



ศรีอยุธยา แคปปิตอล  
SRI AYUDHYA CAPITAL



# MOVING FORWARD

Annual Report 2018





**MOVING FORWARD**

---

## CONTENTS

<b>2</b>	Message from the Chairman and President & CEO	<b>95</b>	Anti-Corruption
<b>3</b>	Financial Highlights	<b>97</b>	Internal Control and Risk Management
<b>5</b>	Vision and Mission	<b>101</b>	Related-Parties Transactions
<b>6</b>	History and Key Development	<b>102</b>	Report of the Nomination & Remuneration Committee
<b>10</b>	General Information	<b>103</b>	Report of the Audit Committee
<b>12</b>	Board of Directors	<b>105</b>	Opinion on Related Transactions
<b>28</b>	Nature of Business	<b>106</b>	Report on the Board of Directors' Responsibility towards the Financial Statements
<b>34</b>	Important Events	<b>107</b>	Report of the Independent Certified Public Accountants
<b>36</b>	Risk Factors	<b>112</b>	Financials
<b>40</b>	Major Shareholders	<b>112</b>	Statements of financial position
<b>41</b>	Shares Held by Members of the Board of Directors	<b>114</b>	Statements of profit or loss and other comprehensive income
<b>42</b>	Organizational Structure	<b>116</b>	Statements of changes in equity
<b>42</b>	Management Structure	<b>118</b>	Statement of cash flows
<b>54</b>	Report on Good Corporate Governance Practices	<b>120</b>	Notes to the consolidated and separate financial statements
<b>69</b>	Sub-Committees	<b>179</b>	Financial Statements
<b>85</b>	Sustainable Business Development	<b>180</b>	Analysis of Financial Ratio
<b>85</b>	Fair Business and Good Corporate Governance	<b>181</b>	Financial Records
<b>86</b>	Anti-corruption	<b>182</b>	Dividend Policy
<b>86</b>	Respecting Human Rights	<b>183</b>	Management's Discussion and Analysis
<b>86</b>	Fair Labor Practices	<b>192</b>	SET Form 56-2 Information Guide in Annual Report 2018
<b>87</b>	Responsibility Towards Consumers		
<b>87</b>	Community and Social Development		
<b>94</b>	Innovation and Promulgation of Innovation Derived from CSR Operations		

## MESSAGE FROM THE CHAIRMAN AND PRESIDENT & CEO

To Shareholders,

Following the perseverance of the Board of Directors of Sri Ayudhya Capital Public Company Limited in finding opportunities to expand investment in the insurance business according to suggestions from various groups of shareholders, our merger and acquisition transaction with Allianz Group has been successfully concluded. On behalf of the Company, we would like to thank all the shareholders who voted in the Extraordinary General Meeting of Shareholders No.2/2018

on 13 November 2018 to approve Sri Ayudhya General Insurance Public Company Limited (SAGI) to purchase and receive the entire business transfer from Allianz General Insurance Public Company Limited (AZTH) and to invest more Allianz Ayudhya Assurance Public Company Limited (AZAY) by purchasing additional ordinary shares from Allianz SE and CPRN Thailand Company Limited.

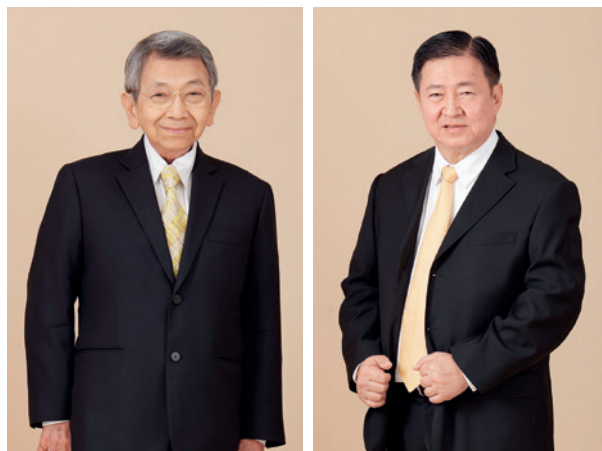
AYUD and Allianz Group have had a powerful partnership for over 15 years. The Company is well-aware of Allianz Group's commitment to business development in Thailand as well as its management strategy that focuses on adding value to shareholders. This acquisition in particular will be the beginning of a long-term business synergy of non-life insurance and life insurance businesses, increasing competitiveness in responding to customer needs and providing maximum benefits to shareholders and the Company's dedicated employees.

The Company increased the shareholding ratio in AZAY by 11.80% for it is clear that Allianz Ayudhya Assurance Public Company Limited (AZAY) has continuously run a successful business with the highest operating profit among the Allianz Group in Asia. Furthermore, it regularly provides good returns for the shareholders, as evidenced in the profit sharing from the Company's investment in Allianz Ayudhya Assurance Public Company Limited (AZAY).

In addition, for the operating year of 2018, the Company suspended dividend payment from the second half of 2018 (1 July 2018 - 31 December 2018) operating result to comply with the Pre-Closing Covenants Agreement in accordance with the Share Subscription and Capital Increase Agreement and Share Purchase between the Company and Allianz SE and CPRN (THAILAND) Company Limited, which is part of the collaboration with the Allianz Group as approved at the Extraordinary General Meeting of Shareholders No.2/2018. The agreement on dividend payment or suspension of dividend payment had been disclosed in the summary of the Share Subscription and Purchase Agreement. If the transaction under the agreement is completed, the Company will be able to pay dividends which the new Board of Directors will further consider.

In 2019, the Company will maintain its careful investment strategy and will supervise Sri Ayudhya General Insurance Public Company Limited (SAGI) to conduct a quality business, achieving sustainability and creating value for the shareholders, in other words the owners of the Company.

On behalf of the Board of Directors, we wish to express our gratitude to the shareholders, customers, business partners, employees, and relevant organizations for your long-time strong support. The Board of Directors would like to confirm our commitment to uphold stable and sustainable business growth on the basis of good corporate governance.



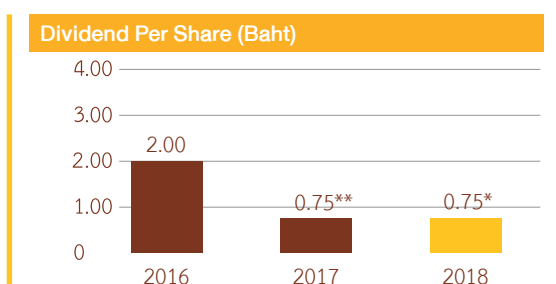
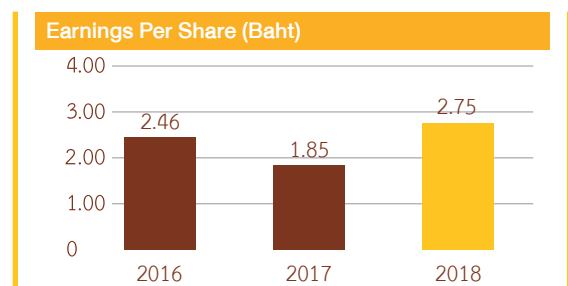
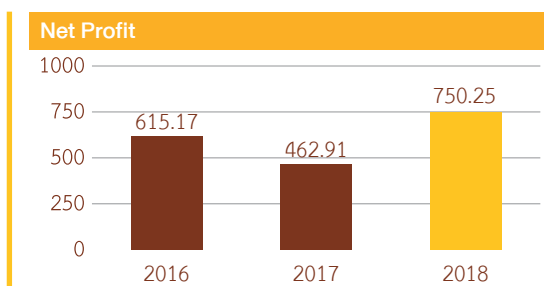
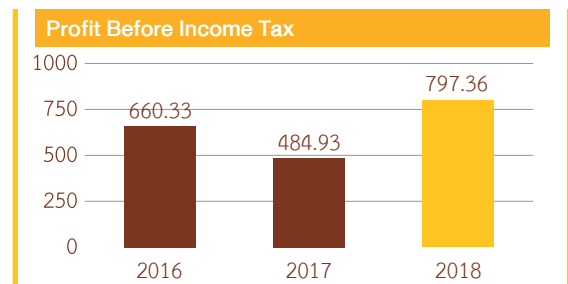
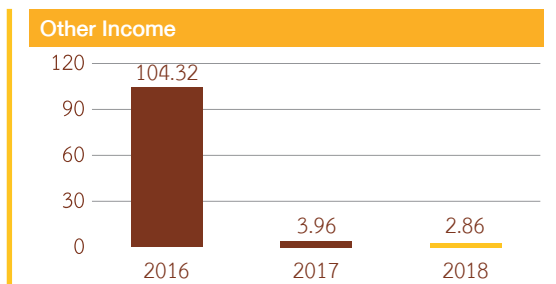
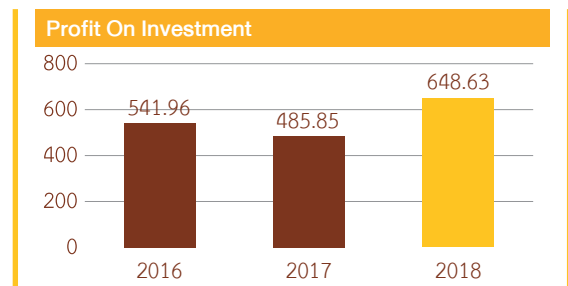
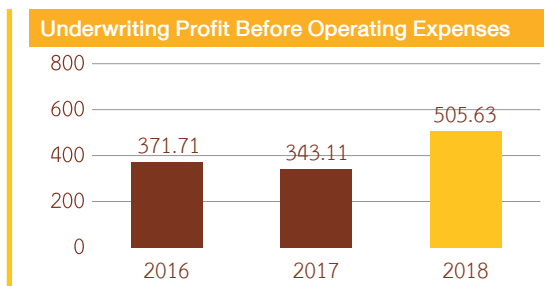
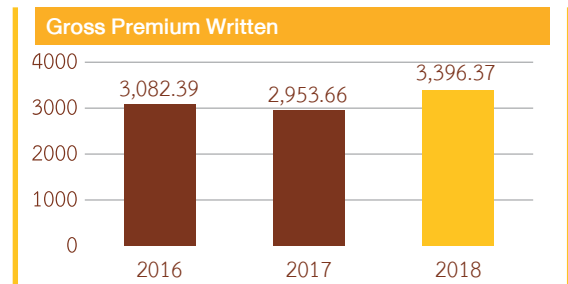
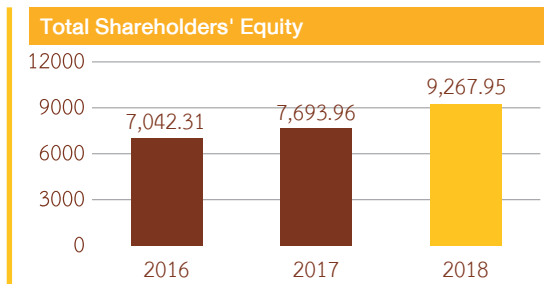
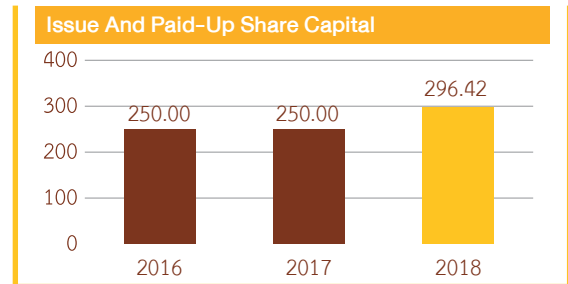
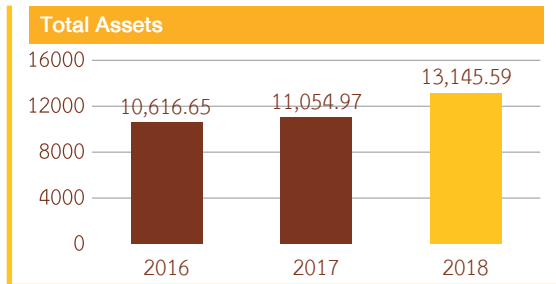
**Mr. Veraphan Teepsuwan**  
Chairman

**Mr. Virojn Srethapramotaya**  
President & CEO



# FINANCIAL HIGHLIGHTS

Unit: Million Baht



\* Interim dividend for the operating result from January 1, 2018 to June 30, 2018

\*\* Interim dividend for the operating result from January 1, 2017 to June 30, 2017





## 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 shareholders

### 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 | ▶ Fairness  |
| ▶ Transparency   | ▶ Integrity |
| ▶ Respect        | ▶ 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

## 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.

Presently, Sri Ayudhya Capital PCL is an investment holding company focused primarily on investing in insurance sector, with minor investments in other businesses. It is registered in the Stock Exchange of Thailand as AYUD.

The head office is situated at 898 Ploenchit Tower, 7<sup>th</sup> floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330.

Telephone: +662-657-2970 Fax: +662-657-2971

Website: www.ayud.co.th E-mail: info@ayud.co.th

The Company has been serving customers for 68 years, principled on conducting business with prudence, in order to build financial stability while serving customers with efficiency, honesty and fairness.

### 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 Commission (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 January 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 Commission (OIC). On April 12, 2012, at the 2<sup>nd</sup> 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, 18<sup>th</sup> 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”.

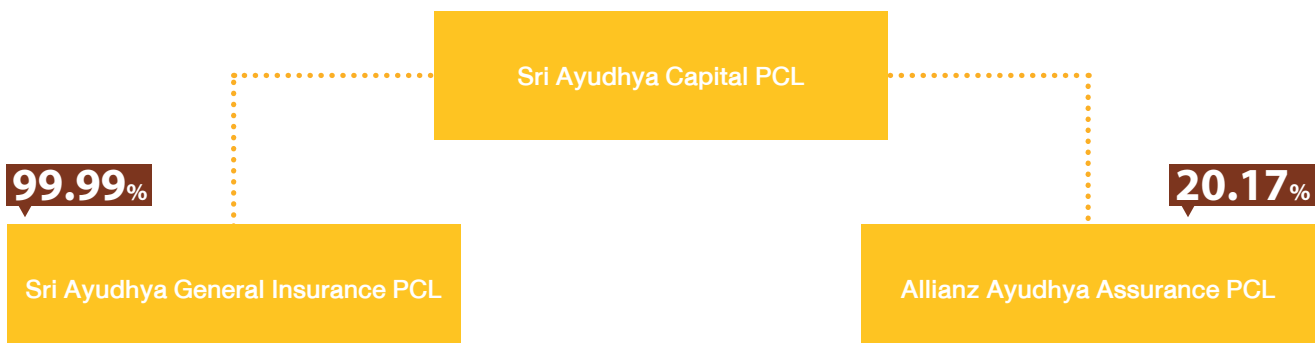
Allianz Ayudhya Assurance Public Company Limited (AZAY) is founded in Thailand on April 11, 1951 and was granted a life insurance license on April 20, 1951. Presently, the associate company is situated at 898 Ploenchit Tower, 1<sup>st</sup> floor Zone B, 2<sup>nd</sup> floor Zone B (Mezzanine), 5<sup>th</sup> floor Zone B2, 6<sup>th</sup> floor, 14<sup>th</sup> floor, and 17<sup>th</sup> floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330.

### Structure of Shareholding in Subsidiary and Associate Company

As a holding company, the Company’s main investment in the subsidiary is in the non-life insurance sector, and the associate company in the life insurance sector. Details of the shareholding are as follows:

Name of Company	Type of Business	Shareholding
<b>Subsidiary:</b>		
Sri Ayudhya General Insurance PCL	Non-life insurance	99.99 %
<b>Associate Company:</b>		
Allianz Ayudhya Assurance PCL	Life Insurance	20.17 %

### Shareholding and Voting Rights



### Major Changes from 2018

Pursuant to the resolutions of the Board of Directors' meeting of Sri Ayudhya Capital Public Company Limited (the "Company" or "AYUD") No.5/2018 held on 24 September 2018, the Board considered the potential cooperation in insurance business in Thailand between the Company and the Allianz Group between the Company and the Allianz Group. The Board deemed fit to enhance the cooperation between the Company and the Allianz Group by reducing non-life insurance business overlap, increasing the Company's shareholding in life insurance under Allianz Group, and increasing Allianz Group's shareholding in the Company. This enhanced cooperation will improve management efficiency, competitiveness, and collaboration in insurance business with Allianz Group with more than 128 years of experience.

The Allianz Group's and Company's subsidiaries that will be involved in the transaction to enhance the cooperation are:

#### The Company's subsidiary

- ▶ Sri Ayudhya General Insurance Public Company Limited ("SAGI") is in non-life insurance business and held 99.99% by the Company

#### The Allianz Group's subsidiaries

- ▶ Allianz General Insurance Public Company Limited ("AZTH") is also in non-life insurance business
- ▶ Allianz Ayudhya Assurance Public Company Limited ("AZAY") is in life insurance business
- ▶ Allianz SE
- ▶ CPRN (Thailand) Limited ("CPRNT"), Allianz Group's JV in Thailand

The Board approved to propose to the Extraordinary General Meeting of Shareholders No. 2/2018 on 13 November 2018 (the "EGM") for consideration and approval of the following agenda:

1. The approval for Sri Ayudhya General Insurance Public Company Limited ("SAGI") to purchase and accept the transfer of the entire business of Allianz General Insurance Public Company Limited ("AZTH") which includes all of AZTH's assets, liabilities, employees, agents, brokers, accounts receivable, account payable, Opinion of the Independent Financial Advisor 5 non-life insurance reserves, contracts, and insurance policies at the total price of THB 748,800,000 ("Acceptance of the EBT from AZTH");
2. The approval for the Company to purchase additional 34,810,000 ordinary shares of Allianz Ayudhya Assurance Public Company Limited ("AZAY") at the price 114.000745763 Baht per share, equivalent to total value of THB 3,968,599,600 or approximately 11.80% of the total shares sold in AZAY from Allianz SE and CPRN (Thailand) Limited ("CPRNT") ("Purchase of AZAY Shares"). It will cause the Company's shareholding in AZAY to increase from approximately 20.17% to approximately 31.97% of the total voting shares of AZAY; The total value of the assets received from the above two transactions are THB 4,717,399,600
3. The increase of registered capital of the Company from THB 375,000,000 to THB 463,473,361 by issuing 88,473,361 new ordinary shares with a par value of THB 1 each (the "Newly Issued Shares"), representing 23.1% of the total voting shares in the Company after completion of the registration of the increase of paid-up capital (the "Capital Increase Registration") which does not take into account the shares from the exercise of the remaining warrants to purchase ordinary shares in the Company No. 1 ("AYUD-W1") of 81,094,582 units as well as the allocation and offering for sale of the Newly Issued Shares to Allianz SE and CPRNT as follows:



- 3.1. The allocation and offering for sale of 14,043,511 Newly Issued Shares to CPRNT (the “Newly Issued Shares for EBT Acceptance”) at the offering price of THB 53.32 per share, totaling approximately THB 748,800,000 or 3.7% of the Company’s total voting shares, inclusive of the Newly Issued Shares but not including the shares from exercising the remaining Company’s warrant, AYUD-W1

In this regard, CPRNT will make the payment for such shares in cash and the Company will use the entire proceeds from this portion to purchase newly issued shares in SAGI, in order to provide SAGI with the funds for the Acceptance of the EBT from AZTH. (“Share Allocation for EBT Acceptance”). SAGI’s registered capital will increase from THB 1,800.0 million to THB 2,548.8 million.

- 3.2. The allocation and offering for sale of 74,429,850 of Newly Issued Shares or 19.5% of the Company’s total voting shares, inclusive of the Newly Issued Shares but not including the Shares from exercising the remaining Company’s warrant, AYUD-W1, to Allianz SE and CPRNT (the “Newly Issued Shares for AZAY Share Purchase”) at the offering price of THB 53.32 per share, totaling approximately THB 3,968,599,600 as the consideration to Allianz SE and CPRNT for the Purchase of AZAY Shares.

In this regard, Allianz SE and CPRNT will transfer 34,810,000 shares in AZAY, representing approximately 11.80% of the total share sold in AZAY, at the price of THB 114.000745763 per share, totaling THB 3,968,599,600 to the Company for the payment of the Newly Issued Shares for AZAY Share Purchase in lieu of cash payment (“Share Allocation for AZAY Share Purchase”). The Company’s shareholding in AZAY will increase from 59,500,280 shares, or approximately 20.17% of the total shares sold in AZAY, to 94,310,280 shares, or approximately 31.97% of the total shares sold in AZAY.

4. The grant of consent for Allianz SE and/or its affiliate, who is a member of the Allianz Group which may be designated by Allianz SE as co-offer or (the “Designated Person”) to make a voluntary partial tender offer.

The objectives of entering into these Transactions are mainly for enhancing business co-operation between AYUD and Allianz Group including improving operational efficiency and minimizing repetitive costs and expenses. All conditions and timeframe have to be fulfilled within 30 June 2019 or the date all parties agreed in written. The shareholding of the Company, its subsidiary, and related companies before and after entering into these Transactions are illustrated below.

The Extraordinary General Meeting of Shareholders of the Company held on 13 November 2018 resolved to approve the above matters.

## GENERAL INFORMATION

### OFFICE

Bangkok	:	898 Ploenchit Tower 7 <sup>th</sup> FL., Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330
Tel.	:	+66-2657-2970
Fax	:	+66-2657-2971
E-Mail	:	info@ayud.co.th
Website	:	www.ayud.co.th

### REGISTRATION AND SHAREHOLDING STRUCTURE

Type of registration	:	Public Company Limited
Registration number	:	0107537001391
Type of business	:	Investment holding company with investment focus in the insurance business

### AUTHORIZED SHARE CAPITAL

Common shares	:	463,473,361 shares at Baht 1.00 per share
Total	:	Baht 463,473,361.00

### ISSUED AND PAID-UP SHARE CAPITAL

Common shares	:	296,416,925 shares at Baht 1.00 per share
Total	:	Baht 296,416,925.00

### SUBSIDIARY COMPANY

Sri Ayudhya General Insurance Public Company Limited

898 Ploenchit Tower 18<sup>th</sup> FL., Zone A, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330

Tel.	:	+66-2657-2555
Fax	:	+66-2657-2500
Website	:	www.sagi.co.th

### ASSOCIATE COMPANY

Allianz Ayudhya Assurance Public Company Limited

898 Ploenchit Tower 1<sup>st</sup> FL. Zone B, 2<sup>nd</sup> FL. Zone B-Mezzanine, 5<sup>th</sup> FL. Zone B-2, 6<sup>th</sup>, 14<sup>th</sup> and 17<sup>th</sup> FL., Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330

Tel.	:	+66-2305-7000
Fax	:	+66-2305-7011
Website	:	www.azay.co.th

### REFERENCE

Registrar

Thailand Securities Depository co., Ltd.

93, 14<sup>th</sup> FL., Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400

Tel.	:	+66-2009-9000
Fax	:	+66-2009-9991

**DEBENTURE HOLDER'S REPRESENTATIVE**

-None-

**AUDITOR**

- ▶ Mrs. Nisakorn Songmanee  
Certified Public Accountant Registration No.5035 and/or
- ▶ Mr. Permsak Wongpatcharakorn  
Certified Public Accountant Registration No. 3427 and/or
- ▶ Mr. Chavala Tienprasertkij  
Certified Public Accountant Registration No 4301

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

11/1, AIA Sathorn Tower, 23<sup>rd</sup> - 27<sup>th</sup> FL., South Sathorn  
Road, Yannawa, Sathorn, Bangkok 10120

Tel. : +66-2676-5700

Fax : +66-2676-5757

**FINANCIAL INSTITUTIONS**

Bank of Ayudhya Public Company Limited Head Office

1222 Rama III Road, Bangpongpan, Yannawa,  
Bangkok 10120

Tel. : +66-2296-2000

Ploenchit Branch

550 Ploenchit Road, Lumpini, Pathumwan,  
Bangkok 10330

Tel. : +66-2208-2000

The Government Housing Bank

Head Office

63 Rama IV Road, Huai Khwang , Bangkok 10310

Tel. : +66-2645-9000





## BOARD OF DIRECTORS



**Mr. Veraphan Teepsuwan**

Chairman



**Mr. Virojn Srethapramotaya**

President & CEO  
(Authorized Signatory)



**Mr. Chusak Salee**

Director (Authorized Signatory)



**Dr. Laksna Thongthai**

Director (Authorized Signatory)



**Mr. Sorasit Soontornkes**

Independent Director and  
Chairman of Audit Committee



**Mr. Suwat Laicharoensup**

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



**Mr. Vichit Kornvityakoon**

Independent Director, Member of Audit Committee and Chairman of Corporate Governance Committee



**Mr. Suwat Suksongkroh**

Independent Director



**Miss Nopporn Tirawattanagool**

Director and Member of Nomination & Remuneration Committee



**Mr. Bryan James Smith**

Director and Member of Nomination & Remuneration Committee (Authorized Signatory)



**Miss Orathai Rongthongaram**

Director and EVP of Accounting Department (Authorized Signatory)

## BOARD OF DIRECTORS INFORMATION

### Mr. Veraphan Teepsuwan

**Chairman**

(Appointed February 28, 2002)

Age 77 years

% Shareholding : None

Family Relationship with Directors and Executives: None



### 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

### 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 - March 31, 2017	Chairman	Siam City Cement PCL.
2003 - Present	Vice Chairman	Eastern Star Real Estate PCL.

### Other Companies/Organizations

April 1983 - March 2014	Director	Bangkok Broadcasting & TV Co., Ltd.
1995 - January 2011	Chairman	Allianz Ayudhya Assurance PCL.



## Mr. Virojn Srethapramotaya

**Director (Authorized Signatory)**

**(Appointed February 27, 1998)**

**President and CEO**

**(Appointed April 20, 2018)**

**Age 67 years**

**% Shareholding : None**

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



### Education and Training

- ▶ MBA, Jacksonville State University, USA
- ▶ Bachelor of Accountancy, Chulalongkorn University
- ▶ Loan Structuring and Documentation Course at Citibank Training Center at New York, USA in 1988
- ▶ Certificate of Financial Executive Class 1, The Thai Institute of Banking and Finance Association, The Thai Bankers' Association, in 1990
- ▶ Advanced Management Program for International Bankers, The Wharton School, University of Pennsylvania, USA in 1997
- ▶ Asean Summit for Southeast Asean Leaders at GE Training Center - Crotonville, Connecticut, USA in 2007
- ▶ Certificate of Training and Seminar, Thai Institute of Directors Association (IOD): Director Accreditation Program (DAP 4/2003), Director Certification Program (DCP 34/2003), Directors Diploma Examination-Fellow Member 2003, Refresher Course DCP (DCP Re 4/2007), Role of the Chairman Program (RCP 18/2008), Successful Formulation & Execution of Strategy (SFE 8/2010), Financial Institutions Governance Program (FGP 1/2010), Chartered Director Class (CDC 6/2012). Audit Committee Program (ACP 40/2012), Advanced Audit Committee Program (AACP) (MIA, MFM, MFR, MIR 2012-2013), Corporate Governance for Capital Market Intermediaries (CGI 0/2014)

### Work Experience in the Last 5 Years

Period	Position	Name of Organization
February 1998 - Present	Director (Authorized Signatory)	Sri Ayudhya Capital PCL.
May - June 2017	Acting President	Sri Ayudhya Capital PCL.
April 20,2018 - Present	President and CEO	Sri Ayudhya Capital PCL.

### Other Listed Companies

January 2014 - March 2015	Advisor to the Board of Directors	Bank of Ayudhya PCL.
February 2010 - December 2013	Director (Authorized Signatory)	Bank of Ayudhya PCL.
March 2016 - Present	Independent Director and Member of Audit Committee	Furukawa Metal (Thailand) PCL.
April 2017 - Present	Independent Director	Shangri-La Hotel PCL.

### Other Companies/Organizations

January 2011 - Present	Chairman (Authorized Signatory)	Sri Ayudhya General Insurance PCL.
December 2010 - January 2011	Director	Sri Ayudhya General Insurance PCL.
April 2,2018 - Present	President	Sri Ayudhya General Insurance PCL.
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

**Mr. Chusak Salee**

**Director (Authorized Signatory)**  
**(Appointed November 1, 1997)**  
**Age 65 years**

**% Shareholding : 0.003% (10,000 shares) , including spouse**  
**Family Relationship with Directors and Executive: None**

**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), AACP 25/2017

**Work Experience in the Last 5 Years**

Period	Position	Name of Organization
November 1997 - April 2016	Managing Director (Authorized Signatory)	Sri Ayudhya Capital PCL.
November 1997 - Present	Director (Authorized Signatory)	Sri Ayudhya Capital PCL.

**Other Listed Companies**

-None-

**Other Companies/Organizations**

November 2010 - April 2016	Managing Director (Authorized Signatory)	Sri Ayudhya General Insurance PCL.
November 2010 - Present	Director (Authorized Signatory)	Sri Ayudhya General Insurance PCL.
December 8, 2015 - January 16, 2018	Independent Director and Member of Audit Committee	Government Savings Bank
March 21, 2016 - April 2018	Director (Authorized Signatory)	National Credit Bureau Co., Ltd.
March 21, 2016 - April 2018	Member of Risk Management Committee	National Credit Bureau Co., Ltd.

## Dr. Laksna Thongthai

**Director (Authorized Signatory)**

**(Appointed March 21, 1994)**

**Age 64 years**

**% Shareholding : 3.69% (10,938,750 shares)**

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



### 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), Boards that Make a difference (BMD) 1/2016
- ▶ Diploma Examination Assigned from Graduate Member to become Fellow Member from Thai Institute of Director Association (IOD), Year 2000
- ▶ Reinsurance and Insurance Management Training Courses from France, Germany, and England

### 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.
March 1994 - Present	Director (Authorized Signatory)	Sri Ayudhya Capital PCL.

### Other Listed Companies

-None-

### Other Companies/Organizations

1990 - Present	Director	Thongthai Water Pipe & Chemical Co., Ltd.
2001 - Present	Director	Nirvana Co., Ltd.
2011 - Present	Director (Authorized Signatory)	Triple Prime Team Holdings Co., Ltd.



**Mr. Sorasit Soontornkes****Independent Director and Member of Audit Committee****(Appointed April 20, 2018)****Chairman of Audit Committee****(Appointed May 14, 2018)****Age 66 years****% Shareholding : None****Family Relationship with Directors and Executives: None****Education and Training**

- ▶ Bachelor of Accounting, Chulalongkorn University
- ▶ Master of Accounting, Chulalongkorn University
- ▶ Master of Business Economics, Thammasat University
- ▶ Senior Executive Program, SASIN, Chulalongkorn University
- ▶ Executive Development Program (Wharton School), University of Pennsylvania, U.S.A
- ▶ Director Certification Program (DCP), Thai Institute of Directors (IOD)

**Work Experience in the Last 5 Years**

Period	Position	Name of Organization
April 20,2018 - Present	Independent Director and Chairman of Audit Committee	Sri Ayudhya Capital PCL.

**Other Listed Companies**

2018 - Present	Chairman of the Board of Directors and Independent Director	AIRA Factoring PCL.
2017 - Present	Advisor to Board of Director and Chairman of the Risk Oversight Committee	Nok Air PCL.

