</u>
Profit (loss) on underwriting		318,348,139	101,885,031	(112,906,707)	(88,957,773)
Net investment income		128,130,899	158,584,405	69,293,272	94,173,110
Gain on investment in securities	28	1,396,213,806	54,093,343	1,396,196,318	52,089,372
Share of profit of investment in an associate	11.1	387,313,841	355,284,401	-	-
Other income		2,689,254	7,497,340	26,111,420	20,278,286
<b>Income from operation</b>		<u>2,232,695,939</u>	<u>677,344,520</u>	<u>1,378,694,303</u>	<u>77,582,995</u>

# STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY  
STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2014

BAHT

	Notes	CONSOLIDATED		SEPARATE		
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS		
		2014	“ Restated ” 2013	2014	2013	
Contribution to the Office of Insurance						
Commission		8,135,400	7,902,615	-	-	
Contribution to Non-life Guarantee Fund		7,635,400	7,402,615	-	-	
Contribution to Road Victims Protection Fund		377,922	311,071	-	-	
Income before income tax expense		2,216,547,217	661,728,219	1,378,694,303	77,582,995	
Income tax expense	29	354,662,713	71,792,183	266,741,914	2,340,050	
<b>Net income</b>		<b>1,861,884,504</b>	<b>589,936,036</b>	<b>1,111,952,389</b>	<b>75,242,945</b>	
<b>Other comprehensive income (loss)</b>						
Actuarial loss on defined employee benefit plans - net of income tax	19	(1,741,232)	(902,556)	(416,915)	-	
Surplus (deficit) on revaluation of investments - net of income tax	6.1.1	7,763,754	(97,762,016)	3,790,142	(96,272,868)	
Share of other comprehensive income (loss) of an associate - net of income tax	4 และ 11.1	455,636,023	(173,490,320)	-	-	
Other net comprehensive income (loss) for the years - net of income tax		461,658,545	(272,154,892)	3,373,227	(96,272,868)	
<b>Total comprehensive income (loss) for the years</b>		<b>2,323,543,049</b>	<b>317,781,144</b>	<b>1,115,325,616</b>	<b>(21,029,923)</b>	
<b>Basic earnings per share</b>	30	<b>Baht</b>	7.45	2.36	4.45	0.30

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2014

BAHT

	Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings			Other components of equity		Total equity
				Appropriated		Unappropriated	Surplus (deficit) on revaluation of investments	Share of other comprehensive income (loss) of an associate	
				Statutory reserve	Other reserve				
Beginning balance as at January 1, 2013									
as previously reported		250,000,000	3,512,183,950	50,000,000	900,000,000	(87,836,359)	126,792,129	-	4,751,139,720
Cumulative effect of restatement	4	-	-	-	-	-	-	179,275,909	179,275,909
Beginning balance as at January 1, 2013, restated		250,000,000	3,512,183,950	50,000,000	900,000,000	(87,836,359)	126,792,129	179,275,909	4,930,415,629
Changing during the period									
Comprehensive income (loss)	4, 6.1.1								
- restated	and 11.1	-	-	-	-	589,033,480	(97,762,016)	(173,490,320)	317,781,144
Dividends paid	33.1	-	-	-	-	(95,000,000)	-	-	(95,000,000)
Interim dividends	33.2	-	-	-	-	(175,000,000)	-	-	(175,000,000)
Ending balance as at December 31, 2013		250,000,000	3,512,183,950	50,000,000	900,000,000	231,197,121	29,030,113	5,785,589	4,978,196,773
Beginning balance as at January 1, 2014									
as previously reported		250,000,000	3,512,183,950	50,000,000	900,000,000	231,197,121	29,030,113	-	4,972,411,184
Cumulative effect of restatement	4	-	-	-	-	-	-	5,785,589	5,785,589
Beginning balance as at January 1, 2014, restated		250,000,000	3,512,183,950	50,000,000	900,000,000	231,197,121	29,030,113	5,785,589	4,978,196,773
Changing during the period									
Comprehensive income	6.1.1								
	and 11.1	-	-	-	-	1,860,143,272	7,763,754	455,636,023	2,323,543,049
Transfer other reserve	24	-	-	-	(900,000,000)	900,000,000	-	-	-
Dividends paid	33.3	-	-	-	-	(275,000,000)	-	-	(275,000,000)
Interim dividends	33.4	-	-	-	-	(250,000,000)	-	-	(250,000,000)
Ending balance as at December 31, 2014		250,000,000	3,512,183,950	50,000,000	-	2,466,340,393	36,793,867	461,421,612	6,776,739,822

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

# SEPARATE STATEMENT OF CHANGES IN EQUITY

## SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2014

BAHT

	Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings			Other components of equity - Surplus (deficit) on revaluation of investments	Total equity
				Appropriated		Unappropriated		
				Statutory reserve	Other reserve			
Beginning balance as at January 1, 2013		250,000,000	3,512,183,950	50,000,000	900,000,000	719,892,557	115,537,583	5,547,614,090
Changing during the period								
Comprehensive income (loss)	6.1.1	-	-	-	-	75,242,945	(96,272,868)	(21,029,923)
Dividends paid	33.1	-	-	-	-	(95,000,000)	-	(95,000,000)
Interim dividends	33.2	-	-	-	-	(175,000,000)	-	(175,000,000)
<b>Ending balance as at December 31, 2013</b>		<u>250,000,000</u>	<u>3,512,183,950</u>	<u>50,000,000</u>	<u>900,000,000</u>	<u>525,135,502</u>	<u>19,264,715</u>	<u>5,256,584,167</u>
Beginning balance as at January 1, 2014		250,000,000	3,512,183,950	50,000,000	900,000,000	525,135,502	19,264,715	5,256,584,167
Changing during the period								
Comprehensive income	6.1.1	-	-	-	-	1,111,535,474	3,790,142	1,115,325,616
Transfer other reserve	24	-	-	-	(900,000,000)	900,000,000	-	-
Dividends paid	33.3	-	-	-	-	(275,000,000)	-	(275,000,000)
Interim dividends	33.4	-	-	-	-	(250,000,000)	-	(250,000,000)
<b>Ending balance as at December 31, 2014</b>		<u>250,000,000</u>	<u>3,512,183,950</u>	<u>50,000,000</u>	<u>-</u>	<u>2,011,670,976</u>	<u>23,054,857</u>	<u>5,846,909,783</u>

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

# STATEMENT OF CASH FLOWS

**SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2014	2013	2014	2013
<b>CASH FLOWS PROVIDED BY (USED IN)</b>					
<b>OPERATING ACTIVITIES</b>					
Direct premium received		3,010,615,684	3,018,210,191	-	-
Cash received (paid) from reinsurance		(103,661,281)	577,708,001	-	-
Losses incurred from direct insurance		(1,426,777,745)	(1,420,664,477)	-	-
Loss adjustment expenses from direct insurance		(91,198,690)	(93,664,574)	-	-
Commissions and brokerages from direct insurance		(443,486,291)	(424,152,119)	-	-
Other underwriting expenses		(385,974,226)	(337,020,804)	-	-
Interest income		74,439,936	95,133,351	16,528,443	29,699,533
Dividend income		58,806,187	71,101,792	58,770,620	71,093,292
Other income		2,003,806	4,838,621	22,505,603	18,158,826
Operating expenses		(339,828,092)	(258,901,149)	(106,128,698)	(70,226,312)
Income tax paid		(2,269,434)	(14,847,217)	(3,667,671)	(3,300,114)
Net cash provided by (used in) operating activities	6.3	352,669,854	1,217,741,616	(11,991,703)	45,425,225
<b>CASH FLOWS PROVIDED BY (USED IN)</b>					
<b>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 or used as collateral		3,400,000,000	30,000,000	-	30,000,000
Redemption of investment in held-to-maturity securities - notes with maturity over 3 months		-	32,500,000	-	30,000,000
Redemption of investment in available-for-sale securities - bonds		590,000,000	8,860,000	-	-
Redemption of investment in available-for-sale securities - debentures		-	16,900,000	-	10,000,000
Sale of investment in available-for-sale securities - bonds		-	181,307,784	-	181,307,784
Sale of investment in available-for-sale securities - debentures		100,616,771	-	100,616,771	-
Sale of investment in available-for-sale securities - ordinary shares		269,293,174	297,818,557	269,293,174	297,818,557
Sale of investment in available-for-sale securities - unit trusts		570,702,013	60,626,204	570,697,616	40,433,169
Sale of investment in available-for-sale securities - warrants		337,566	-	337,566	-

# STATEMENT OF CASH FLOWS (CONTINUED)

**SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2014	2013	2014	2013
<b>CASH FLOWS PROVIDED BY (USED IN)</b>					
<b>INVESTING ACTIVITIES (CONTINUED)</b>					
<b>CASH FLOWS PROVIDED BY (CONTINUED)</b>					
Investment in securities (Continued)					
Sale of general investment					
- ordinary shares		1,894,440,029	-	1,894,376,938	-
Cash received from subscriptions receivable		164,210	329,865	164,210	329,865
Deposits at financial institutions with maturity over 3 months and deposits used as collateral		623,889,133	70,455,400	50,000,000	638,211
Loans		1,370,125	1,977,861	52,293	42,760
Premises and equipment		791,782	2,775,464	317,768	374
Cash provided by investing activities		<u>7,451,604,803</u>	<u>703,551,135</u>	<u>2,885,856,336</u>	<u>590,570,720</u>
<b>CASH FLOWS USED IN</b>					
Investment in securities					
Purchase of investment in available-for-sale securities - bonds		(101,200,143)	(181,370,468)	-	-
Purchase of investment in available-for-sale securities - ordinary shares		(392,604,854)	(327,391,030)	(392,604,854)	(327,391,030)
Purchase of investment in available-for-sale securities - unit trusts		(1,990,000,000)	(45,020,200)	(1,990,000,000)	(45,020,200)
Purchase of investment in available-for-sale securities - warrants		(246,226)	-	(246,226)	-
Purchase of general investment - ordinary shares		(15,975,000)	-	(15,975,000)	-
Purchase of investment in held-to-maturity securities - treasury bills		(4,392,517,972)	-	-	-
Deposits at financial institutions with maturity over 3 months and deposits used as collateral		(676,755,219)	(33,715,733)	(4,074,453)	(4,954,844)
Loans		(70,393)	(365,000)	-	-
Premises and equipment		(24,149,574)	(18,349,132)	(3,383,891)	(2,264,158)
Intangible assets		(4,054,071)	(1,165,265)	-	-
Cash used in investing activities		<u>(7,597,573,452)</u>	<u>(607,376,828)</u>	<u>(2,406,284,424)</u>	<u>(379,630,232)</u>
Net cash provided by (used in) investing activities		<u>(145,968,649)</u>	<u>96,174,307</u>	<u>479,571,912</u>	<u>210,940,488</u>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>					
Dividends paid		(525,000,000)	(270,000,000)	(525,000,000)	(270,000,000)
Net cash used in financing activities		<u>(525,000,000)</u>	<u>(270,000,000)</u>	<u>(525,000,000)</u>	<u>(270,000,000)</u>
Net increase (decrease) in cash and cash equivalents		(318,298,795)	1,043,915,923	(57,419,791)	(13,634,287)
Cash and cash equivalents as at January 1,		<u>1,687,252,257</u>	<u>643,336,334</u>	<u>94,959,977</u>	<u>108,594,264</u>
<b>Cash and cash equivalents as at</b>					
<b>December 31,</b>	6.2	<u>1,368,953,462</u>	<u>1,687,252,257</u>	<u>37,540,186</u>	<u>94,959,977</u>

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



# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

## SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

### 1. GENERAL INFORMATION AND OPERATION OF THE COMPANY AND ITS SUBSIDIARY

#### 1.1 The Company

Sri Ayudhya Capital Public Company Limited (“the Company”) was registered in The Stock Exchange of Thailand. The main business is an investment holding company. The head office is located at Ploenchit Tower, 7th floor, 898 Ploenchit Road, Lumpini, Pathumwan, Bangkok.

The Company has a subsidiary company, Sri Ayudhya General Insurance Public Company Limited which operate non-life insurance business, holding by 99.99%.

#### 1.2 The subsidiary

Sri Ayudhya General Insurance Public Company Limited (“subsidiary”) is a limited company incorporated in Thailand on September 21, 1982. The main business is non-life insurance and the Company was awarded its license to operate all classes of non-life insurance on September 24, 1982 and the subsidiary has registered to be Public Company Limited on October 3, 2011. The Company’s office was registered at Ploenchit Tower, 18th floor, 898 Ploenchit Road, Lumpini, Pathumwan, Bangkok.

### 2. BASIS FOR PREPARATION OF THE CONSOLIDATED AND THE SEPARATE FINANCIAL STATEMENTS

2.1 The Company and its subsidiary maintain their accounting records in Thai Baht and prepare their statutory financial statements in the Thai language in conformity with TFRSs and accounting practices generally accepted in Thailand.

2.2 These financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2012) “Presentation of Financial Statements” and the Notification of the Office of Insurance Commission regarding the Rules, Procedures, Conditions and Periods for Preparing and Submitting Financial Statements and Reports on the Operations of the Non-Life Insurance Business No. 2 B.E. 2553 dated May 27, 2010. In addition, the consolidated and the separate financial statements have been prepared in accordance with the regulations of The Stock Exchange of Thailand (SET) dated January 22, 2001 regarding preparation and submission of financial statements and reports for the financial position and results of operations of listed companies B.E. 2544.

2.3 These consolidated financial statements include the financial statements of Sri Ayudhya Capital Public Company Limited and Sri Ayudhya General Insurance Public Company Limited which 99.99% owned by the Company (see Note 11). Significant transactions and balances between the Company and the subsidiary have been eliminated.

The accounting period and significant accounting policies used for the financial statements of the subsidiary is the same as those of the Company.

2.4 Thai Financial Reporting Standards affecting the presentation and/or disclosure in the current year financial statements

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRSs) which are effective for the financial statements for the period beginning on or after January 1, 2014 onwards, as follow:

**Thai Accounting Standards (“TAS”)**

TAS 1 (Revised 2012)	Presentation of Financial Statements
TAS 7 (Revised 2012)	Statement of Cash Flows
TAS 12 (Revised 2012)	Income Taxes
TAS 17 (Revised 2012)	Leases
TAS 18 (Revised 2012)	Revenue
TAS 19 (Revised 2012)	Employee Benefits
TAS 21 (Revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (Revised 2012)	Related Party Disclosures
TAS 28 (Revised 2012)	Investments in Associates
TAS 31 (Revised 2012)	Interests in Joint Venture
TAS 34 (Revised 2012)	Interim Financial Reporting
TAS 36 (Revised 2012)	Impairment of Assets
TAS 38 (Revised 2012)	Intangible assets

**Thai Financial Reporting Standards (“TFRS”)**

TFRS 2 (Revised 2012)	Share - Based Payments
TFRS 3 (Revised 2012)	Business Combinations
TFRS 5 (Revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (Revised 2012)	Operating Segments

**Thai Accounting Standards Interpretations (“TSIC”)**

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Disclosure - Service Concession Arrangements
TSIC 32	Intangible Assets - Web Site Costs

**Thai Financial Reporting Standard Interpretations (“TFRIC”)**

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining Whether an Arrangement Contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets Form Customers

Above TFRSs have no material impact on these financial statements.

In addition, the Federation of Accounting Professions issued the Notification regarding the Conceptual Framework for Financial Reporting (Revised 2014), which was announced in the Royal Gazette and effective from October 15, 2014 onwards to replace the Accounting Framework (Revised 2009). Such Conceptual Framework for Financial Reporting has no material impact on these financial statements.

## 2.5 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRSs), which are effective for the accounting period beginning on or after January 1, 2015 onwards as follows:

### Thai Accounting Standards (“TAS”)

TAS 1 (Revised 2014)	Presentation of Financial Statements
TAS 2 (Revised 2014)	Inventories
TAS 7 (Revised 2014)	Statement of Cash Flows
TAS 8 (Revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2014)	Events after the Reporting Period
TAS 11 (Revised 2014)	Construction Contracts
TAS 12 (Revised 2014)	Income Taxes
TAS 16 (Revised 2014)	Property, Plant and Equipment
TAS 17 (Revised 2014)	Leases
TAS 18 (Revised 2014)	Revenue
TAS 19 (Revised 2014)	Employee Benefits
TAS 20 (Revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2014)	The Effects of Changes in Foreign Exchange Rate
TAS 23 (Revised 2014)	Borrowing Costs
TAS 24 (Revised 2014)	Related Party Disclosures
TAS 26 (Revised 2014)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2014)	Separate Financial Statements
TAS 28 (Revised 2014)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2014)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2014)	Earnings per Share
TAS 34 (Revised 2014)	Interim Financial Reporting
TAS 36 (Revised 2014)	Impairment of Assets
TAS 37 (Revised 2014)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2014)	Intangible assets
TAS 40 (Revised 2014)	Investment Property

### Thai Financial Reporting Standards (“TFRS”)

TFRS 2 (Revised 2014)	Share - Based Payment
TFRS 3 (Revised 2014)	Business Combinations
TFRS 5 (Revised 2014)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2014)	Exploration for and Evaluation of Mineral Assets
TFRS 8 (Revised 2014)	Operating Segments
TFRS 10	Consolidated Financial Statements
TFRS 11	Joint Arrangements
TFRS 12	Disclosure of Interests in Other Entities
TFRS 13	Fair Value Measurement

### Thai Accounting Standards Interpretations (“TSIC”)

TSIC 10 (Revised 2014)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2014)	Operating Leases - Incentives
TSIC 25 (Revised 2014)	Income Taxes - Change in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (Revised 2014)	Evaluating the Substance of Transactions in the Legal Form of a Lease

#### Thai Accounting Standards Interpretations (“TSIC”) (Continued)

TSIC 29 (Revised 2014)	Disclosure - Service Concession Arrangements
TSIC 31 (Revised 2014)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2014)	Intangible Assets - Web Site Costs

#### Thai Financial Reporting Standard Interpretations (“TFRIC”)

TFRIC 1 (Revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2014)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2014)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2014)	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2014)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2014)	Service Concession Arrangements
TFRIC 13 (Revised 2014)	Customer Loyalty Programmes
TFRIC 14	TAS 19 (Revised 2014) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2014)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2014)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2014)	Transfers of Assets from Customers
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standard (TFRS), which is effective for the accounting period beginning on or after January 1, 2016 onwards as follow:

#### Thai Financial Reporting Standard (TFRS)

TFRS 4 (Revised 2014)	Insurance Contracts
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The Company’s and its subsidiary’s management will adopt the above TFRSs relevant to the Company in the preparation of the Company and its subsidiary’s financial statements when they become effective.