**Other Companies/Organizations**

2018 - Present	Independent Director and Chairman of the Audit Committee	Sri Ayudhya General Insurance PCL.
2018 - Present	Independent Director and Chairman of the Audit Committee	J.D. Food Products Co., Ltd.
2018 - Present	Audit Committee	Eastern Economic Corridor office of Thailand
2017 - Present	Audit Committee	Bank of Thailand
2017 - Present	Director, Internal Audit Office	Chulalongkorn University
2012 - 2016	President and Director	Deposit Protection Agency
2011 - 2012	Deputy Governor	Bank of Thailand
2011- 2012	Director and Member of Monetary Policy Committee	Bank of Thailand

**Mr. Suwat Laicharoensup****Independent Director and Member of Audit Committee****(Appointed April 20, 2018)****Chairman of Nomination and Remuneration Committee****(Appointed May 14, 2018)****Age 69 years****% Shareholding : None****Family Relationship with Directors and Executives: None****Education and Training**

- ▶ Bachelor's degree in statistics, Chulalongkorn University
- ▶ Project Management Financial Control / Advanced Project Management / Business Continuity Management / Effective Skill for I/S Professionals / Capacity Planning for Management
- ▶ Certified Information Security Manager (CISM)
- ▶ Certificate in IT Infrastructure Library (ITIL)

**Work Experience in the Last 5 Years**

Period	Position	Name of Organization
April 20, 2018 - Present	Independent director and Audit Committee member	Sri Ayudhya Capital PCL.
May 14, 2018 - Present	Chairman of Nomination and Remuneration Committee	Sri Ayudhya Capital PCL.

**Other Listed Companies**

-None-

**Other Companies/Organizations**

April 2, 2018 - Present	Independent director Audit Committee member Chairman of Nomination and Remuneration Committee	Sri Ayudhya General Insurance PCL.
Dec 2009 - Dec 2016	Subcommittee member of audit, budget and project	Software Industry Promotion Agency (Public Organization), (SIPA)
Jun 2013 - Jun 2017	President	ISACA Bangkok Chapter
July 2017 - Present	Advisor and member of the board	ISACA Bangkok Chapter
June 2013 - Present	Chairman	itSMF Thailand Association (ITIL for IT Service Management)
October 2017 - Present	Subcommittee member of digital committee	Thailand Professional Qualification Institute (Public Organization), (TPQI)
January 2018 - Present	Subcommittee president of development of people-driven information technology and communications and digital content	The Board of the national qualification framework
January 2016 - Present	Advisor to Committee counsel of computer engineering	Engineering Institute of Thailand
March 2017 - Present	Associate judge	The Central Intellectual Property and International Trade Court

**Mr. Vichit Kornvityakoon**

**Independent Director, Member of Audit Committee and  
Chairman of Corporate Governance Committee  
(Appointed January 28, 2013)  
Age 68 years**

**% Shareholding : None**

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

**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), Role of the Nomination & Governance (RNG) 7/2015, Risk Management Program for Corporate Leaders (RCL) 2/2015, Boards that Make a Difference (BMD) 1/2016, Board Matters & Trends (BMT 2/2017), Ethical Leadership Program (ELP 7/2017)

**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 Corporate Governance 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.
2013 - July 2017	Member of IT and Systems Development Supervisory Sub-Committee	Deposit Protection Agency
2012 - Present	Member of Executive Credit Committee	Sukhumvit Asset Management Co., Ltd.
2016 - Present	Member of Professional Ethics Committee	Federation of Accounting Professions Under the Royal Patronage of his Majesty the King



## Mr. Suwat Suksongkroh

**Independent Director**

**(Appointed March 21, 1994)**

**Age 72 years**

**% Shareholding : 0.013% (32,500 shares)**

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



### 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)

### Work Experience in the Last 5 Years

Period	Position	Name of Organization
August 2008 - Present	Independent Director	Sri Ayudhya Capital PCL.
March 21, 1994 - August 2008	Director and Secretary to the Board of Directors	Sri Ayudhya Capital PCL.

### Other Listed Companies

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 and Remuneration Committee Member	Sri Ayudhya General Insurance PCL.

**Miss Nopporn Tirawattanagool****Director****(Appointed April 22, 2013)****Nomination and Remuneration Committee Member****(Appointed May 14, 2013)****Age 64 years****% Shareholding : None****Family Relationship with Directors and Executives: None****Education and Training**

- ▶ Master of Accounting, Faculty of Commerce and Accountancy, Thammasat University
- ▶ Bachelor of Business Administration (in Accounting), Thammasat University
- ▶ Training on International Financial Reporting Standard 9 (IFRS 9), PwC Thailand, Year 2016
- ▶ CG Forum 2/2016 “Honest, Cautious, Protective for the director”, Year 2016
- ▶ Seminar on “CyberSecurity Awareness Training for Senior Executive”, Year 2016
- ▶ Strategic IT Governance (for non-IT), Year 2017
- ▶ 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, Risk Management Program for Corporate Leaders (RCL) Year 2015, National Director Conference 2017 “Steering Governance in a Changing World” Year 2017, IOD National Director Conference 2018 “Rising Above Disruptions : A Call for Action” Year 2018
- ▶ Seminar on “Future customer experience in financial and banking services, Year 2018

**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 and Remuneration Committee	Sri Ayudhya Capital PCL.

**Other Listed Companies**

January 1, 2015 - Present	Risk and Compliance Committee Member	Bank of Ayudhya PCL.
January 2, 2014 - Present	Director (Authorized Signatory)	Bank of Ayudhya PCL.
April 28, 2010 - Present	Nomination and Remuneration Committee Member	Bank of Ayudhya PCL.
April 8, 2010 - January 1, 2014	Director	Bank of Ayudhya PCL.
April 20, 2016 - Present	Director	Grand Canal Land PCL.

**Other Listed Companies**

May 6, 2015 - April 19, 2016	Director (Authorized Signatory)	Grand Canal Land PCL.
October 17, 2014 - Present	Director	Srivichaivejvivat PCL.
July 22, 2014 - Present	Director of Nomination and Compensation Committee	Siam City Cement PCL.
July 22, 2014 - Present	Director of Governance, Risk and Compliance Committee	Siam City Cement PCL.
April 2012 - Present	Director	Siam City Cement PCL.

**Other Companies/Organizations**

April 19, 2017 - Present	Director (Authorized Signatory)	BBTV Asset Management Co., Ltd.
May 8, 2015 - Present	Director (Authorized Signatory)	CKS Holding Co., Ltd.
May 8, 2015 - Present	Director (Authorized Signatory)	Super Assets Co., Ltd.
May 8, 2015 - Present	Director (Authorized Signatory)	C.K.R Co., Ltd.
May 8, 2015 - Present	Director (Authorized Signatory)	The Bangkok Lighters Co., Ltd.
May 8, 2015 - Present	Director (Authorized Signatory)	The Thai Tapioca Flour Produce Co., Ltd.
May 8, 2015 - Present	Director (Authorized Signatory)	Cyber Venture Co., Ltd.
April 9, 2015 - Present	Director (Authorized Signatory)	Khao Kheow Country Club Co., Ltd.
April 9, 2015 - Present	Director (Authorized Signatory)	Siam Purimongkol 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.

**Mr. Bryan James Smith****Director and Member of Nomination and Remuneration Committee****(Appointed November 4, 2014)****(Authorized Signatory)****Age 60 years****% Shareholding : None****Family Relationship with Directors and Executives: None****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
- ▶ Solicitor of the Supreme Court, College of Law, Sydney, Australia
- ▶ Certificate of Training and Seminar, Thai Institute of Directors Association (IOD): Director Certification Program (DCP) Class 207/2015, Diploma Examination Program - Fellow Member 2015

**Work Experience in the Last 5 Years**

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

**Other Listed Companies**

-None-

**Other Companies/Organizations**

November 4, 2014 - Present	Director, Nomination and Remuneration Committee Member (Authorized Signatory)	Sri Ayudhya General Insurance PCL.
November 2011 - Present	Director	Allianz Ayudhya Assurance PCL.
November 2011 - Present	President and CEO	Allianz Ayudhya Assurance PCL.
April 2009 - November 2011	Chief Officer-Direct Marketing, Bancassurance & Group	Allianz Ayudhya Assurance PCL.



### Miss Orathai Rongthongaram

**Director (Authorized Signatory)**

(Appointed April 20, 2018)

**EVP of Accounting Department**

(Appointed October, 2013)

Age 54 years

**% Shareholding : 0.005% (15,000 shares), including spouse**

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



#### Education and Training

- ▶ Bachelor of Accountancy, Chulalongkorn University
- ▶ MBA, Chulalongkorn University
- ▶ Diploma in Auditing, Chulalongkorn University
- ▶ Certified Public Accountant (CPA) in Thailand

#### Work Experience in the Last 5 Years

Period	Position	Name of Organization
April 20, 2018 - Present	Director (Authorized Signatory)	Sri Ayudhya Capital PCL.
October 2013 - Present	EVP of Accounting Department	Sri Ayudhya Capital PCL.
July 1998 - September 2013	Accounting Department Manager	Sri Ayudhya Capital PCL.

#### Other Listed Companies

-None-

#### Other Companies/Organizations

-None-

## OTHER INFORMATION

### Ms. Jiratcha Ruplek

**Company Secretary**

**(Appointed August 15, 2008)**

**Senior Vice President, Company Secretary**

**(Appointed June 19, 2013)**

**Age 50 Years**

**% Shareholding: None**

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



### 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), Corporate Governance for Executive- CGE 7/2016, CGR Workshop 1/2017

### Work Experience in the Last 5 Years

Period	Position	Name of Organization
March 1993 - April 1995	Law Officer	Sri Ayudhya Capital PCL.
May 1995 - June 2013	Lawyer (Department Manager)	Sri Ayudhya Capital PCL.
September 2001 - August 2008	Assistant Secretary to the Board of Directors	Sri Ayudhya Capital PCL.
August 2008 - Present	Company Secretary and Secretary to the Board of Directors	Sri Ayudhya Capital PCL.
June 2013 - Present	Senior Vice President, Company Secretary	Sri Ayudhya Capital PCL.

### Other Listed Companies

-None-

### Other Companies/Organization

February 2011 - Present	Company Secretary and Secretary to the Board of Directors	Sri Ayudhya General Insurance PCL.
-------------------------	---	------------------------------------

## Mrs. Paporn Piyayodilokchai

Senior Vice President, Internal Audit Department

Head of Internal Audit

Age 51 years



### Education

- ▶ 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
- ▶ Certified Professional Internal Auditors of Thailand: The Institute of Internal Auditors of Thailand
- ▶ Investment Planner: The Securities and Exchange Commission, Thailand
- ▶ Associate Financial Planner Thai: Thai Financial Planners Association

### Training

- ▶ Auditing Information System, Operational Auditing, Tools and Techniques for The Audit Manager: The Institute of Internal Auditors of Thailand
- ▶ Fraud Risk Management, Working Paper for Measures to Anti-Corruption in Organization, Internal Audit Certificate Program (IACP): Federation of Accounting Professions
- ▶ IT Audit for Non-IT Auditor Masterclass 2013, IT Audit Workshop for Non-IT Auditor: NSTDA Academy
- ▶ Certificate in Insurance (Associate Level), Certificate in Non-Life Insurance Claim: Thailand Insurance Institute
- ▶ Standard course on Anti-Money Laundering and Combating the Financing of Terrorism for persons who have the duty to report under section 13 and section 16: Anti-Money Laundering Office (AMLO)
- ▶ Anti-Money Laundering Law Enforcement, Supervision of Insurance Business Operations: Chula Unisearch, Chulalongkorn University

### 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 business 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, 2018, 2017, and 2016 are shown as follows:

(Unit in Baht)

	2018		2017		2016	
	Amount	%	Amount	%	Amount	%
<b>Underwriting Income*</b>						
Fire	489,495,535	21.7	466,921,566	23.1	454,714,970	20.5
Marine and transportation	163,293,301	7.2	157,146,824	7.8	172,949,269	7.8
Miscellaneous	658,636,872	29.1	607,803,338	30.0	791,935,432	35.8
Motor	947,833,636	42.0	791,360,645	39.1	796,204,961	35.9
<b>Total</b>	<b>2,259,259,344</b>	<b>100.0</b>	<b>2,023,232,373</b>	<b>100.0</b>	<b>2,215,804,632</b>	<b>100.0</b>

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

(Unit in Baht)

	2018		2017		2016	
	Amount	%	Amount	%	Amount	%
<b>Net Earned Income</b>						
Fire	431,338,858	24.4	421,199,388	25.5	425,169,252	22.5
Marine and transportation	102,555,367	5.8	97,745,076	5.9	107,729,040	5.7
Miscellaneous	506,904,298	28.6	480,590,736	29.0	681,164,983	36.0
Motor	728,374,865	41.2	655,663,269	39.6	678,422,105	35.8
<b>Total</b>	<b>1,769,173,388</b>	<b>100.0</b>	<b>1,655,198,469</b>	<b>100.0</b>	<b>1,892,485,380</b>	<b>100.0</b>

(Unit in Baht)

	2018		2017		2016	
	Amount	%	Amount	%	Amount	%
1. Underwriting income	2,259,259,344	77.6	2,023,232,373	80.5	2,215,804,632	77.4
2. Investment income	648,629,316	22.3	485,851,773	19.4	541,962,648	18.9
3. Other income	2,862,420	0.1	3,957,631	0.1	104,321,506	3.7
<b>Total income</b>	<b>2,910,751,080</b>	<b>100.0</b>	<b>2,513,041,777</b>	<b>100.0</b>	<b>2,862,088,786</b>	<b>100.0</b>

In 2018, the proportion of the Company’s income changed from 2017 which the underwriting income in 2018 slightly reduced from 80.5% in 2017 to 77.6%.



The proportion of investment income during 2018 increased from 19.4% in 2017 to 22.3% resulting from increased profit made from investment in securities in the amount of Baht 8.31 million or 15.42%, while net investment income for the year 2018 increased from the same period of last year in amount of Baht 9.07 million or equivalent to 9.14%, which was the result of an increase in dividend income or even the current interest rates are still low. In addition, the Company has loss from fair value adjustment from investment in the trading securities in the amount of Baht 29.49 million; however, in 2018, the company has revenue from the profit sharing from investment in Allianz Ayudhya Assurance Public Company Limited in the amount of Baht 507.68 million, an increase from the previous year of Baht 176 million or 53.06%.

The proportion of other income during 2018 is equal to 0.1% which is the same as in 2017.

### 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. The area of coverage is nationwide with protection available for damage caused by fire, lightning, explosion, and wind storm, leasehold insurance and business interruption insurance.



2. **Marine and transportation:** The insurance ranges coverage on goods transported by ship at sea and/or by river both internationally and within Thailand with coverage provided for goods transported over land by truck or train, as well as by air and parcel post. Coverage for marine hull is also available. In addition to providing coverage for loss or damage that may occur during transportation, protection is available for damage against marine hull, engine and equipment.

3. **Miscellaneous:** This category covers insurance that provides coverage on property, liability, engineering, and personal protection such as personal accident, group accident, travel both domestic and international, cancer, micro insurance, burglary, money, machinery and erection, construction, workman compensation, electronics and computers, public liability, all risks, credit card, plate glass, and contractors' plant and machinery.



4. **Motor Insurance:** This includes coverage for loss or damage caused to the automobile or its parts, injuries or death as well as the liability relating to injuries or death, or damage or loss caused to third parties. Coverage options are available from compulsory, protection of the victims of automobile accidents, or voluntary.

In addition, the subsidiary handles reinsurance work, and accepts reinsurance from local and international companies in order to increase its capability in spreading and managing overall risks with efficiency. Two types of reinsurance include facultative reinsurance and treaty reinsurance.

Aside from the primary business activity, additional investments are made to increase income, for example loans, government bonds, stocks, short-term investments, savings, and investments in various 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

For the Company and Subsidiary: None. The subsidiary was granted an insurance license to engage in all types of non-life insurance business.

### MARKET AND COMPETITION

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

In 2018 direct premiums of non-life insurance industry amounted to Baht 233,090.07 million, an increase of 6.60% from 2017, comprised direct premiums for fire insurance at Baht 10,164.62 million, an increase of 1.01% from 2017, marine and transportation insurance at Baht 5,521.97 million, an increase of 6.88% from 2017, miscellaneous insurance at Baht 80,469.82 million, an increase of 5.43% from 2017, and motor insurance at Baht 136,933.65 million, an increase of 7.73% from 2017. (Source of Data: The Insurance Premium Rating Bureau: IPRB).

(Unit: in Baht '000)

Type of Insurance	Direct Premiums of Non-Life Insurance Business		
	2018	2017	% Increase
Fire	10,164,621	10,062,706	1.01
Marine and transportation	5,521,972	5,166,372	6.88
Miscellaneous	80,469,819	76,324,483	5.43
Motor	136,933,654	127,104,387	7.73
<b>Total</b>	<b>233,090,066</b>	<b>218,657,948</b>	<b>6.60</b>

### Competitive Strategy

The Company competes by using the following strategies:

1. Build quality employees by developing their capabilities in using technology to improve response, accuracy, and speed of service.
2. Develop operational processes to ensure quality, and on time service delivery for customers.
3. Unceasingly upgrade technology: Introduce new technology to increase employees' capabilities, manage the work with speed and accuracy, and increase the efficiency of the computer system. All of which is aimed at supporting expansion of work, the speed of service for underwriting as well as for claims in order to impress customers.
4. Develop new products and services to fit with customers' lifestyle.

5. Promote quality agents and brokers through training. Link data online for faster, and more accurate services.
6. Retain and build bancassurance distribution channel by developing new products and services to meet with customers' needs.
7. Plan working with other online businesses as this channel develops and grows making the opportunity to expand insurance work possible.

### Customer Groups

Customers may be divided into two groups: personal and corporate.

For **personal line of business**, the Company focuses on groups of customers who already understand the importance of having insurance. They are experienced with insurance products having purchased insurance such as property, motor, personal accident, and travel insurance for themselves and families. Bank loan customers are required to have insurance in accordance to loan agreement made to prevent possible loss.

For **corporate line of business**, the Company responds to their needs by assessing the risks involved and proposing appropriate insurance products to mitigate risks. Targeted types of business include hotels, factories, finance companies, and retail stores. The majority of these businesses acquires insurance to cover third party liabilities, business interruptions, machinery used in construction, and machinery loss/damage. The Company focuses efforts in mid-sized and SME businesses.

**Remark:** In the past three years, the Company has not relied on any major client whose business exceeds 30% of total income.

### Distribution Channels

The Company'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:

	2018	2017	2016
1. Brokers and agents	36.57%	40.74%	39.80%
2. Financial institutions and affiliated companies	56.14%	50.59%	53.63%
3. Direct sales	7.29%	8.67%	6.56%

### 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

2018 market share of the subsidiary as provided by the insurance premium rating bureau (IPRB) is shown as follows:

Type of Insurance	Direct Premiums of the Subsidiary (Unit: in Baht 000)	Direct Premiums of 60 Insurance Companies (Unit: in Baht 000)	Market Share (%)	Ranking
Fire	640,915	10,164,621	6.31	6
Marine and transportation	310,256	5,521,972	5.62	6
Miscellaneous	1,082,002	80,469,819	1.34	21
Motor	1,358,091	136,933,654	0.99	24
<b>Total</b>	<b>3,391,264</b>	<b>233,090,066</b>	<b>1.45</b>	<b>19</b>





As of December 31, 2018, there are 60 operating insurance companies within the country, split into 51 Thai insurance companies, five defined as branches of foreign insurance companies and four group health insurance companies.

The subsidiary has the advantage over competition on strong financial strength and number of years in business enabling it to operate efficiently over the years. The CAR ratio is at 1,064.06 as of December 31, 2018. Additionally, the collaboration over the years with Bank of Ayudhya Public Company Limited and its network of companies generates mutual benefits. Other financial institutions work in partnership with the subsidiary in a similar manner. The subsidiary increases market share for fire, miscellaneous, marine and transportation, and motor insurance by making continuous improvements on operational procedures and service efficiency. 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 efforts in these areas. At the end of 2018, the Subsidiary has 14 provincial branches and four sub-branches dedicated to servicing claims, spanning the northern, central, eastern, north eastern and southern regions. All branches are online to provide convenience and speedy service.

## **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 has a policy on loans and risk management in place with details as follows:

Loans and risk management from loans for the subsidiary shall be 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.

### **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.

## **WORK-IN-PROCESS**

None.

## IMPORTANT EVENTS



### Contributes to Child and Youth Education

Mr. Virojn Srethapramotaya, President and CEO of Sri Ayudhya Capital Public Company Limited, donated funds to Amir al-Mu'minin Foundation. The funds will be used to purchase much-needed uniforms, school bags, socks and shoes for underprivileged children in Thailand's three southernmost border provinces.



### Helps Give Disabled People Better Life Opportunities

Mr. Virojn Srethapramotaya, President and CEO of Sri Ayudhya Capital Public Company Limited, presented funding to the Association of the Physically Handicapped of Thailand (APHA). The donation will be used to support the association's "Provision of Equipment for Disabled and Elderly People" project. The project procures mobility tricycles to allow disabled people to earn a living, thereby helping disabled people reach their full potential, boosting their independence and helping with daily life.

### AYUD Shareholders had resolved to join the business with Allianz Group

The Board of Directors of Sri Ayudhya Capital Public Company Limited (AYUD) and its Chairman, Mr. Veraphan Teepsuwan, called an extraordinary general meeting to consider collaborating with Allianz Group within Thailand's insurance industry. The meeting approved a move to have Sri Ayudhya General Insurance Public Company Limited (SAGI) purchase and receive an entire business transfer from Allianz General Insurance Public Company Limited (AZTH). The meeting also resolved to invest further in Allianz Ayudhya Public Company Limited (AZAY) by purchasing more AZAY common stock from Allianz SE and CPRN Company Limited Thailand (CPRNT).

Shareholders also approved having SAGI buy and receive an entire business transfer from Allianz General Insurance Public Company Limited. In addition, the meeting resolved to allow Allianz SE and/or any Allianz Group member to co-propose a voluntary partial tender offer for the company. The meeting was held at AETAS Lumpini Hotel (Rama 4 Rd).



### The 69<sup>th</sup> Shareholder Meeting

The Board of Directors of Sri Ayudhya Capital Public Company Limited and its Chairman, Mr. Veraphan Teepsuwan, together announced results of the company's operating performance to shareholders at the 69<sup>th</sup> Shareholder Meeting. They reported a dividend of 0.75 baht per share for the first half of 2017 (from January 1<sup>st</sup> to June 30<sup>th</sup>, 2017) and resolved to defer payment of dividends from the latter half of 2017 (from July 1<sup>st</sup> to December 31<sup>st</sup>, 2017) to reserve funds for future expansion. The Company issued and allocated free warrants to shareholders in place of dividend payments. The meeting was held at The Okura Prestige Bangkok's Grand Ballroom.



### Welcomes New Board Members

Mr. Virojn Srethapramotaya, President and CEO of Sri Ayudhya Capital Public Company Limited, welcomed new members to the Company's Board of Directors, following a resolution passed at the 69<sup>th</sup> Shareholder Meeting to elect replacements for board members who had completed their term.

Joining the board were: Mr. Vichit Kornvityakoon (Independent Director); the director who will be retired by rotation and returning into the position for another term; Mr. Sorasit Soontornkes (Independent Director and member of the Audit Committee); Mr. Suwat Laicharoensup (Independent Director and member of the Audit Committee); and Ms. Orathai Rongthongaram (Director).





In 2019, Thailand's economy is expected to grow at a higher rate than the previous year. Factors underlying this acceleration include the general election and the continuation of large-scale projects in the government sector. The caveat regarding the first factor is the expansion of the global economy, which could impact exports, and should be monitored.



## RISK FACTORS AND RISK MANAGEMENT

As a holding company, the Company primarily invests in other businesses. Its revenue is mainly from its subsidiaries, which operate in the general (or non-life) insurance industry. Naturally, risk factors in this industry will impact the performance of the Company's subsidiaries.

In 2019, Thailand's economy is expected to grow at a higher rate than the previous year. Factors underlying this acceleration include the general election and the continuation of large-scale projects in the government sector. The caveat regarding the first factor is the expansion of the global economy, which could impact exports, and should be monitored.



Other risk factors deserving close monitoring include issues with distribution of purchasing power, problems from household debt and reductions in domestic interest rates, for example. These may impact risk in various ways, including insurance risk, credit risk, liquidity risk, and operational risk.

The Company and its subsidiaries appreciate and understands the importance of continuous risk management. It has installed an internal capital adequacy assessment process covering all types of risk, as a measure that governs the effective management of the capital funds of all the Company's general insurance subsidiaries. Another objective of this measure is to maintain the strength of their capital funds, allowing the Company's subsidiaries to grow in a sustainable, stable manner.

To ensure that various measures work consistently and responsively to changing internal and external risk factors, the Company and its subsidiaries have also created a risk management committee. The committee is entrusted with managing, monitoring, and maintaining risk within acceptable parameters, by continuously developing and improving international-level risk management systems.

Nonetheless, the Company may encounter significant risks which could directly impact its operational and financial situations, as follows.

## 1. Risk Factors within the Insurance Industry

### 1.1 Insurance Risk

Insurance risk arises from setting insurance premiums that do not correspond with real damages; insuring high-risk policies or policies with highly concentrated risk due to overly insuring a group; inadequate or ineffective policies; higher-than-expected real damages and the inefficient management of compensation funds.

As a result, each insurance policy as well as their management strategy are reviewed on an annual basis. A thorough process for considering customers, along with policy conditions that reflect actual risk, has been set. Finally, the Company has also created a process to manage and monitor the latest data, so any adjustments to premiums and policy conditions are guided by up-to-date information. This is so that they are continually in line with any developments.

The company has also taken into account there is a tendency to cluster in insurance and in reinsurance and reduces this by spreading risk across several groups of customers. Risk is also transferred to reinsurers, with a focus on reinsurers that have a strong financial standing. Finally, the company also has retained excess of loss reinsurance, which is a crucial tool in protecting against and controlling risk, thus preventing volatility and adverse impact on the company's financial standing.

### 1.2 Credit Risk from Insurance Businesses

#### ► Reinsurance Risk

Reinsurance risk is the risk of the Company not receiving contractually obligated payments from its reinsurers. It may be caused by reinsurers' unstable financial situations, resulting in the Company itself being responsible for compensation. In addition, there is also the risk that a number of reinsurers will have reduced reinsurance capacity due to a downgrade in their credit rating; or they may choose not to continue to reinsure the Company; or they may choose to continue to reinsure the Company with a lower limit.

To manage this risk, the Company has a set of policies with regards to its reinsurers, which takes into consideration reinsurers' financial standing, financial stability, and credit rating. The Company has also created a process to collecting compensation, as well as dividing and spreading risk across several re-insurers to lower the dangers of clustering to an acceptable level. Finally, the Company also gives importance to legal agencies in order to protect against risk, as follows.

#### ► Premium Collection Risk

Premium collection risk is risk from policyholders being unable to pay their premiums. It is also risk from agents or brokers that collect the premiums not transferring the premiums by the deadline. As a result, the Company's subsidiaries are unable to collect overdue premiums, and this may cause the Company to incur write-offs.

Its subsidiaries manage this risk by putting in place a process to closely follow-up with policyholders, agents and brokers on any overdue premiums. The process requires agents and brokers to secure collateral against credit lines the Company has extended to them.

## 2. Investment Risk

### 2.1 Credit Risk

Credit risk is risk associated with business partners being unable to perform according to their contractual obligations, as well as partners having their credit ratings downgraded.

The Company manages its credit risk as follows.

- ▶ Loans: The Company takes into consideration the business partner's (or loanee's) financial standing and ability to repay, using sound credit analysis principles. It also ensures its limits (and loan-to-value ratio) is within legal limits. Finally, it monitors the flow of payments every month to ensure the regularity of debt payments.

- ▶ Bonds: The Company selects government bonds and bonds from state enterprises that have the Ministry of Finance as a guarantor. The Company also selects on investment grade bonds from private institutions, while considering the issuers' business and industry. It also reviews issuers' financial standing, credit rating, as well as their ability to consistently pay periodic interest payments and repay the face value of the bonds.

### 2.2 Concentration Risk

Concentration risk is risk associated with domestic and offshore investment assets, and from granting too many loans to a single loanee. If assets or loanees are negatively impacted, the Company may also incur a great deal of damage.

The Company manages this risk as follows. First, it diversifies by investing in different types of bonds and equity instruments, as well as granting loans to myriad debtors across several regions. These are granted in consistency with risk-related regulations set by relevant overseeing organizations. The Company also diversifies its investments across several industries. When investing in foreign currencies, it also takes steps to hedge all foreign exchange risk.

### 2.3 Liquidity Risk

Liquidity risk is risk resulting from any situations where the Company cannot repay its debts or meet its obligations due to being unable to convert its assets to cash in the

required time (illiquidity) and may cause the Company to acquire cash at a higher cost.

To manage this risk, the Company has allocated some of its investment funds to bank accounts, treasury notes, and short-term bonds from the Bank of Thailand, which are highly liquid, as reserves designated for operational costs. The deposits are made at regular intervals in line with cash needs. This is done consistent to a cash flow management for expected inflows and outflows. The Company also allocates a portion of its investment in in-demand stocks that are highly liquid and easily convertible to cash, at close to fair value.

Other than this, the Company is also able to use overdraft facility and short-term loans from a commercial bank, which are used as cash reserves that can be withdrawn immediately should the Company incur unexpectedly high costs. All of this are sufficient to mitigate liquidity risk.

### 2.4 Market Risk

Market risk is risk associated with fluctuations within investment markets, namely the market prices of equity instruments, interest rates, and currency exchange rates, which may affect the value of its investments equity instruments, bonds, and investment units.

The Company manages and reduces its market risk as follows:

- ▶ The Company selects equity instruments from issuers with strong financial standing, good profitability, and potential for sustainable growth. The Company also has a policy of choosing long-term equity instruments to reduce the fluctuation of their market prices.

- ▶ The Company closely monitors the Bank of Thailand's interest policy, movements of the United States' Federal Reserve interest rate, and rate of return of the bond market, in order to set a duration for investment in line with changes in interest rates. In addition, the Company also has set a policy to hold bonds until they are mature, in order to reduce risk from changes in bond prices. Finally, it also makes monthly deposits of similar sums in order to reduce reinvestment risk.

### 3. Other Risks

#### 3.1 Asset and Liability Management Risk

Asset and liability management risk is risk resulting from a mismatch between duration and amount of the Company's investment assets, with the duration and amount of company's contractually obligated liabilities. These include loss reserves, premiums that are not yet classified as revenue, and premiums received in advance.

As a result, the Company manages this risk by setting the period of time and amount of investment consistent with the company's liabilities in two ways as follows:

#### 3.2 Strategic Risk

Strategic risk is risk resulting from setting and implementing strategic and operational plans that are unsuitable or inconsistent with internal and external factors, as well as risks related to over-dependence on major business partners. These may affect the Company's execution of its vision, its financial standing, capital fund, business performance. Internal risk factors include risks associated with organizational structure, operational processes, and also adequacy of information and technology, to start with. External risk factors include economic conditions, competition, and political factors, and more.

Strategic risk includes the amount of premiums not meeting expected targets, fierce competition from domestic and foreign insurers, income ratio missing expected targets, and over-dependence on premiums from a particular channel.

The Company manages this risk by setting strategies consistent with its vision as well as operational strategies from the unit level up to the organization level. It also reports on the implementation of its strategies to determine the success of the strategies. The Company has also instituted warning indicators should implementation show signs of going off course. This allows the strategy to be adapted in line with external factors and changing situations, such as any changes in economic conditions, competition and any relevant regulation. The Company has internal work systems for organizing itself, its personnel and its budget, as well as Information Technology (IT) system and operational monitoring and control system. Altogether, this supports the implementation of strategy that will allow the Company to reach its targets. It also publicizes the Company's strategic plans to employees so all involved are moving in one direction as a whole.