The Company’s and its subsidiary’s management has assessed the effects of these TFRSs and believes that they will not have any significant impact on the financial statements for the period in which they are initially applied except for the followings:

Thai Financial Reporting Standards (TFRS)		Effective date
TFRS 13	Fair Value Measurement	January 1, 2015
TFRS 4 (Revised 2014)	Insurance Contracts	January 1, 2016

The Company’s and its subsidiary’s management is in the process to assess the impact of these TFRSs on the financial statements of the Company and its subsidiary in the period of initial application.

- 2.6 The preparation of financial statements in conformity with TFRSs also requires the Company and its subsidiary’s management to exercise judgments 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. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention in measurement of the Elements of Financial Statement except as disclosed in the accounting policies below:

#### 3.1 Recognition of revenues and expenses

##### Premium written

For insurance policies with coverage period for one year, premium income is recognized on the date the insurance policy is issued after deducting premium ceded and premium cancelled and refunded. For long-term insurance policies which coverage periods is longer than one year, related revenues and expenses are recorded as unearned and prepaid items which recognized as income and expenses over the coverage annual.

##### Reinsurance premium

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

##### Commissions and brokerages income

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

##### Interest and dividends income

Interest income is recognized as income on an accrual basis. Dividends income are recognized as income on the declaration date.

##### Commissions and brokerages and other expenses

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

#### 3.2 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 within 3 months.

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.

#### 3.3 Premium due and uncollected

Premium due and uncollected are stated at net realizable value. The subsidiary records allowance for doubtful accounts for the estimated collection losses on premium due and uncollected. Such estimated losses are based on the subsidiary's collection experience and the analysis of aging of each premium due and uncollected.

#### 3.4 Reinsurance assets

Reinsurance assets are stated at net realizable value. The subsidiary records allowance for doubtful accounts for the estimated collection losses on reinsurance assets. Such estimated losses are based on the subsidiary's collection experience and the analysis of aging of each reinsurance assets.

#### 3.5 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 other components of 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 impairment in value of investment has occurred, the resultant loss for all classification of investments is recognized in the statement of comprehensive 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 marketable securities are based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. Fair value of debt instruments is determined based on the price quoted by the Thai Bond Market Association. Fair value of unit trusts is determined from their net asset value.

### 3.6 Investments in a subsidiary and an associate

Investments in a subsidiary and an associate as presented in the separate financial statements are accounted for under the cost method net of allowance for impairment loss (if any). Investments in an associate as presented in the consolidated financial statements are accounted for under the equity method.

### 3.7 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

### 3.8 Intangible assets

Intangible assets with definite useful life are stated at cost less accumulated amortization and impairment losses (if any).

Amortization is charged to the statement of comprehensive income on a straight-line basis from the date that intangible assets are available for use over the estimated useful lives of the assets. The estimated useful lives are as follows:

Computer software	5 years
Bancassurance agreement	10 years

### 3.9 Unearned premium reserve

Unearned premium reserve is set aside in compliance with the basis as specified in the Notification of the Office of Insurance Commission 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



### **3.10 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 and its subsidiary's appraiser. In addition, the subsidiary records a provision for losses incurred but not yet reported (IBNR) which assessed by certified actuary.

### **3.11 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 statement of financial position date denominated in foreign currencies is 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.

### **3.12 Employee benefit**

#### **3.12.1 Provident fund**

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

#### **3.12.2 Post-employment benefits obligation**

The Company and its subsidiary provide post-employment benefits obligation, payable to employees under the Thai Labor Protection Act. The liability in respect of employee benefits is the present value of the defined benefit obligation which is calculated by an actuary using the projected unit credit cost method. The present value of the defined benefits obligation is determined by discounting estimated future cash flows using yields on the government bonds which have terms to maturity approximating the terms of related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, length of service and other factor. Actuarial gains or losses will be recognized in the statement of comprehensive income in the period to which they are related. The costs associated with providing these benefits are charged to the statement of comprehensive income so as to spread the cost over the employment period during which the entitlement to benefits is earned.

### **3.13 Long-term leases**

Lease in which substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating lease. Rentals applicable to such operating leases are charged to the statement of comprehensive income over the lease term.

### **3.14 Income tax expense**

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

Deferred income tax is provided on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, using the tax rates enacted or substantively enacted at the statement of financial position date. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

### **3.15 Basic earnings per share**

Basic earnings per share are 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, 2014 and 2013, the Company and its subsidiary do not have any common share equivalents outstanding which would have had a dilutive effect on earnings per share.

### 3.16 Use of accounting estimates

The preparation of financial statements in conformity with TFRSs and practices generally accepted accounting in Thailand also requires the Company and its subsidiary'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.

## 4. ADJUSTMENT FOR PROPORTIONATE INTEREST IN OTHER COMPONENT OF EQUITY OF AN ASSOCIATED COMPANY

The prior years consolidated financial statements did not include proportionate interest in other component of equity of an associated company from the beginning. According to Thai Accounting Standard No. 28 "Investment in an associate" required that the Company should include proportionate interest in changes in the associated company's other comprehensive income. Therefore, during the year ended December 31, 2014, the Company has retrospectively adjusted to include proportionate interest in changes in the associated company's other comprehensive income and proportionate interest in other component equity of such associated company. The effects of the adjustments on this transaction to the corresponding figures are as follow:

	Consolidated financial statements	
	As at December 31, 2013	As at January 31, 2013
	Baht	Baht

#### Statements of financial position

Investments in an associate increased	5,785,589	179,275,909
Other components of equity increased	5,785,589	179,275,909

	Consolidated financial statements	
	For the year ended December 31, 2013	
	Baht	

#### Statement of other comprehensive income

Share of other comprehensive loss of an associate - net of income tax	(173,490,320)
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## 5. IMPACT FROM SEVERE FLOODING IN THAILAND

From the severe flooding in Thailand by the end of 2011, the subsidiary's management has continued to monitor the development of the flood losses. As at December 31, 2014 and 2013, the subsidiary recorded loss reserves from claims of flooding and recorded loss refundable from reinsurance as follows:

	Baht: million	
	As at December 31, 2014	As at December 31, 2013
Loss reserves (see Note 17)	390.88	1,337.12
<u>Less Loss refundable from reinsurance (see Note 8)</u>	<u>(255.91)</u>	<u>(806.81)</u>
Loss reserves - net	<u>134.97</u>	<u>530.31</u>

For the years ended December 31, 2014 and 2013, the subsidiary had insurance claims from the flooding which paid to the insured by net of loss refundable from reinsurance, and reversed such net insurance claims, as part of insurance claims and loss adjustment expenses in the statements of comprehensive income for the years ended December 31, 2014 and 2013 as follows:

Baht: million

	For the years ended	
	December 31,	
	2014	2013
Net insurance claims paid	168.77	291.82
Net insurance claims decreased (see Note 25)	191.63	97.47

In 2014, the subsidiary has additional loss refundable from reinsurers from the flooding amounting to Baht 245.87 million with certain business obligations. For the year ended December 31, 2014, the subsidiary recorded such loss refundable from reinsurers amounting to Baht 146.47 million (see Note 25). The remaining loss refundable from reinsurers will be recognized as specified in business obligations aforementioned.

The subsidiary's management has reviewed and estimated such loss reserves and loss recovery from the amount appraised by an independent appraiser or by the subsidiary's appraiser, based on situation, received supporting documents and experience of the subsidiary's management. However, there may be an uncertainty resulted from using various assumptions in estimation of such loss reserves and loss recovery.

## 6. ADDITIONAL INFORMATION FOR CASH FLOWS

### 6.1 Non-cash items

6.1.1 As at December 31, 2014 and 2013, the surplus on revaluation of investments which was presented in other components of equity was shown net of deferred tax liabilities as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Unrealized gain on investment				
in available-for-sale securities	45,992,334	36,287,641	28,818,571	24,080,893
<u>Less</u> Deferred tax liabilities (see Note 21)	(9,198,467)	(7,257,528)	(5,763,714)	(4,816,178)
Surplus on revaluation of investments - net	<u>36,793,867</u>	<u>29,030,113</u>	<u>23,054,857</u>	<u>19,264,715</u>

For the years ended December 31, 2014 and 2013, changes in surplus on revaluation of investments - net of deferred tax were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Increase (decrease) of unrealized gain				
on investment in available-for-sale securities	9,704,693	(122,202,520)	4,737,678	(120,341,085)
(Increase) decrease of deferred tax liabilities				
(see Note 21)	(1,940,939)	24,440,504	(947,536)	24,068,217
Increase (decrease) of surplus on				
revaluation of investments - net	<u>7,763,754</u>	<u>(97,762,016)</u>	<u>3,790,142</u>	<u>(96,272,868)</u>

6.1.2 Premises and equipment for the years ended December 31, 2014 and 2013 consisted of the following :

	Consolidated	
	financial statements	
	2014	2013
	Baht	Baht
Other payable - fixed assets as at January 1,	1,813,295	-
<u>Add</u> Purchases of fixed assets	23,233,718	20,162,427
<u>Less</u> Cash paid for purchase of fixed assets	(24,149,574)	(18,349,132)
Other payable - fixed assets as at December 31,	<u>897,439</u>	<u>1,813,295</u>

6.1.3 Intangible assets for the years ended December 31, 2014 and 2013 consisted of the following:

	Consolidated	
	financial statements	
	2014	2013
	Baht	Baht
Other payable - intangible assets as at January 1,	278,735	-
<u>Add</u> Purchases of intangible assets	3,775,336	1,444,000
<u>Less</u> Cash paid for purchase of intangible assets	(4,054,071)	(1,165,265)
Other payable - intangible assets as at December 31,	<u>-</u>	<u>278,735</u>

6.2 Cash and cash equivalents as at December 31, 2014 and 2013 consisted of the following:

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Cash	295,000	295,000	30,000	30,000
Cheque on hands	7,815,240	8,500,273	-	-
Deposits at bank - call deposits	561,131,652	614,038,514	37,510,186	29,965,470
Deposits at bank - time deposits	613,930,528	561,064,442	205,743,886	251,669,433
Government securities - Treasury bills	1,799,330,694	1,064,418,470	-	64,964,507
	<u>2,982,503,114</u>	<u>2,248,316,699</u>	<u>243,284,072</u>	<u>346,629,410</u>
<u>Less</u> Deposits at bank with maturity over 3 months (see Note 9)	(311,743,886)	(207,669,433)	(161,743,886)	(207,669,433)
Deposits at bank used as collateral (see Note 9)	(302,186,642)	(353,395,009)	(44,000,000)	(44,000,000)
Government securities - Treasury bills with maturity over 3 months	(999,619,124)	-	-	-
Cash and cash equivalents	<u>1,368,953,462</u>	<u>1,687,252,257</u>	<u>37,540,186</u>	<u>94,959,977</u>

### 6.3 Cash flows provided by (used in) operating activities

Items to reconcile net profit to net cash flows provided by (used in) operating activities for the years ended December 31, 2014 and 2013 were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
<b>CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Profit before income tax	2,216,547,217	661,728,219	1,378,694,303	77,582,995
Items to reconcile net profit to net cash flows:				
Share of profit of investment in an associate	(387,313,841)	(355,284,401)	-	-
Depreciation	23,987,845	21,460,945	5,380,186	4,591,780
Amortization	16,589,651	17,644,553	-	3,418
Gain on sale of assets	(640,447)	(2,658,719)	(317,748)	(348)
Employee benefit expenses	(3,959,597)	4,411,441	(10,493,781)	1,591,192
Unearned premium reserve increase (decrease)				
from prior years	(4,492,214)	12,245,228	-	-
Amortization of bonds premium	7,714,849	7,454,844	2,060,812	3,571,074
Amortization of debentures premium	10,626	15,003	-	-
Amortization of bonds discount	(43,977)	(177,839)	-	-
Amortization of debentures discount	(155,628)	(652,775)	(155,628)	(652,775)
Amortization of treasury bills discount	(7,101,152)	-	-	-
Gain on sale of investment in available-for-sale securities - ordinary shares	(18,240,583)	(35,020,100)	(18,240,583)	(35,020,100)
Gain on sale of investment in available-for-sale securities - debenture	(800,755)	-	(800,755)	-
Gain on sale of investment in available-for-sale securities - unit trusts	(29,010,259)	(18,448,083)	(29,005,862)	(16,444,112)
Gain on sale of investment in available-for-sale securities - bonds	-	(625,160)	-	(625,160)
Gain on sale of investment in available-for-sale securities - warrants	(91,340)	-	(91,340)	-
Gain on sale of general investment - ordinary shares	(1,348,070,869)	-	(1,348,057,778)	-
Bad debts and allowance for doubtful accounts	(15,965,161)	114,677,115	-	-
Profit from operations before changes in operating assets and liabilities	448,964,365	426,770,271	(21,028,174)	34,597,964
Operating assets (increase) decrease				
Accrued investment income	4,690,510	1,011,506	4,100,608	3,701,416
Premium due and uncollected	(50,585,971)	(13,741,084)	-	-
Reinsurance assets	974,137,866	1,637,820,827	-	-
Deferred commission expense	(5,439,802)	(14,475,240)	-	-
Other assets	(22,383,198)	13,189,973	36,698	4,509,838
Operating liabilities increase (decrease)				
Due to reinsurers	172,971,271	(265,672,482)	-	-
Loss reserves and outstanding claims	(1,178,125,748)	(662,774,336)	3,096,588	3,096,588
Premium written received in advance	4,023,104	72,400,432	-	-
Commission and brokerage payables	9,834,032	5,771,191	-	-
Accrued expenses	19,014,951	18,598,554	1,717,041	3,980,301
Other liabilities	(22,162,092)	13,689,221	3,753,207	(1,160,768)
Cash provided by (used in) operating activities	354,939,288	1,232,588,833	(8,324,032)	48,725,339
Income tax paid	(2,269,434)	(14,847,217)	(3,667,671)	(3,300,114)
Net cash provided by (used in) operating activities	352,669,854	1,217,741,616	(11,991,703)	45,425,225

## 7. PREMIUM DUE AND UNCOLLECTED - NET

Premium due and uncollected - net as at December 31, 2014 and 2013 consisted of the following:

	Consolidated financial statements							
	As at December 31, 2014				As at December 31, 2013			
	Insured Baht	Agent and Broker Baht	Inward Baht	Total Baht	Insured Baht	Agent and Broker Baht	Inward Baht	Total Baht
Within credit terms	12,549,636	221,502,225	1,866,433	235,918,294	13,273,170	159,305,965	1,957,252	174,536,387
Less than 30 days	478,137	34,701,471	836,864	36,016,472	478,532	35,944,853	1,199,673	37,623,058
31 - 60 days	386,621	12,889,913	1,741,713	15,018,247	13,626	12,423,878	886,406	13,323,910
61 - 90 days	1,521,135	4,252,014	1,578,931	7,352,080	504	6,020,261	979,629	7,000,394
91 days - 1 year	89,817	13,703,689	3,202,406	16,995,912	97,923	25,811,276	3,075,162	28,984,361
Over 1 year	-	476,413	3,462,937	3,939,350	1,172,707	440,972	1,572,595	3,186,274
Total premium due and uncollected	15,025,346	287,525,725	12,689,284	315,240,355	15,036,462	239,947,205	9,670,717	264,654,384
<u>Less</u> Allowance for doubtful accounts	-	(9,576,255)	-	(9,576,255)	-	(9,576,255)	-	(9,576,255)
Premium due and uncollected - net	15,025,346	277,949,470	12,689,284	305,664,100	15,036,462	230,370,950	9,670,717	255,078,129

## 8. REINSURANCE ASSETS

Reinsurance assets as at December 31, 2014 and 2013 consisted of the following:

	Consolidated financial statements	
	2014	2013
	Baht	Baht
Deposit on reinsurance	194	706
Due from reinsurers	387,822,725	649,288,512
Unearned reinsurance premium reserve (see Note 42)	546,254,397	427,969,621
Insurance reserve refundable from reinsurers	498,404,140	1,303,849,350
	1,432,481,456	2,381,108,189
<u>Less</u> Allowance for doubtful accounts	(5,934,699)	(114,677,115)
Total reinsurance assets	1,426,546,757	2,266,431,074

Insurance reserve refundable from reinsurers - net as at December 31, 2014 and 2013 have been included an expected refundable from reinsurers caused by suffering losses from flooding in Thailand amounting to Baht 255.91 million and Baht 806.81 million, respectively (see Note 5).