#### 3.3 Operational Risk

Operational risk is associated with the detrimental effects from lack of or inadequate corporate governance, or inadequate operational governance. These are related to internal operational processes, personnel, work systems, IT systems, data safety, or external events.

To reduce operational risk, the Company's board of directors is tasked with supervising and managing the Company. The board ensures the way the company operates is consistent with its own policies, regulations, rules, objectives, as well as any resolutions passed by shareholder meetings and laws. The Company also has a framework for managing risk which includes operational risk and giving significance to internal systems of control. This includes financial control, operations, and operational governance, which has an internal audit team to check adherence to internal systems of control.



## MAJOR SHAREHOLDERS

### Top ten major shareholders as of 9 October 2018

Rank	Major Shareholders	Shares	% Shares
1	DEUTSCHE BANK AG, FRANKFURT A/C CLIENTS ACCOUNT-DCS	42,104,000	14.326
2	BBTV Equity Company Limited	35,809,350	12.184
3	The Great Luck Equity Company Limited	30,233,175	10.287
4	Bangkok Broadcasting & Television Company Limited	28,802,500	9.800
5	Bank of Ayudhya Public Company Limited	21,250,800	7.230
6	Mr. Krit Ratanarak	14,867,700	5.059
7	CITIBANK NOMINEES SINGAPORE PTE LTD-UBS SWITZERLAND AG	14,300,000	4.866
8	TRIPLE PRIME TEAM HOLDINGS COMPANY LIMITED	10,938,750	3.722
9	Thongthai (1956) Company Limited	9,610,000	3.270
10	Ms. Sudthida Ratanarak	8,694,970	2.958

## SHAREHOLDING OF DIRECTORS

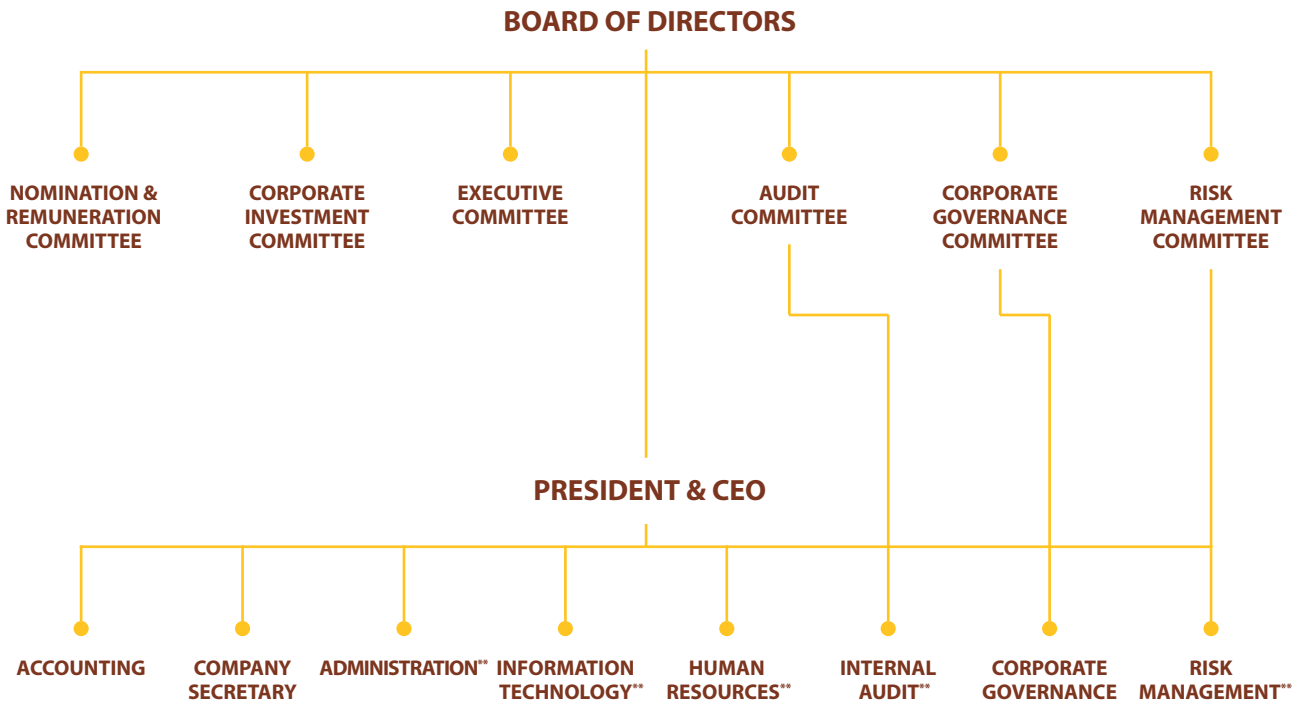
As of 31 December 2018

No.	Directors	Designation	31 December 2018		31 December 2017	
			No. of shares (shares)	Proportion (%)	No. of shares (shares)	Proportion (%)
1	Mr. Veraphan Teepsuwan	Chairman	-	-	-	-
2	Mr. Sorasit Soontornkes	Director	-	-	-	-
3	Mr. Suwat Laicharoensup	Director	-	-	-	-
4	Mr. Vichit Kornvityakoon	Director	-	-	-	-
5	Mr. Suwat Suksongkroh	Director	32,500	0.011	32,500	0.013
6	Miss Nopporn Tirawattanagool	Director	-	-	-	-
7	Mr. Virojn Srethapramotaya	Director	-	-	-	-
8	Mr. Bryan James Smith	Director	-	-	-	-
9	Mr. Chusak Salee	Director	*10,000	0.003	*31,000	0.012
10	Mr. Laksna Thongthai	Director	10,938,750	3.690	-	-
11	Miss Orathai Rongthongaram	Director	15,000	0.005	-	-

Ramark \* including spouse



## ORGANIZATIONAL STRUCTURE



\*\* Outsourced to Sri Ayudhya General Insurance PCL (SAGI)

## MANAGEMENT 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:

- 1. Audit Committee**
- 2. Nomination & Remuneration Committee**
- 3. Corporate Governance Committee**
- 4. Executive Committee**
- 5. Corporate Investment Committee**
- 6. Risk Management**

Details of each of the above committees are provided in the Report on 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, 2018, the Board of Directors consists of 11 members, with five non-executive directors, four independent directors, and two executive director.

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, 2018 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	6/6	2002
2	Mr. Virojn Srethapramotaya	Executive Director	6/6	1998
3	Ms. Nopporn Tirawattanagool	Non-Executive Director	6/6	2013
4	Mr. Bryan James Smith	Non-Executive Director	5/6	2014
5	Mr. Laksna Thongthai	Non-Executive Director	6/6	1994
6	Mr. Chusak Salee	Non-Executive Director	5/6	1997
7	Mr. Sorasit Soonthornkes*	Independent Director	4/6	2018
8	Mr. Suwat Laicharoensup**	Independent Director	4/6	2018
9	Mr. Vichit Kornvityakoon	Independent Director	6/6	2013
10	Mr. Suwat Suksongkroh	Independent Director	5/6	1994
11	Ms. Orathai Rongthongaram***	Executive Director	4/6	2018
	Ms. Jiratcha Ruplek	Secretary to the Board	-	2008

Remark: \* Mr. Sorasit Soonthornkes  
 \*\* Mr. Suwat Laicharoensup  
 \*\*\* Ms. Orathai Rongthongaram } appointed April 20, 2018.

### 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. Chusak Salee, Mr. Laksna Thongthai, Mr. Virojn Srethapramotaya, Mr. Bryan James Smith and Ms. Orathai Rongthongaram with 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, 2018, the Executive Committee is comprised of the following:

No.	Name	Designation	Attendance
1	Mr. Virojn Srethapramotaya	Chairman	8/11
2	Ms. Orathai Rongthongaram	Member	11/11
3	Mr. Tivakorn Kanjannakit	Member	11/11
4	Ms. Matana Waitayakomol*	Member	-
5	Mr. Issra Choovisit	Member	10/11

Remark: \* Ms. Matana Waitayakomol appointed November 16, 2018.



## Scope and Authority of the Executive Committee

### 1. Composition and Qualifications of the Executive Committee Members

The Board of Directors appoints Executive Committee members comprising at least three members: President & CEO, directors, and/or the Company's executives with appropriate qualifications, and not being a person prohibited by the Public Limited Company Act, governing laws of the Securities and Exchange Commission of Thailand, the Stock Exchange of Thailand and other related laws. The President & CEO shall be the Chairman of the Executive Committee.

The secretary to President & CEO or an appointed person by the Chairman of the Executive Committee shall be assigned to act as the secretary.

### 2. Term

Each term lasts for one year, ending on December 31 with the exception of this Executive Committee which shall end on December 31, 2017. The Nomination & Remuneration Committee shall select directors and/or the Company's executives with appropriate qualifications to propose to the Board of Directors at the Board meeting for consideration and appointment at least one month before the term ends.

### 3. Duties and Responsibilities

- 3.1 To manage the overall operation of the Company to be in line with the Company's by-laws as well as comply with conditions, rules and regulations as set forth by the existing laws, i.e. civil and commercial laws, Public Limited Company Act, governing laws of the Securities and Exchange Commission of Thailand, the Stock Exchange of Thailand, other related laws, and future laws and regulations.
- 3.2 To manage the Company's business operation to be in line with the Company's objectives and policies, regulations, or instructions as set by the Board of Directors. The Executive Committee shall pre-assess any type of work for the Board's consideration except the work under direct responsibility, and/or under the authority of other sub-committees in which case the responsible sub-committees shall perform this duty directly.
- 3.3 To consider and determine the vision, business strategy, policies, financial target and plan (short-mid-long term) as well as the annual budget for the Company and subsidiary for approval by the Board.
- 3.4 To review and monitor the implementation of policies and management effectively in all aspects as assigned by the Board.

### 4. Authority

- 4.1 To determine the investment policy and the management of these risks.
- 4.2 To determine the management structure, organization chart for consideration by the Nomination & Remuneration Committee.
- 4.3 To determine human resources management, i.e. the Company's regulations, employment benefits, and provident funds. Any change that might cause significant impact to the operation must be approved by the Board.
- 4.4 To consider revisions to the annual plan.
- 4.5 To appoint executives, from the assistant managing director to senior vice president levels.
- 4.6 To determine and propose to the Nomination & Remuneration Committee for consideration the salary, wage, living cost adjustment, annual bonus, and raise adjustment for management level employees, from the assistant managing director to senior vice president levels.

- 4.7 To determine the level of approval authority on the Company's documents.
- 4.8 To control and manage the expenses of the Company to be within the approved budget by the Board and set chart of accounts in advance.
- 4.9 To have the authority to approve purchase of assets necessary to operate the business outside of the annual budget approved by the Board in the amount not exceeding Baht 1.5 million per transaction and not exceeding Baht 5 million in total per annum.
- 4.10 To have the authority to approve expenses outside of the budget and annual plan approved by the Board in the amount not exceeding 5% of the budget of each category and for other expenses not indicated in the budget and annual plan approved by the Board in the amount of Baht 500,000.00 per category, and not exceeding Baht 2 million in total per annum.
- 4.11 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 shall be used to proceed as appropriate. Such a proceeding shall be reported as soon as practicable at the next Board meeting.
- 4.12 The Executive Committee shall appoint a working committee and/or an individual to assess work and/or any work that is deemed beneficial to the performance of the Committee or delegate work assigned to the Committee within the scope of responsibilities of the Committee.

## 5. Meeting and Resolution

The Executive Committee shall meet month to consider matters within the authority designated by the Board and assess matters to bring to the Board for approval. The agenda and supporting documents shall be sent to the Committee members not less than seven days before the date of the meeting.

Not less than half of the Committee members constitutes a quorum.

In the event that the Chairman of the Executive Committee is not present or unavailable to perform duties, the Committee members shall choose a member to act as Chairman of the meeting.

The resolution of the meeting is ruled by the majority. Members of the Committee have one vote each. The Chairman of the Committee shall abstain from voting on any agenda unless of equal votes, the Chairman shall cast the deciding vote. Members of the Committee with conflict of interest shall not vote on that particular agenda.

## 6. Reporting

6.1 The Executive Committee shall report to the Board the following

- ▶ Quarterly report on the performance of the Company.
- ▶ Report on any important event that may have significant impact on the performance of the Company.
- ▶ Other reports as deemed appropriate by the Executive Committee.

6.2 Prepare a report summarizing activities in the past year for shareholders in the annual report.

## 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.

### 3. 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 2018, Board Members received in total the sum of Baht 16,474,275 compared with in 2017, a total sum of Baht 15,611,846 was paid which included annual remuneration and bonus, with details as per the following comparison.

#### Comparison of Board Remuneration 2018 and 2017

No.	Name	2018			2017		
		Salary	Bonus	Baht	Salary	Bonus	Baht
1	Mr. Veraphan Teepsuwan	360,000	743,400	1,103,400	400,000	43,400*	443,400
2	Mr. Sorasit Soonthornkes	475,000	843,312	1,318,312	-	-	-
3	Mr. Suwat Laicharoensup	475,000	803,765	1,278,765	-	-	-
4	Mr. Surachai Prukbamroong	209,000	361,737	570,737	684,000	1,205,049	1,889,049
5	Mr. Metha Suvanasarn	209,000	344,799	553,799	684,000	1,148,564	1,832,564
6	Mr. Vichit Kornvityakoon	684,000	1,148,564	1,832,564	684,000	1,148,564	1,832,564
7	Ms. Nopporn Tirawattanagool	420,000	602,000	1,022,000	420,000	602,000	1,022,000
8	Mr. Virojn Srethapramotaya	880,000	1,065,028	1,945,028	840,000	1,065,028	1,905,028
9	Mr. Suwat Suksongkroh	570,000	970,127	1,540,127	570,000	970,127	1,540,127
10	Mr. Bryan James Smith	630,000	998,327	1,628,327	630,000	998,327	1,628,327
11	Mr. Rowan D'Arcy	-	-	-	210,000	239,859	449,859
12	Mr. Chusak Salee	540,000	920,339	1,460,339	540,000	920,339	1,460,339
13	Mr. Laksna Thongthai	360,000	573,800	933,800	360,000	573,800	933,800
14	Mr. Arnon Opaspimoltum	192,500	216,161	408,661	315,000	359,789	674,789
15	Ms. Orathai Rongthongaram	240,000	290,133	530,133	-	-	-
16	Mr. Tivakorn Kanjannakit	135,000	213,283	348,283	-	-	-
	Total	6,379,500	10,094,775	16,474,275	6,337,000	9,274,846	15,611,846

Note \* has waived his right to get the directors' remuneration to be rewarded with perfect outstanding and attendance employees of the year.



### Remuneration for the Management Team

In 2018, the total remuneration for the four members of the management team of the Company as defined by the Securities and Exchange Commission was Baht 19.18 million which comprised salaries, bonus, and other benefits.

The total remuneration of the management team of the subsidiary in 2018 was Baht 44.26 million.

### Other Remunerations for the Management Team

The Company and its subsidiary provide provident fund for employees by making the following contributions:

Years of Service	Contribution % of Salary
Less than 5 years	5
5 years and more	7

In 2018, the Company contributed Baht 0.47 million into the provident fund for the management executives, and Baht 1.74 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.

## 4. PERSONNEL

The total number of employees as of December 31, 2018 was 404. 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, totalling amount Baht 314.69 million.

Type of company	Number of employees	Total remuneration (Baht Million)
Parent company	6	20.84
Subsidiary	398	293.85
Total	404	314.69

### Human Resources Policy

Today, in managing any leading organization, it is undeniable that Human Resources (HR) plays a very important role in driving the growth and development of the organization. The role of HR has evolved to include business planning and effectively acts as a business partner. HR is the source of developing employees to provide leverage for the Company to build sustainable growth.

The Company believes employees are the most important asset and are at the heart of driving growth and success. HR management policy covers not only the Company but extends to cover the management of the subsidiary company as well.

### **Staff Competency and Digital System in 2018**

Since 2015, the Company has been increasing digital capabilities across the entire operation, from creating new products to services in order to fulfill the needs of customers. HR Department supported this initiative by introducing Human Resources Information System to help manage staff e-learning, employee self-services, and employee benefits.

In implementing the Human Resources Information System, training programs in digital competencies and behavioral change are required. As a result, HR Department organized training programs and workshops to drive the Company's vision and objectives as follows:

#### **Vision**

We will introduce new modern human resources principles that provide inspiration to employees so that they work enthusiastically and with happiness to ensure that the organization can grow continuously and sustainably.

#### **Mission**

We will develop employees to further build an organization of excellence by using human resources tools appropriately applied to employees in line with the business direction of the organization.

### **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, employees may report incidents to their direct supervisors and/or HR immediately.

The Company treats its employees according to international human rights principles and provides guidelines to put into practice. All employees understand respect for dignity, privacy, and the rights of each individual they interact with at work and must not cause or induce violations or obstructions of human rights. Employees who are aware of any violation must inform their supervisors immediately so that an investigation can be carried out accordingly.

### **Employee Development**

In 2018, the Company renewed the three-year plan (2017-2018) and HR restructured employees' scope of work to be more aligned with continuous changes in business development and technology. This had a positive impact on customer services and business partners, and increased the Company's competitiveness. In addition, employee skills were assessed to ensure that they have the knowledge required to perform their work. Remuneration is based on individual and team performance to ensure the best possible efficiency. In this regard, initiatives that have been implemented and/or completed within this year are as follows:

- ▶ New staff are given online tests to gauge their understanding of fraud and anti-corruption policies so that they realize their roles and responsibilities as staff, and become good role models in fighting fraud.
- ▶ All staff are required to take a self-assessment test on conduct to be in line with the Company's Code of Ethics and Conduct.

- ▶ A workshop titled “Strength – Based Selling Workshop”, which was held for underwriter officer of the branch operations department and marketing staff of the operations department - Bangkok as well as branch managers in each branch.
- ▶ A work safety training course for new supervisory and management staff levels was held for the subsidiary at the head office. The Work Safety Committee held meetings in accordance to the regulations on safety in the workplace resulting in the development of work safety manuals and placements of emergency equipment in the work place.
- ▶ HR’s ‘Business Partner’ module was introduced at all business units to engage HR in all areas of business, i.e. setting objectives, strategy, risks, solutions, etc. so as to provide counsel on all types of business activities. This is to help create better view of each business unit. HR’s participation can help improve or develop work processes by providing consultation and support rather than being critical of the processes.

### Workforce Development

In 2018, 255 employees of the Company and our subsidiaries participated in 14 internal training courses and 67 external training courses. Expenses totalled Baht 1.58 million.

Number of Employees in 2018	Number of Trained Employees in 2018	% of Trained Employees	Internal Training	External Training
404	255	63.11%	14	67

### Fostering Relationship between Employees and the Company

The Company emphasizes building a continuous relationship with employees. Many activities were organized for employees to choose and participate throughout the year. The Company believes happy employees perform more effectively and results in better relationships with colleagues, the Company and the society, which in turn helps the Company to be successful.

The Company communicates openly and sincerely with its employees. Regular 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 opinion 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, sub-committees are formed for employees to engage in addressing internal matters in a proper and suitable manner, benefitting employees and the Company as a whole. Sub-committees include Risk Management Committee, Work Performance Supervision Committee, Employee Welfare Committee, QSHE Committee And Provident Fund Committee.

The Company respects employees’ opinion and allows department representatives to participate in meetings to organize activities and the provision of benefits, including the planning of New Year’s party, organizing Relationship Activities in major holidays or festivals, etc.

### Activities Organized in 2018

To foster and strengthen closer relationship with employees, many types of activities were created for participation, i.e. birthdates were posted via the intranet so employees can exchange well wishes; for retiring employees, special gifts to express the Company's appreciation were given by senior executives.

#### March:

- ▶ Organize annual corporate events in order to create employee relationships within the company.

#### April:

- ▶ Songkran Festival: Rod Nam Dam Hua event is held to preserve the Thai tradition of paying respect and be blessed by elders.

#### June:

- ▶ In order to prevent epidemic caused by a new influenza virus during the year 2018, the company has provided influenza vaccination services to its employees including the family of employees as well.

#### August:

- ▶ The first staff meeting was held at the head office to inform the staff on the Company's policies and business performance for the first half of the year.
- ▶ Annual health check-up was provided for staff based on age brackets to track and monitor the condition of their health.

#### October:

- ▶ The Company celebrated the 68<sup>th</sup> anniversary of the Company's founding by giving merit complete with a cake-cutting celebration.

#### November:

- ▶ The first manager conference was held to inform the management team of the Company's policies, strategic direction, and business performance. Ideas were exchanged for further development.
- ▶ The Company participated in the 9<sup>th</sup> 7-man football match competing for Her Royal Highness Princess Soamsawali Football Cup to promote unity, spirit, and health for all staff.

## 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 by emphasizing procedural fairness and honesty in the workplace. 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).

The Board of Directors has reviewed the implementation of the principles of good corporate governance for listed companies. In 2018, the Company has reviewed and improved the good corporate governance policy and the good corporate governance principles of the Company to comply with the good corporate governance principles of the for listed company 2017.

**In 2018, the Company strictly followed the good corporate governance policy covering these areas:**

### RIGHTS OF SHAREHOLDERS

The Company places emphasis on the rights of shareholders. 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 Ethics and Conduct as well as not depriving the right of shareholders to review information disclosed as regulated, the right to attend shareholders' meeting - without urgently adding or changing meeting agenda or significant information without prior notice, the right to question the Board during the meeting, and without depriving the right to attend the meeting late. 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 cast votes on such matters as electing and removing directors, determining directors' remuneration, and approving the appointment of auditors, transactions that affect the Company and other fundamental rights such as asking or expressing opinion during the shareholders' meeting. These rights are detailed as follows:

**1. The right to disclosure of information:** The Company has provided for the extensive disclosure of information and performance, as well as related party 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 notices of ordinary shareholders' meetings and supporting documents, in Thai and English, are made available on the Company's website 30 days in advance of the ordinary shareholders' meeting date, and before shareholders receive actual meeting documents to allow for adequate time to review the materials.

**1.1 The right to attend shareholders meeting:** 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 December 31. 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 set on a business day between 08.00 and 16.00 hours. The meeting venue is 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.

- 1.2 **Agenda for Appointing/Nominating Director Candidates:** This covers preliminary information of proposed candidates such as title, name, age, type of director, education, and experience with any potential conflict of interests disclosed. Criteria of appointment of new director and/or re-election of existing directors shall be reviewed by the Nomination & Remuneration Committee with a clear recommendation for shareholders to make a decision.
- 1.3 **Agenda for considering directors' remuneration:** This covers the amount and type of remuneration as defined by role or responsibilities of directors. The policy, criteria and methodology in calculating for compensation and other benefits shall pass through the Nomination & Remuneration Committee with a clear recommendation for shareholders to make a decision.
- 1.4 **Agenda to appoint the auditor and auditing fees:** This covers the name of auditors, and auditing firms, the impartiality of the auditors, number of employment by the auditing firms (in case of reappointment) or rationale for changing auditors (in case of appointing new auditors), and the justification for the auditing fee – all of which must be reviewed by the Audit Committee with a clear recommendation for shareholders to make a decision.
- 1.5 **Agenda to pay dividend:** This covers the dividend policy, the amount of payment versus the policy, the rationale for not paying dividend as per policy, and a clear recommendation for shareholders to make a decision.
- 1.6 **Other agendas for consideration (if any):** For example – increase/decrease of capital, change of regulations which must accompany by details such as objectives, rationale, or necessity, impact on the Company or shareholders and a clear recommendation for shareholders to make a decision.
- 1.7. To vote by proxy, the Board of Directors encourages shareholders to use proxies for vote casting and for expressing opinion. At least one independent director whom shareholders can appoint as proxy is listed within the notices of ordinary shareholders' meeting.

The rights of shareholders were exercised with full support from the Board of Directors as evidenced by the Extraordinary Shareholders' Meeting No. 1/2018 held on January 19, 2018, 2.00 PM, the ordinary shareholders' meeting No.69 held on April 20,2018, 2.00 PM at the Grand Ballroom 3th floor, the Okura Prestige Bangkok, 57 Wireless Road, Lumpini, Phatumwan, Bangkok 10330 and the Extraordinary Shareholders' Meeting No.2/2018 held on November 13, 2018, 2.00 PM at AETAS Lumpini Hotel, 1030/4 Rama 4 Rd., Thungmahamek, Satorn, Bangkok 10120 with the following proceedings:

1. The Company entrusted the Securities Depository (Thailand) Company Limited, the Company's share registrar, to send notices of ordinary shareholders' meeting and supporting documents both Thai and English versions including the Annual Report in CD format, containing adequate and complete information, together with the facts and opinions of the Board of Directors for every item on the agenda. The Company also provided proxy forms, downloadable via [www.ayud.co.th](http://www.ayud.co.th) in accordance with the regulations of the Ministry of Commerce. Shareholders who were unable to attend the meeting in person was able to 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 was also provided. These documents allowed shareholders to consider their votes on any item on the agenda within seven days, or at least 14 days in advance. Furthermore, an announcement was made of the notices in a daily newspaper for three consecutive days - at least three days before the meeting date. As the result, shareholders attended the meeting; and the registration of attendance was carried out smoothly at least two hours prior to the meeting. An appropriate reception was also provided.

2. Minority shareholders were provided with the opportunity of proposing agenda to nominate candidates with appropriate qualifications for the Board of Directors as well as submitting their inquiries to the Company prior to the meeting. At the Shareholders' Meeting No. 69, the Company provided for this additional agenda calling for nomination of candidates for the Board of Directors with specific qualifications as announced via [www.ayud.co.th](http://www.ayud.co.th) and the SCP system of the Stock Exchange of Thailand.
3. The Company provided for shareholders who attended the meeting after its commencement, to be entitled to cast votes on the agenda under consideration and not yet decided, and be counted as part of the quorum on the agenda under consideration unless shareholders had a difference of opinion.
4. At the meeting of shareholders, prior to proceeding to the agenda, the Chairman announced the following:
  - 4.1 The number and proportions of shareholders present at the meeting and the number of proxies granted.
  - 4.2 Introduced Board members, senior management and auditors in attendance.
  - 4.3 Provided an explanation on voting and vote-counting procedures. Voting counting for each agenda item was disclosed.
  - 4.4 The Chairman allocated adequate time for the meeting and allowed shareholders equal opportunity to propose, and inquire fully. All questions were answered clearly and direct to the point throughout the meeting. The minutes of the meeting were recorded with resolutions and votes of all stakeholders summarized with transparency and fairness.
  - 4.5 For the agenda on electing Board members, qualifications of the candidates to replace Board members whose tenure were up, were summarized and recorded. Board members were elected individually, with all voting records, agree/disagree/abstain votes and invalid ballots.
  - 4.6 The structure of shareholding and ten major shareholders of the Company as at the latest closing date of the Company's Registrar were disclosed. This information is also available for viewing on the Company's website. The Company operates with the aim of creating sustainable growth and provides appropriate rate of returns for shareholders.
  - 4.7 All directors placed utmost importance on attending the annual shareholders' meeting and fully attended the meeting to provide information to shareholders and answered all inquiries directed by shareholders.
  - 4.8 In 2018, the Company set the Shareholders' Meeting No. 69 on April 20, 2018 with all supporting documents sent 14 days in advance to provide shareholders with adequate information on all items of the agenda for voting. Altogether, 10 Directors attended the meeting including the Chairman of the Board, Chairman of the Sub-Committees, President & CEO, Sub-Committee Members, and the Company's independent auditors. The barcode system was used to register attendance and votes. All shareholder's records were kept in the Company's database and may be audited at a later date. The entire Meeting was also video-recorded and may be viewed via [www.ayud.co.th](http://www.ayud.co.th).

For 2019, The Board of Directors has set the date for the next Shareholders' Meeting No. 70 for April 26, 2019, 14.00 hours, at the Grand Ballroom, the Okura Prestige Bangkok, 57 Wireless Road, Lumpini, Pathumwan, Bangkok 10330. 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-recording of the entire meeting.

### **EQUITABLE TREATMENT OF SHAREHOLDERS**

The Company believes in equitable treatment of shareholders, whether Thais or foreigners. The Company sends notice calling the meeting and support documents, and proxy forms in Thai and English. Shareholders are enabled to participate in the deliberations and cast their votes 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 agenda items to the shareholder meeting without prior notice and will convey the information at the meeting pursuant to the notice so that shareholders can consider items before making a decision. 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 exercise rights on their behalf.

**In protecting the rights of minority shareholders,** the Company provides the opportunity for minority shareholders to propose meeting agenda, nominate director candidates with appropriate qualifications for directorship as well as submit their inquiries in advance. Prior to sending out the annual general meeting of shareholders meeting notice, the Company shall set the clear procedures on how these rights are to be exercised, i.e. the time period for exercising these rights, qualifications of shareholders with rights to propose agenda/nominate director candidates, with documents, and details for review, channels to propose agenda, procedures for consideration, and channels to provide result of the consideration with rationale by the Board of Directors – all to appear on the Company website: [www.ayud.co.th](http://www.ayud.co.th).

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, abstentions and invalid 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 meeting. 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. All private data is internally controlled as stipulated in writing in the Company's handbook on Code of Ethics and 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.

**Prevention of the misuse of insider information:** The Company sets a policy for the directors of the Company to disclose shareholding and comply with the announcements of Securities & Exchange Commission (SEC), Section 59 of the Securities & Exchange Act B.E. 2535 (1992) requiring directors of the Company, including their spouses and minor children, to report any change in their securities holding within three business days from the date of such change, and send copies of these reports to the Company Secretary to submit to the Board of Directors. The Board is also aware of the penalties for violations of the regulations. Complete information on the shareholding of the Company's directors is also disclosed in the Company annual report.

In addition, the Company prohibits directors, executives, staff, related persons including minor children, and related parties having the access to the Company's information from using inside information or non-public information that may have impact on the change in securities value from trading one month before disclosing the financials to the public; and in the event of buying, selling, and/or transfer (to-and-from) of the Company's securities, persons involved must report the transaction to the Securities & Exchange Commission (SEC) within three business days from the date of such change, and send copies of these reports to the Company Secretary to submit to the Board of Directors. New directors of the Company are required to declare securities holding to the SEC as well. For the past year, the Company declares no insider trading by directors, executives, and staff.

The Company oversees the use of the insider information via Code of Ethics and Conduct which declares the policy, expected behavior, and regulations as well as monitoring of compliance by all.

## **ROLE OF STAKEHOLDERS**

The Company is determined to conduct its business with equitable treatment to all stakeholders and recognizes the rights of various groups of stakeholders as described below. The Code of Ethics and Conduct further stipulates moral and legal obligations by the management and staff to be protected with fairness for all concerned. 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.

The Company sets and discloses the policies as well as measures to deal with each group by observing their rights in accordance with the laws or as per agreement with the Company and will not act in any way to violate their rights.

**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 whether for inquiries or for complaints, via 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.

**Employees:** The Company considers human resource as the core asset essential in 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, hygiene and safety of the workplace, 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. And, in order to ensure that all employees adhere to good corporate governance, the Company has set a policy for this important foundation in The Code of Ethics and Conduct which clearly stipulates the expected behavior and penalties for non-compliance.

Furthermore, employees are given opportunity to participate in various internal management matters via sub-committees i.e. risk management, compliance, welfare and provident funds, for mutual benefits.

**Partners:** The Company treats all partners with impartiality and integrity; and partnerships are based on mutual benefits and avoidance of possible conflicts. Trade contracts and agreements are respected. Additionally, the Company has a clear written policy specified in the Code of Ethics and Conduct on dealing with entertainment and gifts, participating 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 behavior requiring strict compliance.