Aging analyzes for due from reinsurers as at December 31, 2014 and 2013 were as follows:

	Consolidated financial statements	
	2014 Baht	2013 Baht
Within credit terms	360,676,153	439,723,586
Within 12 months	24,897,404	73,579,219
Over 1 year to 2 years	507,411	135,811,380
Over 2 years	1,741,757	174,327
Total due from reinsures	<u>387,822,725</u>	<u>649,288,512</u>

## 9. INVESTMENTS IN SECURITIES

Investments in securities as at December 31, 2014 consisted of the following:

	Consolidated financial statements				
	Cost/Amortized cost	Unrealized gains	Unrealized losses	Fair value	Percentage of investment per total assets
	Baht	Baht	Baht	Baht	
<b>Available-for-sale securities</b>					
Government and state enterprise securities					
Thai government bonds	400,444,465	11,856,583	-	412,301,048	3.75
State enterprise bonds	100,686,228	208,470	-	100,894,698	0.92
Debentures	3,020,384	146,259	-	3,166,643	0.03
Equity securities	93,526,020	3,502,665	(7,668,167)	89,360,518	0.81
Unit trusts	50,428,506	3,924,305	-	54,352,811	0.49
Total	<u>648,105,603</u>	<u>19,638,282</u>	<u>(7,668,167)</u>	<u>660,075,718</u>	<u>6.00</u>
Private enterprise securities					
Debentures	20,000,000	22,752	-	20,022,752	0.18
Equity securities	292,642,541	22,439,333	(12,823,919)	302,257,955	2.75
Unit trusts	2,026,976,921	50,987,871	(26,603,818)	2,051,360,974	18.65
Total	<u>2,339,619,462</u>	<u>73,449,956</u>	<u>(39,427,737)</u>	<u>2,373,641,681</u>	<u>21.58</u>
<b>Total available-for-sale securities</b>	<u>2,987,725,065</u>	<u>93,088,238</u>	<u>(47,095,904)</u>	<u>3,033,717,399</u>	<u>27.58</u>

	Consolidated financial statements	
	Cost/Amortized cost	Percentage of investment per total assets
	Baht	
<b>Held-to-maturity securities</b>		
Government securities used as collateral		
Treasury bills used as collateral (see Note 6.2)	999,619,124	9.09
Total	999,619,124	9.09
Fixed deposit with maturity over 3 months		
Fixed deposit used as commercial bank (see Note 6.2)	311,743,886	2.83
Fixed deposit used as collateral (see Note 6.2)	302,186,642	2.75
Total	613,930,528	5.58
<b>Total held-to-maturity securities</b>	<b>1,613,549,652</b>	<b>14.67</b>
<b>General investment</b>		
Equity securities	19,450,350	0.18
Unit trusts	1,546,601	0.01
<u>Less</u> Allowance for impairment	(1,507,119)	(0.01)
<b>Total general investment</b>	<b>19,489,832</b>	<b>0.18</b>

Debt securities classified by the remaining maturity as at December 31, 2014 were as follows:

	Consolidated financial statements			
	Maturities			Total
	Within 1 year	1 - 5 years	Over 5 years	
	Baht	Baht	Baht	Baht
<b>Available-for-sale debt securities</b>				
Government and state enterprise securities				
Thai government bonds	-	400,444,465	-	400,444,465
State enterprise bonds	-	100,686,228	-	100,686,228
Debentures	-	3,020,384	-	3,020,384
<u>Add</u> Unrealized gains	-	12,211,312	-	12,211,312
Total	-	516,362,389	-	516,362,389
Private enterprise debt securities				
Debentures	20,000,000	-	-	20,000,000
<u>Add</u> Unrealized gains	22,752	-	-	22,752
Total	20,022,752	-	-	20,022,752
<b>Total available-for-sale debt securities</b>	<b>20,022,752</b>	<b>516,362,389</b>	<b>-</b>	<b>536,385,141</b>
<b>Held-to-maturity debt securities</b>				
Government securities used as collateral				
Treasury bills used as collateral	999,619,124	-	-	999,619,124
Fixed deposit with maturity over 3 months	311,743,886	-	-	311,743,886
Fixed deposit used as collateral	288,186,642	14,000,000	-	302,186,642
<b>Total held-to-maturity debt securities</b>	<b>1,599,549,652</b>	<b>14,000,000</b>	<b>-</b>	<b>1,613,549,652</b>
<b>Total debt securities - net</b>	<b>1,619,572,404</b>	<b>530,362,389</b>	<b>-</b>	<b>2,149,934,793</b>

Investments in securities as at December 31, 2013 consisted of the following:

	Consolidated financial statements				
	Cost/Amortized cost	Unrealized gains	Unrealized losses	Fair value	Percentage of investment per total assets
	Baht	Baht	Baht	Baht	
<b>Available-for-sale securities</b>					
Government and state enterprise securities					
Thai government bonds	497,513,991	4,322,710	-	501,836,701	5.11
State enterprise bonds	99,956,023	253,927	-	100,209,950	1.02
Debentures	3,031,010	167,024	-	3,198,034	0.03
Equity securities	47,200,449	593,405	(4,352,391)	43,441,463	0.44
Unit trusts	50,428,506	3,009,159	-	53,437,665	0.54
<b>Total</b>	<b>698,129,979</b>	<b>8,346,225</b>	<b>(4,352,391)</b>	<b>702,123,813</b>	<b>7.14</b>
Private enterprise securities					
Debentures	119,660,388	1,536,477	-	121,196,865	1.23
Equity securities	198,985,682	12,365,503	(19,377,050)	191,974,135	1.96
Unit trusts	578,668,675	51,969,983	(15,804,042)	614,834,616	6.26
<b>Total</b>	<b>897,314,745</b>	<b>65,871,963</b>	<b>(35,181,092)</b>	<b>928,005,616</b>	<b>9.45</b>
Foreign securities					
Bonds	400,131,408	1,602,936	-	401,734,344	4.09
<b>Total</b>	<b>400,131,408</b>	<b>1,602,936</b>	<b>-</b>	<b>401,734,344</b>	<b>4.09</b>
<b>Total available-for-sale securities</b>	<b>1,995,576,132</b>	<b>75,821,124</b>	<b>(39,533,483)</b>	<b>2,031,863,773</b>	<b>20.68</b>

	Consolidated financial statements	
	Cost/Amortized cost	Percentage of investment per total assets
	Baht	

**Held-to-maturity securities**

Fixed deposit with maturity over 3 months

Fixed deposit used as commercial bank (see Note 6.2)	207,669,433	2.12
Fixed deposit used as collateral (see Note 6.2)	353,395,009	3.60
<b>Total</b>	<b>561,064,442</b>	<b>5.72</b>

**Total held-to-maturity securities**

**561,064,442 5.72**

**General investment**

Equity securities	549,844,510	5.6
Unit trusts	1,546,601	0.02
<u>Less Allowance for impairment</u>	<u>(1,507,119)</u>	<u>(0.02)</u>

**Total general investment**

**549,883,992 5.60**

Debt securities classified by the remaining maturity as at December 31, 2013 were as follows:

	Consolidated financial statements			
	Maturities			Total Baht
	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht	
<b>Available-for-sale debt securities</b>				
Government and state enterprise securities				
Thai government bonds	90,833,278	359,783,555	46,897,158	497,513,991
State enterprise bonds	99,956,023	-	-	99,956,023
Debentures	-	3,031,010	-	3,031,010
<u>Add Unrealized gains</u>	776,996	3,411,211	555,454	4,743,661
<b>Total</b>	<b>191,566,297</b>	<b>366,225,776</b>	<b>47,452,612</b>	<b>605,244,685</b>
Private enterprise debt securities				
Debentures	99,660,388	20,000,000	-	119,660,388
<u>Add Unrealized gains</u>	1,402,495	133,982	-	1,536,477
<b>Total</b>	<b>101,062,883</b>	<b>20,133,982</b>	<b>-</b>	<b>121,196,865</b>
Foreign debt securities				
Bonds	400,131,408	-	-	400,131,408
<u>Add Unrealized gains</u>	1,602,936	-	-	1,602,936
<b>Total</b>	<b>401,734,344</b>	<b>-</b>	<b>-</b>	<b>401,734,344</b>
<b>Total available-for-sale debt securities</b>	<b>694,363,524</b>	<b>386,359,758</b>	<b>47,452,612</b>	<b>1,128,175,894</b>
<b>Held-to-maturity debt securities</b>				
Fixed deposit with maturity over 3 months	207,669,433	-	-	207,669,433
Fixed deposit used as collateral	353,395,009	-	-	353,395,009
<b>Total held-to-maturity debt securities</b>	<b>561,064,442</b>	<b>-</b>	<b>-</b>	<b>561,064,442</b>
<b>Total debt securities - net</b>	<b>1,255,427,966</b>	<b>386,359,758</b>	<b>47,452,612</b>	<b>1,689,240,336</b>

Investments in securities as at December 31, 2014 consisted of the following:

	Separate financial statements				
	Cost/Amortized cost	Unrealized gains	Unrealized losses	Fair value	Percentage of investment per total assets
	Baht	Baht	Baht	Baht	
<b>Available-for-sale securities</b>					
Government and state enterprise securities					
Thai government bonds	136,615,433	3,987,883	-	140,603,316	2.25
Equity securities	93,526,020	3,502,665	(7,668,167)	89,360,518	1.43
Unit trusts	50,428,506	3,924,305	-	54,352,811	0.87
<b>Total</b>	<b>280,569,959</b>	<b>11,414,853</b>	<b>(7,668,167)</b>	<b>284,316,645</b>	<b>4.55</b>
Private enterprise securities					
Debentures	20,000,000	22,752	-	20,022,752	0.32
Equity securities	292,642,541	22,439,333	(12,823,919)	302,257,955	4.84
Unit trusts	1,997,451,921	42,037,537	(26,603,818)	2,012,885,640	32.23
<b>Total</b>	<b>2,310,094,462</b>	<b>64,499,622</b>	<b>(39,427,737)</b>	<b>2,335,166,347</b>	<b>37.39</b>
<b>Total available-for-sale securities</b>	<b>2,590,664,421</b>	<b>75,914,475</b>	<b>(47,095,904)</b>	<b>2,619,482,992</b>	<b>41.94</b>

	Separate financial statements	
	Cost/Amortized cost Baht	Percentage of investment per total assets

#### Held-to-maturity securities

Fixed deposit with maturity over 3 months

Fixed deposit used as commercial bank (see Note 6.2) 161,743,886 2.59

Fixed deposit used as collateral (see Note 6.2) 44,000,000 0.70

Total 205,743,886 3.29

#### Total held-to-maturity securities

205,743,886 3.29

#### General investment

Equity securities 18,289,380 0.29

Unit trusts 1,546,601 0.02

Less Allowance for impairment (1,507,119) (0.02)

**Total general investment** 18,328,862 0.29

Debt securities classified by the remaining maturity as at December 31, 2014 were as follows:

	Separate financial statements			
	Maturities			Total Baht
	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht	

#### Available-for-sale debt securities

Government and state enterprise securities

Thai government bonds - 136,615,433 - 136,615,433

Add Unrealized gains - 3,987,883 - 3,987,883

Total - 140,603,316 - 140,603,316

Private enterprise debt securities

Debentures 20,000,000 - - 20,000,000

Add Unrealized gains 22,752 - - 22,752

Total 20,022,752 - - 20,022,752

**Total available-for-sale debt securities** 20,022,752 140,603,316 - 160,626,068

#### Held-to-maturity debt securities

Fixed deposit with maturity over 3 months 161,743,886 - - 161,743,886

Fixed deposit used as collateral 44,000,000 - - 44,000,000

**Total held-to-maturity debt securities** 205,743,886 - - 205,743,886

**Total debt securities - net** 225,766,638 140,603,316 - 366,369,954

Investments in securities as at December 31, 2013 consisted of the following:

	Separate financial statements				
	Cost/Amortized	Unrealized	Unrealized	Fair value	Percentage of investment per total assets
	cost	gains	losses		
Baht	Baht	Baht	Baht		
<b>Available-for-sale securities</b>					
Government and state enterprise securities					
Thai government bonds	138,676,245	613,199	-	139,289,444	2.58
Equity securities	47,200,449	593,405	(4,352,391)	43,441,463	0.80
Unit trusts	50,428,506	3,009,159	-	53,437,665	0.99
Total	236,305,200	4,215,763	(4,352,391)	236,168,572	4.37
Private enterprise securities					
Debentures	119,660,388	1,536,477	-	121,196,865	2.25
Equity securities	198,985,682	12,365,503	(19,377,050)	191,974,135	3.56
Unit trusts	549,143,675	45,496,633	(15,804,042)	578,836,266	10.72
Total	867,789,745	59,398,613	(35,181,092)	892,007,266	16.53
<b>Total available-for-sale securities</b>	<b>1,104,094,945</b>	<b>63,614,376</b>	<b>(39,533,483)</b>	<b>1,128,175,838</b>	<b>20.90</b>

	Separate financial statements	
	Cost/Amortized	Percentage of investment per total assets
	cost	
	Baht	
<b>Held-to-maturity securities</b>		
Fixed deposit with maturity over 3 months		
Fixed deposit used as commercial bank (see Note 6.2)	207,669,433	3.85
Fixed deposit used as collateral (see Note 6.2)	44,000,000	0.82
Total	251,669,433	4.67
<b>Total held-to-maturity securities</b>	<b>251,669,433</b>	<b>4.67</b>
<b>General investment</b>		
Equity securities	548,633,540	10.16
Unit trusts	1,546,601	0.03
<u>Less</u> Allowance for impairment	(1,507,119)	(0.03)
<b>Total general investment</b>	<b>548,673,022</b>	<b>10.16</b>



Debt securities classified by the remaining maturity as at December 31, 2013 were as follows:

	Separate financial statements			
	Maturities			Total Baht
	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht	
<b>Available-for-sale debt securities</b>				
Government and state enterprise securities				
Thai government bonds	-	138,676,245	-	138,676,245
<u>Add Unrealized gains</u>	-	613,199	-	613,199
<b>Total</b>	<b>-</b>	<b>139,289,444</b>	<b>-</b>	<b>139,289,444</b>
Private enterprise debt securities				
Debentures	99,660,388	20,000,000	-	119,660,388
<u>Add Unrealized gains</u>	1,402,495	133,982	-	1,536,477
<b>Total</b>	<b>101,062,883</b>	<b>20,133,982</b>	<b>-</b>	<b>121,196,865</b>
<b>Total available-for-sale debt securities</b>	<b>101,062,883</b>	<b>159,423,426</b>	<b>-</b>	<b>260,486,309</b>
<b>Held-to-maturity debt securities</b>				
Fixed deposit with maturity over 3 months	207,669,433	-	-	207,669,433
Fixed deposit used as collateral	44,000,000	-	-	44,000,000
<b>Total held-to-maturity debt securities</b>	<b>251,669,433</b>	<b>-</b>	<b>-</b>	<b>251,669,433</b>
<b>Total debt securities - net</b>	<b>352,732,316</b>	<b>159,423,426</b>	<b>-</b>	<b>512,155,742</b>

As at December 31, 2014 and 2013, certain deposits at bank of the Company and its subsidiary are pledged as collateral for credit facilities for bank overdrafts and loans in the form of promissory notes (see Note 20).

As at December 31, 2014 and 2013, certain investment in securities of the Company and its subsidiary are deposited as collateral with Registrar (see Note 35).

As at December 31, 2014 and 2013, certain investment in securities of subsidiary is deposited as collateral with subsidiary's backup assets (see Note 36).

## 10. LOANS

Loans of the Company and its subsidiary were loans to employees with personal collateral in accordance with the welfare policy of the Company and its subsidiary consisted of the following:

Types of loans	Credit line of loans	Interest rate per year
General loans	Not exceed Baht 100,000 per person	3.85
Loans for residential from the flooding crisis	Not exceed Baht 100,000 per person	2.00

## 11. INVESTMENT IN A SUBSIDIARY AND AN ASSOCIATE

### 11.1 Investments in an associate in the consolidated financial statements

As at December 31, 2014 and 2013, the Company had investment in an associated company accounted for under equity method in the consolidated financial statements as follows:

Company name	Consolidated financial statements						
	Nature of business	Percentage of shareholding		Cost		Carrying value under equity method	
		2014 percent	2013 percent	2014 Baht	2013 Baht	2014 Baht	2013 Baht
<b>Associated company</b>							
Allianz Ayudhya Assurance Public Company Limited	Life Insurance	20.17	20.17	1,487,263,618	1,487,263,618	2,717,156,173	1,874,206,309

As at December 31, 2014 and 2013, an associate had total assets and total liabilities as follows:

	Baht: million	
	As at December 31, 2014	As at December 31, 2013
Total assets	129,575.46	113,401.45
Total liabilities	116,343.86	104,349.16

For the years ended December 31, 2014 and 2013, an associate had total revenues, net income and net of other comprehensive income (loss) as follows:

	Baht: million	
	For the years ended December 31,	
	2014	2013
Total revenues	31,735.47	29,569.78
Net income	1,920.29	1,761.49
Net of other comprehensive income (loss)	2,259.03	(860.16)

The consolidated statement of comprehensive income for the years ended December 31, 2014 and 2013 recognized share of profit, resulting from portion of holding of investment in an associate as follows:

	Baht: million	
	For the years ended December 31,	
	2014	2013
Share of profit of investment in an associate	387.31	355.28
Share of other comprehensive income (loss) of an associate	455.64	(173.49)

## 11.2 Investments in a subsidiary and an associate in the separate financial statements

As at December 31, 2014 and 2013, investments in a subsidiary and an associate were as follows:

Company's name	Separate financial statements					
	Paid-up capital		Shareholding percentage		Cost	
	2014 Baht	2013 Baht	2014 percent	2013 percent	2014 Baht	2013 Baht
<b>Associated company</b>						
Allianz Ayudhya Assurance						
Public Company Limited	2,950,000,000	2,950,000,000	20.17	20.17	1,487,263,618	1,487,263,618
<b>Subsidiary company</b>						
Sri Ayudhya General Insurance						
Public Company Limited	1,800,000,000	1,800,000,000	99.99	99.99	1,823,578,981	1,823,578,981

## 12. PREMISES AND EQUIPMENT - NET

Premises and equipment - net as at December 31, 2014 and 2013 consisted of the following:

	Consolidated financial statements									
	Cost				Accumulated depreciation				Beginning balance of premises and equipment - net as at January 1, 2014 Baht	Ending balance of premises and equipment - net as at December 31, 2014 Baht
	As at January 1, 2014 Baht	Increase Baht	Disposal / Write off Baht	As at December 31, 2014 Baht	As at January 1, 2014 Baht	Depreciation Baht	Disposal / Write off Baht	As at December 31, 2014 Baht		
Land	1,610,500	-	-	1,610,500	-	-	-	-	1,610,500	1,610,500
Building	773,500	-	-	773,500	(773,498)	-	-	(773,498)	2	2
Office equipment	64,012,578	10,909,258	(3,178,086)	71,743,750	(45,559,409)	(8,436,128)	3,160,084	(50,835,453)	18,453,169	20,908,297
Furniture and fixtures	27,454,050	6,075,634	(1,314,269)	32,215,415	(17,686,433)	(3,715,880)	1,206,014	(20,196,299)	9,767,617	12,019,116
Vehicles	62,000,566	6,248,826	(2,940,593)	65,308,799	(35,801,325)	(11,835,837)	2,915,625	(44,721,537)	26,199,241	20,587,262
Total	155,851,194	23,233,718	(7,432,948)	171,651,964	(99,820,665)	(23,987,845)	7,281,723	(116,526,787)	56,030,529	55,125,177

	Consolidated financial statements									
	Cost				Accumulated depreciation				Beginning balance of premises and equipment - net as at January 1, 2013 Baht	Ending balance of premises and equipment - net as at December 31, 2013 Baht
	As at January 1, 2013 Baht	Increase Baht	Disposal / Write off Baht	As at December 31, 2013 Baht	As at January 1, 2013 Baht	Depreciation Baht	Disposal / Write off Baht	As at December 31, 2013 Baht		
Land	1,610,500	-	-	1,610,500	-	-	-	-	1,610,500	1,610,500
Building	773,500	-	-	773,500	(752,956)	(20,542)	-	(773,498)	20,544	2
Office equipment	104,848,602	9,377,987	(50,214,011)	64,012,578	(87,708,464)	(8,042,658)	50,191,713	(45,559,409)	17,140,138	18,453,169
Furniture and fixtures	35,527,577	5,259,624	(13,333,151)	27,454,050	(28,181,596)	(2,742,044)	13,237,207	(17,686,433)	7,345,981	9,767,617
Vehicles	61,910,285	5,524,816	(5,434,535)	62,000,566	(30,580,152)	(10,655,701)	5,434,528	(35,801,325)	31,330,133	26,199,241
Total	204,670,464	20,162,427	(68,981,697)	155,851,194	(147,223,168)	(21,460,945)	68,863,448	(99,820,665)	57,447,296	56,030,529

	Separate financial statements									
	Cost				Accumulated depreciation				Beginning balance of premises and equipment - net as at January 1, 2014	Ending balance of premises and equipment - net as at December 31, 2014
	As at January 1, 2014	Increase	Disposal / Write off	As at December 31, 2014	As at January 1, 2014	Depreciation	Disposal / Write off	As at December 31, 2014		
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Land	1,610,500	-	-	1,610,500	-	-	-	-	1,610,500	1,610,500
Building	773,500	-	-	773,500	(773,498)	-	-	(773,498)	2	2
Office equipment	3,768,495	416,490	(310,329)	3,874,656	(2,783,888)	(346,792)	310,310	(2,820,370)	984,607	1,054,286
Furniture and fixtures	4,514,433	9,576	-	4,524,009	(2,386,896)	(733,908)	-	(3,120,804)	2,127,537	1,403,205
Vehicles	22,675,722	2,957,825	(1,674,707)	23,958,840	(15,275,930)	(4,299,486)	1,674,706	(17,900,710)	7,399,792	6,058,130
Total	33,342,650	3,383,891	(1,985,036)	34,741,505	(21,220,212)	(5,380,186)	1,985,016	(24,615,382)	12,122,438	10,126,123

	Separate financial statements									
	Cost				Accumulated depreciation				Beginning balance of premises and equipment - net as at January 1, 2013	Ending balance of premises and equipment - net as at December 31, 2013
	As at January 1, 2013	Increase	Disposal / Write off	As at December 31, 2013	As at January 1, 2013	Depreciation	Disposal / Write off	As at December 31, 2013		
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Land	1,610,500	-	-	1,610,500	-	-	-	-	1,610,500	1,610,500
Building	773,500	-	-	773,500	(752,956)	(20,542)	-	(773,498)	20,544	2
Office equipment	3,028,518	739,977	-	3,768,495	(2,553,564)	(230,324)	-	(2,783,888)	474,954	984,607
Furniture and fixtures	14,341,254	1,524,181	(11,351,002)	4,514,433	(13,145,107)	(592,765)	11,350,976	(2,386,896)	1,196,147	2,127,537
Vehicles	22,675,722	-	-	22,675,722	(11,527,781)	(3,748,149)	-	(15,275,930)	11,147,941	7,399,792
Total	42,429,494	2,264,158	(11,351,002)	33,342,650	(27,979,408)	(4,591,780)	11,350,976	(21,220,212)	14,450,086	12,122,438

As at December 31, 2014 and 2013, certain premises and equipment of the Company and its subsidiary at cost of Baht 47.53 million and Baht 45.26 million, respectively, were fully depreciated but still in use (Company: Baht 6.01 million and Baht 7.89 million, respectively).

### 13. INTANGIBLE ASSETS - NET

Intangible assets - net as at December 31, 2014 and 2013 consisted of the following:

	Consolidated financial statements										
	Cost				Accumulated amortization					Beginning balance of intangible assets - net as at January 1, 2014	Ending balance of intangible assets - net as at December 31, 2014
	As at January 1, 2014	Increase	Write off	Transfer in (out)	As at December 31, 2014	As at January 1, 2014	Amortization	Write off	As at December 31, 2014		
Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	
<b>Purchase/subsequently acquire</b>											
Computer software	64,178,324	684,750	(1,076,284)	197,250	63,984,040	(51,616,556)	(6,597,864)	1,076,174	(57,138,246)	12,561,768	6,845,794
Computer software in process	20,080,000	3,090,586	-	(197,250)	22,973,336	-	-	-	-	20,080,000	22,973,336
Bancassurance agreement	100,000,000	-	-	-	100,000,000	(31,590,472)	(9,991,787)	-	(41,582,259)	68,409,528	58,417,741
<b>Total</b>	<b>184,258,324</b>	<b>3,775,336</b>	<b>(1,076,284)</b>	<b>-</b>	<b>186,957,376</b>	<b>(83,207,028)</b>	<b>(16,589,651)</b>	<b>1,076,174</b>	<b>(98,720,505)</b>	<b>101,051,296</b>	<b>88,236,871</b>

	Consolidated financial statements										
	Cost				Accumulated amortization					Beginning balance of intangible assets - net as at January 1, 2013	Ending balance of intangible assets - net as at December 31, 2013
	As at January 1, 2013	Increase	Write off	Transfer in (out)	As at December 31, 2013	As at January 1, 2013	Amortization	Write off	As at December 31, 2013		
Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	
<b>Purchase/subsequently acquire</b>											
Computer software	70,860,922	274,000	(6,956,598)	-	64,178,324	(50,920,234)	(7,652,765)	6,956,443	(51,616,556)	19,940,688	12,561,768
Computer software in process	18,910,000	1,170,000	-	-	20,080,000	-	-	-	-	18,910,000	20,080,000
Bancassurance agreement	100,000,000	-	-	-	100,000,000	(21,598,684)	(9,991,788)	-	(31,590,472)	78,401,316	68,409,528
<b>Total</b>	<b>189,770,922</b>	<b>1,444,000</b>	<b>(6,956,598)</b>	<b>-</b>	<b>184,258,324</b>	<b>(72,518,918)</b>	<b>(17,644,553)</b>	<b>6,956,443</b>	<b>(83,207,028)</b>	<b>117,252,004</b>	<b>101,051,296</b>

	Separate financial statements								
	Cost				Accumulated amortization			Beginning balance of intangible assets - net as at January 1, 2014	Ending balance of intangible assets - net as at December 31, 2014
	As at January 1, 2014	Increase	Transfer in (out)	As at December 31, 2014	As at January 1, 2014	Amortization	As at December 31, 2014		
Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	

Purchase/subsequently acquire

Computer software	40,800	-	-	40,800	(40,776)	-	(40,776)	24	24
Total	40,800	-	-	40,800	(40,776)	-	(40,776)	24	24

	Separate financial statements								
	Cost				Accumulated amortization			Beginning balance of intangible assets - net as at January 1, 2013	Ending balance of intangible assets - net as at December 31, 2013
	As at January 1, 2013	Increase	Transfer in (out)	As at December 31, 2013	As at January 1, 2013	Amortization	As at December 31, 2013		
Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	

Purchase/subsequently acquire

Computer software	40,800	-	-	40,800	(37,358)	(3,418)	(40,776)	3,442	24
Total	40,800	-	-	40,800	(37,358)	(3,418)	(40,776)	3,442	24

As at December 31, 2014 and 2013, certain intangible assets of the Company and its subsidiary at cost of Baht 44.59 million and Baht 26.73 million, respectively, were fully amortized but still in use (Company : December 31, 2014, Baht 0.04 million).

#### 14. DEFERRED TAX ASSETS

Deferred tax assets as at December 31, 2014 and 2013 were as follows:

	Consolidated financial statements		Separate financial statements	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Deferred tax assets	225,365,499	297,414,027	20,120,809	21,496,018



Movements of deferred tax assets for the years ended December 31, 2014 and 2013 consisted of tax effects from the following items:

	Consolidated financial statements			
	As at January 1, 2014	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	As at December 31, 2014
	Baht	Baht	Baht	Baht
Allowance for doubtful accounts	1,915,251	-	-	1,915,251
Unearned premium reserve	92,259,341	1,550,604	-	93,809,945
Loss reserve - net	178,855,913	(75,490,305)	-	103,365,608
Incurring but not reported claims	12,540,573	678,989	-	13,219,562
Employee benefit obligation	7,446,204	(883,832)	435,308	6,997,680
Allowance for impairment of general investment	301,424	-	-	301,424
Premium ceded payables - Excess of loss	3,838,821	1,660,708	-	5,499,529
Others	256,500	-	-	256,500
Total	297,414,027	(72,483,836)	435,308	225,365,499

	Consolidated financial statements			
	As at January 1, 2013	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	As at December 31, 2013
	Baht	Baht	Baht	Baht
Allowance for doubtful accounts	1,915,251	-	-	1,915,251
Unearned premium reserve	72,017,478	20,241,863	-	92,259,341
Loss reserve - net	132,453,044	46,402,869	-	178,855,913
Incurring but not reported claims	9,112,477	3,428,096	-	12,540,573
Employee benefit obligation	4,769,203	2,451,362	225,639	7,446,204
Allowance for impairment of general investment	301,424	-	-	301,424
Unused tax losses	130,107,385	(130,107,385)	-	-
Premium ceded payables - Excess of loss	5,974,729	(2,135,908)	-	3,838,821
Others	256,500	-	-	256,500
Total	356,907,491	(59,719,103)	225,639	297,414,027

	Separate financial statements			
	As at January 1, 2014	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	As at December 31, 2014
	Baht	Baht	Baht	Baht
Loss reserve - net	18,336,327	619,318	-	18,955,645
Employee benefit obligation	2,858,267	(2,098,756)	104,229	863,740
Allowance for impairment of general investment	301,424	-	-	301,424
Total	<u>21,496,018</u>	<u>(1,479,438)</u>	<u>104,229</u>	<u>20,120,809</u>

	Separate financial statements			
	As at January 1, 2013	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	As at December 31, 2013
	Baht	Baht	Baht	Baht
Loss reserve - net	17,717,009	619,318	-	18,336,327
Employee benefit obligation	2,540,029	318,238	-	2,858,267
Allowance for impairment of general investment	301,424	-	-	301,424
Total	<u>20,558,462</u>	<u>937,556</u>	<u>-</u>	<u>21,496,018</u>

## 15. OTHER ASSETS

Other assets as at December 31, 2014 and 2013 consisted of the following:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Other receivables	15,506,987	14,209,887	1,569,833	164,210
Revenue Department receivable	4,803,046	-	-	-
Refundable withholding tax	1,656,457	13,819,174	-	-
Premium saving certificates used as collateral	25,865,000	16,165,000	865,000	3,665,000
Prepaid expenses	15,179,900	5,975,415	396,245	892,058
Others	8,218,911	9,438,333	16,435,475	13,176,360
Total other assets	<u>71,230,301</u>	<u>59,607,809</u>	<u>19,266,553</u>	<u>17,897,628</u>

## 16. DUE TO REINSURERS

Due to reinsurers as at December 31, 2014 and 2013 consisted of the following:

	Consolidated financial statements	
	2014	2013
	Baht	Baht
Premium ceded payables	66,433,127	66,301,230
Amount withheld on reinsurance	393,848,829	306,626,318
Other reinsurance payables	335,198,461	249,581,598
Total due to reinsurers	<u>795,480,417</u>	<u>622,509,146</u>

## 17. LOSS RESERVES AND OUTSTANDING CLAIMS

Loss reserves and outstanding claims as at December 31, 2014 and 2013 consisted of the following:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
As at January 1,	2,268,281,429	2,931,055,765	91,681,635	88,585,047
Loss incurred and loss adjustment expenses during the years				
- Incurred but not reported	3,394,947	17,140,484	-	-
- Incurred but not yet agreed	(1,182,896,733)	(675,623,647)	3,096,588	3,096,588
- Incurred and agreed	2,309,548,028	1,947,643,978	-	-
Loss paid and loss adjustment paid during the years	(2,308,171,990)	(1,951,935,151)	-	-
As at December 31,	<u>1,090,155,681</u>	<u>2,268,281,429</u>	<u>94,778,223</u>	<u>91,681,635</u>

As at December 31, 2014 and 2013, the subsidiary had loss reserves and outstanding claims under the reinsurance contracts of Baht 416.83 million and Baht 1,349.98 million, respectively.

As at December 31, 2014 and 2013, the loss reserves and outstanding claims account in the separate financial statements are included outstanding claims and accrued interest of Baht 94.78 million and Baht 91.68 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 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.

Loss reserves and outstanding claims as at December 31, 2014 and 2013 in the consolidated financial statements have been included claim from suffering losses from flooding in Thailand amounting to Baht 390.88 million and Baht 1,337.12 million, respectively (see Note 5).

## 18. PREMIUM RESERVE

Premium reserve as at December 31, 2014 and 2013 consisted of the following:

### 18.1 Unearned premium reserve

	Consolidated financial statements	
	2014 Baht	2013 Baht
As at January 1,	1,338,149,536	1,314,816,028
Premium written for the years	3,087,164,695	2,988,848,460
Earned premium for the years	(2,973,372,133)	(2,965,514,952)
As at December 31, (see Note 42)	<u>1,451,942,098</u>	<u>1,338,149,536</u>

## 18.2 Unexpired risk reserve

As at December 31, 2014 and 2013, no additional reserve for unexpired risk reserve has been established as the unexpired risk reserve estimated by the subsidiary amounting to Baht 743.24 million and Baht 700.15 million, respectively is lower than the unearned premium reserve.

## 19. EMPLOYEE BENEFIT OBLIGATION

The Company and its subsidiary calculated employee benefits obligation by an actuary using the projected unit credit cost method. The assumptions consisted of the following:

	The Company		The subsidiary	
	2014	2013	2014	2013
Discount rate (%)	3.38	3.97	3.59	4.12
Resignation rate (%) based on age group of employees	4, 9, 21	3, 4, 12	4, 9, 21	3, 4, 12
Salary increase (%)	6	5	6	6
Retirement age (years)	60	60	60	60

Movements in the present value of the employee benefit obligation as at December 31, 2014 and 2013 were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Present value of obligation at the beginning of the years	62,757,420	57,217,784	14,572,338	12,981,146
Current service cost of the years	15,486,773	5,496,425	10,355,966	1,086,996
Interest cost	2,269,276	2,127,416	284,068	504,196
Actuarial loss	2,176,540	1,128,195	521,144	-
Benefit paid during the years	(21,715,646)	(3,212,400)	(20,220,812)	-
Transfer benefit to subsidiary company	-	-	(913,003)	-
Present value of obligation at the ending of the years	<u>60,974,363</u>	<u>62,757,420</u>	<u>4,599,701</u>	<u>14,572,338</u>

The expenses that were recorded in the statement of comprehensive income for employee benefit obligations for the years ended December 31, 2014 and 2013 consisted of the following:

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Current service cost	15,486,773	5,496,425	10,355,966	1,086,996
Interest cost	2,269,276	2,127,416	284,068	504,196
Total employee benefit expenses (see Note 27)	<u>17,756,049</u>	<u>7,623,841</u>	<u>10,640,034</u>	<u>1,591,192</u>

For the years ended December 31, 2014 and 2013, the Company and its subsidiary recognized actuarial loss in the consolidated statement of comprehensive income as follows:

	Consolidated financial statements		Separate financial statements	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Actuarial loss	2,176,540	1,128,195	521,144	-
Deferred tax	(435,308)	(225,639)	(104,229)	-
Actuarial loss on defined employee benefit plans - net of income tax	<u>1,741,232</u>	<u>902,556</u>	<u>416,915</u>	<u>-</u>

## 20. BANK OVERDRAFTS

As at December 31, 2014 and 2013 the Company had credit lines for bank overdrafts and loans in the form of promissory notes of Baht 30 million which were guaranteed by deposits at bank of the Company of Baht 30 million. The interest rate was deposits at bank rate plus 2% - 3% (see Note 9).

As at December 31, 2014 and 2013, the subsidiary had credit line for bank overdrafts of Baht 20 million with interest rate of the fixed deposit rate of plus 2% per annum which were guaranteed by fixed deposit of subsidiary of Baht 20 million (see Note 9).