**Competitors:** The Company treats all partners with impartiality and integrity; and partnerships are based on mutual benefits and avoidance of possible conflicts. Trade contracts and agreements are respected. Additionally, the Company has a clear written policy specified in the Code of Ethics and Conduct on dealing with entertainment and gifts, participating 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 behavior requiring strict compliance.

**Competitors:** The Company adheres to sound and fair competitive practices and avoids any dishonest practice to destroy competition. Competition is viewed as an impetus to drive the development of innovative products and improve customer service. The Company has a strict policy to comply with the laws and regulations pertaining to competition and reference the laws as a guideline in setting measures on compliance.

**Creditors:** The Company recognizes the importance of upholding responsibilities toward all creditors, and adhering strictly to the agreed terms; and fosters an environment of mutual respect and trust and is determined not to violate their rights. In addition, the Company shall consider and manage liquidity of the Company so as to be prepared to pay debts immediately and timely in accordance to the agreed terms as well as for emergencies even in cases of encountering liquidity setback.

**Social, Community, and Environment:** The policy on CSR framework is developed for use as a guideline in developing programs for implementation. Employees receive training to build their awareness in the areas of environment and resource preservation. CSR in-process and after-process guidelines are applied to programs to support the society in which we operate in order to help improve lives and living conditions. This policy goes hand-in-hand with the way we operate our business.

**Government:** The Company operates under lawful practices, maintains a transparent working relationship and cooperates with government agencies on requests for information. Policies are set up with strict directives on working with the government.

## ANTI-CORRUPTION PRACTICES

Subsequent to receiving the three-year membership certification from Thailand Private Sector Collective Action Coalition or CAC on January 22, 2016 (In this regard, the Company has submitted the renewal Re-certification of Thailand Private Sector Collective Action Coalition or CAC to Thailand Private Sector Collective Action Coalition Commission, Thai Institute of Directors Association (IOD) and is awaiting the consideration from the Board of Directors). As a part of ongoing practice, the Company regularly reviews, considers, and improves anti-corruption measures to keep current appropriate guidelines and strict adherence.

In addition, the Company assessed corruption risks in all procedures and has made improvements to the policy and strategy in managing and preventing and/or reducing such risks with measures on how to prevent, reduce, monitor suspicious activities in the Company and subsidiary to ensure and protect the Company from possible damage that may result.



The Company sets compliance measures to regulate, prevent, and monitor risks from corruption under anti-corruption guidelines on internal controls and records. The Internal Audit Department is responsible for auditing all departments including review of internal systems and procedures, accounting procedures, record-keeping, financial transaction records, and related documents, as well as compliance measures on anti-corruption and prepare reports to the Audit Committee, the management and the audited department. Summary of findings for all departments are submitted on quarterly basis to the Audit Committee. In case the Internal Audit Department finds any irregularity on internal controls or any business activity that violates any law or regulations on anti-corruption, it must be reported immediately to the senior management, the Audit Committee and the Board of Directors. In addition, any employee or individual may report any issue pertaining to internal controls or any business activity that violates laws or regulations on anti-corruption to the senior management, the Audit Committee and the Board of Directors via complaint channels as prescribed herein. The management regularly reports their findings on the anti-corruption compliance to the Audit Committee. When the management receives a report on a possible fraud/corruption case, an investigation proceeds. Once findings are concluded, the result of the investigation shall immediately be reported to the Audit Committee.

The Audit Committee are assigned by the Board of Directors to oversee policies, review measures, related internal controls, and report on the compliance of the anti-corruption. Reports on sufficient and effective measures taken on anti-corruption from senior management, corruption cases, audits from Internal Audit Department, and external reports from independent sources on anti-corruption measures are regularly submitted with recommendations to the Board of Directors and the management. Additionally, the Audit Committee assesses the risks involved and provides recommendations to the Board, and the management to mitigate these risks.

The Company sets out to provide information and training programs on anti-corruption, prevention and suppression of money laundering via internet as follows:

- ▶ AML/CFT compliance preparation and readiness
- ▶ Policy and compliance on anti-corruption and prevention, and suppression of money laundering (AML/CFT) for new employees
- ▶ Anti-Money Laundering Act, and Anti-Terrorist Financing Act

In addition, the Company has published the Code of Ethics and Conduct handbooks for distribution to all employees of the Company and subsidiary with receipt of acknowledgement. Within the handbook, the policies are defined, examples are given, and penalties specified for non-compliance. The Company places the importance on compliance of these policies and thus have assigned sub-committees to oversee, review, and monitor activities within the Company and subsidiary to ensure adherence to related laws and regulations. All employees are responsible to comply with the policies and measures as set forth.

Additional measures on anti-corruptions are included in the Code of Ethics and Conduct handbook, these are:

- ▶ Fraud Prevention Guidelines: As a part of good corporate governance practice, the Company communicates to employees the importance of proper conduct to ensure the Company's stability, and acceptance from all stakeholders.
- ▶ Whistle Blower Policy: The management and employees are responsible to report any suspicious activity or non-compliance to laws, regulations, ethics, and Company's regulations which may be sensitive to the Company's reputation. Any employee with the knowledge of such activities may report them to Chairman of the Audit Committee via Mrs. Paporn Pinyayodilokchai, Senior Vice President, Internal Audit Department at Sri Ayudhya Capital PCL, 7<sup>th</sup> floor, Ploenchit Tower, 898 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330



## TRANSPARENCY

Anyone with information on suspicious business activities may report directly to the Chairman of Audit Committee, via Internal Audit Department, Sri Ayudhya Capital PCL, 7th floor, Ploenchit Tower, 898 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330. The policy specifies procedures to handle complaints which may involve an offence. The Chairman of the Audit Committee shall investigate each complaint and make a recommendation to the President & CEO to take disciplinary actions as appropriate. An investigative committee may be formed to review the case based on the criteria specified by the Company. The anti-corruption policy also stipulates that employees giving information and/or evidence of fraud shall receive protection. This protection extends to any employee who also refuses to accept a bribe which might lead to the Company losing a business opportunity as the result.

In addition, the Company has established other policies as related to anti-corruption such as corporate governance, fair employment practices, working with the government, working with non-profit organizations and social contributions, competition, insider trading, conflict of interest, privacy, supplier relationship, copyrights, sanctioned countries and specially designated nationals, environment, public health and safety, potential fraud reporting – all of which are detailed in print for employees and disclosed on the websites of the Company and subsidiary.

During 2018, the Company conducted anti-corruption training programs incorporating the information online for the subsidiary and branch employees to study and tests were administered. In addition, new employees were trained on the policy so that proper conduct and compliance can be expected. The Company promotes the understanding via activities that cultivate and reinforce honesty and good behavior as well.

In communicating with stakeholders, the Company provides additional channels of contact so that recommendations, comments, rights violations, or complaints may be heard. These may be directed to the Board of Directors, via Company Secretary Ms. Jiratcha Ruplek, Sri Ayudhya Capital PCL, 7<sup>th</sup> floor, Ploenchit Tower, 898 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330 and/or at tel 02-657-2970 and/or via email: [jiratcha@ayud.co.th](mailto:jiratcha@ayud.co.th).

\* Number of employees included replacements.

## **DISCLOSURE AND TRANSPARENCY**

The Board of Directors is responsible for financial statements and financials on electronic means 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 to be 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, 2018.

The Company has set clear policies on risk management assessing major risk factors such as strategic/operational risks, investment risks, liquidity risks, financial risks, fraud and corruption risks, laws and regulations risks, credit term risks, and dependency on volume customer risks - details of which are explained 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 upholds a policy that stipulates for directors and executives to acknowledge in the writing the notification of the Securities Exchange Commission (SEC) requiring directors and executives of the Company to report any change in their securities holding to the Office of the Securities Exchange Commission within 3 days from the date of such change and penalties for failure to comply. This is in compliance with Section 59 of the Securities Exchange Commission Act 1992. In addition, a copy of such report must be provided to the Company Secretary to consolidate and summarize to the Board of Directors; and disclose in the annual report.

### **Report on the Change in Securities Holding of Directors and Executives of the Company**

The Company discloses the change in securities holding, both direct and indirect, of directors and executives of the Company as defined by the Securities Exchange Commission (SEC) including the amount of securities holding by related persons under Section 59 and 258 of the Securities Exchange Commission Act. Details of securities holding as of December 31, 2018 compared with 2017 are as follows:

No.	Directors and Executives	Position	Number of Shares Held as of December 31, 2018	% of Holding	Number of Shares Held as of December 31, 2017	% of Holding	Change +/- in 2018
1	Mr. Veraphan Teepeusuan	Chairman	-	-	-	-	-
	Spouse and children under legal age		-	-	-	-	-
2	Mr. Sorasit Soontornkes	Chairman of the Audit Committee	-	-	-	-	-
	Spouse and children under legal age		-	-	-	-	-
3	Mr. Suwat Laicharoensup	Member of Audit Committee, Chairman of Nomination and Remuneration Committee	-	-	-	-	-
	Spouse and children under legal age		-	-	-	-	-
4	Mr. Vichit Kornvityakoon	Member of Audit Committee, Chairman of Corporate Governance Committee	-	-	-	-	-
	Spouse and children under legal age		-	-	-	-	-
5	Mr. Suwat Suksongkroh	Independent Director	32,500	0.011	32,500	0.013	-
	Spouse and children under legal age		-	-	-	-	-
6	Ms. Nopporn Tirawattanagool	Director, Member of Nomination and Remuneration Committee	-	-	-	-	-
	Spouse and children under legal age		-	-	-	-	-
7	Mr. Virojn Srethapramotaya	President and CEO	-	-	-	-	-
	Spouse and children under legal age		-	-	-	-	-
8	Mr. Bryan James Smith	Director, Member of Nomination and Remuneration Committee	-	-	-	-	-
	Spouse and children under legal age		-	-	-	-	-
9	Dr. Laksna Thongthai	Director	10,938,750	3.690	-	-	10,938,750
	Spouse and children under legal age		-	-	-	-	-
10	Mr. Chusak Salee	Director	4,000	0.001	4,000	0.002	-
	Spouse and children under legal age		6,000	0.002	27,000	0.010	(21,000)
11	Ms. Orathai Rongthongaram	Director and Executive Vice President, Accounting Department	15,000	0.005	10,000	0.004	5,000
	Spouse and children under legal age		-	-	-	-	-
12	Ms. Jiratcha Ruplek	Senior Vice President, Company Secretary	-	-	-	-	-

Significant information for investors and the public may also be found on the Company website: [www.ayud.co.th](http://www.ayud.co.th), for investment - under Investor Relations section. Inquiries may be directed to the Company Secretary, Mrs. Jiratcha Ruplek, at 02-657-2970 or [jiratcha@ayud.co.th](mailto:jiratcha@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 policies for directors of the Company, disclosing securities in holding, considering and approving 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 annually. The appointment of directors is 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. The division of authority and power is clearly set in accordance with the corporate governance and Company management structure. As of December 31, 2018, the Company has 11 members on the Board of Directors: 2 executive directors, 5 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 Directors (IOD).
- 1.2 The Company appoints the Nomination & Remuneration Committee which is responsible for recruiting qualified directors in accordance with the laws and related regulations, by-laws, and good corporate governance practices. Qualifications of directors include experience and competence in diversified fields that may benefit the Company, possess vision, ethics and transparency, good work record and able to express opinion independently. The Board considers candidates without discrimination on gender as defined in the policies on diversity of the Board. The role and responsibilities of appointed committee members and sub-committee members are clearly defined, with the President & CEO as the head of the executive team 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 adviser 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 the 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 about business affairs.
- 1.5 The companies in which directors hold positions are disclosed in Form 56-1 and in the annual report. At present, the Company is assured that there are no negative effects arising from directors holding other positions in other listed companies and that all directors have sufficient time allocated for the Company's matters with all attending meetings regularly to the benefit of the Company. The Company sets a limit on directors holding up to 5 positions in other listed companies.
- 1.6 Aggregation and Delegation of Authority: The Chairman of the Board is not the same person as the President & CEO, with no relation to anyone on the executive team. Although the Chairman of the Board is not an independent director, the person is a non-executive director and performs duties with independence; the same goes for all directors in the committees in that everyone functions with independence. The Board meets for annual assessment of the CEO referencing Target Letter Result which is disclosed in the annual

report. The Company believes that the Chairman places the importance on good corporate governance practices, understands its principles and is in support of strict implementation.

- 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 (CSP28/2008), Effective Minute Taking (EMT12/2008), Board Reporting Program (BRP12/2013), Company Reporting Program (CRP7/2013), Corporate Governance for Executive (CGE 7/2016) and CGR Workshop 1/2017 were undertaken.

**Qualifications are:**

- 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. Roles, Charters and Responsibilities of Committees**

- 2.1 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

- 2.2 Corporate Governance: The Board of Directors appreciates the importance of corporate governance and best 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 Company has issued the revised Code of Ethics and Conduct handbooks to all directors, executives and employees which has been approved by the Board of Directors. Details of the handbook are disclosed fully on the Company website.

**The Board of Directors has established the policy on corporate governance as follows:**

- 2.1.1 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.
- 2.1.2 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.
- 2.1.3 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.
- 2.1.4 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.
- 2.1.5 Procedures should be implemented to disclose accurate and complete data to the extent it does not prejudice the legitimate interests of the Company.
- 2.1.6 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.
- 2.1.7 Employees are trained in ethics and morals along with the development of their career potential.
- 2.1.8 The ownership status of the shareholder is appreciated and respected along with the rights of every interested person. Treatment of such persons is equitable.
- 2.1.9. Business is undertaken with the awareness of accountability to shareholders, interested persons and society as a whole.
- 2.1.10 Business is undertaken with an appreciation of environmental responsibility.
- 2.1.11 Related party transactions must be conducted in compliance with good corporate governance practices as well as the laws, regulations and other applied restrictions. These transactions are reviewed and approved by the Board of Directors or through the shareholders meeting.
- 2.3 The Company issues the Code of Ethics and Conduct handbook for the Board of Directors, executives and employees to adhere to as a guideline in dealing with all stakeholders such as 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. This handbook is also made available on the Company's intranet and website.
- 2.4 The Board of Directors has a clear guideline in managing conflicts of interest for the maximum benefit of the Company and shareholders. In entering into such a transaction, at the meeting, the Company must disclose the transaction, value, parties concerned, the reasons for such a transaction, in accordance with the regulations of the Stock Exchange of Thailand. Directors with conflicts of interest are not allowed to participate or vote on the particular agenda for impartiality and the information must be disclosed promptly for transparency.
- 2.5 The Board of Directors places the importance on the internal control of financial operations, business performance and corporate governance, including the computer system. Accordingly, an internal audit Department 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.

- 2.6 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:
- 2.6.1 Strategic risks;
  - 2.6.2 Financial risks, classified into market fluctuation risks, corruption and credit control risks;
  - 2.6.3 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.
  - 2.6.4 The Company has a Business Continuity Plan and conducts annual virtual tests with staff members to minimize any disruption to its operations.
  - 2.6.5 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.

### 3. 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 Corporate Investment Committee, accompanied by an investment adviser, 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.

#### 4. Sub-Committees

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

#### Sub-committees Meeting Attendance during 2018-2017

Name of Sub-committee	Name	Attendance 2018	Attendance 2017
Audit Committee	1 Mr. Sorasit Soontornkes*	5/7	-
	2 Mr. Suwat Laicharoensup**	5/7	-
	3 Mr. Vichit Kornvityakoon	7/7	7/7
Nomination & Remuneration Committee	1 Mr. Suwat Laicharoensup**	3/6	-
	2 Ms. Nopporn Tirawattanagool	5/6	5/5
	3 Mr. Bryan James Smith	3/6	4/5
Executive Committee	1 Mr. Virojn Srethapramotaya***	8/11	-
	2 Ms. Orathai Rongthongaram	11/11	12/12
	3 Mr. Tivakorn Karnjanakij	11/11	-
	4 Ms. Matana Waitayakomol****	-	-
	5 Mr. Issra Choovisit	10/11	12/12
Corporate Investment Committee	1 Mr. Virojn Srethapramotaya***	2/3	-
	2 Mr. Bryan James Smith	3/3	5/5
	3 Mr. Surajak Kotikula	3/3	5/5
	4 Ms. Orathai Rongthongaram	3/3	5/5
Corporate Governance Committee	1 Mr. Vichit Kornvityakoon	4/4	4/4
	2 Ms. Orathai Rongthongaram	4/4	4/4
	3 Mrs. Paporn Piyayodilokchai	4/4	4/4
	4 Ms. Jiratcha Ruplek	4/4	4/4
Risk Management Committee	1 Mr. Virojn Srethapramotaya***	1/2	-
	2 Ms. Orathai Rongthongaram	2/2	2/2
	3 Mr. Rakchart Smitinandana	2/2	2/2
	4 Mr. Issra Choovisit	2/2	2/2

Remarks: \* Mr. Sorasit Soontornkes\* \*, served as Independent Director and member of Audit Committee according to the resolution of the 69<sup>th</sup> Annual General Meeting of Shareholders on April 20, 2018 and appointed as Chairman of Audit Committee according to the resolution of the Board of Directors Meeting No. 3/2561 on May 14, 2018

\*\* Mr. Suwat Laicharoensup, served as Independent Director and member of Audit Committee according to the resolution of the 69<sup>th</sup> Annual General Meeting of Shareholders on April 20, 2018 and appointed as Chairman of Nomination and Remuneration Committee according to the resolution of the Board of Directors Meeting No. 3/2561 on May 14, 2018

\*\*\* Mr. Virojn Srethapramotaya, served as President and CEO on April 20, 2018 in accordance with the resolution of the Board of Directors Meeting No. 2/2561 on February 26, 2018.

\*\*\*\* Ms. Matana Waitayakomol, served the position of Senior Vice President of Human Resources Department on November 16, 2018.



## AUDIT COMMITTEE

The Company established an Audit Committee on October 12, 1999 comprising three independent directors, with a three-year term. At Board of Directors Meeting No. 4/2018 held on August 10, 2018, a resolution was passed to re-elect an Audit Committee member, Mr. Vichit Kornvityakoon, whose tenure was up on October 12, 2018 for another term. The Audit Committee comprised the following members:

No.	Name	Designation	Tenure	Attendance
1	Mr. Sorasit Soontornkes	Chairman	2 years	5/7
2	Mr. Suwat Laicharoensup	Member	1 years	5/7
3	Mr. Vichit Kornvityakoon	Member	3 years	7/7
	Mrs. Paporn Piyayodilokchai	Secretary		

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

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

1. **Mr. Sorasit Soontornkes**, Chairman of the Audit Committee, worked at the Bank of Thailand and others having key positions:
  - ▶ Audit Committee of the Bank of Thailand
  - ▶ Deputy Governor for Administration of the Bank of Thailand
  - ▶ Director and Monetary Policy Committee of the Bank of Thailand
  - ▶ Director and Director of DPA: Deposit Protection Agency
  - ▶ Director of Audit, Audit Office, Office of the University Council Senior Director, Chulalongkorn University
  - ▶ Member of Audit Committee of Eastern Economic Corridor (EEC) Office
  - ▶ Independent Director and Chairman of the Audit Committee, J.D. Food Products Co., Ltd.
2. **Mr. Vichit Kornvityakoon**, Member of Audit Committee, has held various significant positions with the Bank of Thailand and others having key positions:
  - ▶ Director of the Bureau of Business Policy and Accounting for Financial Institution, Financial Institutions Policy Group
  - ▶ Director Planning and Development Department, Financial Institution Supervision Group
  - ▶ Ethics Committee of Federation of Accounting Professions of Thailand
  - ▶ Committee of Small and Medium Enterprise Development Bank of Thailand

## CHARTER

### Objectives

The Audit Committee or AC was established with the approval of the Board of Directors to be an independent organization that will support and operate on behalf of the Board of Directors, reviewing the financial information proposed to shareholders and concerned parties, reviewing the internal control system and internal auditing process as specified by the management and the Board of Directors, communicating with the auditors of the Company, and reviewing any item that may be considered as related party transaction or conflict of interest, as well as reviewing the process, measures and compliance on anti-corruption. The Audit Committee is responsible to the Board of Directors.

### **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 at the expense of the Company.
5. The Audit Committee is entitled to audit if informed by the auditors that dubious behavior 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.

### **Composition**

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.

The Chairman of the Audit Committee chairs the meeting and in case of unavailability and/or unforeseen circumstance, members attending the meeting may choose one of the members to chair the meeting instead.

Vote-casting of the Audit Committee is ruled by majority and members with conflict of interest cannot participate, offer opinion, and/or vote on items requiring resolution. If the votes are even, the Chairman has the right to cast the deciding vote.

### **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 System**

1. Review the Company's internal control, internal audit systems and risk management system to assure that they are appropriate, concise, and reliable meeting with the global standards of practice. Review authority, role and responsibilities of the Internal Audit Department and assess its independence.
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 assess significant risks as well as the method of risk reduction from executives, senior department managers, Internal Audit Department and 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 Complications arising from the audit process 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 senior vice president of Internal Audit Department without the participation of management executives 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 as well as provide a recommendation on selection, 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 executives at least once a year.

### **Compliance with Laws and Regulations**

1. Review the effectiveness of the system for compliance with laws, regulations, and notifications of the Company. Monitor the result of the 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 communications and compliance process on the Code of Ethics and Conduct to employees, and monitor compliance therewith.
4. Ensure the availability of current and up-to-date information from the 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 laws relating to the Company's business.
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).
3. Provide a recommendation to the management on effective corporate governance and in the event that the Audit Committee finds any suspicious transaction and/or action which may have significant impact on the financial position and performance of the Company, the Audit Committee shall report to the Board of Directors to rectify the situation within the appropriate time period:
  - 3.1 Transactions that may be conflict of interest;
  - 3.2 Fraud or any significant irregularity within the internal control system or any action that may cause serious impact to the financial position and performance of the Company;
  - 3.3 Breach of the Securities and Exchange Commission law and regulations or any law relating to the Company's business – if found that the Board of Directors and the management take corrective actions within the time period specified by the Audit Committee, the Committee or any member of the Committee shall make a report to the Securities Exchange Commission or the Stock Exchange of Thailand immediately.

### **Other Responsibilities**

1. Review the internal control measures as well as assess risks as related to the anti-corruption policy via obtaining reports from the senior management of the Company or internal audit, or reports from external sources with regards to the Company's anti-corruption measures
2. Develop to have a consistent 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.
3. Review and amend the Audit Committee Charter to be consistent with the environment of the organization and propose amendments to the Company's Board of Directors for approval.
4. Review the Company's good corporate governance to assure that they are appropriate and in line with the policies specified.
5. 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.
6. Evaluate the performance of the Committee or individual members 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, with a three-year term.

As of December 31, 2018, the Nomination & Remuneration Committee was comprised of the following directors:

No.	Name	Designation	Status	Attendance
1	Mr. Suwat Laicharoensup	Chairman	Independent	3/6
2	Ms. Nopporn Tirawattanagool	Director	Non-Executive	5/6
3	Mr. Bryan James Smith	Director	Non-Executive	3/6

## CHARTER

### Objectives

The Board of Directors recognizes the importance of good corporate governance practices and sets the directives for the Nomination & Remuneration Committee to propose the policy for recruitment and compensation for directors and senior executives, to be carried out with transparency, fairness, and in accordance with regulations and related laws in order to build confidence and credibility among stakeholders.

### Composition

The Committee shall be comprised of at least three non-executive directors, one of whom shall be an independent director.

### Qualifications

Members of the Committee must possess the knowledge, qualifications, and understand the role and responsibilities of Nomination & Remuneration Committee members.

### Term

- The tenure of the Committee members shall be for a period of three years and members may be re-appointed upon completion.
- Members of the Committee is relinquished of the position due to
  - Completion of the tenure
  - Resignation
  - Death
  - Resolution of the Board
- In the event of a vacancy due to other reasons, the Board shall appoint a person with full qualifications to replace the parting member. The tenure of appointment used shall be the remaining term of the parting member.



**Scope of Responsibilities**

1. Identify and nominate candidates for all of the Committees and Sub-Committees with direct reporting line to the Board including senior executives, and executives with management authority, at least at the level of Executive Vice President, for the approval of the Board.
2. Consider and propose overall nomination and remuneration policies and other benefits for directors, members of Sub-Committees, senior executives, and other executives with management authority, officers, and staff to the Board of Directors to consider for approval.
3. Consider and review regularly the structure of the Company and its subsidiary from the level of department and up to ensure appropriateness and efficiency.
4. Consider and select the methodology for director's self-assessment process that is in line with the SEC regulations and make a recommendation to the Board.
5. Prepare the annual nomination & remuneration report to be disclosed in the Company's annual report and sign by the Chairman of Nomination & Remuneration Committee.
6. Perform other duties as assigned by the Board.
7. As deemed appropriate, the Committee may request to employ external consultancies by obtaining approval from the Board.

**Responsibilities**

The Nomination & Remuneration Committee is responsible directly to the Board with role and responsibilities as assigned.

**Meetings**

1. Meetings shall be held quarterly and may invite the management or senior executives or related persons to join or send documents as deemed appropriate.
2. A quorum of the Committee shall be not less than two out of three members, in case of necessity, the meeting may also be held via teleconference or other communication devices as deemed appropriate.
3. In casting votes, each member's vote is equal to one vote, and the Committee is ruled by majority. If the votes are even, the Chairman has the right to cast the deciding vote.
4. Members with conflict of interest cannot participate, offer opinion, and/or vote on items requiring resolution with the exception of considering for the remuneration scheme for the entire Board.
5. The secretary for the Committee shall be designated from Human Resources.

**Reporting**

Minutes and resolutions of the Committee shall be recommended to the Board for acknowledgement, agreement, and approval - or ratified in case of emergency in order to protect the interests of the Company.

## CORPORATE INVESTMENT COMMITTEE

Corporate Investment Committee, formerly named Investment Committee, was established on May 9, 1996. Members hold a one-year tenure. As of December 31, 2018, the Corporate Investment Committee comprised the following members:

No.	Name	Designation	Attendance
1	Mr. Virojn Srethapramotaya	Chairman	2/3
2	Mr. Bryan James Smith	Director	3/3
3	Mr. Surajak Kotikula	Adviser	3/3
4	Ms. Orathai Rongthongaram	Director	3/3

### Scope of Authority of the Corporate Investment Committee

#### 1. Composition and Qualifications

The Board appoints the Executive Committee which comprises President & CEO and at least one director - the most senior executive in charge of accounting and finance, and an external adviser, a minimum of three members with the President & CEO as the Chairman of the Committee.

The secretary of President & CEO or the appointed person by the Chairman of the Corporate Investment Committee may be assigned as secretary of the Committee.

#### 2. Term

Executive members have a one-year term ending on December 31 of each year. The Nomination & Remuneration Committee will nominate qualified persons to propose to the Board for voting one month before the term ends.

#### 3. Meetings and Vote Casting

- 3.1 In holding a meeting, executive members of the Committee must be present, to form a quorum.
- 3.2 In case the Chairman of the Corporate Investment Committee is not in the meeting, or cannot perform duties, executive members shall nominate a Committee member to be the Chairman of the meeting.
- 3.3 The Committee shall set a meeting schedule for every quarter and/or as deemed appropriate.
- 3.4 The Chairman of the Committee or the majority of the members of the Committee may hold special meetings.
- 3.5 All actions of the Committee require a quorum with majority votes of its members; resolutions are considered complete with all members present at the meeting.
- 3.6 For every meeting, the secretary of the Committee must take minutes of the meeting and report it to the Board.
- 3.7 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.

#### 4. Responsibilities

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

- 4.1 To review and approve, on a quarterly basis, any loan or investment made by, or on behalf of, the Company;
- 4.2 To review and approve periodically policies and guidelines governing the Company's investment portfolio, and monitor compliance with those policies;

- 4.3 To review and approve periodically policies and guidelines regarding the Company's use of derivatives, and monitor compliance with those policies;
- 4.4 To review and approve periodically any investment benchmarks or other measurement devices employed by the Company to monitor the performance of its investment portfolio;
- 4.5 To monitor on an on-going basis, the performance of the Company's investment advisers and retain and terminate such advisers as it deems appropriate; and
- 4.6 To perform such other responsibilities regarding the Company's investment activities or policies or other matters as the Board may from time to time assign the Committee.
- 4.7 To set procedural guidelines for loans and investments.
- 4.8 To form investment sub-committees as deemed appropriate and may delegate power and authority to the sub-committee as deemed appropriate. The sub-committee must have at least 2 members.

#### 4. Investigations, Studies and Outside Advisers

The Executive Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and may retain and/or terminate, at the Company's expense, such independent counsel or other advisers as it deems necessary in carrying out its responsibilities, including the authority to approve the fees or other compensations, and other retention terms, of such consultant or adviser, such fees or other compensation to be borne by the Company.

#### 5. Evaluation of the Committee's Performance

The Committee shall, on an annual basis, evaluate its performance under the scope of duties and responsibilities as set. In conducting this review, the Committee shall evaluate whether the scope 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:

- a) The adequacy, appropriateness and quality of the information received by the Committee and presented by the Committee to the Board; and
- b) 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 scope of responsibilities and any recommended changes to the Company's or the Board's policies or procedures.

### CORPORATE GOVERNANCE COMMITTEE

The Company established a Corporate Governance Committee, formerly named Compliance Committee, on February 28, 2012. As of December 31, 2018, the Corporate Governance Committee comprised of the following members:

No.	Name	Status	Attendance in 2018
1	Mr. Vichit Kornvityakoon	Chairman	4/4
2	Ms. Orathai Rongthongaram	Member	4/4
3	Ms. Paporn Piyayodilokchai	Member	4/4
4	Ms. Jiratcha Ruplek	Member and Secretary	4/4

## General

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

## Purpose

The Corporate Governance Committee’s objective is to assist and support the Board of Directors in controlling and monitoring the operations of the Company and its subsidiary to be in compliance with the Company’s regulations and abide by the governing laws and of the Company’s corporate governance; and that the Company has performed its duties and responsibilities effectively in the areas of corporate governance, anti-corruption, social responsibility and sustainability.

## Composition

The Committee shall consist of at least five members. The Chairman of the Committee shall be an Independent Director and shall be appointed by the Chairman of the Board. The President & CEO or equivalent shall be an adviser to the Committee.

The Committee members shall comprise the following: Executive Vice President of Accounting and Finance, Senior Vice President - Company Secretary, Senior Vice President of Human Resources, and Senior Vice President of Internal Audit. 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.

## Term

Members of the Corporate Governance 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 reappointed 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. At least half of the Committee members constitutes a quorum.

## Responsibilities

The Committee’s responsibilities include the following:

### ▶ Good Corporate Governance Practices

1. Set corporate governance principles, key compliance conditions, and process for an effective implementation and appropriate for the Company.
2. Develop and proclaim the principles for the best practice of corporate governance.
3. Formulate and publish the Code of Ethics and Conduct for the Company’s employees and concerned parties to abide by and disclose as public information.
4. Develop a plan for overseeing the Corporate Governance’s compliance as proclaimed.
5. Review the Corporate Governance statements for the production and presentation of the Company’s report.
6. Recommend Code of Best Practices for the Board of Directors, or propose charters for the Board of Directors and all of the appointed committees.
7. Recommend the Code of Ethics and Conduct of the management and employees.
8. Assess Corporate Governance guidelines and its practicality to ensure continuity and appropriate for use with the Company’s business.





## Overall Participation of Directors in Training/Seminars Organized by the IOD

No.	Name	RCP	DAP	DCP	Fellowship	RCC	AACP	ACP	SFE	FGC	DCP Re	MFM	MIA	MIR	MFR	CDC	CSP	ACEP	CGI	RNG	RCL	BMD	BMT	ELP	
1	Mr. Veraphan Teepsuwan	x		x																					
2	Mr. Sorasit Soontornkes			x																					
3	Mr. Vichit Kornvityakoon			x			x	x										x		x	x	x	x	x	
4	Ms. Nopporn Tirawattanagool		x	x		x			x		x							x			x				
5	Mr. Chusak Salee			x					x																
6	Dr. Laksna Thongthai			x	x																		x		
7	Mr. Virojn Srethapramotaya	x	x	x	x		x	x	x	x	x	x	x	x	x	x			x						
8	Mr. Suwat Suksongkroh			x								x						x							
9	Mr. Bryan James Smith			x	x																				

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)
Successful Formulation & Execution of Strategy	(SFE)
Financial Institutions Governance Program	(FGP)
Refresher Course DCP	(DCP Re)
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)
Role of the Nomination & Governance	(RNG)
Risk Management Program for Corporate Leaders	(RCL)
Boards that Make a Difference	(BMD)
Board Matters & Trends	(BMT)
Ethical Leadership Program	(ELP)

### **Succession Planning**

The Board of Directors advises the executive management on the development and succession plan to ensure preparedness. This includes the process of search and recruitment for candidates to take on senior executive positions. Additionally, the Company engages in the development plan for management levels concurrently with the succession plan that helps to identify successors down to departmental and sub-departmental levels.

### **Use of Insider Information**

The Company requires directors and executives to report their shareholding, whether through their companies, spouses and children under age, and/or related parties as per Section 258 of Securities and Exchange Commission ACT 1992 to report any change in status of shareholding within three days from the date of such change.

To prevent improper and/or illegal use of information, the Company has a policy against insider trading which provides employees with policy details as well as Securities and Exchange Commission regulations, and other related laws and regulations. Measures are in place to provide comprehensive knowledge to employees to ensure strict compliance.

The Company's policy on privacy of individuals protects data privacy of customers, partners, employees, and the Company's directors and executives. Details of the policy are laid out for employees to provide knowledge and understanding on the acquisition, usage, disclosure, treatment, and responsible safe-keeping of private and confidential information. This is to prevent actions that may cause negative impact to the reputation of the Company and to prevent potential conflict of interest thereof.

Additionally, the Company's regulations under Section No. 7 on Disciplinary Actions and Penalties identify the following to be misconduct:

- ▶ 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.
- ▶ Any disclosure of confidential policy or business performance for own and/or others' benefits, or disclosure of confidential information that could be damaging to the Company.
- ▶ Taking photocopies or have in possession significant documents without permission and/or revealing confidential information about the Company performance and its operation to others or employees whose jobs are not pertinent to the information.

### **Subsidiary and Associate Company Oversight**

The Company oversees the operations of its subsidiary, Sri Ayudhya General Insurance Public Company Limited, using regulatory mechanisms 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.
- ▶ Appropriate and adequate internal control process is established in the subsidiary in accordance with the Company's internal control principles covering 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 Ethics and Conduct which are consistent with the Company's policies, including anti-corruption policy, conflict of interest policy, corporate governance policy, fair employment policy, staff compensation policy which is in line with the Company's business performance in both short-and-long terms, 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 Ethics and Conduct: The Company has declared and distributed these 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 establishes 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.
  - **Internal controls policy:** Monitoring of operational processes of executives and employees to have reasonable assurance that operational objectives are met, in terms of financial reporting, and compliance with applicable laws and regulations as well as anti-corruption measures.
  - **Good Corporate Governance Practices:** The principles and standards are strictly applied in the Company's operations covering rules and regulations as well as risks in managing the Company.
  - **Environment, Health and Safety Policy:** The policy is established to cover the areas of environment, health and safety in conducting business with the standards applied and strictly adhered to at every operational level.
  - **Related-Party Transactions Policy:** This policy is used as a guideline in conducting transactions with related parties to ensure that regulations and related laws as specified by the Stock Exchange of Thailand, and Securities Exchange Commission are strictly followed.

#### **Principles of good corporate governance**

The Board has endorsed the principles of good corporate governance in writing and the guidelines are set for review every two years.

## RISK MANAGEMENT COMMITTEE

The Company established the Risk Management Committee on September 1, 2012 comprised of executives from various departments of the Company and subsidiary. As of December 31, 2018, the composition of the Committee included the following:

No.	Name	Status	Attendance
1	Mr. Virojn Srethapramotaya	Chairman	1/2
2	Ms. Orathai Rongthongaram	Member	2/2
3	Mr. Rakchart Smitinandana	Member	2/2
4	Mr. Issra Choovisit	Member and Secretary	2/2

### Objectives

The Risk Management Committee is established to support the Board of Directors in supervising risks that are related to the Company's business by keeping them at acceptable levels. The management of these risks shall be aligned with the Company's vision, mission, strategy and target so that the Company can be reasonably confident that it operates effectively and viably.

#### 1. Composition and Qualifications

- 1.1 Members of the Risk Management Committee are appointed by the Board of Directors, composing of at least three risk management executives as follows:
  - 1.1.1 One of which shall be appointed as the Chairman.
  - 1.1.2 At least one senior management executive (Senior Vice President or equivalent) shall be appointed as a member.
  - 1.1.3 Head of the Risk Management Unit shall be appointed as a member.
- 1.2 The Committee shall comprise members who are knowledgeable and experienced with the Company's business. They shall be independent and be able to dedicate appropriate time to this task.

#### 2. Term

- 2.1 The Risk Management Committee members hold a two-year term that may be up for renewal.
  - 2.2 The membership may be terminated due to
    - 2.2.1 Term completion
    - 2.2.2 Resignation
    - 2.2.3 Death
    - 2.2.4 The Board of Directors' resolution
- If, for any reason a position becomes available, the Chairman of the Committee shall appoint a new member with complete qualifications to take on the position and the balance of the term.

#### 3. Meetings

- 3.1 The Committee shall meet at least once every three months.
- 3.2 In case of emergency, any member can call for a special meeting provided that a 14-day advanced notice is given from the date of request.
- 3.3 A meeting quorum is at least half of the members present.
- 3.4 In case the chairman of the committee is not available, members present at the meeting shall choose one member to chair the meeting.



3.5 Each member has one vote and majority rules. If the votes are equal on both sides, Chairman holds the deciding vote.

3.6 The meeting agenda must be declared not less than seven days in advance; and if an agenda requires a resolution, it shall be well-defined and supported with appropriate documents for consideration.

3.7 In holding such a meeting, the Committee reserves the right to invite managerial level staff, staff, or anyone deemed necessary and appropriate for that meeting.

#### 4. Role, Duties, and Responsibilities

4.1 Setting out the risk management policy and identifying risks deemed to be acceptable by the Company for consideration by the Board of Directors.

4.2 Supervising and aligning the risk management tasks to the risk management framework, the policy on managing risks, and strategies in operating the business.

4.3 Supervising the risk management as a part of ongoing business operation as well and covering risks that may impact revenue, reserves, reputation, or the sustainability of the Company.

4.4 Recommend and support the development of system or process in managing risks at every level to ensure that the Company has the appropriate guideline in managing risks and that these risk are at acceptable levels.

4.5 Recommend and report as appropriate the structure and policies necessary in managing risks as well as following up on results of compliance with the risk management framework to ensure that that the management of risks is effective and appropriate to the business environment.

4.6 Review the charter of risk management and make recommendation to the Board of Director if deemed necessary.

4.7 Perform any other duty as directed by the Board of Directors.

#### 5. Reporting

The Committee shall regularly report its performance to the Board of Directors and provide recommendation as appropriate. Risk framework and policies shall be reviewed at least once a year.



## SUSTAINABLE BUSINESS DEVELOPMENT

The Company recognizes the importance of conducting business with good corporate governance while ensuring sustainability and being responsible for social and environmental development. Being a part of Thai society, it is our responsibility to lead by example and drive the development of the business for the overall benefits of society. Providing returns to our shareholders is one part of our overall mission which can only be complete when we can create good things for the society that always supports us.

For these reasons, the Company set clear business sustainability, social, and environmental policies per the guidelines enacted by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

On CSR development, the Company followed the CSR-in-Process and CSR-after-Process and placed emphasis on developing the conscience which leads to responsibility in order to gain support from the management and employees at all levels for participation to accomplish our CSR goals. Our areas of emphasis are:

### Stakeholders

In determining sustainability and CSR policies, the Company recognizes the importance of all stakeholders and has established policies to cover all stakeholders, with due respect to their rights as well as abiding by all laws or agreements with individual stakeholders; and will not commit any act to violate their rights, or deprive them of their rights.

The Company is determined to operate the business with accountability to stakeholders with consideration, mutual growth, and benefits which will lead to sustainable development for all. Additionally, stakeholders are made aware of their rights via the Company's Code of Ethics and Conduct which specifies equal treatment and protection. The Company has set clear communication channels for stakeholders to contact the Company for suggestions, comments, or complaints to the Board of Directors and/or the Audit Committee via the Company's Secretary, tel 02-657-2970 or via email: [jjratcha@ayud.co.th](mailto:jjratcha@ayud.co.th).

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

### Fair Business And Good Corporate Governance

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 whilst building the economic value with consideration to stakeholders. The Company's foundation is built on the sufficiency economy business model with well-formed strategies, honesty, ethics, transparency and fairness to all stakeholders and consistent with good corporate governance guidelines as enacted by the Stock Exchange of Thailand (SET), Securities and Exchange Commission (SEC) and policies are detailed in the Code of Ethics and conduct.

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

### Anti-Corruption

In 2016, the Company conducted Thailand's Private Sector Collective Action Coalition (CAC) survey on anti-corruption measures; and submitted the result to CAC committee for evaluation. The Company received with honor the Certification from the CAC on January 22, 2016. The Certification has a three-year membership term from the date of issue.

The Company realizes the importance in combating corruption and has set policies and tasks the Audit Committee to monitor business activities of the Company and subsidiary making sure that they abide by the laws and regulations. Each employee (including directors, and senior management) also receives a copy of the Code of Ethics and Conduct handbook with each signing acknowledgement. To help with the understanding and compliance, the Company organizes two training sessions and tests per year to stress the importance of compliance providing clear guidelines on ethics, responsibilities and penalties for non-compliance.

The Code of Ethics and Conduct handbook includes Fraud Prevention Guidelines to ensure understanding of the importance of proper conduct which in turns helps the stability of the Company and acceptance from all.

Furthermore, the Whistle Blower Policy, as explained in the Handbook 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, the person can report it to Chairman of the Audit Committee via the Internal Audit department.

*Full Anti-Corruption Policies including Fraud Prevention Guidelines and Whistle Blower Policy are laid out in the Code of Ethics and Conduct Handbook which may be found on the Company's website, under Corporate Governance section.*

### 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.

*Details of Human Rights may be found in these sections: The Report on Good Corporate Governance Practices and Management Structure – Respect for Human Rights.*

### Fair Labor Practices

Our employees are the Company's most important asset. To achieve sustainable growth, the Company has established policies to treat each employee with fairness starting from hiring practices, and by strictly adhering to the Labor Laws Act of May 1998. The search and recruiting processes are fair, transparent, and verifiable. Annual performance evaluations of employees covering wages, salaries, and benefits are aligned with industry standards and market conditions; and are fair, transparent and verifiable. Work safety standards are monitored to reduce risks. Annual health checks are offered to employees with regular health care recommendations via the Company's intranet. The Company regularly builds employee skills development over multiple training platforms through various educational resources such as the intranet, and tracks employee development with a succession plan in place. Furthermore, several employment benefits committees are active with employees involved in the decision-making

process, with the objective of increasing skills and education, modernizing the office and work environment, designing uniforms, organizing annual events, and participating in the organization of CSR activities.

Various direct line of communications between employees and management are available for comments, complaints or suggestions to promote initiative on being a part of the Company development.

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

### **Responsibility Towards Consumers**

Sri Ayudhya Capital Public Company Limited is an investment holding company with a subsidiary, Sri Ayudhya General Insurance Public Company Limited, providing general insurance products and services, and advising our customers on risk management and impact on financials should unforeseen events occur. 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 financials, technology and staff to provide a 24-hour service through a hotline called “One Number Call Center”, a one-stop call center that customers can call for assistance. They can also contact the Company through the responsive and mobile websites for prompt assistance and crucial information in the case of any emergency.

### **Consumer Rights**

Sri Ayudhya Capital Public Company Limited is an investment company is aware of the rights of shareholders, treating shareholders and stakeholders according to the principles of good corporate governance of the Stock Exchange of Thailand, Securities and Exchange Commission and other related laws. In addition, the company also has other rights which covers the following subsidiaries are as follows;

1. **Right to receive accurate information:** The subsidiary company creates supplemental brochures to provide detailed information on insurance products, 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:** Convenient communication channels are provided for customers to make complaints regarding customer service at tel. 02-657-2999, which is a 24-hour service line; or email to Customer Service at info@sagi.co.th. A tracking system is in place to monitor corrective actions and feedback to customers.

### **Community and Social Development**

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.

### Management Of Environment In Business Operations

The Company places importance in managing the environment in business operations and understands the impact of our business on the environment and as a result, several initiatives have commenced:

▶ **Paperless Office**

The policy is set for the Company and subsidiary to go paperless while maintaining the level of efficiency in operation. Documents and records are electronically kept with fast processing capabilities, lessening the impact on the environment as well as saving storage space and reducing the amount of waste.

▶ **Energy Savings**

To help reduce the effects of global warming, the following efforts are:

- Turn off the office lights at noon, every day.
- Reduce elevator use, and employees are encouraged to use the staircase for one flight of stairs.
- Promote public transportation such as BTS to reduce environmental impact and energy by servicing via electronic means.

### CSR Activity Processes

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 create 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.

### Development Process

#### 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.

In 2018, the Company developed a CSR framework named "Stability in Life" to guide our actions, emphasizing the balance in life and the quality of life for the business, employees, stakeholders, society, people and environment so that all can grow in parallel with sustainability.

## CSR Framework



### Employee, People

WELL BEING | HUMAN RIGHT | HAPPINESS



#### Well-being

- ▶ Offer a wellness program for maintaining good health
- ▶ Add in prolonged illness leave policy
- ▶ Offer ex-gratia payment for critical illnesses

#### Human Rights

- ▶ Comply with labor practice standards
- ▶ Maintain a culture of accountability and integrity
- ▶ Enforce anti-corruption policy

#### Happiness

- ▶ Implement the employee engagement model



## Business, Stakeholders

HIGH ROI | GROWTH | PROFIT



### Company Strategy

Build value for our group of companies by delivering attractive return 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

## Social, Environment

ECO-FRIENDLY | FAIRNESS | RISK MITIGATION



### Eco-friendly

- ▶ All processes are paperless and use online system
- ▶ A Survey is underway in preparation for new product development that complements environment conservation

### Fairness

- ▶ Offer products with fair coverage and claims

### Risk Mitigation

- ▶ All policies are focused on risk mitigation for customers

## Analysis of Stakeholders

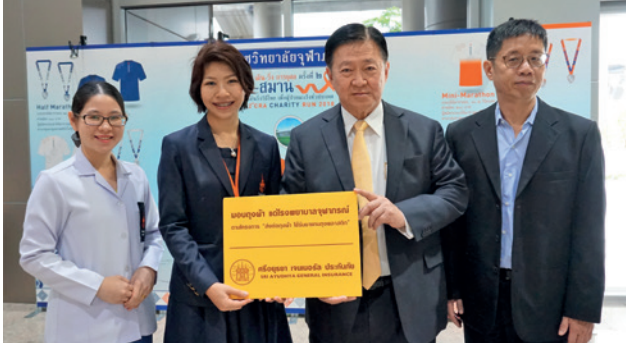
In 2018, the management of each business unit of the Company met to determine the importance and impact of each group of stakeholders on the growth and sustainability of the business operation. Below shows a summary of our priorities and approaches to effectively respond to each group in achieving the Company's business objectives. The Company is committed to be responsible for these stakeholders in economic, societal, and environmental terms under the guiding principles of good corporate governance practices.

Stakeholder	Issues/Expectation	Method/Channel of Communications	Actions/Responses
Shareholders	<ul style="list-style-type: none"> <li>• Satisfied ROI</li> <li>• Equitable treatment of shareholders</li> <li>• Sufficient disclosure of information and Transparency</li> <li>• Channels to express opinion</li> <li>• Good corporate governance practices</li> <li>• Operate under the laws</li> </ul>	<ul style="list-style-type: none"> <li>• Annual shareholders' meeting</li> <li>• Annual report</li> <li>• Provided opportunity to shareholders to express opinion via the Company's website, emails</li> <li>• Provide answers to investment questions Company's communication channels</li> </ul>	<ul style="list-style-type: none"> <li>• Showed business performance results and aimed for consistent growth</li> <li>• Conducted AGM according to standards set by SET and SEC</li> <li>• Allow shareholders to comment on the issue through various channels that the company was prepared</li> <li>• Ensured that good corporate governance practices were followed</li> <li>• Operated strictly under the laws and relevant regulations</li> <li>• Certified by Thailand's Private Sector Collective Action Coalition (CAC)</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Provide investment information that is complete</li> <li>• Deliver a good and fast service</li> <li>• Employees who conduct themselves with honesty</li> <li>• Protected customer information</li> </ul>	<ul style="list-style-type: none"> <li>• Provide information via documents, leaflets, and website</li> <li>• Provide prompt service and complaints via email effective customer response</li> </ul>	<ul style="list-style-type: none"> <li>• Able to provide clear and information accurate, and transparent</li> <li>• Reviewed regularly the operational and servicing processes to ensure the current system continues to be well-responded the customers' needs</li> <li>• Developed IT capabilities to respond to customers' needs</li> <li>• Code of Ethics and Conduct were followed</li> <li>• Protect customer confidentiality Employees</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Have clear business objectives</li> <li>• Position, role and responsibilities</li> <li>• Competitive compensation, benefits and welfare according to labor law</li> <li>• Opportunity to grow</li> <li>• Opportunity to develop knowledge for use in business performance</li> <li>• Being treated fairly and equally in the company</li> <li>• Access to information and updates on the Company</li> </ul>	<ul style="list-style-type: none"> <li>• Use HR intranet to provide communication updates and exchange opinions</li> <li>• Foster good relationship via activities</li> <li>• Provide training</li> <li>• Use KPI index as a tool to measure and assess</li> </ul>	<ul style="list-style-type: none"> <li>• Held two employee conferences to provide updates and progress of and exchange of opinion the Company</li> <li>• Organized events and activities for employees to participate throughout the year</li> <li>• Conducted joint compensation surveys with companies within the same industry</li> <li>• Held training regularly to increase employee competencies</li> <li>• Provide performance evaluation according to KPI and compensation adjustment as rules</li> <li>• Treated employees fairly</li> </ul>

Stakeholder	Issues/Expectation	Method/Channel of Communications	Actions/Responses
Partners	<ul style="list-style-type: none"> <li>• Have clear business objectives</li> <li>• Clear systems and procedures in operation</li> <li>• Effective collaboration, fast to respond</li> <li>• Fair and equitable treatment</li> <li>• Protected privacy of information</li> <li>• Provide a channel of communication to express opinion</li> <li>• Have anti-corruption policy</li> </ul>	<ul style="list-style-type: none"> <li>• Use IT to support communication channel for effective business operations</li> <li>• Define a channel for complaints if treated unfairly</li> </ul>	<ul style="list-style-type: none"> <li>• Fostered good relationship to build confidence and trust</li> <li>• Protected confidential information and kept records in accordance with laws, rules and regulations as applied to the business needs</li> <li>• Protect confidential information</li> <li>• Made known the Code of Ethics and Conduct including the anti-corruption</li> </ul>
Competitors	<ul style="list-style-type: none"> <li>• Conduct the business with honesty and comply with relevant laws</li> </ul>	<ul style="list-style-type: none"> <li>• Provide correct information on the Company's website</li> </ul>	<ul style="list-style-type: none"> <li>• Upheld the policy on competition, and conducted business fairly</li> <li>• Followed the guidelines on good corporate governance in business operation</li> </ul>
Creditors	<ul style="list-style-type: none"> <li>• Maintain and comply with the conditions of procurement</li> </ul>	<ul style="list-style-type: none"> <li>• Establish and communicate criteria and procedures of procurement policy clearly</li> </ul>	<ul style="list-style-type: none"> <li>• Disclosed the purchasing and procurement</li> <li>• Strictly followed the commitment made to creditors</li> <li>• Fostered good relationship with creditors to build confidence and trust</li> </ul>
Society, community and environment	<ul style="list-style-type: none"> <li>• Committed to the CSR policy in giving back to the society and community, involved in giving back to the society and community, a chance to propose and participate in projects of choice community and helping to improve the environment and helping to improve the environment</li> </ul>	<ul style="list-style-type: none"> <li>• Organized CSR at least 4 activities, giving employees participate in presentations and in activities</li> <li>• Publish various projects through the intranet for employees to be informed and participate in activities</li> <li>• Promote CSR activities via calendars for public - Joined efforts in creating innovation for sustainable business exposure for more impact in promoting giving back to the society</li> </ul>	<ul style="list-style-type: none"> <li>• Adhere to support policies, participate in giving back to the society, the community, society and helping to develop the environment regularly</li> <li>• Cultivate awareness among employees for society, community and environmental responsibility</li> <li>• Encourage knowledge about giving back to society through training and actual practice from various activities</li> <li>• Create innovations for the sustainability of the company</li> </ul>
Government Sector	<ul style="list-style-type: none"> <li>• Conduct the business under the laws and regulations</li> <li>• Establish good corporate governance practices</li> <li>• Communicate to employees on compliance of these laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Communicate rules and regulations related to the operation for employees to acknowledge through the channels that the company determines</li> <li>• Organize employee training on laws, rules, and for acknowledgement and compliance by employees' laws and regulations as applied to their work</li> </ul>	<ul style="list-style-type: none"> <li>• Strictly followed the laws and regulations</li> <li>• Published policies, rules, regulations and Code of Ethics and Conduct Spread information to employees for acknowledgment and compliance</li> <li>• Systematically monitored adherence to rules and regulations to ensure understanding and compliance</li> </ul>

Social activities under the operation by Sri Ayudhya General Insurance Public Company Limited or its subsidiaries consist of

**Environment**



**Campaign to reduce the use of plastic bags**

Sri Ayudhya General Insurance Public Company Limited offered Company tote bags to Chulabhorn Hospital in the Hospital’s “Bring Your Own Bags” campaign to dispense medicine to patients in reusable bags, instead of plastic bags, to mitigate the problems of climate change.

**Helping the Underprivileged**



**SAGI Donated to the Thai with Disability Foundation and the Disabled People Association of Bangkok**

With admiration for several missions of the Thai with Disability Foundation, Sri Ayudhya General Insurance Public Company Limited donated money to support the “Virtual Run” event as part of “Allianz Ayudhya World Run Thailand Series 2018”. The campaign encouraged participants to donate their running mileage to the Foundation to promote well-being and compassion among Thai society.

In addition, the Company also donated funds to the Disabled People Association of Bangkok’s "Provision of Equipment for the Disabled and the Elderly" Project. The donation would be used in purchasing tricycles for the disabled to improve their quality of life.

**Medical and Public Health**



**SAGI Contributed Group Accident Insurance Protection to Narenthorn Rescuers**

The "Insurance for Narenthorn with Heart" Program is the Company’s medical CSR program that has been going on for three years in gratitude for the sacrifice and dedication of volunteer rescuers at Narenthorn EMS Center at Rajavidhi Hospital. The rescuers work tirelessly to provide timely medical treatment and transport patients to appropriate facilities. These group accident policies from Sri Ayudhya General Insurance Public Company Limited have helped to boost morale for the officers to continue this social service for Thai society.



### Medical and Public Health



#### SAGI Contributed to Medical Equipment Purchase for Vachira Phuket Hospital

Sri Ayudhya General Insurance Public Company Limited presented a donation to Vachira Phuket Hospital at Chat Fah Room, Vachira Phuket Hospital as part of the New Year's fundraising program to purchase medical equipment.

### Sports



#### SAGI Offered Protection to "Football Championship 7 Colors Champion Cup 2018"

Sri Ayudhya General Insurance Public Company Limited offered personal accident insurance policies with sum insured of 20 million baht to students participating in "Football Championship 7 Colors Champions Cup 2018". The Company offered this protection to raise awareness in youth sports, sportsmanship, and productive time management.

### Education



#### "For Our Fellow Beings from Us in the Insurance Industry" Project

Volunteer employees of Sri Ayudhya General Insurance Public Company Limited together with different stakeholders from insurance companies and social enterprises have organized school development and community development activities for 15 consecutive years. This year, the Company offered a donation as scholarships for students at Ban Don Ping Dad School, Phetchaburi Province.

### INNOVATION DISSEMINATION WITH SOCIAL RESPONSIBILITY

Digital Transformation the Company continued to develop digital technology infrastructure and at the same time, made electronic transactions possible when buying insurance products on various platforms. Cloud computing technology enables the staff to work "anytime, anywhere, and any place" with agents, brokers, partners and provides assistance to customers - and be truly self-reliant. In addition, the Company provides ongoing training throughout the year to increase digital capabilities resulting in increased productivity, effectiveness, and improving customer service to customers.





## ANTI-CORRUPTION

The Company's objective is to operate the business ethically, with integrity and with responsibility to the society and stakeholders under the guidance of good corporate governance. Moreover, the Company acknowledges the responsibility to lead by example that on September 12, 2014 a declaration of intent was made to join Thailand's Private Sector Collective Action Coalition or CAC to counter corruption in all its forms.

Furthermore, by the resolution of the Executive Committee No. 1/2015 on January 16, 2015, a working committee was appointed to conduct a self-assessment evaluation on the anti-corruption practices based on the criteria set forth by Thailand's Private Sector Collective Action Coalition or CAC. The evaluation was carried out during May 16 - October 31, 2015; the completed evaluation was sent to the Chairman of the Audit Committee and after approval was sent to the CAC Committee for assessment on November 23, 2015.

It is with honor to announce that on January 22, 2016 the Company and its subsidiary received the Certifications and memberships which last for three years from the date of certification.

Additionally, the Company reviewed the decision-making process that may involve risks in corruption and put in place additional regulations which may be found in

the Code of Ethics and Conduct, which was published, distributed, and acknowledged by all employees. Within the Handbook, clear policies, examples, and penalties are provided so that employees can use it as a reference for own conduct. The Company places the importance on implementation and monitoring and have assigned the Audit Committee and Corporate Governance Committee to oversee, monitor and evaluate performance in this area.

Under the principles of anti-corruption, specified in the Code of Ethics and Conduct, the following measures were added:

**Whistle Blower Policy:** The Board of Directors, management and employees are responsible to report any suspicious activity or any non-compliance to laws, regulations, ethics, and Company's regulations which may be sensitive to the Company's reputation. Measures to protect any employee or public with sensitive information or concerns are in practice. A reporting channel is available for contact as follows: Chairman of the Audit Committee, Sri Ayudhya Capital PCL, 7<sup>th</sup> floor, Ploenchit Tower, 898 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330

**Fraud Prevention Guidelines:** The Company has prepared Fraud Prevention Guidelines booklets specifying processes, measures, methods; and most importantly the



cooperation required from internal and external parties to help prevent fraud within the organization. As a part of good corporate governance practice, the Company communicates to employees the importance of proper conduct to ensure the Company's stability, and acceptance from all stakeholders.

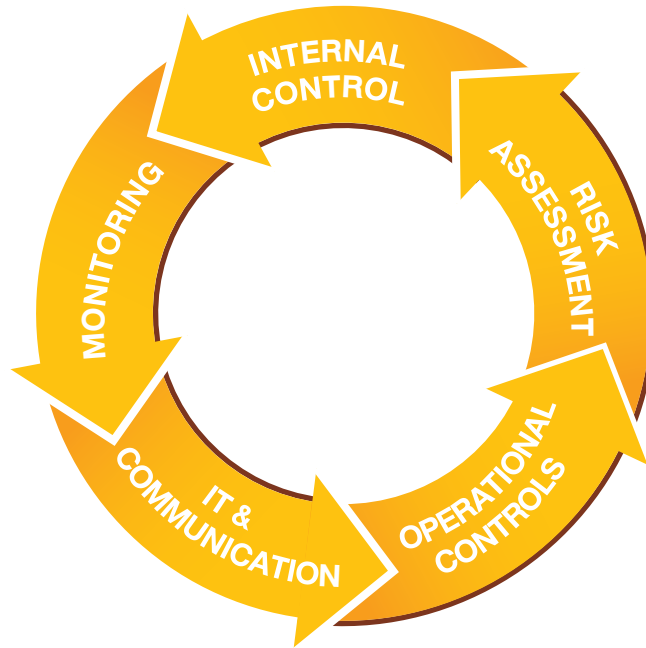
In addition, the Company has established other policies as related to anti-corruption such as corporate governance, fair employment practices, working with the government, working with non-profit organizations and social contributions, competition, insider trading, conflict of interest, privacy, supplier relationship, copyrights, sanctioned countries and specially designated nationals, environment, public health and safety, potential fraud reporting – all of which are detailed in print for employees and disclosed on the websites of the Company and subsidiary.

The Company is in the process of preparing for the renewal of Collective Action Coalition Against Corruption (CAC) membership which will expire in January 2019. During 2017, the Company reviewed anti-corruption policy and other related policies as well as the fraud prevention guidelines.

In producing good business performance to sustainably grow the Company and build credibility, employees regularly receive training on anti-corruption. In 2017, new employees were advised of the Company's policy to reinforce integrity in the work culture and good behavior.

In the year 2018, the Audit Committee has reviewed the self-evaluation form regarding anti-corruption measures in order to submit to the Thai Institute of Directors or IOD for proposing Thailand's Private Sector Collective Action Coalition Against Corruption: CAC and entering into the consideration process for renewal of certification to become a member of Thailand's Private Sector Collective Action Coalition Against Corruption: CAC.

## INTERNAL CONTROL AND RISK MANAGEMENT



Internal control and risk management system is in place with the compliance framework in the areas of internal control, risk assessment, operation control, IT & communication, and monitoring system.

The Board of Directors of Sri Ayudhya Capital PCL recognizes the importance of internal control and has in place a system of controls that is sufficient and adequate. The emphasis is placed on the financial controls, accounting procedures and data management, compliance as well as other processes relating to anti-corruption measures with appropriate risks assessed. This, in turn, creates confidence that the operation is effective and efficient. Financial reports are reliable and timely and can be used to support business decision. Compliance in all areas are aligned with the laws and regulations of the Company. Accounting of funds are properly authorized in accordance with the line of authority; and proper division of duties is executed. The Board of Directors is ultimately responsible for the Company's internal control system. The assessment of the internal control system is conducted once a year with results reported and disclosed in the annual report for acknowledgement by stakeholders.