## 21. DEFERRED TAX LIABILITIES

Deferred tax liabilities as at December 31, 2014 and 2013 were as follows:

	Consolidated financial statements		Separate financial statements	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Deferred tax liabilities	<u>14,137,491</u>	<u>12,196,552</u>	<u>10,702,738</u>	<u>9,755,202</u>

Movements of deferred tax liabilities for the years ended December 31, 2014 and 2013 consisted of tax effects from the following items:

	Consolidated financial statements			
	As at January 1, 2014 Baht	Transactions recognized in profit or loss Baht	Transaction recognized in other comprehensive income or loss Baht	As at December 31, 2014 Baht
Unrealized gain on the change in value of investment in available-for-sale securities (see Note 6.1.1)	7,257,528	-	1,940,939	9,198,467
Unrealized gain on transfer of investments	4,939,024	-	-	4,939,024
Total	<u>12,196,552</u>	<u>-</u>	<u>1,940,939</u>	<u>14,137,491</u>

	Consolidated financial statements			
	As at January 1, 2013	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	As at December 31, 2013
	Baht	Baht	Baht	Baht
Unrealized gain on the change in value of investment in available-for-sale securities (see Note 6.1.1)	31,698,032	-	(24,440,504)	7,257,528
Unrealized gain on transfer of investments	4,939,024	-	-	4,939,024
<b>Total</b>	<b>36,637,056</b>	<b>-</b>	<b>(24,440,504)</b>	<b>12,196,552</b>

	Separate financial statements			
	As at January 1, 2014	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	As at December 31, 2014
	Baht	Baht	Baht	Baht
Unrealized gain on the change in value of investment in available-for-sale securities (see Note 6.1.1)	4,816,178	-	947,536	5,763,714
Unrealized gain on transfer of investments	4,939,024	-	-	4,939,024
<b>Total</b>	<b>9,755,202</b>	<b>-</b>	<b>947,536</b>	<b>10,702,738</b>

	Separate financial statements			
	As at January 1, 2013	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	As at December 31, 2013
	Baht	Baht	Baht	Baht
Unrealized gain on the change in value of investment in available-for-sale securities (see Note 6.1.1)	28,884,395	-	(24,068,217)	4,816,178
Unrealized gain on transfer of investments	4,939,024	-	-	4,939,024
<b>Total</b>	<b>33,823,419</b>	<b>-</b>	<b>(24,068,217)</b>	<b>9,755,202</b>

## 22. OTHER LIABILITIES

Other liabilities as at December 31, 2014 and 2013 consisted of the following:

	Consolidated financial statements		Separate financial statements	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Other payables - promotion expense	11,796,379	17,343,800	-	-
Amount received in advance - premium	15,137,896	25,688,569	-	-
Revenue Department payable	11,403,041	6,841,434	4,173,967	421,897
Undue output VAT	2,869,104	3,340,209	-	-
Others	18,843,394	30,192,485	1,137	-
Total other liabilities	<u>60,049,814</u>	<u>83,406,497</u>	<u>4,175,104</u>	<u>421,897</u>

## 23. STATUTORY RESERVE

Pursuant to the Public Limited Companies Act B.E. 2535, the Company and subsidiary must allocate to a reserve fund from the annual net profit of the year, 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.

As at December 31, 2014 and 2013, the Company has statutory reserve by ten percent of the authorized capital.

## 24. OTHER RESERVES

As at December 31, 2013, other reserves of the Company amounting to Baht 900 million were set without having a specific objective.

Subsequently, on April 22, 2014, the ordinary shareholders' meeting of the Company passed a resolution to transfer the general reserve of Baht 900 million to be Unappropriated Retained Earnings.

## 25. UNDERWRITING INFORMATION CLASSIFIED BY TYPE OF INSURANCE

Underwriting information classified by type of insurance for the years ended December 31, 2014 and 2013 consisted of the following:



	Consolidated financial statements					
	For the year ended December 31, 2014					
	Fire Baht	Marine Baht	Motor Baht	Personal accident Baht	Other miscellaneous Baht	Total Baht
<b>Underwriting income</b>						
Gross premiums written	607,013,518	390,202,784	928,511,633	370,482,087	790,954,673	3,087,164,695
<u>Less</u> Premiums ceded	195,008,082	275,512,088	316,366,427	56,301,588	426,775,229	1,269,963,414
Net premiums written	412,005,436	114,690,696	612,145,206	314,180,499	364,179,444	1,817,201,281
<u>(Add) Less</u> Unearned premium reserve	51,227,855	593,672	(168,715,977)	79,776,929	32,625,307	(4,492,214)
Net premium earned	360,777,581	114,097,024	780,861,183	234,403,570	331,554,137	1,821,693,495
Fee and commission income	60,930,871	76,730,710	121,137,857	10,179,044	101,243,213	370,221,695
Total underwriting income	421,708,452	190,827,734	901,999,040	244,582,614	432,797,350	2,191,915,190
<b>Underwriting expenses</b>						
Insurance claims and loss adjustment expenses (see Note 5)	41,573,756	41,419,504	531,294,663	156,207,086	(81,362,521)	689,132,488
Commissions and brokerages expenses	133,481,895	47,242,355	124,092,274	63,601,821	86,195,157	454,613,502
Other underwriting expenses	45,439,657	32,081,637	126,606,534	71,468,982	86,866,300	362,463,110
Total underwriting expenses	220,495,308	120,743,496	781,993,471	291,277,889	91,698,936	1,506,209,100

	Consolidated financial statements					
	For the year ended December 31, 2013					
	Fire Baht	Marine Baht	Motor Baht	Personal accident Baht	Other miscellaneous Baht	Total Baht
<b>Underwriting income</b>						
Gross premiums written	582,200,059	383,367,457	947,473,483	266,176,487	809,630,974	2,988,848,460
<u>Less</u> Premiums ceded	257,228,040	268,562,025	8,479,932	45,053,646	488,628,220	1,067,951,863
Net premiums written	324,972,019	114,805,432	938,993,551	221,122,841	321,002,754	1,920,896,597
<u>(Add) Less</u> Unearned premium reserve	10,393,605	2,128,879	32,688,679	(15,921,043)	(17,044,892)	12,245,228
Net premium earned	314,578,414	112,676,553	906,304,872	237,043,884	338,047,646	1,908,651,369
Fee and commission income	58,765,222	73,081,762	7	7,527,049	91,106,347	230,480,387
Total underwriting income	373,343,636	185,758,315	906,304,879	244,570,933	429,153,993	2,139,131,756
<b>Underwriting expenses</b>						
Insurance claims and loss adjustment expenses (see Note 5)	55,719,241	45,568,420	533,847,050	149,268,027	44,374,529	828,777,267
Commissions and brokerages expenses	125,589,482	46,882,310	121,390,119	44,064,540	83,468,967	421,395,418
Other underwriting expenses	29,960,709	26,832,917	124,146,713	59,376,637	111,216,457	351,533,433
Total underwriting expenses	211,269,432	119,283,647	779,383,882	252,709,204	239,059,953	1,601,706,118

## 26. OPERATING EXPENSES

Operating expenses for the years ended December 31, 2014 and 2013 consisted of the following:

	Consolidated financial statements		Separate financial statements	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Employee benefit expenses, excluded underwriting and loss adjustment expenses	174,928,508	141,281,116	76,375,921	56,820,643
Premises and equipment expense, excluded underwriting expenses	109,455,598	102,839,556	13,692,047	12,672,092
Taxes and duties	1,425,368	1,528,135	167,400	237,391
Bad debt and allowance for doubtful accounts	(15,965,161)	114,677,115	-	-
Directors personnel's remuneration	16,948,714	9,767,630	11,040,687	8,406,500
Marketing and promotion expenses	17,271,939	10,264,820	-	-
Other operating expense	63,292,985	55,182,235	11,630,652	10,821,147
Total operating expenses	<u>367,357,951</u>	<u>435,540,607</u>	<u>112,906,707</u>	<u>88,957,773</u>

## 27. EMPLOYEE EXPENSES

Employee expenses for the years ended December 31, 2014 and 2013 consisted of the following:

	Consolidated financial statements		Separate financial statements	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Salary and wage	183,533,430	165,770,629	33,541,328	31,920,151
Social fund expenses	3,841,866	2,951,980	175,250	149,129
Employee benefit expenses (see Note 19)	17,756,049	7,623,841	10,640,034	1,591,192
Provident fund (see Note 34)	10,305,069	6,983,277	1,451,578	1,178,220
Other benefits	110,667,492	74,022,382	30,567,731	21,981,951
Total employee expenses	<u>326,103,906</u>	<u>257,352,109</u>	<u>76,375,921</u>	<u>56,820,643</u>

## 28. GAIN ON INVESTMENT IN SECURITIES

Gain on investment in securities for the years ended December 31, 2014 and 2013 consisted of the following:

	Consolidated financial statements		Separate financial statements	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Gain on sale of investment in available-for-sale securities				
- ordinary shares	18,240,583	35,020,100	18,240,583	35,020,100
Gain on sale of investment in available-for-sale securities				
- bonds	-	625,160	-	625,160
Gain on sale of investment in available-for-sale securities				
- debenture	800,755	-	800,755	-
Gain on sale of investment in available-for-sale securities				
- unit trusts	29,010,259	18,448,083	29,005,862	16,444,112
Gain on sale of investment in available-for-sale securities				
- warrants	91,340	-	91,340	-
Gain on sale of general investment - ordinary shares	1,348,070,869	-	1,348,057,778	-
Total gain on investment in securities	<u>1,396,213,806</u>	<u>54,093,343</u>	<u>1,396,196,318</u>	<u>52,089,372</u>

## 29. INCOME TAX EXPENSE

Income tax expense for the years ended December 31, 2014 and 2013 consisted of the following:

	Consolidated financial statements		Separate financial statements	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Income tax expense from taxable income per income tax return	282,178,877	12,073,080	265,262,476	3,277,606
Deferred tax expenses relating to the origination and reversal of temporary differences	<u>72,483,836</u>	<u>59,719,103</u>	<u>1,479,438</u>	<u>(937,556)</u>
Income tax expense per the statements of comprehensive income	<u>354,662,713</u>	<u>71,792,183</u>	<u>266,741,914</u>	<u>2,340,050</u>

The reconciliation between income tax expense and accounting income for the years ended December 31, 2014 and 2013 was as follows:

	Consolidated financial statements		Separate financial statements	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Accounting income before tax	<u>2,216,547,217</u>	<u>661,728,219</u>	<u>1,378,694,303</u>	<u>77,582,995</u>
Income tax at 20%	443,309,443	132,345,644	275,738,861	15,516,599
Tax effect of non-deductible expenses (benefits)	<u>(88,646,730)</u>	<u>(60,553,461)</u>	<u>(8,996,947)</u>	<u>(13,176,549)</u>
Income tax expense per the statements of comprehensive income	<u>354,662,713</u>	<u>71,792,183</u>	<u>266,741,914</u>	<u>2,340,050</u>

Royal Decree No. 577 B.E. 2557 dated 10 November 2014 extends the reduction to 20% for the accounting period 2015 which begins on after January 1, 2015.

### 30. BASIC EARNINGS PER SHARE

Basic earnings per share for the years ended December 31, 2014 and 2013 were as follows:

	Consolidated financial statements		Separate financial statements	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Net profit (Baht)	1,861,884,504	589,936,036	1,111,952,389	75,242,945
Issued and paid-up share capital (shares)	250,000,000	250,000,000	250,000,000	250,000,000
Basic earnings per share (Baht)	7.45	2.36	4.45	0.30

### 31. TRANSACTIONS WITH RELATED PARTIES

The consolidated and separate financial statements include certain transactions with the subsidiary and related parties. The relationship may be by shareholding or the companies may have the same group of shareholders or directors. The consolidated and separate financial statements reflect the effects of these transactions on the basis determined by the Company, the subsidiary and the related parties which are as follows:

The relationships between the Company and its related parties are summarized below:

Companies	Relationship	Type of Business
Sri Ayudhya General Insurance Plc.	Some common shareholders and directors	Insurance
Bank of Ayudhya Plc.	Some common shareholders and directors	Banking
Krungsri Securities Plc.	Some common shareholders and directors	Finance
Krungsri Asset Management Co., Ltd.	Some common shareholders	Fund Management
Ayudhya Development Leasing Co., Ltd.	Some common shareholders	Leasing
Siam City Cement Plc.	Some common shareholders and directors	Construction Materials
Bangkok Broadcasting & T.V. Co., Ltd.	Some common shareholders and directors	Television Business
Great Luck Equity Co., Ltd.	Some common shareholders	Advertising
Great Fortune Co., Ltd.	Some common shareholders	Advertising
Super Asset Co., Ltd.	Some common shareholders	Investments
BBTV Equity Co., Ltd.	Some common shareholders	Office Space Rental
CKS Holding Co., Ltd.	Some common shareholders	Investments
Sunrise Equity Co., Ltd.	Some common shareholders	Consulting
Allianz Ayudhya Assurance Plc.	Some common shareholders and directors	Life Insurance
Grand Canal Land Plc.	Some common shareholders	Advertising
Ayudhya Asset Management Co., Ltd.	Some common shareholders	Asset Management
Siam Realty and Services Co., Ltd.	Some common shareholders	Services
Ayudhya Capital Auto Lease Plc.	Some common shareholders	Leasing
Krungsriayudhya Card Co., Ltd.	Some common shareholders	Services
Eastern Star Real Estate Plc.	Some common shareholders and directors	Property

### 31.1 Investments

As at December 31, 2014

Companies	Consolidated and separate financial statements			
	Paid-up share capital	Shareholding	Investment	Dividend
	Baht	%	Baht	Baht
<b>Investment - ordinary shares</b>				
Siam City Cement Plc.	2,300,000,000	0.003	3,038,000	140,000
			<u>3,038,000</u>	<u>140,000</u>

Companies	Consolidated and separate financial statements	
	Investment	Dividend
	Baht	Baht
<b>Investment - unit trusts</b>		
Unit trusts managed by		
Krungsri Asset Management Co., Ltd.		
- Krungsri Star Plus Fund	1,416,199,137	-
- Krungsri Cash Management Fund	30,777	-
- Krungsri Cash Plus Fund	2,250,166	-
- Krungsri Star Equity Dividend Fund	27,202,653	614,847
- Krungsri Dividend Stock Fund	175,680,332	8,894,336
- Krungsri Dynamic Dividend Fund	10,963,440	1,032,000
- Krungsri Flexible Dividend Fund	87,267,186	18,002,143
- Krungsri Financial Focus Dividend Fund	7,212,624	343,482
- Krungsri Global High Payout Fund	19,662,660	-
- Krungsri Europe Equity Fund	43,692,922	-
- Krungsri Global Small-Mid Cap Equity Dividend Fund	9,294,877	-
- Krungsri Global Healthcare Equity Dividend Fund	50,510,866	1,111,842
	<u>1,849,967,640</u>	<u>29,998,650</u>

	Consolidated and Separate financial statements	
	For the years ended	
	December 31,	
	2014	2013
<b>Gain on sale of general investment in securities - ordinary shares *</b>		
Great Luck Equity Co., Ltd.	271,509,145	-
Great Fortune Co., Ltd.	1,076,500,848	-
	<u>1,348,009,993</u>	<u>-</u>

\* On July 3, 2014, the Company entered into share purchase agreement of all investment in ordinary shares of Sunrise Equity Co., Ltd. and full amount from sale of investments was paid to the Company on July 8, 2014.

The Company disposes investment in ordinary share as specified between the Company and such related company. The selling price is in compliance with the Opinion of Independent Financial Advisor of the Company.

As at December 31, 2013

Companies	Consolidated and separate financial statements			
	Paid-up share capital	Shareholding	Investment	Dividend
	Baht	%	Baht	Baht
<b>Investment - ordinary shares</b>				
Bank of Ayudhya Plc.	60,741,437,470	-	-	225,920
Sunrise Equity Co., Ltd.	9,970,000,000	5.48	546,136,660	-
Siam City Cement Plc.	2,300,000,000	0.02	9,925,000	350,000
			<u>556,061,660</u>	<u>575,920</u>

Companies	Consolidated and separate financial statements	
	Investment	Dividend
	Baht	Baht

**Investment - unit trusts**

Unit trusts managed by

Krungsri Asset Management Co., Ltd.