At the Board Meeting No. 1 /2019, held on February 25, 2019, the Board of Directors with three Independent Directors on the Audit Committee in attendance reviewed the adequacy of the internal control system through surveys and inquiries 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 adheres to integrity and ethics. Internal controls are developed to align with these principles. An organizational structure with line of command and responsibility is created appropriately to complement the Company's business objectives with the oversight of the Board of Directors. The Company is committed to motivating, developing and retaining talented employees as well as determining scope and responsibilities for employees with internal control accountability. The Company establishes an environment for internal control as follows:

- ▶ That the business operates on the principle of integrity and ethics, and based on the principles of good corporate governance, laws and regulations as related to the business. Clear business objectives and measurements are set.
- ▶ That the annual budget passes through rigorous assessment from the management before receiving approval from the Board of Directors. Additionally, in setting policies and implementation plans, stakeholders are considered and covered in accordance to the principles of good corporate governance of the Stock Exchange of Thailand for long term sustainable growth.
- ▶ That the organizational structure shows clearly defined responsibilities for each division within the Company.
- ▶ That the operational rules and manuals are published for each division, and are disseminated via the Company's intranet.
- ▶ That the rules and regulations of the Company is guided by Code of Conduct with clear directives prohibiting employees from actions that may cause conflict of interests with penalties specified in event of violation. Additionally, a monitoring system by the Internal Audit Department of the subsidiary is in place to monitor compliance as well as adequacy of internal controls for each division.

## 2. Risk Management

The Company's objectives are clearly set so that all types of risks can be identified and evaluated against each objective. Additionally, the Company assesses the potential fraud on risk evaluation process and identifies possible impact on the Company's objectives and evaluates changes that may also impact the internal control system. The following risk management measures are in practice:

- ▶ The Company established a Risk Management Committee to be responsible for the risk management procedures and mitigate significant risks to the extent possible. Such risks include strategic risks, operational risks, investment risks, market risks, liquidity risks, financials risks and reporting risks, compliance to laws and regulations risks, and fraud and corruption risks. Details may be found in the Risk Factors section of this report. The Committee reviews and evaluates the standards and sufficiency of the system and the effectiveness of the procedures at least once a year or as necessary.
- ▶ Financial reports are reliable and sufficient with appropriate and effective internal controls with internal audits in place, and in compliance with the laws and regulations of Securities and Exchange Commission, Stock Exchange of Thailand, and other related laws and regulations. Related party transactions are conducted using the same principles.
- ▶ The Company recognizes and gives importance to an early warning signs and to prevent any misconduct, the Company has created and posted Fraud Prevention Guidelines and Whistleblower Policy on the Company's intranet. All employees are expected to comply with the laws and guidelines given.

### 3. Operational Controls

The Company uses several measures to assure that the risk of failure to achieve the Company's objectives is kept at the lowest acceptable level. This is accomplished through the use of technology that helps support the achievement of the Company's objectives. Control measures are set based on the policies. Expectations and procedures are translated into operational performance indicators. Operational controls include the following:

- ▶ Having a clear scope of monetary authorization and limit of each management level is defined in writing.
- ▶ Having a clear separation of approval authorization on recording accounting transactions and IT from managing assets for proper check-and-balance.
- ▶ Adhering to compliance with regards to the Announcements and Regulations of the Stock Exchange of Thailand, as prescribed by the Securities and Exchange Commission on transactions involving major share holders, the Board of Directors, senior executives, and other related parties.
- ▶ Having monitoring measures, including preventive, corrective measures and penalties in place to ensure that the business operates in compliance with the laws.
- ▶ Having the anti-corruption policy established with measures and procedures, and compliance review process in place for both the Company and subsidiary. A line of communications and updates on anti-corruption is in place as well as the related training; and the Company applies the same policy and standards on the subsidiary.

### 4. Information Technology and Communications

Company reports are issued on a timely basis with quality analytical information so that internal control procedures can continue as required. Internal communications which covers the objectives and responsibilities to internal audit is conveyed to assure that internal control procedures can proceed as planned. External agencies may be engaged on issues that may have potential impact on internal control. Procedures include:

- ▶ Providing the Board of Directors with sufficient and reliable information for making decisions, including letters calling for meetings and necessary support documents for review before the meeting. Reports of Board Meetings are sufficiently detailed to allow shareholders to review the performance of the Board.
- ▶ Keeping complete and proper records of accounting and financial transactions. Categories are organized using the standard certified accounting procedures appropriate to the nature of the Company's business.
- ▶ Reviewing and auditing of quarterly and annual financial statements as well as the Company's information system by the Company's auditor.
- ▶ Providing financial data and relevant IT information for management to use in making decisions. IT capability is utilized to provide accurate, and up-to-date analytics sufficient and appropriate in details for review, and be accessible to relevant authorities.
- ▶ Preparing for the IT system during an emergency by having reserved a data center which can be activated immediately should the system at the head office break down.
- ▶ Providing an efficient internal and external online communications system so that employees can obtain data necessary to be completely functional in their roles.



## 5. Monitoring System

Internal controls are monitored and evaluated to ensure proper ongoing implementation. Oversights are communicated promptly to persons in charge, including senior executives and the Board of Directors, as appropriate. The Company has taken the following steps:

- ▶ To have the management make the comparison of actual performance versus target for review by the Board of Directors. In case of variation from the target, causes are determined and corrective actions are taken in a timely manner. In case of fraud, corruption, or any suspicion on any violation of the laws which could have significant impact on the Company's reputation and financial standing, the management must notify the Board of Directors immediately.
- ▶ To have the Audit Committee oversee the financial report procedures, the internal control system, the internal audits, and compliance of related laws and regulations; and anti-corruption measures and compliance reviews. The Committee is also responsible for review and selection of external auditors, and the remuneration involved.
- ▶ To have the Corporate Governance Committee established to provide assistance and support to the Board of Directors to oversee the performance of the Company and its subsidiary to ensure compliance with the Company's policies, rules, regulations, and governing laws as related to the Company's business and to ensure that employees perform duties responsibly and efficiently for the stability and sustainability of the Company.

The resolution of the Board of Directors Meeting No. 2/2012, February 28, 2012 approved the establishment of Corporate Governance Committee (formerly named Compliance Committee) to manage the Company with compliance to the laws and good governance based on the regulations as set by the Securities and Exchange Commission.

At present, Mr. Vichit Kornvityakoon, Independent Director and Member of the Audit Committee serves as the Chairman of the Corporate Governance Committee (formerly named Compliance Committee) on January 29, 2013. His profile is detailed in the Board of Directors Information section.

- ▶ To have the Internal Audit Department established to regularly monitor internal control systems and review the compliance of anti-corruption measures. The internal auditor may work independently and submit reports in a frank manner. If any significant error is detected, it will be reported to the Executive Committee and the Audit Committee to determine corrective measures within an appropriate time frame. Since the size of business is not yet substantial, the Company uses the services of the Internal Audit Department of Sri Ayudhya General Insurance PCL (its subsidiary) to conduct the auditing work.

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 PCL, a subsidiary, to serve as the Company's Head of Internal Audit as Senior Vice President of the Internal Audit Department, Sri Ayudhya Capital PCL, effective July 1, 2014. This appointment was made based on her qualifications of more than 10 years of experience, and knowledge 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 transfer of the Head of Internal Audit must be approved by the Audit Committee.

## RELATED-PARTIES TRANSACTIONS

Related-party transactions for the Company, subsidiary and related-companies are disclosed herein expressing the relationships by shareholding, common directors or shareholders. Details of the transactions are shown in note of the Financial Statements for the year ending December 31, 2018. The transactions which occurred between the subsidiary and the related-party were conducted based on agreements made and were based on normal course of business conditions.

The Company's Auditor has reviewed the related-party transactions between the subsidiary and the related-party for the fiscal year ending December 31, 2018 and is in the opinion that the transactions were conducted based on the ordinary course of business 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-party approval process. The Company does not have a policy to support any stakeholder in conducting related-party transactions, however, if such transactions do occur, these will follow the ordinary course of business, with no difference in offers on pricing and/or terms.

The policy on transactions with related-parties is disclosed in full in the Company's website: [www.ayud.co.th](http://www.ayud.co.th), and the subsidiary's website: [www.sagi.co.th](http://www.sagi.co.th)

### 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	Finance
Krungsri Asset Management Co., Ltd.	Some common shareholders	Fund Management
Ayudhya Development Leasing Co., Ltd.	Some common shareholders	Hire-purchase and 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
Super Asset Co., Ltd.	Some common shareholders and directors	Investments
BBTV Equity Co., Ltd.	Some common shareholders and directors	Office Space Rental
CKS Holding Co., Ltd.	Some common shareholders and directors	Investments
Allianz Ayudhya Assurance Plc.	Some common shareholders and directors	Life Insurance
Grand Canal Land Plc.	Some common shareholders and directors	Advertising
Krungsri Ayudhya AMC Ltd.	Some common shareholders	Asset Management
Siam Realty and Services Security Co., Ltd.	Some common shareholders	Services
Ayudhya Capital Auto Lease Plc.	Some common shareholders	Hire-purchase and auto leasing
Krungsri Factoring Co., Ltd.	Some common shareholders	Factoring
Krungsriayudhya Card Co., Ltd.	Some common shareholders	Services
Eastern Star Real Estate Plc.	Some common shareholders and directors	Property
Tummy Tech Co., Ltd	Some common directors	Consulting
Khao Kheow Country Club Co., Ltd.	Some common directors	Golf club
Nirvana Co.,Ltd.	Some common directors	Training and Computer Sales

## REPORT OF THE NOMINATION & REMUNERATION COMMITTEE

Dear Shareholders,

The Nomination & Remuneration Committee comprises three members who are non-executive directors. Mr. Suwat Laicharoensup serves as Chairman of the Nomination & Remuneration Committee, Ms. Nopporn Tirawattanagool serves as a member of the Nomination & Remuneration Committee, and Mr. Bryan James 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 2018, the Committee held six meetings. Joint meetings were held with the President & CEO and the executives to gather 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 carried out in 2018 are summarized as follows:

### Nomination

- ▶ Re-elected directors in compliance with the Public Limited Companies Act, B.E. 2535 (1992) and other related regulations.
- ▶ Recruited for qualified candidates to be filled in the positions of the resigned executives.

### Remuneration

- ▶ Considered annual salary and bonus bases-on performance adjustments to be in line with the insurance industry for employees of the Company and the subsidiary.
- ▶ Considered and proposed to the Board of Directors the target letter for President & CEO.
- ▶ Considered and proposed to the Board of Directors the remuneration scheme for President & CEO.
- ▶ Considered and proposed to the Board of Directors the remuneration and benefits for the Company directors.

Moreover, the Nomination and Remuneration Committee considered additional policies as follows:

- ▶ Considered the Managerial Service Agreement between the Company and its subsidiary.

In 2018, the Nomination & Remuneration Committee duly performed its duties as assigned by the Board of Directors with caution, competence, and independence for the overall benefits to the Company and its shareholders.



**Mr. Suwat Laicharoensup**

Chairman of the Nomination & Remuneration Committee

## REPORT OF THE AUDIT COMMITTEE

The Audit Committee has duties and responsibilities as assigned by Board of Directors as specified in the Charter of the Audit Committee and in accordance with the criteria from the regulators. The Audit Committee is comprised independent directors as follows:

- |                             |                                  |
|-----------------------------|----------------------------------|
| 1. Mr. Sorasit Soontornkes  | Chairman of the Audit Committee  |
| 2. Mr. Vichit Kornvityakoon | Member of the Audit Committee    |
| 3. Mr. Suwat Laicharoensup  | Member of the Audit Committee    |
| Mrs. Paporn Piyayodilokchai | Secretary to the Audit Committee |

In 2018, the Audit Committee held seven meetings, only one meeting per year shall be attended by the company's external auditors without the presence of the Company' Executive to acknowledge and consider matters which can be summarized as follows:

### FINANCIAL REPORTS

Conducted reviews of quarterly and annual financial statements 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 accounting policy as well as significant changes.

### INTERNAL CONTROL AND COMPLIANCE WITH THE LAWS

Conducted reviews of the Company's internal control system to ensure efficiency and compliance with governing laws and regulations including those of the Securities and Exchange Commission, and the Stock Exchange of Thailand as relevant to the Company's business base on audit reports by the company's auditors and internal audit department of the subsidiary company that provides internal audit services of the company. Meetings were held to exchange views and comments with auditors, internal auditors, and the Company's executives in making amends on significant findings to ensure sound internal controls, compliance with the laws, rules, and relevant regulations.

Considered the result of the review on internal control of the computer information technology, and the company's risks management practices as well as reviewed good corporate governance practices. Reports on good corporate governance practices and internal controls were completed and disclosed in the annual report.

The Audit Committee met with the auditors without the Company's executives on matters that auditors sought to be acknowledged by the Audit Committee with regard to the performance and the independence of auditors in conducting the reviews and audits as well as compliance with Section 89/25 of the Securities and Exchange Act (No. 4) BE 2551 (2008). Additionally, to acknowledge and advise findings on reviews and financial audits. During the reviews and audits of the auditors, it was reported to the Audit Committee that no fraud, violation against the laws, or problems in internal controls were found.

### TRANSACTIONS WITH POSSIBLE CONFLICT OF INTEREST

Reviewed related-party transactions and transactions that may be considered as conflict of interest to ensure that these items were conducted in compliance with relevant laws and regulations and 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 environment.

In this regard, Audit Committee has considered and reviewed Related Party Transactions Policy which shall cover both the company and its subsidiaries in order to adopt this policy as guidelines for the operation of Related Party Transactions.

In addition, Audit Committee has considered the Acquisition of Assets and Entering into a Connected Person which the Independent Financial Advisor has prepared an opinion report in such item in regard to the reasonableness of the transaction,

fairness of price and conditions of the transaction. The Audit Committee has considered and suggested that the opinion report that the Independent Financial Advisor has been prepared with acknowledge of Principles for the appropriate professional practice including consideration the conditions for entering the transaction together with the advantages and disadvantages of entering the transaction along with the risks that may arise from entering the transaction, and the proposed opinions must rely on reason. Therefore, the Audit Committee agreed with the Independent Financial Advisor's opinion report.

#### **COMPLIANCE OF INTERNAL AUDIT DEPARTMENT**

Considered the audit plan, manpower to ensure adequacy of resources in conducting the audits and considered audit reports from other departments of the Company.

In addition, considered and ratified improvements and developments of the role of the internal audit with appropriate responsibilities pertinent to the business environment and evolving risks in information technology and corresponded with the anti-corruption policy as well as having independence in carrying out duties.

#### **AUDIT COMMITTEE CHARTER**

The Audit Committee performed duties and responsibilities as stipulated in the charter of the Audit Committee independently, cautiously and transparently, in order to promote good corporate governance practices effectively without limitation of receiving information and receiving well-corporation from the Company.

#### **COMPLIANCE WITH ANTI-CORRUPTION POLICY AND MEASURES**

Oversaw the process relating the anti-corruption policy and measures. Reviewed the compliance procedures on anti-corruption measures and internal controls as well as assessed the risks involved as related to the anti-corruption policy through report from senior management, or reports on internal audit, or external reports on anti-corruption policy and measures of the company.

The Audit Committee has reviewed the self-evaluation form regarding anti-corruption measures in order to submit to the Thai Institute of Directors or IOD for proposing Thailand's Private Sector Collective Action Coalition Against Corruption: CAC and entering into the consideration process for renewal of certification to become a member of Thailand's Private Sector Collective Action Coalition Against Corruption: CAC.

#### **RISK MANAGEMENT**

The Audit Committee has focused on risk management by evaluating from the risk management process of the Company which the company has established a Risk Management Committee consisting of executives from each department in the company and subsidiaries in order to support the Board of Directors in risk supervision related to the business operations of the Company to be at an acceptable level and consistent with the vision, mission, strategy and business goals to ensure that the Company's strategy is implemented and achieved objectives and goals efficiently and sustainably. In addition, the Company has a Risk Management Practices and Guidelines for Strategic Risk, Insurance Risk, Market Risk, Liquidity Risk, Operational Risk as well as Credit Risk. Therefore, the Audit Committee has suggested that the Company has concrete measures to support various risks.

#### **AUDITOR SELECTION**

The Audit Committee has considered and proposed to the Board of Directors about the selection of auditors and annual audit fees.



**(Mr.Sorasit Soontornkes)**

Chairman of the Audit Committee

February 25, 2019



## OPINION ON RELATED TRANSACTIONS

February 25, 2019

Subject : Opinion on Related Transactions

To : The Shareholders of Sri Ayudhya Capital Public Company Limited

We, as a Member of The Audit Committee of Sri Ayudhya Capital Public Company Limited has opinions on related transactions between Sri Ayudhya Capital Public Company Limited and related companies for the fiscal year ended December 31, 2018 were conducted in the company's normal course of business.

For your acknowledgement

Respectfully,



**(Mr. Sorasit Soontornkes) (Mr. Vichit Kornvityakoon) (Mr. Suwat Laicharoensup)**

Member 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 2018.



**Mr. Veraphan Teepsuwan**  
Chairman



**Mr. Virojn Srethapramotaya**  
President & CEO

# REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

## Opinion

We have audited the consolidated financial statements of Sri Ayudhya Capital Public Company Limited and its subsidiary (the “Group”) and the separate financial statements of Sri Ayudhya Capital Public Company Limited (the “Company”), which comprise the consolidated and separate statements of financial position as at December 31, 2018, and the related consolidated and separate statements of profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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, 2018, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

## Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the Federation of Accounting Professions’ Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to the audit of the consolidated and separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Key Audit Matters

**Recognition of premiums written**

Recognition of premiums written is a significant risk of material misstatement because the Group had a large number of policies which were derived from direct insurance, insurance brokers and reinsurers caused a variety of supporting documents. This may results that the Group records premium written in an accounting period in which the transaction occurred. Key audit matter is whether the Group recognizes premium written in a correct accounting period in which the transactions occurred in accordance with Thai Financial Reporting Standards.

The accounting policy for revenue recognition is disclosed in note 3.2 to the financial statements.

**Loss reserves**

Loss reserves consists of liabilities from estimated loss incurred and reported and loss incurred but not reported ("IBNR"). Loss reserves are estimated based on the management's judgement and an actuary using actuarial method which requires a number of key assumptions for estimation. Key audit matter is whether the Group recognizes loss reserves completely and accurately in accordance with Thai Financial Reporting Standards.

The accounting policy for loss reserves and details of loss reserves were disclosed in note 3.13.2 and note 16.1.1 to financial statements, respectively.

## Audit Responses

**Key audit procedures included;**

- ▶ Understanding operating procedures and internal control related to recognition of premiums written.
- ▶ Testing the design and implementation of internal controls.
- ▶ Testing the operating effectiveness around the recognition of premiums written.
- ▶ Performing substantive audit procedures consisted of:
  - Testing recording of recognition of policy and endorsement policy by considering the process of approval and other significant supporting documents to determine whether premiums written are recognized in a correct accounting period in which the transaction occurred.
  - Performing analytical procedures on financial information relating premiums written.

**Key audit procedures included;**

- ▶ Understanding the operating procedures and internal control related to recognition of loss reserves and outstanding claims.
- ▶ Reviewing the design and implementation of internal controls.
- ▶ Performing the operating effectiveness testing around the recognition of loss reserves and outstanding claims.
- ▶ Performing substantive audit procedures as follows:
  - Examining the loss reserves by considering the process of transaction approval and other significant supporting documents to determine whether loss reserves are recognized completely and accurately.
  - Assessing an appropriateness of the calculation method and the key assumptions applied by the management and an actuary in assessing reserve for loss incurred and reported and loss incurred but not reported ("IBNR"), including evaluation of the reasonableness of key assumptions used together with evaluation of the actuary's competency and independency.
  - Performing analytical procedures on financial information relating to loss reserves.

### Key Audit Matters

#### Investment in an associated company

Investment in an associated company represents 22.65% of the total amount of its asset and is considered to be the key driver of operations and performance results of the Group.

We consider the investment in an associated company is a key audit matter due to its materiality in the context of the financial statements as a whole, it is considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.

The accounting policy for investment in an associated company is disclosed in note to the financial statements no. 3.8.

### Audit Responses

Our audit procedures including a collaboration in performing the audit work with the component auditor. Key audit procedures included;

- ▶ Understood the financial information compilation process and related internal control procedures
- ▶ Collaboratively performed the work in accordance with Thai Standard on Auditing on the work performed from the planning through the conclusion process
- ▶ Performed substantive audit procedures related to the share of profit of investment in an associate.

#### Other Information

Management is responsible for the other information. The other information comprises information in the annual report, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the management of the Company.

#### Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



### **Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated and the separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**Nisakorn Songmanee**

Certified Public Accountant (Thailand)

Registration No. 5035

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

**BANGKOK**

February 22, 2019

## STATEMENTS OF FINANCIAL POSITION

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
<b>ASSETS</b>					
Cash and cash equivalents	5	1,341,339,977	1,401,892,869	101,355,834	181,094,544
Premium due and uncollected - net	6	271,749,947	238,127,440	-	-
Accrued investment income		4,497,896	6,972,807	429,389	1,823,368
Reinsurance assets	7	1,070,310,191	892,037,914	-	-
Due from reinsurers	8	114,461,388	55,744,894	-	-
<b>Investments</b>					
Investments in securities	9	6,896,384,905	4,655,891,276	4,125,890,014	2,268,613,540
Loans	10	28,723	15,060	-	-
Investment in an associate	11	2,977,370,666	3,355,004,219	1,487,263,618	1,487,263,618
Investment in a subsidiary	11	-	-	1,823,578,981	1,823,578,981
Premises and equipment	12	39,752,046	53,235,506	5,951,318	7,475,741
Intangible assets	13	51,029,363	67,039,753	24	24
Deferred tax assets	14	228,962,877	167,168,301	44,147,684	6,481,717
Deferred commissions expenses		66,858,470	62,324,187	-	-
Other assets	15	82,845,853	99,516,747	23,088,317	7,921,267
<b>TOTAL ASSETS</b>		<b>13,145,592,302</b>	<b>11,054,970,973</b>	<b>7,611,705,179</b>	<b>5,784,252,800</b>

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



**SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY**  
**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**AS AT DECEMBER 31, 2018**

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
<b>LIABILITIES AND EQUITY</b>					
Insurance contract liabilities	16	2,444,776,162	2,068,995,204	-	-
Due to reinsurers	17	678,331,838	667,858,859	-	-
Income tax payable		53,594,869	3,548,910	128,673	99,186
Employee benefit obligations	18	89,971,578	86,823,217	4,654,996	4,293,904
Premium written received in advance		370,220,202	348,345,708	-	-
Commissions and brokerages payables		54,202,201	46,327,191	-	-
Accrued expenses		75,250,906	50,493,328	21,742,382	13,376,545
Other liabilities	19	111,291,422	88,619,252	1,662,671	15,898,165
<b>TOTAL LIABILITIES</b>		<b>3,877,639,178</b>	<b>3,361,011,669</b>	<b>28,188,722</b>	<b>33,667,800</b>
<b>EQUITY</b>					
Share capital	20				
Authorized share capital					
463,473,361 ordinary shares of Baht 1.00 each		463,473,361		463,473,361	
500,000,000 ordinary shares of Baht 1.00 each			500,000,000		500,000,000
Issued and paid-up share capital					
296,416,925 ordinary shares of Baht 1.00 each		296,416,925		296,416,925	
250,000,000 ordinary shares of Baht 1.00 each			250,000,000		250,000,000
Premium on share capital		5,276,027,100	3,512,183,950	5,276,027,100	3,512,183,950
Retained earnings					
Appropriated					
Legal reserve	22	50,000,000	50,000,000	50,000,000	50,000,000
Unappropriated		3,179,207,243	2,650,796,710	2,152,489,572	1,979,443,194
Other components of equity					
Deficit on available-for-sale securities		(207,771,879)	(39,021,456)	(191,417,140)	(41,042,144)
Share of other comprehensive					
income in an associate		674,073,735	1,270,000,100	-	-
<b>TOTAL EQUITY</b>		<b>9,267,953,124</b>	<b>7,693,959,304</b>	<b>7,583,516,457</b>	<b>5,750,585,000</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>13,145,592,302</b>	<b>11,054,970,973</b>	<b>7,611,705,179</b>	<b>5,784,252,800</b>

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

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY  
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2018

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
<b>REVENUES</b>					
Gross premium written		3,396,369,722	2,953,655,613	-	-
<u>Less Premium ceded</u>		1,435,936,031	1,266,311,577	-	-
Net premium written		1,960,433,691	1,687,344,036	-	-
<u>Less Unearned premium reserve increase</u>					
(decrease) from previous year		191,260,303	32,145,567	-	-
Net premium earned		1,769,173,388	1,655,198,469	-	-
Fee and commission income		490,085,956	368,033,904	-	-
Net investment income		108,264,621	99,199,138	397,926,947	439,779,852
Gain on investment	26	62,175,215	53,869,930	66,057,010	53,869,930
Gain (loss) on fair value adjustment		(29,493,533)	1,104,498	(15,263,967)	-
Share of profit on investment in an associate	11.1	507,683,013	331,678,207	-	-
Other income		2,862,420	3,957,631	16,670,662	25,710,905
<b>Total revenues</b>		<b>2,910,751,080</b>	<b>2,513,041,777</b>	<b>465,390,652</b>	<b>519,360,687</b>
<b>EXPENSES</b>					
Loss incurred		1,439,765,185	1,388,581,039	-	-
<u>Less Loss refundable from reinsurers</u>		709,126,371	600,004,263	-	-
Commissions and brokerages expenses		468,113,985	415,100,134	-	-
Other underwriting expenses		554,874,985	476,443,777	-	-
Operating expenses	24	359,762,937	347,988,189	71,185,147	83,607,786
<b>Total underwriting expenses</b>		<b>2,113,390,721</b>	<b>2,028,108,876</b>	<b>71,185,147</b>	<b>83,607,786</b>
Income before income tax expense		797,360,359	484,932,901	394,205,505	435,752,901
Income tax expense	14	47,112,056	22,022,756	730,209	1,967,001
<b>Net income</b>		<b>750,248,303</b>	<b>462,910,145</b>	<b>393,475,296</b>	<b>433,785,900</b>



**SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY**  
**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>					
Items that will not be reclassified subsequently					
to profit or loss					
Actuarial loss on defined employee benefit plans	18	-	(4,400,728)	-	(798,545)
Share of other comprehensive loss					
in an associate	11.1	(1,761,007)	(1,600,947)	-	-
Income tax relating to items that will not be reclassified subsequently					
		352,161	1,200,335	-	159,709
		(1,408,846)	(4,801,340)	-	(638,836)
Items that will be reclassified subsequently					
to profit or loss					
Gain (loss) on revaluation of available-for-sale securities					
		(210,938,029)	61,204,421	(187,968,745)	62,084,223
Share of other comprehensive income (loss)					
in an associate	11.1	(752,135,576)	735,354,361	-	-
Income tax relating to items that will be reclassified subsequently					
		198,396,817	(165,521,295)	37,593,749	(12,416,845)
		(764,676,788)	631,037,487	(150,374,996)	49,667,378
Other comprehensive income (loss) for the years,					
net of income tax		(766,085,634)	626,236,147	(150,374,996)	49,028,542
<b>Total comprehensive income (loss) for the years</b>		<b>(15,837,331)</b>	<b>1,089,146,292</b>	<b>243,100,300</b>	<b>482,814,442</b>
<b>Earnings per share</b>					
28					
<b>Basic earnings per share</b>	<b>Baht</b>	2.75	1.85	1.44	1.74
Weighted average number of ordinary shares (Shares)		272,930,470	250,000,000	272,930,470	250,000,000
<b>Diluted earnings per share</b>	<b>Baht</b>	2.37	1.85	1.25	1.74
Weighted average number of ordinary shares (Shares)		315,989,583	250,000,000	315,989,583	250,000,000

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

## STATEMENT OF CHANGES IN EQUITY

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2018

BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS						Total equity
		Issued and paid-up share capital	Premium on share capital	Retained earnings		Other components of equity		
				Appropriated Legal reserve	Unappropriated	Surplus (deficit) on available-for-sale securities	Share of other comprehensive income in an associate	
Beginning balance as at January 1, 2017		250,000,000	3,512,183,950	50,000,000	2,630,187,905	(87,984,993)	687,926,150	7,042,313,012
Comprehensive income		-	-	-	458,108,805	48,963,537	582,073,950	1,089,146,292
Dividends paid	31.1	-	-	-	(250,000,000)	-	-	(250,000,000)
Interim dividends	31.2	-	-	-	(187,500,000)	-	-	(187,500,000)
<b>Ending balance as at December 31, 2017</b>		<b>250,000,000</b>	<b>3,512,183,950</b>	<b>50,000,000</b>	<b>2,650,796,710</b>	<b>(39,021,456)</b>	<b>1,270,000,100</b>	<b>7,693,959,304</b>
Beginning balance as at January 1, 2018		250,000,000	3,512,183,950	50,000,000	2,650,796,710	(39,021,456)	1,270,000,100	7,693,959,304
Increase capital	20.3 and							
	20.5	46,416,925	1,763,843,150	-	-	-	-	1,810,260,075
Comprehensive income (loss)		-	-	-	748,839,457	(168,750,423)	(595,926,365)	(15,837,331)
Interim dividends	31.3	-	-	-	(220,428,924)	-	-	(220,428,924)
<b>Ending balance as at December 31, 2018</b>		<b>296,416,925</b>	<b>5,276,027,100</b>	<b>50,000,000</b>	<b>3,179,207,243</b>	<b>(207,771,879)</b>	<b>674,073,735</b>	<b>9,267,953,124</b>

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

**SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

BAHT

	Notes	SEPARATE FINANCIAL STATEMENTS					Total equity
		Issued and paid-up share capital	Premium on share capital	Retained earnings		Other components of equity	
				Appropriated Leagl reserve	Unappropriated		
Beginning balance as at January 1, 2017		250,000,000	3,512,183,950	50,000,000	1,983,796,130	(90,709,522)	5,705,270,558
Comprehensive income		-	-	-	433,147,064	49,667,378	482,814,442
Dividends paid	31.1	-	-	-	(250,000,000)	-	(250,000,000)
Interim dividends	31.2	-	-	-	(187,500,000)	-	(187,500,000)
<b>Ending balance as</b>							
<b>at December 31, 2017</b>		250,000,000	3,512,183,950	50,000,000	1,979,443,194	(41,042,144)	5,750,585,000
Beginning balance as at January 1, 2018		250,000,000	3,512,183,950	50,000,000	1,979,443,194	(41,042,144)	5,750,585,000
Increase capital	20.3 and 20.5	46,416,925	1,763,843,150	-	-	-	1,810,260,075
Comprehensive income (loss)		-	-	-	393,475,296	(150,374,996)	243,100,300
Interim dividends	31.3	-	-	-	(220,428,918)	-	(220,428,918)
<b>Ending balance as</b>							
<b>at December 31, 2018</b>		296,416,925	5,276,027,100	50,000,000	2,152,489,572	(191,417,140)	7,583,516,457

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

## STATEMENTS OF CASH FLOWS

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
<b>CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>					
Direct premium received		3,351,799,800	2,911,354,288	-	-
Cash paid from reinsurance		(364,282,290)	(233,507,233)	-	-
Interest income		28,627,820	41,058,817	6,936,340	8,509,457
Dividend income		348,582,102	434,474,978	394,821,308	434,468,754
Other income		1,895,395	1,920,011	20,262,159	35,907,798
Loss incurred from direct insurance		(1,328,445,254)	(1,517,671,414)	-	-
Commission and brokerage paid					
from direct insurance		(458,907,830)	(412,188,453)	-	-
Other underwriting expenses		(531,444,133)	(465,867,271)	-	-
Operating expenses		(246,400,076)	(393,741,071)	(62,294,739)	(101,924,721)
Income tax expense		(16,673,068)	(12,460,923)	(772,940)	(1,843,450)
Investment in securities		(2,410,935,437)	78,034,674	(2,013,031,262)	169,711,863
Deposits at bank with maturity over 3 months					
and deposits used as collateral		(3,517,812)	6,377,908	(186,407)	9,686,734
Loans		(13,663)	114,257	-	7,327
Cash paid from subscriptions payable		(15,242,115)	-	(15,242,115)	-
Net cash provided by (used in) operating activities		(1,644,956,561)	437,898,568	(1,669,507,656)	554,523,762
<b>CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>					
<b>CASH FLOWS PROVIDED BY</b>					
Premises and equipment		1,444,766	2,671,912	-	1,448,598
Cash provided by investing activities		1,444,766	2,671,912	-	1,448,598
<b>CASH FLOWS USED IN</b>					
Premises and equipment		(6,254,042)	(13,332,887)	(62,211)	(5,822,531)
Intangible assets		(618,206)	(4,894,828)	-	-
Cash used in investing activities		(6,872,248)	(18,227,715)	(62,211)	(5,822,531)
Net cash used in investing activities		(5,427,482)	(15,555,803)	(62,211)	(4,373,933)



**SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
<b>CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>					
Increase capital		1,810,260,075	-	1,810,260,075	-
Dividends paid	31.3	(220,428,924)	(437,500,000)	(220,428,918)	(437,500,000)
Net cash provided by (used in) financing activities		1,589,831,151	(437,500,000)	1,589,831,157	(437,500,000)
Net increase (decrease) in cash and cash equivalents		(60,552,892)	(15,157,235)	(79,738,710)	112,649,829
Cash and cash equivalents as at January 1,		1,401,892,869	1,417,050,104	181,094,544	68,444,715
<b>Cash and cash equivalents as at December 31,</b>	5	<b>1,341,339,977</b>	<b>1,401,892,869</b>	<b>101,355,834</b>	<b>181,094,544</b>

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, 2018

### 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, 7<sup>th</sup> 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, 18<sup>th</sup> floor, 898 Ploenchit Road, Lumpini, Pathumwan, Bangkok.

On November 13, 2018, the Extraordinary General Meeting of the Shareholders of the Company passed the resolutions as follows:

1. Approval for Sri Ayudhya General Insurance Public Company Limited (“SAGI”) to purchase and accept the transfer of the entire business from Allianz General Insurance Public Company Limited (“AZTH”) totaling Baht 748,800,000.
2. Approval for the Company to purchase ordinary shares of Allianz Ayudhya Assurance Public Company Limited (“AZAY”) of 34,810,000 shares at Baht 114 per share, at the par value of Baht 10, or 11.80% of the paid-up capital in AZAY from Allianz SE and CPRN (Thailand) Limited (“CPRNT”), totaling Baht 3,968,599,600.
3. Approval for the allocation of 88,473,361 newly issued ordinary shares, at the par value of Baht 1 each, for the offering for sale to Allianz SE and CPRNT at Baht 53.32 per share, totaling Baht 4,717,399,600, as follows:
  - 3.1 The allocation and offering for sale of 14,043,511 newly issued ordinary shares to CPRNT at Baht 53.32 per share, totaling Baht 748,800,000. In this regard, CPRNT will pay for the newly issued ordinary shares in cash. The Company will use such payment to purchase the newly issued ordinary shares of SAGI, in order to provide SAGI to purchase and accept the transfer of the entire business from AZTH.
  - 3.2 The allocation for the offering for sale of 74,429,850 newly issued ordinary shares to Allianz SE and CPRNT at Baht 53.32 per share, totaling Baht 3,968,599,600. In this regard, Allianz SE and CPRNT will transfer 34,810,000 ordinary shares of AZAY to pay for the newly issued ordinary shares in lieu of cash payment.
4. Approval for Allianz SE and/or the Designated Person wish to make a voluntary partial tender offer to purchase 56,930,000 ordinary shares, representing 19.37% of the total issued shares with voting rights of the Company at present in the offering price of Baht 53.32 per share.



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

- 2.1 The Company and its subsidiary (“the Group”) maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and practices generally accepted in Thailand.
- 2.2 The Group’s financial statements have been prepared in accordance with the Thai Accounting Standard (“TAS”) No. 1 (Revised 2017) “Presentation of Financial Statements”, which was effective for financial periods beginning on or after January 1, 2018 onward, and the Regulation of The Stock Exchange of Thailand (SET) dated October 2, 2017, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2560 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 B.E. 2559 dated March 4, 2016.
- 2.3 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies.
- 2.4 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.

- 2.5 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the period, the Group has adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Group’s financial statements.

- 2.6 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective
- 2.6.1 Thai Financial Reporting Standards which will be effective for the financial statements with fiscal years beginning on or after January 1, 2019

### **New Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation**

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards.

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

- TFRS 1 First-time Adoption of International Financial Reporting Standards  
 TFRS 15 Revenue from Contracts with Customers

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

- TFRIC 22 Foreign Currency Transactions and Advance Consideration

There is the key change to the core principle of TFRS 15, which introduces a 5-step approach to revenue recognition, as follow:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under TFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied. TFRS 15 will supersede the Standards and Interpretations relating to revenue upon its effective date.

**Thai Financial Reporting Standards (TFRSs) Revised 2018**

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards (TFRSs) Revised 2018 which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology and reference to other TFRSs except following TFRSs, which there are revision or additional paragraph and accounting guidance.

Thai Accounting Standard No.28 (Revised 2018) “Investment in Associates and Joint Ventures” clarifies about the election of measurement an investment in an associate or a joint venture at fair value through profit or loss, and clarifies the consideration about the impairment of an investment in an associate or a joint venture. This accounting standard requires retrospective method for such amendment.

Thai Accounting Standard No.40 (Revised 2018) “Investment Property” clarifies about transfers of investment property to, or from, other accounts when, and only when, there is a change in use. This accounting standard requires prospective method for such amendment.

Thai Financial Reporting Standard No.2 (Revised 2018) “Share-based Payment” adds the requirements, which require prospective method for the amendment as follows:

- 1) The requirement about treatment of vesting and non-vesting for a cash-settled share-based payment transaction
- 2) The requirement about share-based payment transactions with a net settlement feature for withholding tax obligations
- 3) The requirement about accounting for a modification of a share-based payment transaction that changes its classification from cash-settled to equity-settled

Thai Financial Reporting Standard No.4 (Revised 2018) “Insurance Contracts” determines the option for insurance industry to temporarily exempt from applying Thai Financial Reporting Standard No.9 “Financial Instruments” (“TFRS 9”). An entity can elect to exempt from TFRS 9 for annual periods beginning before January 1, 2022 or before TFRS 17 is effective.

2.6.2 Thai Financial Reporting Standards which will be effective for the financial statements with fiscal years beginning on or after January 1, 2020

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standard Group of Financial Instruments which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards, as follows:

#### **Thai Accounting Standards ("TAS")**

TAS 32 Financial Instruments: Presentation

#### **Thai Financial Reporting Standards ("TFRS")**

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

#### **Thai Financial Reporting Standard Interpretations ("TFRIC")**

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost; taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model, the calculation of impairment using the expected credit loss method, and the concept of hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. These TFRSs will supersede the Standards and Interpretations relating to the financial instruments upon its effective date.

The Group's management will adopt such TFRSs in the preparation of the Group's financial statements when they become effective. The Group's management is in the process to assess the impact of these TFRSs on the financial statements of the Group in the period of initial application.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1 Insurance contract classification**

At the initial date, the Group classified contract as insurance contract by determine that the significant risk has been transferred, in the event (scenario) that an insured would require company to pay significant additional benefits in term of commercial content. Once a contract has been classified as insurance contract, it remains an insurance contract until all right and obligations are expired. Other contract which the Group has entered with the insured may not be classified as an insurance contract when the significant insurance risk has been transferred. Other contracts are reclassified as investment contracts (if any).

#### **3.2 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 effective 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 Group 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.

#### Claims and losses adjustment expenses

Claims and losses adjustment expenses consist of claims and losses adjustment expenses of direct insurance and reinsurance of both reported claims and not reported claims, and are stated at the amounts of the claims, related expenses, and claims adjustments of the current and prior period incurred during the year, less residual value and other recoveries (if any), and claim recovery from reinsurers.

Claims and losses adjustment expenses of direct insurance are recognised upon the receipt of the claims advice from the insured, based on the claims notified by the insured and estimates made by the Company's management. The maximum value of claims estimated is not however, to exceed the sum-insured under the relevant policy.

Claims and losses adjustment expenses of reinsurance are recognised when the reinsurer places the loss advice with the Company.

#### Claim recovery from reinsurers

Claims recovery from reinsurers is recognised when claims and loss adjustment expenses are recorded. They are estimated as proportion and condition relevant to reinsurance contracts. The Company presents the claims recoverable amount as a deduction from gross claims

#### Commissions and brokerages and other expenses

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

### 3.3 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 or less and not subject to withdrawal restrictions.

### 3.4 Premium due and uncollected and allowance for doubtful debt

Premium due and uncollected are stated at net realizable value. The Group 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.

### 3.5 Reinsurance assets

Reinsurance assets are stated at net realizable value. The Group 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.

### 3.6 Due to and due from reinsurers

Due to and due from reinsurers is recognized in the statement of financial position representing reinsurance

receivables and payables. The net amount is represented in the statement of financial position when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

### 3.7 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 profit or loss and other 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.

### 3.8 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.

### 3.9 Loans

Loans are stated at their principal amount less allowance for doubtful accounts, if any. The Company estimates the allowance for doubtful accounts based on an analysis of payment histories, future expectation of each customer payments and the valuation of the assets pledged.

### 3.10 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	5 years
Office equipment, furniture and fixtures	5 years
Vehicles	5 years

### 3.11 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 profit or loss and other 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



### 3.12 Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of profit or loss and other comprehensive income. The recoverable amount is determined as the higher of fair value less costs to sell or the asset value in use.

### 3.13 Insurance liabilities

#### 3.13.1 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)
Transportation (Cargo), travelling accident with coverage periods of not over six-months	▶	100% of premiums as from the effective date of the inforce policies over the insurance coverage period

#### 3.13.2 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 Group's appraiser. In addition, the Group records a provision for losses incurred but not yet reported (IBNR) which assessed by certified actuary.

#### 3.13.3 Unexpired risks reserve

Unexpired risks reserves are the best estimate of the claims that are expected be incurred during the remaining period of coverage of in-force policies, based on analysis of historical claims data by an actuary.

Unexpired risk reserves are only recognised in the financial statements to the extent that they exceed unearned premium reserves.

### 3.14 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.

### 3.15 Employee benefits

#### 3.15.1 Provident fund

The Group has provident fund which are contributory by the employee and the Group matching the individuals' contributions. The provident funds have been registered in accordance with the Provident Fund Act B.E. 2530 (1987). The Group's contribution to the Fund are recorded as expense for the year.

#### 3.15.2 Employee benefit obligations

The Group provides employee benefit obligations, 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 profit or loss and other comprehensive income in the period to which they are related. The costs associated with providing these benefits are charged to the statement of profit or loss and other comprehensive income so as to spread the cost over the employment period during which the entitlement to benefits is earned.

Past service cost related to the plan amendment is recognized as an expense in the income statement when the plan amendment is effective.

### 3.16 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 profit or loss and other comprehensive income over the lease term.

### 3.17 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.

### 3.18 Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that such conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued.

### 3.19 Use of management's judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with Thai Financial Reporting Standards (TFRSs) requires the Company's management to exercise various 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 year. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

## Key sources of estimation uncertainty

### 3.19.1 Loss reserves

The Group is required to estimate loss reserves and outstanding claims that arise from the Group's insurance products. These reserves represent the expected cost to settle claims occurring prior to, but still outstanding as of, the reporting period. The Group establishes its reserves by product line and extent of coverage. The reserves consist of reserves for reported losses and reserves for incurred but not reported (IBNR) losses.

The Group's reserves for reported losses are based on estimates of future payments to settle reported insurance claims with an undiscounted basis. IBNR reserves are established to recognize by using historical information and statistical models, based on standard actuarial claims projection techniques.

### 3.19.2 Fair value measurement and valuation processes

Some asset measured at Level 2 of the fair value in the statements of financial position as of the end of reporting period such as Government and State Enterprise and Private Enterprises debt securities will be valued on the basis of quoted values and other data provided by Thai-BMA and first utilize valuation inputs from actively traded securities, such as bid prices when quoted market prices are unavailable, the pricing will be estimated by discounting expected future cash flows using market interest rate and/or prices for a similar instrument from Thai-BMA at the measurement date.

Information about valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 38.2.6.1.

## 3.20 Fair value measurements

In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if a producer or supplier of a marketable good would take those characteristics into the consideration the price that would be received to sell an asset or paid to transfer a liability at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Fair value for disclosure in the financial statements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements as follows:

- Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2** inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3** inputs are unobservable inputs for the asset or liability.

## 4. ADDITIONAL INFORMATION FOR CASH FLOWS

- 4.1 Non-cash items of premises and equipment for the years ended December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements	
	2018	2017
	Baht	Baht
Other payable - fixed assets as at January 1,	31,431	-
Add Purchases of fixed assets	6,702,400	13,364,318
Less Cash paid for purchase of fixed assets	(6,254,042)	(13,332,887)
Other payable - fixed assets as at December 31,	479,789	31,431

4.2 Non-cash items of intangible assets for the years ended December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements	
	2018	2017
	Baht	Baht
Other payable - intangible assets as at January 1,	-	20,000
Add Purchases of intangible assets	618,206	4,874,828
Less Cash paid for purchase of intangible assets	(618,206)	(4,894,828)
Other payable - intangible assets as at December 31,	-	-

## 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Cash	290,000	290,000	10,000	10,000
Cheque on hand	11,046,146	6,546,748	-	-
Deposits at bank - at call	361,305,850	436,891,540	101,345,834	151,087,626
Short-term investments	968,697,981	958,164,581	-	29,996,918
Cash and cash equivalents	1,341,339,977	1,401,892,869	101,355,834	181,094,544

## 6. PREMIUM DUE AND UNCOLLECTED - NET

Premium due and uncollected - net as at December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements	
	As at December 31, 2018	As at December 31, 2017
	Baht	Baht
Within credit terms	218,651,474	181,203,746
Less than 30 days	29,433,750	25,575,689
31 - 60 days	7,308,105	10,480,196
61 - 90 days	9,125,013	3,458,805
Over 90 days	12,882,849	21,860,248
Total premium due and uncollected	277,401,191	242,578,684
Less Allowance for doubtful accounts	(5,651,244)	(4,451,244)
Premium due and uncollected - net	271,749,947	238,127,440

For premium receivables due from agents and brokers, the Group has stipulated the collection guideline in accordance with the law of the premium collection. For overdue premium receivables, the Group has the process with such agents and brokers in accordance with the Group's policy and procedure.

## 7. REINSURANCE ASSETS

Reinsurance assets as at December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements	
	As at December 31, 2018	As at December 31, 2017
	Baht	Baht
<b>Insurance reserve refundable from reinsurers</b>		
Loss reserves	449,046,925	367,077,629
Unearned premium reserve		
- Unearned reinsurance premium reserve	621,263,266	524,960,285
Total reinsurance assets (see Note 16)	1,070,310,191	892,037,914

## 8. DUE FROM REINSURERS

Due from reinsurers as at December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements	
	2018	2017
	Baht	Baht
Deposit on reinsurance	48,717	94
Due from reinsurers	114,412,671	55,744,800
Total	114,461,388	55,744,894

Aging analyzes for due from reinsurers as at December 31, 2018 and 2017 were as follows:

	Consolidated financial statements	
	2018	2017
	Baht	Baht
Within credit terms	100,640,423	38,648,940
Not over 12 months	10,635,160	14,922,154
Over 1 year to 2 years	1,200,850	1,849,325
Over 2 years	1,936,238	324,381
Total due from reinsures	114,412,671	55,744,800

## 9. INVESTMENTS IN SECURITIES

Investment in securities as at December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements			
	As at December 31, 2018		As at December 31, 2017	
	Cost/ Amortized cost	Fair value	Cost/ Amortized cost	Fair value
	Baht	Baht	Baht	Baht
<b>Held-for-trading securities</b>				
Equity securities	185,243,536	156,854,501	92,565,357	93,669,855
Add Unrealized gain (loss)	(28,389,035)	-	1,104,498	-
<b>Total held for-trading-securities</b>	<b>156,854,501</b>	<b>156,854,501</b>	<b>93,669,855</b>	<b>93,669,855</b>
<b>Available-for-sale securities</b>				
Government and state enterprise securities	431,691,662	430,891,551	466,421,445	469,328,404
Equity securities	4,344,156,196	4,085,241,459	2,168,388,135	2,116,704,356
Total	4,775,847,858	4,516,133,010	2,634,809,580	2,586,032,760
Less Unrealized loss	(259,714,848)	-	(48,776,820)	-
<b>Total available-for-sale securities</b>	<b>4,516,133,010</b>	<b>4,516,133,010</b>	<b>2,586,032,760</b>	<b>2,586,032,760</b>
<b>Held-to-maturity securities</b>				
Government and state enterprise securities	1,747,212,351		1,493,571,430	
Deposits at bank with maturity over 3 months	207,676,866		190,842,850	
Deposits at bank used as collateral	233,268,345		246,584,549	
Premium saving certificates used as collateral	15,750,000		25,700,000	
<b>Total held-to-maturity securities</b>	<b>2,203,907,562</b>		<b>1,956,698,829</b>	
<b>General investment</b>				
Equity securities	20,996,951		20,996,951	
Less Allowance for impairment	(1,507,119)		(1,507,119)	
<b>Total general investment</b>	<b>19,489,832</b>		<b>19,489,832</b>	
<b>Total investment in securities - net</b>	<b>6,896,384,905</b>		<b>4,655,891,276</b>	



	Separate financial statements			
	As at December 31, 2018		As at December 31, 2017	
	Cost/ Amortized cost	Fair value	Cost/ Amortized cost	Fair value
	Baht	Baht	Baht	Baht
<b>Held-for-trading securities</b>				
Equity securities	95,147,099	79,883,132	-	-
<u>Less</u> Unrealized loss	(15,263,967)	-	-	-
<b>Total held-for-trading securities</b>	79,883,132	79,883,132	-	-
<b>Available-for-sale securities</b>				
Government and state enterprise securities	137,118,023	136,518,439	132,144,848	133,031,823
Equity securities	4,073,423,050	3,834,751,209	2,113,220,545	2,061,030,890
Total	4,210,541,073	3,971,269,648	2,245,365,393	2,194,062,713
<u>Less</u> Unrealized loss	(239,271,425)	-	(51,302,680)	-
<b>Total available-for-sale securities</b>	3,971,269,648	3,971,269,648	2,194,062,713	2,194,062,713
<b>Held-to-maturity securities</b>				
Deposits at bank with maturity over 3 months	26,739,072		12,552,665	
Deposits at bank used as collateral	30,000,000		44,000,000	
<b>Total held-to-maturity securities</b>	56,739,072		56,552,665	
<b>General investment</b>				
Equity securities	19,505,281		19,505,281	
<u>Less</u> Allowance for impairment	(1,507,119)		(1,507,119)	
<b>Total general investment</b>	17,998,162		17,998,162	
<b>Total investment in securities - net</b>	4,125,890,014		2,268,613,540	

Debt securities classified by the remaining maturity as at December 31, 2018 were as follows:

	Consolidated financial statements			
	Maturities			
	Within 1 year	1 - 5 years	Over 5 years	Total
	Baht	Baht	Baht	Baht
<b>Available-for-sale debt securities</b>				
Government and state enterprise securities	43,223,738	388,467,924	-	431,691,662
<u>Add</u> Unrealized gain (loss)	20,173	(820,284)	-	(800,111)
Total	43,243,911	387,647,640	-	430,891,551
<b>Total available-for-sale debt securities</b>	43,243,911	387,647,640	-	430,891,551
<b>Held-to-maturity debt securities</b>				
Government and state enterprise securities	1,747,212,351	-	-	1,747,212,351
<b>Total held-to-maturity debt securities</b>	1,747,212,351	-	-	1,747,212,351
<b>Total debt securities - net</b>	1,790,456,262	387,647,640	-	2,178,103,902

Debt securities classified by the remaining maturity as at December 31, 2017 were as follows:

	Consolidated financial statements			
	Maturities			
	Within 1 year	1 - 5 years	Over 5 years	Total
	Baht	Baht	Baht	Baht
<b>Available-for-sale debt securities</b>				
Government and state enterprise securities	240,480,652	225,940,793	-	466,421,445
Add Unrealized gain	714,109	2,192,850	-	2,906,959
Total	241,194,761	228,133,643	-	469,328,404
<b>Total available-for-sale debt securities</b>	241,194,761	228,133,643	-	469,328,404
<b>Held-to-maturity debt securities</b>				
Government and state enterprise securities	1,493,571,430	-	-	1,493,571,430
<b>Total held-to-maturity debt securities</b>	1,493,571,430	-	-	1,493,571,430
<b>Total debt securities - net</b>	1,734,766,191	228,133,643	-	1,962,899,834

Debt securities classified by the remaining maturity as at December 31, 2018 were as follows:

	Separate financial statements			
	Maturities			
	Within 1 year	1 - 5 years	Over 5 years	Total
	Baht	Baht	Baht	Baht
<b>Available-for-sale debt securities</b>				
Government and state enterprise securities	-	137,118,023	-	137,118,023
Less Unrealized loss	-	(599,584)	-	(599,584)
Total	-	136,518,439	-	136,518,439
<b>Total debt securities - net</b>	-	136,518,439	-	136,518,439

Debt securities classified by the remaining maturity as at December 31, 2017 were as follows:

	Separate financial statements			
	Maturities			
	Within 1 year	1 - 5 years	Over 5 years	Total
	Baht	Baht	Baht	Baht
<b>Available-for-sale debt securities</b>				
Government and state enterprise securities	100,339,491	31,805,357	-	132,144,848
Add Unrealized gain	446,256	440,719	-	886,975
Total	100,785,747	32,246,076	-	133,031,823
<b>Total debt securities - net</b>	100,785,747	32,246,076	-	133,031,823

As at December 31, 2018 and 2017, certain investment in securities (certain government and state enterprise securities and certain deposits at bank) of the Group are pledged and used for assets reserved with the Registrar (see Note 33).

As at December 31, 2018 and 2017, premium saving certificates of its subsidiary were used as collateral for insured driver amounting to Baht 4.50 million and Baht 3.55 million, respectively (see Note 34.1) (Company: Nil).

As at December 31, 2018 and 2017, deposits at bank of the Group were pledged as collateral for credit facilities for bank overdrafts and loans in the form of promissory notes amounting to Baht 40 million and Baht 10 million, respectively.(Company: Baht 20 million and Baht 10 million, respectively) (see Note 34.2).

## 10. LOANS

Loans of the Group 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

## 11. INVESTMENT IN A SUBSIDIARY AND AN ASSOCIATE

11.1 Investment in an associate in the consolidated financial statements

As at December 31, 2018 and 2017, the Company had investment in an associated company accounted for under equity method in the consolidated financial statements as follows:

Company name	Nature of business	Consolidated financial statements					
		Percentage of shareholding		Cost		Carrying value under equity method	
		2018	2017	2018	2017	2018	2017
		percent	percent	Baht	Baht	Baht	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	2,977,370,666	3,355,004,219

As at December 31, 2018 and 2017, an associate had total assets and total liabilities as follows:

Baht: million

	As at December 31, 2018	As at December 31, 2017
Total assets	189,124.25	177,910.18*
Total liabilities	174,602.51	161,516.15*

\* An associated company has reclassified the financial statement for the year ended December, 31 2017, to conform to the presentation in the financial statement for the year ended December 31, 2018.

For the years ended December 31, 2018 and 2017, an associate had total revenues, net income and net of other comprehensive income as follows:

Baht: million

	For the years ended	
	December 31,	
	2018	2017
Total revenues	39,131.41	38,001.79*
Net income	2,517.07	1,644.45
Items that will not be reclassified subsequently to profit or loss		
Defined benefit plan actuarial loss	(8.73)	(7.94)
Income tax relating to items that will not be reclassified		
Subsequently	1.75	1.59
Other comprehensive loss - net of income tax	(6.98)	(6.35)
Items that will be reclassified subsequently to profit or loss		
Gain on cash flow hedges	186.47	24.65
Gain (loss) on revaluation of available-for-sale securities	(3,915.53)	3,621.20
Income tax relating to items that will be reclassified		
Subsequently	774.48	(759.96)
Other comprehensive income (loss) - net of income tax	(2,954.58)	2,885.89

\* An associated company has reclassified the financial statement for the year ended December, 31 2017, to conform to the presentation in the financial statement for the year ended December 31, 2018.

The consolidated statement of profit or loss and other comprehensive income for the years ended December 31, 2018 and 2017 recognized share of profit, resulting from portion of holding of investment in an associate as follows:

Baht: million

	For the years ended	
	December 31,	
	2018	2017
Share of profit on investment in an associate	507.68	331.68
Items that will not be reclassified subsequently to profit or loss		
Share of other comprehensive loss in an associate	(1.76)	(1.60)
Income tax relating to items that will not be reclassified subsequently	0.35	0.32
Share of other comprehensive loss in an associate - net of income tax	(1.41)	(1.28)
Items that will be reclassified subsequently to profit or loss		
Share of other comprehensive income (loss) in an associate	(752.14)	735.35
Income tax relating to items that will be reclassified subsequently	156.21	(153.28)
Share of other comprehensive income (loss) in an associate - net of income tax	(595.93)	582.07

Reconciliation of the above summarized financial information to the carrying amount of the interest in an associate recognized in the consolidated financial statements were as follows:

Baht: million

	As at December 31,	
	2018	2017
Net assets of an associate	14,521.74	16,394.03
Proportion of the Group's ownership interest in an associate (%)	20.17	20.17
	2,928.97	3,306.60
Investment amount over net assets at investment date	48.40	48.40
Carrying amount of the Group's interest in an associate	2,977.37	3,355.00

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

As at December 31, 2018 and 2017, investments in a subsidiary and an associate were as follows:

Company's name	Paid-up capital		Separate financial statements					
			Shareholding percentage		Cost		Dividend	
	2018	2017	2018	2017	2018	2017	2018	2017
	Baht	Baht	(%)	(%)	Baht	Baht	Baht	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	287,981,355	387,941,826
<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	53,999,994	-

Ordinary shareholders' meeting of an associate passed a resolution for dividend payment which had been endorsed by the Office of Insurance Commission as follows:

The resolution of ordinary shareholders' meeting for dividend payment			The endorsement of Office of Insurance Commission for dividend payment			Total dividend receive (Baht million)	Received date
Date	Dividend per share	Total	Date	Dividend per share	Total		
	(Baht)	(Baht million)		(Baht)	(Baht million)		
April 9, 2018	5.57	1,643.15	May 23, 2018	4.84	1,427.80	287.98	June 20, 2018
April 20, 2017	6.52	1,923.40	June 29, 2017	6.52	1,923.40	387.94	July 14, 2017



## 12. PREMISES AND EQUIPMENT

Premises and equipment as at December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements										
	Cost			Accumulated depreciation						Beginning balance of premises and equipment - net as at January 1, 2018	Ending balance of premises and equipment - net as at December 31, 2018
	As at January 1, 2018	Increase	Disposal / Write off	As at December 31, 2018	As at January 1, 2018	Depreciation	Disposal / Write off	As at December 31, 2018			
	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	65,412,583	2,785,621	(2,084,174)	66,114,030	(55,360,806)	(5,088,356)	2,084,082	(58,365,080)	10,051,777	7,748,950	
Furniture and fixtures	55,508,764	961,779	(457,856)	56,012,687	(34,017,912)	(8,077,140)	422,798	(41,672,254)	21,490,852	14,340,433	
Vehicles	39,315,393	2,955,000	(5,232,645)	37,037,748	(19,233,018)	(6,542,623)	4,790,054	(20,985,587)	20,082,375	16,052,161	
<b>Total</b>	<b>162,620,740</b>	<b>6,702,400</b>	<b>(7,774,675)</b>	<b>161,548,465</b>	<b>(109,385,234)</b>	<b>(19,708,119)</b>	<b>7,296,934</b>	<b>(121,796,419)</b>	<b>53,235,506</b>	<b>39,752,046</b>	

	Consolidated financial statements										
	Cost			Accumulated depreciation						Beginning balance of premises and equipment - net as at January 1, 2017	Ending balance of premises and equipment - net as at December 31, 2017
	As at January 1, 2017	Increase	Disposal / Write off	As at December 31, 2017	As at January 1, 2017	Depreciation	Disposal / Write off	As at December 31, 2017			
	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	69,119,642	2,410,267	(6,117,326)	65,412,583	(55,784,003)	(5,679,216)	6,102,413	(55,360,806)	13,335,639	10,051,777	
Furniture and fixtures	52,975,122	2,633,411	(99,769)	55,508,764	(25,654,013)	(8,463,655)	99,756	(34,017,912)	27,321,109	21,490,852	
Vehicles	40,782,931	8,320,640	(9,788,178)	39,315,393	(22,516,432)	(5,952,995)	9,236,409	(19,233,018)	18,266,499	20,082,375	
<b>Total</b>	<b>165,261,695</b>	<b>13,364,318</b>	<b>(16,005,273)</b>	<b>162,620,740</b>	<b>(104,727,946)</b>	<b>(20,095,866)</b>	<b>15,438,578</b>	<b>(109,385,234)</b>	<b>60,533,749</b>	<b>53,235,506</b>	

	Separate financial statements									
	Cost				Accumulated depreciation				Beginning balance of premises and equipment - net as at January 1, 2018	Ending balance of premises and equipment - net as at December 31, 2018
	As at January 1, 2018	Increase	Disposal / Write off	As at December 31, 2018	As at January 1, 2018	Depreciation	Disposal / Write off	As at December 31, 2018		
	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	2,927,548	62,211	-	2,989,759	(2,679,602)	(196,383)	-	(2,875,985)	247,946	113,774
Furniture and fixtures	4,455,947	-	-	4,455,947	(4,246,231)	(207,335)	-	(4,453,566)	209,716	2,381
Vehicles	8,167,825	-	-	8,167,825	(2,760,248)	(1,182,916)	-	(3,943,164)	5,407,577	4,224,661
<b>Total</b>	<b>17,935,320</b>	<b>62,211</b>	<b>-</b>	<b>17,997,531</b>	<b>(10,459,579)</b>	<b>(1,586,634)</b>	<b>-</b>	<b>(12,046,213)</b>	<b>7,475,741</b>	<b>5,951,318</b>

	Separate financial statements									
	Cost				Accumulated depreciation				Beginning balance of premises and equipment - net as at January 1, 2017	Ending balance of premises and equipment - net as at December 31, 2017
	As at January 1, 2017	Increase	Disposal / Write off	As at December 31, 2017	As at January 1, 2017	Depreciation	Disposal / Write off	As at December 31, 2017		
	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	2,894,208	62,531	(29,191)	2,927,548	(2,494,570)	(214,222)	29,190	(2,679,602)	399,638	247,946
Furniture and fixtures	4,455,947	-	-	4,455,947	(3,938,707)	(307,524)	-	(4,246,231)	517,240	209,716
Vehicles	8,707,825	5,760,000	(6,300,000)	8,167,825	(8,618,623)	(441,624)	6,299,999	(2,760,248)	89,202	5,407,577
<b>Total</b>	<b>18,441,980</b>	<b>5,822,531</b>	<b>(6,329,191)</b>	<b>17,935,320</b>	<b>(15,825,398)</b>	<b>(963,370)</b>	<b>6,329,189</b>	<b>(10,459,579)</b>	<b>2,616,582</b>	<b>7,475,741</b>

As at December 31, 2018 and 2017, certain premises and equipment of the Group at cost of Baht 67.29 million and Baht 56.38 million, respectively, were fully depreciated but still in use (Company: Baht 9.91 million and Baht 7.79 million, respectively).