- Krungsri Star Plus Fund	82,926,120	-
- Krungsri Cash Management Fund	20,399	-
- Krungsri Dividend Stock Fund	38,227,848	5,300,000
- Krungsri Dynamic Dividend Fund	11,547,600	900,000
- Krungsri Flexible Dividend Fund	92,439,802	24,562,923
- Krungsri Financial Focus Dividend Fund	6,459,611	1,495,579
- Krungsri Global High Payout Fund	19,727,488	-
- Krungsri Europe Equity Fund	44,718,056	-
	<u>296,066,924</u>	<u>32,258,502</u>

31.2 Significant balances and transactions were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	As at December 31		As at December 31	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Deposits at bank				
Bank of Ayudhya Plc.	779,488,573	877,516,158	72,733,742	108,723,731
Premium due and uncollected				
Bank of Ayudhya Plc.	446,336	311,236	-	-
Krungsri Asset Management Co., Ltd.	-	128,862	-	-
Ayudhya Development Leasing Co., Ltd.	(6,752)	-	-	-
Siam City Cement Plc.	226,418	485,597	-	-
Bangkok Broadcasting & T.V. Co., Ltd.	383,072	975,414	-	-
CKS Holding Co., Ltd.	90,292	107,614	-	-
Allianz Ayudhya Assurance Plc.	36,629	37,632	-	-
BBTV Equity Co.,Ltd.	25,592	-	-	-
Grand Canal Land Plc.	311,541	-	-	-
Siam Realty and Services Co., Ltd.	70,075	-	-	-
Ayudhya Capital Auto Lease Plc.	-	570,639	-	-
Krungsriayudhya Card Co., Ltd.	233,309	2,155,489	-	-
Eastern Star Real Estate Plc.	40,138	1,451,602	-	-
	<u>1,856,650</u>	<u>6,224,085</u>	<u>-</u>	<u>-</u>
Investment in an associate (see Note 11)				
Allianz Ayudhya Assurance Plc.	2,717,156,173	1,874,206,309	1,487,263,618	1,487,263,618
Investment in a subsidiary (see Note 11)				
Sri Ayudhya General Insurance Plc.	-	-	1,823,578,981	1,823,578,981
Accrued interest income				
Bank of Ayudhya Plc.	2,069,548	3,524,277	393,652	1,122,625
Receivable from sell of securities				
Krungsri Securities Plc.	1,569,833	-	1,569,833	-
Accrued income				
Sri Ayudhya General Insurance Plc.	-	-	13,848,224	10,560,156
Rental and facilities deposits				
BBTV Equity Co., Ltd.	5,818,926	5,082,466	1,303,093	1,158,193
Bank of Ayudhya Plc.	6,000	8,000	6,000	8,000
Premium written received in advance				
Bank of Ayudhya Plc.	13,404,326	-	-	-
Accrued expense - management fee				
Krungsri Securities Plc.	57,368	51,762	57,368	51,762
Accrued expense - custodian fee				
Bank of Ayudhya Plc.	13,326	13,895	1,690	1,507
Accrued expense - commissions and brokerages				
Bank of Ayudhya Plc.	12,957,093	15,883,099	-	-
Accrued expense - other underwriting expenses				
Bank of Ayudhya Plc.	10,085,425	6,286,136	-	-



	Consolidated financial statements	
	For the years ended December 31,	
	2014 Baht	2013 Baht
Premium written		
Bank of Ayudhya Plc.	23,382,639	19,939,063
Krungsri Securities Plc.	4,570	4,728
Krungsri Asset Management Co., Ltd.	1,304,694	1,513,962
Ayudhya Development Leasing Co., Ltd.	2,855,670	20,749,112
Siam City Cement Plc.	81,037,102	84,228,312
Bangkok Broadcasting & T.V. Co., Ltd.	10,982,550	8,964,241
Great Luck Equity Co., Ltd.	22,147	45,666
Super Assets Co., Ltd.	80,476	75,768
BBTV Equity Co., Ltd.	1,156,938	1,134,943
CKS Holding Co., Ltd.	84,048	100,172
Allianz Ayudhya Assurance Plc.	642,222	620,344
Grand Canal Land Plc.	290,000	300,000
Ayudhya Asset Management Co., Ltd.	754,926	1,402,363
Siam Realty and Services Co., Ltd.	1,312,927	1,054,441
Ayudhya Capital Auto Lease Plc.	32,192	1,085,615
Krungsriayudhya Card Co., Ltd.	373,558	3,603,694
Eastern Star Real Estate Plc.	452,032	3,071,979
	<u>124,768,691</u>	<u>147,894,403</u>

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

	Consolidated financial statements	
	For the years ended December 31,	
	2014 Baht	2013 Baht
Commissions and brokerages		
Bank of Ayudhya Plc.	172,808,444	165,330,014
Other underwriting expenses		
Bank of Ayudhya Plc.	78,258,885	71,465,162

The subsidiary paid commissions and brokerages and other underwriting expenses as specified in the Bancassurance Agreement made between the subsidiary 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 subsidiary has offered to other insurance broker companies.

	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,		For the years ended December 31,	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Interest income				
Bank of Ayudhya Plc.	8,424,374	11,602,481	1,734,159	2,720,999
Management fees				
Sri Ayudhya General Insurance Plc.	-	-	25,620,826	19,266,319

Interest was charged at the same interest rates as the bank has offered to other insurance companies.

The Company enters into a management service agreement with the subsidiary company for providing managerial and administrative services of accounting, payroll and information technology. Services rates are agreed by both parties which are determined based on estimated time spent and cost incurred for the subsidiary company.

	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,		For the years ended December 31,	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Commission paid				
Krungsri Securities Plc.	803,409	725,482	803,409	725,482
Management fees				
Krungsri Securities Plc	659,516	655,024	659,516	655,024
Krungsri Asset Management Co., Ltd.	1,035,908	595,473	1,035,908	595,473
Custodian fees				
Bank of Ayudhya Plc.	183,262	149,392	19,832	24,596

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

	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,		For the years ended December 31,	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Rental and service fees				
BBTV Equity Co., Ltd.	21,410,049	20,369,649	4,961,100	4,719,600

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

### 32. DIRECTORS AND KEY MANAGEMENT PERSONNEL'S REMUNERATION

During the years ended December 31, 2014 and 2013, the Company and its subsidiary had salaries, bonuses, directors allowances and other benefits of its directors and key management personnel recognized as expenses as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Directors and key management personnel's remuneration				
Short-term benefits	85,556,376	66,780,502	54,899,206	44,028,682
Post-employment benefits	13,307,933	2,323,692	10,716,291	916,581
Directors' remuneration	3,486,873	2,490,360	2,394,950	2,234,400
	<u>102,351,182</u>	<u>71,594,554</u>	<u>68,010,447</u>	<u>47,179,663</u>

Directors' remuneration for the years ended December 31, 2014 and 2013 were approved by the ordinary shareholders' meeting of the Company held on April 22, 2014 and April 22, 2013, respectively.

Furthermore, directors' remuneration of the subsidiary for the years ended December 31, 2014 and 2013 were approved by the ordinary shareholders' meeting of the subsidiary held on March 21, 2014 and April 9, 2013, respectively.

### 33. DIVIDENDS

33.1 On April 22, 2013, the ordinary shareholders' meeting of the Company passed a resolution to pay an annual dividend for the year ended December 31, 2012 of Baht 0.38 per share for 250 million shares, totaling Baht 95 million. Such dividend was paid on May 2, 2013.

33.2 On August 13, 2013, the Board of Directors' meeting passed a resolution to pay an interim dividend for the operation result from January 1, to June 30, 2013 of Baht 0.70 per share for 250 million shares, totaling Baht 175 million. Such dividend was paid on September 9, 2013.

33.3 On April 22, 2014, the ordinary shareholders' meeting of the Company passed a resolution to pay the dividend of Baht 1.10 per share from the second half of 2013 operating result and unappropriated retained earnings for 250 million shares, totaling Baht 275 million which was paid on May 2, 2014.

33.4 On August 7, 2014, the Board of Directors' meeting passed a resolution to pay an interim dividend for the operation result from January 1, to June 30, 2014 of Baht 1.00 per share for 250 million shares, totaling Baht 250 million. Such dividend was paid on September 5, 2014.

### 34. PROVIDENT FUND

The Company and its subsidiary have established a contributory registered provident fund, in accordance with the Provident Fund Act B.E. 2530. Under the plan, employees must contribute 5% of their basic salaries and the Company must contribute 5%. A registered provident fund manager has been appointed to manage the fund in compliance with the requirements of the Ministerial Regulations issued under the Provident Fund Act B.E. 2542.

For the years ended December 31, 2014 and 2013, the Company's and its subsidiary's contributions recorded as expenses were Baht 10.31 million and Baht 6.98 million, respectively (Company: Baht 1.45 million and Baht 1.18 million, respectively) (see Note 27).

### 35. DEPOSITS WITH THE REGISTRAR

As at December 31, 2014 and 2013, certain investment in securities of the Company and its subsidiary were deposited with the Registrar (see Note 9) in accordance with the Insurance Act and the Notification of the Office of Insurance Commission regarding “Rates, Rules and Procedures for pledge of unearned premium reserve of Non-Life Insurance Company B.E. 2552”, respectively as follows:

	Consolidated financial statements		Separate financial statements	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Government and state enterprise securities	399,945,376	396,565,340	140,603,316	139,289,444
Deposits at banks	28,000,000	28,000,000	14,000,000	14,000,000
Total deposits with the Registrar	<u>427,945,376</u>	<u>424,565,340</u>	<u>154,603,316</u>	<u>153,289,444</u>

On January 13, 2012, the Company requested to return deposits with the Registrar from the Notification of the Office of Insurance Commission. According to, the Company returned insurance license on October 17, 2011 and this license had been terminated since December 20, 2011. Subsequently on November 1, 2012, the Notification of the Office of Insurance Commission refused the appeal because the Company has contingent liabilities about insurance policies under considering by court. Such creditors of insurance policies have a preferential right on unearned premium reserve of the Company which deposit placed with the Office of Insurance Commission according to section 26 of Non-life Insurance Act B.E. 2535. Therefore, the Office of Insurance Commission has not yet returned such securities to the Company.

### 36. BACKUP ASSETS

As at December 31, 2014 and 2013, the subsidiary has deposited certain investment in securities with a bank used for the subsidiary’s backup assets (see Note 9) 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”. The backup assets were as follows:

	Consolidated financial statements	
	2014 Baht	2013 Baht
Government and state enterprise securities	1,116,036,137	208,679,345
Private enterprises securities	38,475,334	35,998,350
Foreign securities	-	401,734,344
Deposits at bank	224,186,642	275,395,009
Equity securities	1,160,970	1,210,970
Total backup assets	<u>1,379,859,083</u>	<u>923,018,018</u>

### 37. CONTRIBUTION TO NON-LIFE GUARANTEE FUND

The subsidiary has accumulated funding amount which was paid into contribution to non-life guarantee fund as at December 31, 2014 and 2013 amounting to Baht 25.22 million and Baht 17.58 million, respectively.

### 38. CONTINGENT LIABILITIES AND COMMITMENT

38.1 As at December 31, 2014 and 2013, lawsuits have been brought against the Company and its subsidiary, as insurer, from which the Company and its subsidiary estimate losses totaling Baht 107.01 million and Baht 123.67 million, respectively, (Company: Baht 94.78 million and Baht 91.68 million, respectively). Such amount has been set aside in the loss reserve and outstanding claims accounts. The Company's and its subsidiary's management do not expect the outcome of the litigation to result in losses that differ from the recorded liability by amounts that would be material to the Company's and its subsidiary's operating results.

38.2 As at December 31, 2014 and 2013, the subsidiary had a capital commitment to pay computer program development expenses in amount of approximately Baht 13.59 million and Baht 15.92 million, respectively.

### 39. LONG-TERM LEASES AND SERVICE AGREEMENTS

Long-term leases and service agreements as at December 31, 2014 and 2013 consisted of the following:

Type of leases	Consolidated financial statements		
	As at December 31, 2014		
	Remaining periods		Total rental payments for the remaining periods
	Within 1 year	Over 1 year to 5 years	
Baht	Baht	Baht	
Building			
- related company	6,914,477	11,136,547	18,051,024
- others	3,007,906	5,538,794	8,546,700
Service - related company	6,870,240	11,051,760	17,922,000
Equipment - related company	9,160,320	14,735,680	23,896,000
	<u>25,952,943</u>	<u>42,462,781</u>	<u>68,415,724</u>

Type of leases	Consolidated financial statements		
	As at December 31, 2013		
	Remaining periods		Total rental payments for the remaining periods
	Within 1 year	Over 1 year to 5 years	
Baht	Baht	Baht	
Building			
- related company	3,758,468	-	3,758,468
- others	2,927,971	3,379,014	6,306,985
Service - related company	3,722,355	-	3,722,355
Equipment - related company	4,963,140	-	4,963,140
	<u>15,371,934</u>	<u>3,379,014</u>	<u>18,750,948</u>

Type of leases	Separate financial statements		
	As at December 31, 2014		
	Remaining periods		Total rental payments for the remaining periods
	Within 1 year	Over 1 year to 5 years	
Baht	Baht	Baht	
Building - related company	1,589,760	2,517,120	4,106,880
Service - related company	1,589,760	2,517,120	4,106,880
Equipment - related company	2,119,680	3,356,160	5,475,840
	<u>5,299,200</u>	<u>8,390,400</u>	<u>13,689,600</u>

Type of leases	Separate financial statements		
	As at December 31, 2013		
	Remaining periods		Total rental payments for the remaining periods
	Within 1 year	Over 1 year to 5 years	
Baht	Baht	Baht	
Building - related company	825,930	-	825,930
Service - related company	825,930	-	825,930
Equipment - related company	1,101,240	-	1,101,240
	<u>2,753,100</u>	<u>-</u>	<u>2,753,100</u>

#### 40. DISCLOSURE OF FINANCIAL INSTRUMENTS

The Company and its subsidiary do not speculate or engage in trading of any derivative financial instruments.

##### 40.1 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 3.

##### 40.2 Credit risk

Concentrations of the credit risk with respect to premium due and uncollected are insignificant due to the large number of customers comprising the customer base and their dispersion across different industries and geographic regions in Thailand.

The maximum exposure to credit risk is limited to the book value of such premium due and uncollected after deduction of allowance for doubtful debts as stated in the statements of financial position.

##### 40.3 Interest rate risk

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

As at December 31, 2014 and 2013, significant financial assets classified by type of interest rate were as follows:

	Consolidated financial statements			
	Balance as at			
	December 31, 2014		December 31, 2013	
	Variable interest rate Baht	Fixed interest rate Baht	Variable interest rate Baht	Fixed interest rate Baht
Cash and cash equivalents				
Saving accounts	489,049,771	-	634,912,228	-
Investment in securities				
Available-for-sale securities				
Government and state enterprise securities				
Thai government bonds	-	412,301,048	-	501,836,701
State enterprise bonds	-	100,894,698	-	100,209,950
Debentures	-	3,166,643	-	3,198,034
Private enterprise securities				
Debentures	-	20,022,752	-	121,196,865
Foreign securities				
Bonds	-	-	-	401,734,344
Held-to-maturity investment				
Government and state enterprise securities				
Treasury bill used as collateral	-	999,619,124	-	-
Fixed deposit with maturity over 3 months				
Fixed deposit used as commercial bank	311,743,886	-	157,669,433	50,000,000
Fixed deposit used as collateral	-	302,186,642	-	353,395,009
<b>Total</b>	<b>800,793,657</b>	<b>1,838,190,907</b>	<b>792,581,661</b>	<b>1,531,570,903</b>



	Separate financial statements			
	Balance as at			
	December 31, 2014		December 31, 2013	
	Variable interest rate Baht	Fixed interest rate Baht	Variable interest rate Baht	Fixed interest rate Baht
Cash and cash equivalents				
Saving accounts	37,658,414	-	31,070,712	-
Investment in securities				
Available-for-sale securities				
Government and state enterprise securities				
Thai government bonds	-	140,603,316	-	139,289,444
Private enterprise securities				
Debentures	-	20,022,752	-	121,196,865
Held-to-maturity investment				
Fixed deposit with maturity over 3 months				
Fixed deposit used as commercial bank	161,743,886	-	157,669,433	50,000,000
Fixed deposit used as collateral	-	44,000,000	-	44,000,000
<b>Total</b>	<b>199,402,300</b>	<b>204,626,068</b>	<b>188,740,145</b>	<b>354,486,309</b>

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

	Consolidated financial statements				
	As at December 31, 2014				Average interest rate %
	Period specified for fixing new interest rate				
	Within 1 year Baht	1-5 years Baht	Over 5 years Baht	Total Baht	
Investment in securities					
Available-for-sale securities					
Government and state enterprise securities					
Thai government bonds	-	412,301,048	-	412,301,048	3.41
State enterprise bonds	-	100,894,698	-	100,894,698	2.28
Debentures	-	3,166,643	-	3,166,643	5.39
Private enterprise securities					
Debentures	20,022,752	-	-	20,022,752	3.78
Held-to-maturity securities					
Government and state enterprise securities					
Treasury bills used as collateral	999,619,124	-	-	999,619,124	-
Fixed deposit with maturity over 3 months					
Fixed deposit used as collateral	288,186,642	14,000,000	-	302,186,642	2.06
<b>Total</b>	<b>1,307,828,518</b>	<b>530,362,389</b>	<b>-</b>	<b>1,838,190,907</b>	

	Consolidated financial statements				
	As at December 31, 2013				Average interest rate %
	Period specified for fixing new interest rate				
	Within 1 year Baht	1-5 years Baht	Over 5 years Baht	Total Baht	
Investment in securities					
Available-for-sale securities					
Government and state enterprise securities					
Thai government bonds	91,356,347	363,027,742	47,452,612	501,836,701	3.26
State enterprise bonds	100,209,950	-	-	100,209,950	3.38
Debentures	-	3,198,034	-	3,198,034	5.39
Private enterprise securities					
Debentures	101,062,883	20,133,982	-	121,196,865	5.41
Foreign securities					
Bonds	401,734,344	-	-	401,734,344	4.18
Held-to-maturity investment					
Fixed deposit with maturity over 3 months					
Fixed deposit used as commercial bank	50,000,000	-	-	50,000,000	2.60
Fixed deposit used as collateral	353,395,009	-	-	353,395,009	2.68
<b>Total</b>	<b>1,097,758,533</b>	<b>386,359,758</b>	<b>47,452,612</b>	<b>1,531,570,903</b>	

	Separate financial statements				
	As at December 31, 2014				Average interest rate %
	Period specified for fixing new interest rate				
	Within 1 year Baht	1-5 years Baht	Over 5 years Baht	Total Baht	
Investment in securities					
Available-for-sale securities					
Government and state enterprise securities					
Thai government bonds	-	140,603,316	-	140,603,316	3.31
Private enterprise securities					
Debentures	20,022,752	-	-	20,022,752	3.78
Held-to-maturity securities					
Fixed deposit with maturity over 3 months					
Fixed deposit used as collateral	44,000,000	-	-	44,000,000	2.07
<b>Total</b>	<b>64,022,752</b>	<b>140,603,316</b>	<b>-</b>	<b>204,626,068</b>	

	Separate financial statements				
	As at December 31, 2013				Average interest rate %
	Period specified for fixing new interest rate				
	Within 1 year	1-5 years	Over 5 years	Total	
Baht	Baht	Baht	Baht		
Investment in securities					
Available-for-sale securities					
Government and state enterprise securities					
Thai government bonds	-	139,289,444	-	139,289,444	3.31
Private enterprise securities					
Debentures	101,062,883	20,133,982	-	121,196,865	5.41
Held-to-maturity investment					
Fixed deposit with maturity over 3 months					
Fixed deposit used as commercial bank	50,000,000	-	-	50,000,000	2.60
Fixed deposit used as collateral	44,000,000	-	-	44,000,000	2.07
<b>Total</b>	<b>195,062,883</b>	<b>159,423,426</b>	<b>-</b>	<b>354,486,309</b>	

#### 40.4 Estimated fair value of financial instruments

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

As at December 31, 2014 and 2013, the carrying amounts of financial assets and financial liabilities as disclosure in the financial statements were different from the estimated fair value were as follows:

	Consolidated financial statements			
	2014		2013	
	Carrying Value Baht	Fair Value Baht	Carrying Value Baht	Fair Value Baht

Financial assets				
Deposits at financial institutions	1,175,062,180	1,175,412,700	1,175,102,956	1,176,191,434
Stocks	411,068,823	451,344,783	785,260,108	920,819,435
Other securities - unit trusts	2,105,753,267	2,105,937,456	668,311,763	668,332,307

	Separate financial statements			
	2014		2013	
	Carrying Value Baht	Fair Value Baht	Carrying Value Baht	Fair Value Baht

Financial assets				
Deposits at financial institutions	243,254,072	243,254,072	281,634,903	281,634,903
Stocks	409,907,853	410,734,722	784,049,138	896,107,206
Other securities - unit trusts	2,067,277,933	2,067,462,122	632,313,413	632,333,957

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

The fair values of financial assets for which their remaining terms to maturity are within 90 days are based on carrying value in the statement of financial position. 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.

The fair values of financial liabilities for which their remaining terms to maturity are within 90 days are based on carrying value in the statement of financial position. 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.

#### 41. FINANCIAL INFORMATION BY SEGMENT

The business segment results are prepared based on the Management of the company and its subsidiary. The operating results by business segment provided to Chief Operating Decision Maker to make decisions about allocating resources to, and assessing the performance of, operating segments is measured in accordance with Thai Financial Reporting Standard.

The Company and its subsidiary have been operating in two principal business segments: (1) Non-life insurance business and (2) Investment business, which are only organized and managed in a single geographic area, namely in Thailand. Therefore, no geographical segment information is presented.

For the years ended December 31, 2014 and 2013, there was no revenue from a single external customer contributed 10% or more to the Company and its subsidiary's total revenue.

The financial information of the Company and its subsidiary for the years ended December 31, 2014 and 2013 were presented by business segment as follows:

	Consolidated financial statements							
	For the year ended December 31,							
	Non-life insurance business		Investment business		Elimination of inter-segment		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Revenue from external	2,250,770,305	2,205,547,022	1,465,489,590	146,262,482	-	-	3,716,259,895	2,351,809,504
Share of profit of investment in an associate	-	-	387,313,841	355,284,401	-	-	387,313,841	355,284,401
Other income	2,198,660	6,485,373	26,111,420	20,278,286	(25,620,826)	(19,266,319)	2,689,254	7,497,340
<b>Total revenues</b>	<b>2,252,968,965</b>	<b>2,212,032,395</b>	<b>1,878,914,851</b>	<b>521,825,169</b>	<b>(25,620,826)</b>	<b>(19,266,319)</b>	<b>4,106,262,990</b>	<b>2,714,591,245</b>
Insurance business expenses	1,522,357,822	1,617,322,419	-	-	-	-	1,522,357,822	1,617,322,419
Directors and key management personnel's remuneration	34,340,735	24,414,891	68,010,447	47,179,663	-	-	102,351,182	71,594,554
Other expenses	245,731,335	341,434,262	44,896,260	41,778,110	(25,620,826)	(19,266,319)	265,006,769	363,946,053
Income tax expense	87,920,799	69,452,133	266,741,914	2,340,050	-	-	354,662,713	71,792,183
<b>Net income</b>	<b>362,618,274</b>	<b>159,408,690</b>	<b>1,499,266,230</b>	<b>430,527,346</b>	<b>-</b>	<b>-</b>	<b>1,861,884,504</b>	<b>589,936,036</b>

Assets and liabilities of the Company and its subsidiary as at December 31, 2014 and 2013 were presented by business segment as follows:

	Consolidated financial statements							
	As at December 31,							
	Non-life insurance business		Investment business		Elimination of inter-segment		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Total Assets	5,362,580,889	5,869,103,695	5,652,587,580	3,958,175,560	(13,848,224)	(10,560,156)	11,001,320,245	9,816,719,099
Total Liabilities	3,839,064,424	4,710,854,799	399,364,223	138,227,683	(13,848,224)	(10,560,156)	4,224,580,423	4,838,522,326

#### 42. RECLASSIFICATIONS

Certain reclassification have been made in the consolidated statement of financial position as at December 31, 2013 and as at January 1, 2013 to conform to the classifications used in the consolidated statement of financial position as at December 31, 2014 as follows:

Accounts	Amount (Baht)	Previous presentation	Current presentation
<b>Consolidated statement of financial position as at December 31, 2013</b>			
Unearned reinsurance premium reserve	427,969,621	Premium reserve	Reinsurance assets
<b>Consolidated statement of financial position as at January 1, 2013</b>			
Unearned reinsurance premium reserve	416,881,341	Premium reserve	Reinsurance assets

#### 43. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved for issuance by the Company's authorized executive director on February 19, 2015.

# FINANCIAL STATEMENTS

## AUDITOR'S REMUNERATION

In 2014, the Company and its subsidiary paid Baht 4,060,000 in audit fees to the office where the auditor was employed as the following details:

Unit : Million Baht

	Company	Subsidiary
Annual audit fee for the year 2014	520,000	1,340,000
Annual audit fee for 2014 consolidated financial statements	310,000	-
Quarterly fee for reviewing consolidated financial statements for 3 quarters	465,000	-
Quarterly fee for reviewing financial statements for 3 quarters	375,000	480,000
Annual fee for assessment of general computer security	-	160,000
Fee for auditing the risk-based capital report of the year 2014	-	190,000
Fee for reviewing the risk-based capital report of half year 2014	-	170,000
Other service fee	-	50,000
Total	1,670,000	2,390,000

## LEGAL DISPUTES

As at December 31, 2014, the Company did not engage in any legal disputes against the risks of assets of more than 5% of Total Equity.

# ANALYSIS OF FINANCIAL RATIO

Major financial ratio to reflect financial status and operating result of the Company's core business.

Financial Ratio	Consolidated Financial Statements		
	2014	2013	2012
<b>Liquidity Ratio</b>			
Current Ratio (Times)	1.55	1.27	1.09
Premium Due and Uncollected Turnover (Days)	34	31	31
<b>Profitability Ratio</b>			
Retention Rate (%)	58.86	64.27	65.48
Loss Incurred Per Earned Premium (%)	37.83	43.42	55.31**
Underwriting Profit Per Net Premium Received (%)	17.52	5.30	(7.52)
Underwriting Expenses Per Earned Premium (%)	65.02	63.32	57.51
Return on Investment (%)	24.16	8.95	5.19
Net Premium Written Per Equity (Times)	0.31	0.39	0.38
Net Profit Per Total Income (%)	45.34	21.73	4.33
Return on Equity (%)	31.68	11.91	1.97
<b>Efficiency Ratio</b>			
Return on Assets (%)	17.89	5.78	0.82
Assets Turnover (Times)	0.39	0.27	0.19
<b>Financial Ratio</b>			
Debt to Equity Ratio (Times)	0.62	0.97	1.15
POLICY LIABILITY TO CAPITAL FUND (Times)	0.37	0.71	0.85
Unearned Premium Reserve Per Equity (Times)	0.21	0.27	0.27
Unearned Premium Reserve Per Total Assets (%)	13.20	13.63	12.43
Payout Ratio (%)	33.56	76.27	100.00
<b>Data Per Share</b>			
Par Value Baht	1.00	1.00	1.00
Book Value Baht	27.11	19.91	19.72
Net Profit (Loss) Baht	7.45	2.36	0.38
Dividend Baht	2.50*	1.80	0.38

\* Dividend per share from the operating result in 2014 is pending approval from the Shareholders' Meeting.

\*\* Loss incurred per earned premium is under normal operating circumstances and exclude loss incurred from the 2011 Flooding.



# FINANCIAL RECORDS

Unit : Million Baht

	2014	2013	2012
<b>Statement of Comprehensive Income</b>			
Gross premium written	3,087.16	2,988.85	2,765.83
Premium ceded	1,269.96	1,067.95	954.75
Net premium written	1,817.20	1,920.90	1,811.08
Unearned premium reserve	(4.49)	12.25	101.21
Earned premium	1,821.69	1,908.65	1,709.87
Revenues from underwriting	2,191.92	2,139.13	1,901.46
Underwriting expenses	1,506.21	1,601.71	1,748.48
Profit on underwriting before operating expenses	685.71	537.42	152.98
Profit on investment	1,911.66	567.96	284.92
Other income	2.69	7.50	7.99
Profit on underwriting and investment	2,600.06	1,112.88	445.89
Operating expenses	383.51	451.15	303.60
Profit before income taxes	2,216.55	661.73	142.29
Corporate income taxes	354.66	71.79	47.35
Net profit	1,861.88	589.94	94.94
Earnings per share (Baht)	7.45	2.36	0.38
<b>Statement of Financial Position</b>			
Total assets	11,001.32	9,816.72	10,580.42
Premises and equipment	55.13	56.03	57.45
Total Liabilities	4,224.58	4,838.52	5,650.01
Total Shareholders' Equity	6,776.74	4,978.20	4,930.42
Book Value (Baht)	27.11	19.91	19.72
Dividend per share (Baht)	*2.50	1.80	0.38
Return on Equity (%)	31.68	11.91	1.97

## DIVIDEND POLICY

The Company has a policy to pay dividend to its shareholders at a rate of not less than 60% of net profit after tax annually, but dependent upon performance and shareholders' resolution that will be considered from the Company's consolidated financial statements.

### SUBSIDIARIES' DIVIDEND PAYOUT POLICY

Dividend payments by the subsidiary must be approved by a resolution of the shareholders at a general shareholders' meeting and must be in compliance with relevant rules and regulations.

In each case, the subsidiary must allocate to a reserve fund from the annual net profit for the year, not less than 5% 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 10% of the authorized capital.

- **Obligation incurred through the issuance of Common Stocks:**

None

- **Debenture and Promissory Notes:**

The Company has never issued debentures or promissory notes.

# OPERATING RESULTS

Investors are advised to study the consolidated and separate financial statements and summary of operating results, both past and present, together with the notes to the consolidated and separate financial statements and other pertinent information herein.

## 1. 2014 CONSOLIDATED OPERATING RESULTS

Underwriting income for 2014 totalled Baht 2,191.92 million, an increase of Baht 52.78 million or 2.47%. In terms of investment, the Company and its subsidiary earned Baht 128.13 million comprising interest and dividends, a reduction of Baht 30.45 million, or 19.20% due to the reduction in the interest rate and its continued downward trend. Thailand stock market was under pressure as stock prices were volatile resulting in lower dividends paid for investments made. The total profit generated from investments was Baht 1,396.21 million versus Baht 54.09 million last year, an increase of Baht 1,342.12 million, or 2,481.12%. The main profit made in 2014 derived from the sale of 54,613,666 shares in Sunrise Equity Company Limited, at the price of Baht 34.70 per share, totalling Baht 1,895.09 million to Great Luck Equity Company Limited and Great Fortune Equity Company Limited during the third quarter of 2014. The profit from this sale was Baht 1,348.01 million. The investment in Allianz Ayudhya Assurance Public Company Limited of 20.17% was categorized as an investment in an associate company, thereby showing investment profit at Baht 387.31 million, an increase of Baht 32.03 million, or 9.02%, from last year's profit of Baht 355.28 million using the equity method in the consolidated financial statements.

Underwriting expenses in the consolidated financial statements comprised of losses incurred, loss adjustment expenses, commissions and brokerages, and other expenses on which the commissions and brokerages and other relevant expenses were variable costs related directly to underwriting income. Loss incurred and loss adjustment expenses were based on the losses incurred by policyholders during the year. For 2014, the Company had underwriting expenses of Baht 1,873.57 million, down from Baht 2,037.25 million in the previous year, a reduction of Baht 163.68 million or 8.03%. The reason for this decrease in underwriting expenses was due to the reduction of loss adjustment expenses of Baht 139.65 million, or 16.85% as a result of loss adjustments received from reinsurers for massive floods in the amount of Baht 245.87 with terms and conditions applied. The Company recorded payments received from reinsurers for losses in 2014 in the amount of Baht 146.47 million; therefore, the loss in 2014 was 37.83%, a decrease from 43.42% at the same period last year. In addition, commission and brokerage expenses for 2014 increased from last year in the amount of Baht 33.22 million, or 7.88%. Expenses in underwriting increased from last year in the amount of Baht 10.93 million, or 3.11% concurrently with the increase in the volume of business. The operating expenses for this year totalled Baht 367.36 million, decreased by Baht 68.18 million or 15.65% versus last year, due to a reverse in of bad debt and allowance for doubtful accounts from an overseas reinsurer in the amount of Baht 114.68 million. In terms of employee expenses, the increase from last year amount to Baht 33.65 million, or 23.82%. Premises and equipment expense in 2014 amounted to Baht 109.46 million, an increase of Baht 6.62 million or 6.43%. In operating the insurance business by the subsidiary, the Company invested in IT on a continuous basis to increase the efficiency and delivery of service while reducing redundancy in work processes, resulting in savings in time and expenses, and at the same time, helping to support new innovative products.

2014 saw the Company recovered from the massive flooding event in 2011 by making a profit from underwriting in the amount of Baht 318.35 million, an increase of Baht 216.46 million or 212.44%.

2014 consolidated financial statements showed a profit from the operation in the amount of Baht 2,232.70 million, versus Baht 677.34 million in 2013, an increase of Baht 1,555.36 million, or 229.62%.

Consolidated financial statements showed profit before tax for 2014 in the amount of Baht 2,216.55 million, versus Baht 661.73 million in 2013, or an increase of Baht 1,554.82 million or 234.96% resulting in the income tax expense of Baht 354.66 million, versus Baht 71.79 million or an increase of Baht 282.87 million, or 394.01%. Net income after tax based on 2014 consolidated financial statements showed a profit of Baht 1,861.88 million, and earnings per share of Baht 7.45. 2013 net profit was Baht 589.94 million, an increase of Baht 1,271.94 million or 215.60% on net profit over last year, making 2014 a record-breaking year for the Company since inception.

Other factors affecting the Company and its subsidiary's performance during the past year included:

- (1) Stronger competition brought on by insurance companies with foreign interests that are equipped with sophisticated information technology, using telecommunications and direct marketing to attract new customers. These firms introduced innovative insurance products to meet customer requirements, offering coverage for other risks and other services. To maintain our competitiveness, the Company invested more in technology and human resources, resulting in increases in operating expenses.
  
- (2) For 2014, total direct premiums for the insurance business were Baht 205,247.49 million, or 1.07% versus 13.12% growth over the same period last year. The small growth is a reflection of the slowing economy resulting from higher household debts, an unstable political situation, a reduction of tourists, delays in government expenditures, and discontinuation of the government's first car policy - all of which impacted on the insurance business directly. Negative factors aside, the insurance business continued to be stable and was able to withstand challenges. The recovery from the massive flooding in 2011 was fast and proved the business resilient. Impacts from the aforementioned factors all impacted the overall economy, causing the reduction in growth to only 0.7%, especially during the first half of 2014 when faced with slowing household spending due to continuous increases in consumer prices, the political crisis, and the shrinking of investments from the private sector pending clear signals from the government, particularly in the area of the infrastructure investment. In the past five years, the insurance business continued to expand through social development and changes. There is more focus and concern on providing stability to families through insurance. Insurance is seen as a tool to help reduce risks, and the financial burden resulting from unforeseen events, the economic slowdown and other crises; and it is quickly becoming the fifth basic necessity. Once this belief is realized, the insurance business will continue to grow with little impact from the state of the economy. With current economic uncertainties - the fluctuation in crude oil prices, droughts, floods, earthquakes, and the disturbances in the three southern provinces - it is important to continue to raise public awareness of these risks and the importance of having insurance.

### **The Subsidiary's Underwriting Results**

In 2014, the Company and its subsidiary generated Baht 3,087.17 million of gross premiums, an increase over the previous year of Baht 98.32 million, or 3.29%. The increase in gross premiums was derived from fire, marine & transportation and miscellaneous lines of business. The increase seen in miscellaneous premiums was due to sales via Bank of Ayudhya PCL's bancassurance. The increase in fire and marine & transportation premiums was due to the Company's expansion in sales, marketing and distribution channels. As for motor insurance, the premiums decreased due to the discontinuation of the government's first car program and the significant decline in automobile sales last year.

Reinsurance premiums in 2014 were Baht 1,269.96 million, an increase of Baht 202.01 million or 18.92% over last year. The Company's reinsurance totalled 41.14% of all premiums, with the retention of Baht 1,817.20 million. For 2014, the net written premium ratio per equity was 0.31 times, versus 0.39 times in 2013. This was due to a first time reinsurance with an overseas reinsurer for motor insurance which was a part of the conditions for claims from

the massive flooding event in 2011. This resulted in net premiums of 2014 at Baht 1,817.20 million, a reduction of Baht 103.70 million or 5.40% from the previous year. Earned premiums were Baht 1,821.69 million, a decrease of Baht 86.96 million, or 4.56%, over the previous year. Commissions and brokerages expenses increased to Baht 139.74 million or 60.63% resulting from reinsurance commissions for motor insurance. The gross profit margin in 2014 was 17.52% versus 5.30% of net written premiums last year. The increase in margin in 2014 over the previous year was Baht 216.46 million or 212.44% due to the direct decrease in insurance claims and loss adjustments from Baht 828.78 million in 2013 to Baht 689.13 million or Baht 139.65 million in total reduction, or 16.85%. In 2014, insurance claims and loss adjustments were 37.83% versus 43.42% from previous year. Commissions and brokerages expenses for 2014 were Baht 454.61 million, versus Baht 421.40 million from previous year, or an increase of Baht 33.21 million, or 7.88%. Other underwriting expenses were Baht 362.46 million versus Baht 351.53 million from previous year, or an increase of Baht 10.93 million, or 3.11%. Operating expenses were Baht 367.36 million, down from Baht 435.54 million, a difference of Baht 68.18 million, or 15.65%. Total underwriting expenses were Baht 1,873.57 million, down by Baht 163.68 million or 8.03% due to a reduction in insurance claims and loss adjustments. As a result, 2014 generated an underwriting profit of Baht 318.35 million versus Baht 216.46 million, or an increase of 212.44% of previous year.

The retention rate in 2014 was 58.86% against 64.27% last year as the Company increased the reinsurance for the motor insurance business.

The ratio of underwriting expenses for 2014 equalled to 65.02% of earned premiums, versus 63.32% last year. This is due to the 5.71% increase in underwriting expenses in 2014 which was composed of commissions and brokerages expenses; however, operating expenses dropped 15.65% resulting in the overall reduction of expenses by 1.99% while earned premiums in 2014 decreased by Baht 86.96 million, or 4.56%, thus showing the rate of increase in underwriting expenses.

#### **Fire Insurance**

Gross premiums written were Baht 607.01 million, an increase of Baht 24.81 million, or 4.26%, over the previous year. The fire insurance business represented 19.66% of total premiums.

The Fire loss ratio equalled 11.52% of earned premiums, a 17.71% decrease from previous year due to increased efficiency in the Company's work process and improvements in evaluating insurance. The growth of this line of business was 4.26% while the overall segment decreased 6.40% from previous year, making us number 6 in the market.

The source of business derived from agents and brokers as well as customers from Bank of Ayudhya PCL and other financial institutions.

#### **Marine and Transportation Insurance**

Marine and Transportation gross premiums written in 2014 were Baht 390.20 million, and represented 12.64% of total premiums. Compared to the segment's growth of 0.16%, the Company's marine and transportation insurance grew 1.78%, or Baht 6.84 million over last year.

In 2014, total direct premium of marine and transportation ranked number 4 in the market. The business is divided into marine hull, which grew 7.95%; and marine cargo, which grew 0.07% due to slower economic growth and impact from lower than expected exports growth. The Company was able to keep the current customer base and at the same time expand the broker/agent base.

Loss incurred and loss adjustment expenses in 2014 were Baht 41.42 million, and the loss ratio was 36.30% of earned premiums, decreased from previous year of 36.40%.

The primary source of business for Marine and Transportation insurance came from agents who are satisfied with the quality and efficiency of our service.

#### **Motor Insurance**

Motor gross premiums written in 2014 were Baht 928.51 million, a decrease from last year of Baht 18.96 million, or 2%. The segment represented 30.08% of overall written premiums.

In 2014, the Company reinsured the motor premiums with overseas reinsurers, with terms and conditions, resulting in a reduction of net premiums of Baht 326.85 million, or 34.81%.

Motor claims and loss adjustment expenses in 2014 amounted to Baht 531.29 million, down from last year by Baht 2.55 million, or 0.48%. The loss ratio was 68.04% of earned premiums, while in 2013 it was 58.90%.

The growth rate of motor insurance for the Company was 2% while the industry grew only 0.45%. This was due to the discontinuation of the first car stimulation program and the poor economy causing lower growth in new car sales.

The primary source of business came from agents, brokers, vehicle dealers and financial institutions providing auto leasing. The Company focused on providing efficient and enhanced services for getting insurance and claims at all branches.

#### **Miscellaneous Insurance**

In 2014, written miscellaneous premiums totalled Baht 1,161.44 million, an increase over last year of Baht 85.63 million, or 7.96% while the industry grew only 5.14%. This segment represented 37.62% of overall written premiums.

Miscellaneous insurance claims and loss adjustment expenses in 2014 amounted to Baht 74.84 million, a decrease of Baht 117.80 million, or 60.83%, over last year. The loss ratio was 13.22% of earned premiums, versus 33.65% from previous year. The reduction was due to reinsurance claims received from overseas reinsurers with terms and conditions applied.

The primary sources of business for miscellaneous insurance included Bank of Ayudhya PCL, financial institutions, agents, brokers, and direct accounts.

The Company joined hands with Bank of Ayudhaya to launch new insurance products that were well-received from customers which included:

- ◆ Krungsri PA Prompt
- ◆ Krungsri PA Extra Prompt
- ◆ Krungsri Cancer Prompt
- ◆ Krungsri Prompt - Mobile Protection

- ◆ Krungsri Auto Prompt 3 + Flood Protection
- ◆ Krungsri Home Prompt
- ◆ Asset Protection
- ◆ Cancer Plus Chemo

## Investment

Thailand stock market faced many challenges during 2014. The stock market experienced volatility, including political pressures during the first half of the year, before the stock index leapt to the highest level at 1,603.89 points, only to face the global oil price crisis in the last half of the year, leaving the stock index without any opportunity to exceed 1,600 points as previously expected. In spite of the challenges, at the end of the year, the Stock Exchange of Thailand (SET) closed at 1,497.67 points, a 15.32% increase over 2013.

As for equity instruments for medium-to-long term investments, the Company still holds a positive outlook because of low interest rates, the government's policy of stimulating the economy and encouraging consumption in the country, the government's planned investment in the infrastructure, and improved political stability. These factors will have a direct impact on listed companies in various industries including construction, tourism, and banking. The forecasted economic recovery will be fully realized next year. Additionally, the profitability of listed companies continues to show signs of further growth and strength. The SET continues to be attractive for investment. The Company's investment strategy focuses on individually selecting quality securities and regularly monitors them in terms of both quality and quantity. This process assists the Company in ensuring a good return on investment both for the medium and long term. In addition to evaluating reasonable returns with acceptable risks, the Company gives importance to the stability of investment, investing conservatively and cautiously for the utmost benefit to shareholders.

As at December 31, 2014, investment assets totalled Baht 7,911.29 million, an increase of Baht 1,565.42 million, or 24.67%, from last year. Net investment income comprised interest and dividends were Baht 128.13 million, a decrease from last year of Baht 30.45 million, or 19.20% due to lower interest rates, investment fluctuations in the SET and lower dividends from mutual funds. Profit in 2014 on investment in securities amounted to Baht 1,396.21 million, versus Baht 54.09 million, an increase of Baht 1,342.12 million or 2,481.12%, resulting from the sale of 54,613,666 shares in Sunrise Equity Company Limited at Baht 34.70 per share, or Baht 1,895.09 million to Great Luck Equity Company Limited, and Great Fortune Equity Limited. The Company earned Baht 1,348.01 million in profit from this sale. The investment in Allianz Ayudhya Assurance Public Company Limited at 20.17%, considered our associate company, earned Baht 387.31 million in profit, an increase of Baht 32.03 million or 9.02% versus Baht 355.28 million last year.

In 2014, the investments generated Baht 1,911.66 million versus Baht 567.96 million, or an increase of Baht 1,343.7 million, or 236.58%. The rate of return on investment in 2014 was 24.16% versus 8.95% last year.

## 2. FINANCIAL STATUS

### 2.1 Assets

#### (1) Components of assets

The assets of the Company and its subsidiary are comprised investments in securities, loans, cash and cash equivalents, premises and equipment, intangible assets, premiums due and uncollected, accrued investment income, reinsurance assets, and other assets.



As at December 31, 2014, the Company and its subsidiary had total assets of Baht 11,001.32 million, an increase from last year of Baht 1,184.60 million, or 12.07%.

Investment in securities was Baht 4,666.76 million, up by Baht 1,523.94 million from last year's Baht 3,142.81 million. The Company and its subsidiary had investments in available-for-sale securities totalling Baht 3,033.72 million, up by Baht 1,001.86 million from last year's Baht 2,031.86 million. These available-for-sale securities were comprised of government bonds, Bank of Thailand bonds, foreign bonds, treasury bills, stocks, debentures, and unit trusts. The increase in investments derived from the use of funds from the sale of stocks in Sunrise Equity Company Limited to invest in unit trusts.

As at the end of 2014, the Stock Exchange of Thailand (SET) closed at 1,497.67 points, or at 15.32% increase over last year, the Company had unrealized gains on investments in securities of Baht 36.79 million, an increase from 2013 of Baht 7.76 million, or 26.74%. In addition, the Company had a share of profit in the associate company of Baht 461.42 million versus Baht 5.79 million last year due to unrealized profit from increased investments on available-for-sale securities in 2014.

The Company made loans to employees with guarantors, this is done in compliance with the Company's staff welfare policy, at Baht 1.38 million, down by Baht 1.30 million, versus Baht 2.68 million last year.

Cash and cash equivalents at year end 2014 amounted to Baht 1,368.95 million, down by Baht 318.30 million versus Baht 1,687.25 million the year before, due to claims payments made to insureds on flood losses.

Premises and equipment at cost as at December 31, 2014 totalled Baht 171.65 million, up by Baht 15.80 million from the previous year's Baht 155.85 million, due to investment in IT equipment, office renovation, and the purchase of new vehicles to replace the existing ones, which had completed their term of use which totalled Baht 23.23 million. Meanwhile, old vehicles, office equipment, and computers that needed to be replaced were distributed at a cost of Baht 7.43 million.

Premiums due and uncollected as at December 2014 amounted to Baht 315.24 million, an increase of Baht 50.59 million, or 19.11%, over the previous year's Baht 264.65 million. The Company's emphasis on efficiency in following up on outstanding premiums and concentrating on collection, is reflected in its clear policy on managing collections, including a monthly review to formulate criteria on credit premium collection. The Company and its subsidiary have 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.

The Company and its subsidiary managed premium collection by issuing a policy that concisely indicates the credit terms for long-outstanding overdue premiums. A meeting on credit control is held once a month to follow up on long-overdue accounts in order to comply with the regulations stipulated by the Office of Insurance Commission (OIC). Once an outstanding account exceeds the specific period of agreement, the credit control unit will follow up with the appropriate collection procedures as specified by the Company.

## (2) Asset Quality

### a. Assets

As at December 31, 2014, the investments in securities, including bonds, treasury bills, stocks, debentures, unit trusts, and deposits at financial institutions with a maturity of over three months totalled Baht 4,666.76 million, which was presented at fair value. Unrealized gains from surplus on revaluation of investment were recorded at of Baht 36.79 million in equity.

### b. Debtors

In 2014, the Company and its subsidiary's turnover rate of outstanding premiums was 34 days. The Company and its subsidiary have a policy on credit terms for premium payments, allowing 30 days to clients who insure against risk other than motor. Motor clients must comply with the principles of 'Cash before Cover', in which, the insured must pay its premium prior to the effective date of the policy.

As at December 31, 2014, the allowance for doubtful accounts totalled Baht 9.58 million. This estimate of doubtful debt as at year-end was based on the Company's experience in debt collection.

The basis for calculating the reserve for doubtful accounts is as follows:

Outstanding premiums 6 months to 1 year: The Company sets the reserve for doubtful accounts at 50%

Outstanding premiums over 1 year: The Company sets the reserve for doubtful accounts at 100%

## 2.2 Liquidity

### (1) Cash Flow

In 2014, the Company had net cash for operations totalling Baht 352.67 million, which came from Baht 3,145.87 million in cash received, and Baht 2,793.20 million in cash payment which mostly were used for claim payments, underwriting expenses, and operating expenses. Cash received from investment activities totalled Baht 7,451.60 million and was derived from sales of common stocks and a portion of unit trusts, including mature bonds, debentures, treasury bills, and deposits at financial institutions. Cash used for investment were Baht 7,597.57 million and was used for investments in bonds, stocks, debentures, unit trusts in mutual funds, and deposits at financial institutions, resulting in net cash from investment activities of Baht 145.97 million. The Company manages an investment policy that takes into consideration economic changes as well as fluctuating interest rates and the SET index to ensure the best possible returns as related to economic circumstances in which it operates.

In 2014, the Company paid dividends totalling Baht 525 million divided into dividends from the operating result in 2013 at Baht 275 million and interim payment of dividends in 2014 at Baht 250 million.

Cash and cash equivalents, used for the activities above, amounted Baht 1,368.95 million at December 31, 2014, down by Baht 318.3 million, versus last year's Baht 1,687.25 million.

### (2) Liquidity Ratio

As at December 31, 2014, the Company recognized an outstanding liquidity ratio of 1.55 times, indicating that the Company and its subsidiary's backup assets were sufficient to pay its current liabilities.

## 2.3 Sources of Funds

### (1) Appropriation of Capital Structure

The Company had no change of capital structure during the past year. As at December 31, 2014, the Company's debt-to-equity ratio was 0.62 times, versus 0.97 times last year. The reduction in the debt-to-equity ratio in 2014 was due to the 2011 massive flood claim payments during the year thus reducing the reserve on claims and accrues in the amount of 1,178.13 million.

### (2) Shareholders' Equity

The Company's shareholders' equity as at December 31, 2014 was Baht 6,776.74 million, an increase of Baht 1,798.54 million over last year's Baht 4,978.20 million. Net profit in 2014 amounted to 1,861.88 million. In addition, the Company had unrealized gains from surplus on revaluation of investment of Baht 36.79 million, a Baht 7.76 million decrease from last year's Baht 29.03 million. In 2014, accumulated profit in the Company's consolidated financial statements amounted to Baht 461.42 million, an increase of Baht 445.63 million over last year's Baht 5.79 million due to claims from the massive flooding in 2012.

The Company transferred other reserve funds of Baht 900 million without specifying the objective for accumulated profit not yet directed as per the annual shareholders' meeting resolution dated April 22, 2014.

In 2014, the Company paid dividends and interim dividends to shareholders in the amount of Baht 525 million.

### (3) Liabilities

The Company had liabilities as at December 31, 2014 were Baht 4,224.58 million, a decrease of Baht 613.94 million from the previous year's Baht 4,838.52 million. The reason for this was the reduction in cash reserved needed for flood claim payments, outstanding of claim payments, and the Baht 1,005.15 million owed to reinsurance companies. The liabilities of the Company and its subsidiary largely arose from its operations, for example, the unearned premium reserve, outstanding claims, the reserve for incurred but unreported claims, amounts withheld on reinsurance treaties due to reinsurers, premiums received in advance, accrued commissions, deferred tax liabilities, accrued operations expenses, and accrued corporate income tax.

## 3. MAJOR FACTORS AND INFLUENCES THAT COULD AFFECT THE COMPANY'S OPERATIONS AND FINANCIAL STATUS IN THE FUTURE

The Company and its subsidiary's policy on risk management is discussed in the Risk Factors section herein.

## 4. MAINTAINING VARIOUS RATIOS IN ACCORDANCE WITH REGULATORY AGENCIES AND KEY RATIOS THAT ARE CHARACTERISTIC OF THE INDUSTRY

4.1. The Company had statutory reserves of Baht 50 million, equivalent to 10% of its authorized capital, 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%. This is calculated 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.

4.2. As at December 31, 2014, the subsidiary had an allocation of unearned premium reserves in the amount of Baht 1,451.94 million in accordance with the announcement of the Office of Insurance Commission (OIC) concerning the allocation of such reserves.

4.3. The loss ratio from regular operations in 2014 was equal to 37.83% of earned premiums, a decrease from last year of 43.42%.

4.4. On September 1, 2011, the Office of Insurance Commission (OIC) issued a regulation concerning funds of non-life insurance companies that use capital adequacy ratios (CARs) for insurance risk, market risk, credit risk, and concentration risk.

CARs from January 1, 2013 onward shall not be less than 140%.

As of December 31, 2014, the subsidiary had CARs of 493%

# SET FORM 56-2 INFORMATION GUIDE IN ANNUAL REPORT 2014

No.	Item	Page
1	Company Business	6
	1.1 History and Key Development	6
	1.2 Major Changes Since 2011	6
2	Nature of Business Operations	26
3	Risk Factors	32
4	General Information	8
5	Major Shareholders	36
6	Dividend Policy	161
7	Management Structure	39
	7.1 Organization Chart	38
	7.2 Board of Directors, Positions, Education, and Related Training	12
	7.3 Company Secretary Information	25
	7.4 Head of Internal Auditor Information	25
	7.5 Shares Held by Members of the Board of Directors	37
	7.6 Management Structure and Scope of Responsibilities	54
	7.7 Sub-committees and Names of Directors/Members in Each Committee	58
	7.8 Qualifications of Independent Directors	55
	7.9 Number of Committee Meetings and Attendance of Each Committee Member	40, 59
	7.10 Remuneration of the Board	44
	7.11 Internal Information Control	78
8	Report on Good Corporate Governance Practices	49
9	Sustainable Business Development	82
	9.1 Fair Business Operations	83
	9.2 Anti-corruption	83
	9.3 Respecting Human Rights	83
	9.4 Fair Labor Practices	83
	9.5 Responsibility Towards Consumers	84
	9.6 Community and Society Development	84
	9.7 Innovation and Promulgation of Innovation Derived from CSR Operations	88
10	Internal Control and Risk Management	89
11	Related Parties Transactions	93
12	Financial Highlight	4
	12.1 Financial Statements	100
13	Operating Results	162

Investors can obtain more information on the issuing Company's annual statement (Form 56-1) displayed in [www.sec.or.th](http://www.sec.or.th) or on the Company's website: [www.ayud.co.th](http://www.ayud.co.th)

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