### 13. INTANGIBLE ASSETS

Intangible assets as at December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements										
	Cost					Accumulated amortization				Beginning balance of intangible assets - net as at January 1, 2018	Ending balance of intangible assets - net as at December 31, 2018
	As at January 1, 2018	Increase	Write off	Transfer in/ (transfer out)	As at December 31, 2018	As at January 1, 2018	Amortization	Write off	As at December 31, 2018		
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
<b>Purchase/subsequently acquire</b>											
Computer software	71,211,734	583,206	-	18,301,099	90,096,039	(58,233,847)	(6,636,809)	-	(64,870,656)	12,977,887	25,225,383
Computer software in process	25,646,861	35,000	-	(18,301,099)	7,380,762	-	-	-	-	25,646,861	7,380,762
Bancassurance agreement	100,000,000	-	-	-	100,000,000	(71,584,995)	(9,991,787)	-	(81,576,782)	28,415,005	18,423,218
<b>Total</b>	<b>196,858,595</b>	<b>618,206</b>	<b>-</b>	<b>-</b>	<b>197,476,801</b>	<b>(129,818,842)</b>	<b>(16,628,596)</b>	<b>-</b>	<b>(146,447,438)</b>	<b>67,039,753</b>	<b>51,029,363</b>

	Consolidated financial statements										
	Cost					Accumulated amortization				Beginning balance of intangible assets - net as at January 1, 2017	Ending balance of intangible assets - net as at December 31, 2017
	As at January 1, 2017	Increase	Write off	Transfer in/ (transfer out)	As at December 31, 2017	As at January 1, 2017	Amortization	Write off	As at December 31, 2017		
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
<b>Purchase/subsequently acquire</b>											
Computer software	74,709,942	433,827	(9,993,080)	6,061,045	71,211,734	(65,224,558)	(3,002,271)	9,992,982	(58,233,847)	9,485,384	12,977,887
Computer software in process	27,266,905	4,441,001	-	(6,061,045)	25,646,861	-	-	-	-	27,266,905	25,646,861
Bancassurance agreement	100,000,000	-	-	-	100,000,000	(61,593,208)	(9,991,787)	-	(71,584,995)	38,406,792	28,415,005
<b>Total</b>	<b>201,976,847</b>	<b>4,874,828</b>	<b>(9,993,080)</b>	<b>-</b>	<b>196,858,595</b>	<b>(126,817,766)</b>	<b>(12,994,058)</b>	<b>9,992,982</b>	<b>(129,818,842)</b>	<b>75,159,081</b>	<b>67,039,753</b>

	Separate financial statements								
	Cost				Accumulated amortization			Beginning balance of intangible assets - net as at January 1, 2018	Ending balance of intangible assets - net as at December 31, 2018
	As at January 1, 2018	Increase	Transfer in (transfer out)	As at December 31, 2018	As at January 1, 2018	Amortization	As at December 31, 2018		
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
<b>Purchase/subsequently acquire</b>									
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, 2017	Ending balance of intangible assets - net as at December 31, 2017
	As at January 1, 2017	Increase	Transfer in (transfer out)	As at December 31, 2017	As at January 1, 2017	Amortization	As at December 31, 2017		
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
<b>Purchase/subsequently acquire</b>									
Computer software	40,800	-	-	40,800	(40,776)	-	(40,776)	24	24
Total	40,800	-	-	40,800	(40,776)	-	(40,776)	24	24

As at December 31, 2018 and 2017, certain intangible assets of the Group at cost of Baht 53.11 million and Baht 52.83 million, respectively, were fully amortized but still in use (Company : Baht 0.04 million).

#### 14. DEFERRED TAX ASSETS

Deferred tax assets as at December 31, 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Deferred tax assets	228,962,877	167,168,301	44,147,684	6,481,717

Movements of deferred tax assets for the years ended December 31, 2018 and 2017 consisted of tax effects from the following items:

	Consolidated financial statements			
	As at January 1, 2018	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	As at December 31, 2018
	Baht	Baht	Baht	Baht
<b>Deferred tax assets</b>				
Allowance for doubtful accounts				
- Premium due and uncollected	890,249	240,000	-	1,130,249
Allowance for doubtful accounts				
- Other receivable	566,723	-	-	566,723
Unearned premium reserve	86,045,459	16,404,888	-	102,450,347
Unrealized loss on the change in fair value of				
investment in available-for-sale securities	10,260,536	-	41,682,434	51,942,970
Loss reserve - net	46,072,365	1,090,907	-	47,163,272
Incurred but not reported claims	15,366,479	370,740	-	15,737,219
Employee benefit obligations	12,677,762	1,052,431	-	13,730,193
Allowance for impairment of general				
investment	301,424	-	-	301,424
Reinsurance payable	431,500	448,004	-	879,504
	172,612,497	19,606,970	41,682,434	233,901,901
<b>Deferred tax liabilities</b>				
Unrealized gain on the change in value of				
investment in available-for-sale securities	(505,172)	-	505,172	-
Unrealized gain on transfer of investments	(4,939,024)	-	-	(4,939,024)
	(5,444,196)	-	505,172	(4,939,024)
<b>Deferred tax assets, net</b>	167,168,301	19,606,970	42,187,606	228,962,877

	Consolidated financial statements			
	As at January 1, 2017	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	As at December 31, 2017
	Baht	Baht	Baht	Baht
<b>Deferred tax assets</b>				
Allowance for doubtful accounts				
- Premium due and uncollected	890,249	-	-	890,249
Allowance for doubtful accounts				
- Other receivable	566,723	-	-	566,723
Unearned premium reserve	79,616,346	6,429,113	-	86,045,459
Unrealized loss on the change in fair value of				
investment in available-for-sale securities	22,677,381	-	(12,416,845)	10,260,536
Loss reserve - net	56,698,768	(10,626,403)	-	46,072,365
Incurred but not reported claims	15,817,937	(451,458)	-	15,366,479
Employee benefit obligations	10,944,106	853,510	880,146	12,677,762
Allowance for impairment of general				
investment	301,424	-	-	301,424
Reinsurance payable	4,066,528	(3,635,028)	-	431,500
	191,579,462	(7,430,266)	(11,536,699)	172,612,497
<b>Deferred tax liabilities</b>				
Unrealized gain on the change in value of				
investment in available-for-sale securities	(681,133)	-	175,961	(505,172)
Unrealized gain on transfer of investments	(4,939,024)	-	-	(4,939,024)
	(5,620,157)	-	175,961	(5,444,196)
<b>Deferred tax assets, net</b>	185,959,305	(7,430,266)	(11,360,738)	167,168,301



	Separate financial statements			
	As at January 1, 2018	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	As at December 31, 2018
	Baht	Baht	Baht	Baht
<b>Deferred tax assets</b>				
Unrealized loss on the change in fair value of				
investment in available-for-sale securities	10,260,536	-	37,593,749	47,854,285
Employee benefit obligations	858,781	72,218	-	930,999
Allowance for impairment of general				
investment	301,424	-	-	301,424
	11,420,741	72,218	37,593,749	49,086,708
<b>Deferred tax liabilities</b>				
Unrealized gain on transfer of investments				
	(4,939,024)	-	-	(4,939,024)
	(4,939,024)	-	-	(4,939,024)
<b>Deferred tax assets, net</b>	6,481,717	72,218	37,593,749	44,147,684

	Separate financial statements			
	As at January 1, 2017	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	As at December 31, 2017
	Baht	Baht	Baht	Baht
<b>Deferred tax assets</b>				
Unrealized loss on the change in fair value of				
investment in available-for-sale securities	22,677,381	-	(12,416,845)	10,260,536
Employee benefit obligations	1,411,536	(712,464)	159,709	858,781
Allowance for impairment of general				
investment	301,424	-	-	301,424
	24,390,341	(712,464)	(12,257,136)	11,420,741
<b>Deferred tax liabilities</b>				
Unrealized gain on transfer of investments				
	(4,939,024)	-	-	(4,939,024)
	(4,939,024)	-	-	(4,939,024)
<b>Deferred tax assets, net</b>	19,451,317	(712,464)	(12,257,136)	6,481,717

Income tax expense for the years ended December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Income tax expense from taxable income per income tax return	66,719,026	14,592,490	802,427	1,254,537
Deferred tax expenses relating to the origination and reversal of temporary differences	(19,606,970)	7,430,266	(72,218)	712,464
<b>Income tax expense per the statements of profit or loss and other comprehensive income</b>	<b>47,112,056</b>	<b>22,022,756</b>	<b>730,209</b>	<b>1,967,001</b>

Reconciliation of effective tax rate for the years ended December 31, 2018 and 2017 are as follows:

	Consolidated financial statements			
	2018		2017	
	Tax Rate	Amount	Tax Rate	Amount
	(%)	(Baht)	(%)	(Baht)
Income before income tax expense		797,360,359		484,932,901
Income tax using the corporation tax rate	20.00	159,472,072	20.00	96,986,580
Tax effect of non-deductible expenses (benefits)	(14.09)	(112,360,016)	(15.46)	(74,963,824)
<b>Income tax expense per the statements of profit or loss and other comprehensive income</b>	<b>5.91</b>	<b>47,112,056</b>	<b>4.54</b>	<b>22,022,756</b>

	Separate financial statements			
	2018		2017	
	Tax Rate	Amount	Tax Rate	Amount
	(%)	Baht	(%)	Baht
Income before income tax expense		394,205,505		435,752,901
Income tax using the corporation tax rate	20.00	78,841,101	20.00	87,150,580
Tax effect of non-deductible expenses (benefits)	(19.81)	(78,110,892)	(19.55)	(85,183,579)
<b>Income tax expense per the statements of profit or loss and other comprehensive income</b>	<b>0.19</b>	<b>730,209</b>	<b>0.45</b>	<b>1,967,001</b>

## 15. OTHER ASSETS

Other assets as at December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Other receivables	12,358,709	17,489,219	-	-
<u>Less</u> Allowance for doubtful accounts	(2,833,615)	(2,833,615)	-	-
	9,525,094	14,655,604	-	-
Revenue Department receivable	8,862,972	30,069,359	1,128,325	575,624
Refundable corporate income tax	13,826,983	13,826,983	-	-
Prepaid expenses	9,985,662	9,000,909	1,147,460	339,606
Due from rice field insurance scheme	10,499,920	20,975,483	-	-
Receivable from sale of securities	19,438,686	-	17,310,381	-
Others	10,706,536	10,988,409	3,502,151	7,006,037
Total other assets	82,845,853	99,516,747	23,088,317	7,921,267

## 16. INSURANCE CONTRACT LIABILITIES

Insurance contract liabilities as at December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements		
	As at December 31, 2018		
	Insurance contract liabilities	Reinsurance liabilities (see Note 7)	Net
	Baht	Baht	Baht
Loss reserves			
Loss incurred and agreed	650,631,275	(412,976,971)	237,654,304
Loss incurred but not reported	114,756,048	(36,069,954)	78,686,094
	765,387,323	(449,046,925)	316,340,398
Premium reserve			
Unearned Premium reserve	1,679,388,839	(621,263,266)	1,058,125,573
Total	2,444,776,162	(1,070,310,191)	1,374,465,971

	Consolidated financial statements		
	As at December 31, 2017		
	Insurance contract liabilities	Reinsurance liabilities (see Note 7)	Net
	Baht	Baht	Baht
Loss reserves			
Loss incurred and agreed	560,141,842	(326,882,217)	233,259,625
Loss incurred but not reported	117,027,807	(40,195,412)	76,832,395
	677,169,649	(367,077,629)	310,092,020
Premium reserve			
Unearned Premium reserve	1,391,825,555	(524,960,285)	866,865,270
Total	2,068,995,204	(892,037,914)	1,176,957,290

## 16.1 Insurance reserve for short term insurance contract

### 16.1.1 Loss reserves

Loss reserves as at December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements		
	2018		
	Gross	Reinsurance	Net
	Baht	Baht	Baht
Balance as at beginning year	677,169,649	(367,077,629)	310,092,020
Loss incurred and loss adjustment expenses during the year	1,471,680,175	(739,478,802)	732,201,373
Changing on estimated loss and assumptions used in			
calculating loss reserve	(31,914,990)	30,352,430	(1,562,560)
Loss paid during the year	(1,351,547,511)	627,157,076	(724,390,435)
Balance as at ending year	765,387,323	(449,046,925)	316,340,398

	Consolidated financial statements		
	2017		
	Gross	Reinsurance	Net
	Baht	Baht	Baht
Balance as at beginning year	819,102,719	(454,209,715)	364,893,004
Loss incurred and loss adjustment expenses during the year	1,475,254,921	(685,567,921)	789,687,000
Changing on estimated loss and assumptions used in			
calculating loss reserve	(86,673,882)	85,563,658	(1,110,224)
Loss paid during the year	(1,530,514,109)	687,136,349	(843,377,760)
Balance as at ending year	677,169,649	(367,077,629)	310,092,020

## 16.1.2 Unearned premium reserve

	Consolidated financial statements		
	2018		
	Gross	Reinsurance	Net
	Baht	Baht	Baht
As at January 1,	1,391,825,555	(524,960,285)	866,865,270
Premium written for the year	3,396,369,722	(1,435,936,031)	1,960,433,691
Earned premium for the year	(3,108,806,438)	1,339,633,050	(1,769,173,388)
As at December 31,	1,679,388,839	(621,263,266)	1,058,125,573

	Consolidated financial statements		
	2017		
	Gross	Reinsurance	Net
	Baht	Baht	Baht
As at January 1,	1,430,785,906	(596,066,203)	834,719,703
Premium written for the year	2,953,655,613	(1,266,311,577)	1,687,344,036
Earned premium for the year	(2,992,615,964)	1,337,417,495	(1,655,198,469)
As at December 31,	1,391,825,555	(524,960,285)	866,865,270

## 16.1.3 Unexpired risk reserve

As at December 31, 2018, no additional reserve for unexpired risk reserve has been established as the unexpired risk reserve estimated by the Group amounting to Baht 800.00 million gross and Baht 614.83 million net of reinsurance (As at December 31, 2017 : Baht 759.41 million and Baht 532.23 million, respectively), is lower than the unearned premium reserve.

## 16.2 Claims development tables

## 16.2.1 Analysis of claims development - gross

As at December 31, 2018

Unit: Baht

Accident year/ reported year	2014	2015	2016	2017	2018	Total
Estimate of ultimates :						
- End of accident year	1,212,296,655	1,254,927,855	1,577,788,345	1,475,254,921	1,471,680,175	
- One year later	1,348,431,604	1,354,581,249	1,495,751,219	1,421,699,758		
- Two year later	1,297,549,606	1,345,364,241	1,485,429,012			
- Three year later	1,260,772,359	1,359,655,800				
- Four year later	1,250,171,970					
Absolute estimated loss						
reserve and outstanding claim	1,250,171,970	1,359,655,800	1,485,429,012	1,421,699,758	1,471,680,175	6,989,636,715
Accumulative claim paid	(1,222,617,736)	(1,269,884,711)	(1,480,765,162)	(1,371,522,402)	(895,903,470)	(6,240,693,481)
Total Loss reserves	27,554,234	89,771,089	4,663,850	50,177,356	575,776,705	747,943,234
Loss reserves before year 2014						17,444,089
Total Loss reserves						765,387,323

As at December 31, 2017

Unit: Baht

Accident year/ reported year	2013	2014	2015	2016	2017	Total
Estimate of ultimates :						
- End of accident year	1,416,734,959	1,212,296,655	1,254,927,855	1,577,788,345	1,475,254,921	
- One year later	1,497,057,339	1,348,431,604	1,354,581,249	1,495,751,219		
- Two year later	1,462,331,512	1,297,549,606	1,345,364,241			
- Three year later	1,385,429,508	1,260,772,359				
- Four year later	1,385,744,558					
Absolute estimated loss						
reserve and outstanding claim	1,385,744,558	1,260,772,359	1,345,364,241	1,495,751,219	1,475,254,921	6,962,887,298
Accumulative claim paid	(1,378,001,335)	(1,205,581,583)	(1,265,582,357)	(1,453,581,123)	(1,003,060,662)	(6,305,807,060)
Total Loss reserves	7,743,223	55,190,776	79,781,884	42,170,096	472,194,259	657,080,238
Loss reserves before year 2013						20,089,411
Total Loss reserves						677,169,649

## 16.2.2 Analysis of claims development - net

As at December 31, 2018

Unit: Baht

Accident year/ reported year	2014	2015	2016	2017	2018	Total
Estimate of ultimates :						
- End of accident year	768,730,145	776,824,943	937,638,433	789,687,000	732,201,373	
- One year later	827,187,455	843,209,923	910,224,015	755,132,564		
- Two year later	802,549,106	839,193,110	903,888,981			
- Three year later	803,571,388	842,613,661				
- Four year later	803,279,080					
Absolute estimated loss						
reserve and outstanding claim	803,279,080	842,613,661	903,888,981	755,132,564	732,201,373	4,037,115,659
Accumulative claim paid	(798,761,562)	(813,318,662)	(901,835,021)	(733,993,717)	(478,186,897)	(3,726,095,859)
Total Loss reserves	4,517,518	29,294,999	2,053,960	21,138,847	254,014,476	311,019,800
Loss reserves before year 2014						5,320,598
Total Loss reserves						316,340,398



As at December 31, 2017

Unit: Baht

Accident year/ reported year	2013	2014	2015	2016	2017	Total
Estimate of ultimates :						
- End of accident year	831,008,228	768,730,145	776,824,943	937,638,433	789,687,000	
- One year later	915,914,174	827,187,455	843,209,923	910,224,015		
- Two year later	887,549,891	802,549,106	839,193,110			
- Three year later	885,718,931	803,571,388				
- Four year later	886,603,163					
Absolute estimated loss						
reserve and outstanding claim	886,603,163	803,571,388	839,193,110	910,224,015	789,687,000	4,229,278,676
Accumulative claim paid	(884,831,421)	(798,644,921)	(811,308,236)	(890,628,308)	(539,117,940)	(3,924,530,826)
Total Loss reserves	1,771,742	4,926,467	27,884,874	19,595,707	250,569,060	304,747,850
Loss reserves before year 2013						5,344,170
Total Loss reserves						310,092,020

## 17. DUE TO REINSURERS

Due to reinsurers as at December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements	
	2018	2017
	Baht	Baht
Premium ceded payables	523,912,151	418,789,363
Amount withheld on reinsurance	154,419,687	249,069,496
Total due to reinsurers	678,331,838	667,858,859

## 18. EMPLOYEE BENEFIT OBLIGATIONS

The Group operates post-employment benefit plans under the Labor Protection Act, which are considered as unfunded defined benefits plans.

Movements in the present value of the employee benefit obligations as at December 31, 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Present value of obligation at the beginning of the years	86,823,217	79,070,596	4,293,904	7,057,680
Current service cost of the years	8,693,209	8,683,866	316,153	768,044
Interest cost	2,052,152	1,682,128	96,180	103,036
Actuarial loss	-	4,400,728	-	798,545
Benefit paid during the years	(7,597,000)	(7,014,101)	-	(4,433,401)
Transfer benefit to subsidiary company	-	-	(51,241)	-
Present value of obligation at the ending of the years	89,971,578	86,823,217	4,654,996	4,293,904

The expenses that were recorded in the statement of profit or loss and other comprehensive income for employee benefit obligations for the years ended December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Current service cost	8,693,209	8,683,866	316,153	768,044
Interest cost	2,052,152	1,682,128	96,180	103,036
Actuarial (gain) loss				
- From financial assumptions changes	-	(577,091)	-	(19,005)
- From demographic assumptions changes	-	5,565,075	-	124,508
- From experience adjustments	-	(587,256)	-	693,042
Total employee benefit expenses	10,745,361	14,766,722	412,333	1,669,625

For the years ended December 31, 2018 and 2017, the Group recognized actuarial loss in the consolidated statement of profit or loss and other comprehensive income as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Actuarial loss	-	4,400,728	-	798,545
Deferred tax	-	(880,146)	-	(159,709)
Actuarial loss on defined employee benefit plans				
- net of income tax	-	3,520,582	-	638,836

The Group calculated employee benefit obligations by an actuary using the projected unit credit cost method. The assumptions consisted of the following:

	The Company		The subsidiary	
	2018	2017	2018	2017
Financial assumptions				
Discount rate (%)	2.24	2.24	2.37	2.37
Expected rate of salary increase (%)	5	5	5	5
Demographic assumptions				
Turnover rate (%) subject to range of age of employees	3, 10, 17	3, 10, 17	3, 10, 17	3, 10, 17
Retirement age (years)	60	60	60	60

## Significant Actuarial Assumptions - Impact on increase (decrease) in Defined Benefit Obligation

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Financial assumptions				
Discount rate - 1% increase	(8,245,262)	(7,909,920)	(275,891)	(279,892)
Discount rate - 1% decrease	9,483,336	9,119,845	301,414	307,989
Expected rate of salary - 1% increase	9,995,059	8,678,532	349,924	295,046
Expected rate of salary - 1% decrease	(8,834,791)	(7,700,355)	(325,879)	(273,986)
Demographic assumptions				
Turnover rate - 1% increase	(8,621,672)	(8,273,002)	(285,784)	(290,128)
Turnover rate - 1% decrease	2,476,217	2,493,617	3,975	14,419
Life expectancy - 1 year increase	467,211	444,222	12,488	12,195
Life expectancy - 1 year decrease	(464,368)	(441,501)	(12,452)	(12,195)

The sensitivity analysis presented above may not be representative of the actual change in the employee benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the employee benefit obligations at the end of the report period have been calculated using the Projected Unit Credit Method, which is the same as that applied in calculating the post-employment benefit obligations liability recognized in the statement of financial position.

Maturity analysis of the benefit payments of the post-employment benefits obligation as at December 31, 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Within 1 year	1,741,223	7,011,376	-	-
Over 1 to 5 years	23,373,365	19,597,426	735,000	700,000
Over 5 years	64,856,990	60,214,415	3,919,996	3,593,904
Total	89,971,578	86,823,217	4,654,996	4,293,904

On December 13, 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labor Protection Act, which is in the process of being announced in the Royal Gazette. The new Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered an amendment to post-employment benefits plan. The Company and its subsidiary will reflect the effect of such change by recognizing past service cost as an expense in the income statement of the period in which the law is effective.

## 19. OTHER LIABILITIES

Other liabilities as at December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Other payables - promotion expense	38,209,288	26,245,481	-	-
Amount received in advance - premium	41,107,006	23,912,531	-	-
Payable from purchase of securities	1,977,333	15,242,115	981,610	15,242,115
Revenue Department payable	8,079,044	6,934,042	681,061	656,050
Undue output VAT	2,107,300	1,797,639	-	-
Others	19,811,451	14,487,444	-	-
<b>Total other liabilities</b>	<b>111,291,422</b>	<b>88,619,252</b>	<b>1,662,671</b>	<b>15,898,165</b>

## 20. SHARE CAPITAL

- 20.1 On April 20, 2018, the Annual general meeting of Shareholders of the Company passed resolutions to decrease its registered share capital from the amount of Baht 500 million to Baht 250 million by cancelling the registered shares that have not yet been sold, 250 ordinary shares at the par value of Baht 1.00 each. The Company registered the decrease of its share capital with Ministry of Commerce on April 24, 2018.
- 20.2 On April 20, 2018, the Annual general meeting of Shareholders of the Company passed resolutions to increase its registered share capital from the amount of Baht 250 million to Baht 375 million by issuing new 125 million ordinary shares at the par value of Baht 1.00 each, to support the exercise of the AYUD-W1. The Company registered the increase of its share capital with Ministry of Commerce on April 25, 2018.
- 20.3 On June 15, 2018, the Company's issued and fully paid share capital has been increased from Baht 250 million (250 million ordinary shares with a par value of Baht 1 each) to Baht 293.91 million (293.91 million ordinary shares with a par value of Baht 1 each) as a result of the exercises of the warrants (AYUD-W1) to ordinary shares amounting to Baht 43.91 million (43.91 million ordinary shares with a value of Baht 1 each), resulting in an increase in total share premium to Baht 1,668.40 million. The Company registered the corresponding increase in its paid-up capital with the Ministry of Commerce on June 25, 2018.
- 20.4 On November 13, 2018, the Extraordinary general meeting of Shareholders of the Company passed resolutions to increase its registered share capital from the amount of Baht 375 million to Baht 463.47 million by issuing new 88.47 million ordinary shares at the par value of Baht 1.00 each, for the offering for sale to Allianz SE and CPRN (Thailand) Limited, The Company registered the increase of its share capital with Ministry of Commerce on November 23, 2018.
- 20.5 On December 17, 2018, the Company's issued and fully paid share capital has been increased from Baht 293.91 million (293.91 million ordinary shares with a par value of Baht 1 each) to Baht 296.42 million (296.42 million ordinary shares with a par value of Baht 1 each) as a result of the exercises of the warrants (AYUD-W1) to ordinary shares amounting to Baht 2.51 million (2.51 million ordinary shares with a value of Baht 1 each), resulting in an increase in total share premium to Baht 95.44 million. The Company registered the corresponding increase in its paid-up capital with the Ministry of Commerce on December 21, 2018.

## 21. WARRANTS

The Company allocated and issued warrants to purchase ordinary shares, which is specified warrant's holder and transferable type, of Sri Ayudhya Capital Public Company Limited. Terms of warrants are 2 years from initial issuance date. Exercise ratio is 1 warrant will be entitled to purchase 1 newly issued ordinary share at the determined exercise price (subject to change in case of the adjustment to the terms and conditions) and shall be able to exercise the warrants as identified period. The details of warrants are described as follows:

Warrant Series	Term	Exercise date	Exercise Period	Number of Allocated and Issued warrants (Unit)	Exercise ratio Per 1 warrant	Exercise price (Baht per share)
"AYUD-W1"	2 Years	April 27, 2018	On June 15 and December 15 every year throughout the term of warrants. The first exercise date is June 15, 2018 and the last exercise date is May 8, 2020.	124,999,807	1:1	39.00

Movements in warrants for the years ended December 31, 2018 and 2017 were as follows:

	2018		2019	
	Number of warrants (Unit)	Weighted average exercise price (Baht per share)	Number of warrants (Unit)	Weighted average exercise price (Baht per share)
Balance as at January 1,	-	-	-	-
Issued warrants	124,999,807	39.00	-	-
Forfeited warrants	-	-	-	-
Exercised warrants	(46,416,925)	39.00	-	-
Balance as at December 31,	78,582,882	39.00	-	-

As at December 31, 2018, the outstanding warrants of AYUD-W1 to purchase ordinary shares of the Company are 78,582,882 units. A weighted average exercise price is Baht 39 per share. A weighted average remaining warrants life is at 1.35 years. (As at December 31, 2017 : Nil)

## 22. LEGAL RESERVE

Pursuant to the Public Limited Companies Act B.E. 2535, the Group must allocate to a reserve fund from the annual net profit of 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. Such reserve fund is not available for distribution as dividend.

As at December 31, 2018 and 2017, the Company already had legal reserve of not less than 10% of the authorized capital.

## 23. FINANCIAL INFORMATION BY SEGMENT

The business segment results are prepared based on the Management of the Group. 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 Group 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, 2018 and 2017, there was no revenue from a single external customer contributed 10% or more to the Group's total revenue.

The financial information of the Group for the years ended December 31, 2018 and 2017 were presented by business segment as follows:

Unit: Baht

	Consolidated financial statements							
	For the years ended December 31,							
	Non-life insurance business		Investment business		Elimination of inter-segment		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenue from external	2,293,467,006	2,071,697,983	448,719,990	493,649,782	(341,981,349)	(387,941,826)	2,400,205,647	2,177,405,939
Share of profit on investment								
in an associate	-	-	507,683,013	331,678,207	-	-	507,683,013	331,678,207
Other income	3,462,420	2,860,828	16,670,662	25,710,905	(17,270,662)	(24,614,102)	2,862,420	3,957,631
<b>Total revenues</b>	<b>2,296,929,426</b>	<b>2,074,558,811</b>	<b>973,073,665</b>	<b>851,038,894</b>	<b>(359,252,011)</b>	<b>(412,555,928)</b>	<b>2,910,751,080</b>	<b>2,513,041,777</b>
Insurance business expenses	1,753,627,784	1,680,120,687	-	-	-	-	1,753,627,784	1,680,120,687
Directors and key management								
personnel's remuneration	45,528,715	39,539,812	20,657,523	28,284,081	-	-	66,186,238	67,823,893
Other expenses	260,319,737	249,454,693	50,527,624	55,323,705	(17,270,662)	(24,614,102)	293,576,699	280,164,296
Income tax expense	46,381,847	20,055,755	730,209	1,967,001	-	-	47,112,056	22,022,756
<b>Net income</b>	<b>191,071,343</b>	<b>85,387,864</b>	<b>901,158,309</b>	<b>765,464,107</b>	<b>(341,981,349)</b>	<b>(387,941,826)</b>	<b>750,248,303</b>	<b>462,910,145</b>

Assets and liabilities of the Group as at December 31, 2018 and 2017 were presented by business segment as follows:

Unit: Baht

	Consolidated financial statements							
	As at December 31,							
	Non-life insurance business		Investment business		Elimination of inter-segment		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
<b>Total Assets</b>	<b>5,887,690,338</b>	<b>5,250,479,330</b>	<b>7,278,233,246</b>	<b>5,828,414,420</b>	<b>(20,331,282)</b>	<b>(23,922,777)</b>	<b>13,145,592,302</b>	<b>11,054,970,973</b>
<b>Total Liabilities</b>	<b>3,850,432,481</b>	<b>3,331,917,389</b>	<b>28,188,722</b>	<b>33,667,800</b>	<b>(982,025)</b>	<b>(4,573,520)</b>	<b>3,877,639,178</b>	<b>3,361,011,669</b>



## 24. OPERATING EXPENSES

Operating expenses for the years ended December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Employee benefit expenses, excluded underwriting and loss adjustment expenses	151,022,529	129,155,783	20,838,327	30,092,628
Premises and equipment expense, excluded underwriting expenses	110,441,376	114,649,528	8,643,817	7,884,329
Taxes and duties	1,281,831	1,498,909	30,775	32,355
Bad debt and allowance for doubtful accounts	1,543,819	-	-	-
Directors' remuneration	16,374,346	16,559,355	11,142,767	11,312,880
Marketing and promotion expenses	12,291,793	14,377,742	-	-
Other operating expense	66,807,243	71,746,872	30,529,461	34,285,594
<b>Total operating expenses</b>	<b>359,762,937</b>	<b>347,988,189</b>	<b>71,185,147</b>	<b>83,607,786</b>

## 25. EMPLOYEE EXPENSES

Employee expenses for the years ended December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Salary and wage	212,158,161	199,136,438	15,455,448	17,885,336
Social fund expenses	3,697,727	3,700,929	48,750	65,250
Employee benefit expenses	10,745,361	10,365,994	412,333	871,080
Provident fund (see Note 32)	10,941,886	10,794,335	188,357	607,386
Other benefits	77,144,457	64,688,005	4,733,439	10,663,576
<b>Total employee expenses</b>	<b>314,687,592</b>	<b>288,685,701</b>	<b>20,838,327</b>	<b>30,092,628</b>

## 26. GAIN ON INVESTMENT

Gain on investment for the years ended December 31, 2018 and 2017 consisted of the following:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Gain on sale of investment in available-for-sale securities				
- ordinary shares	31,356,565	27,574,014	30,706,052	27,574,014
- unit trusts	37,182,142	26,295,916	37,182,142	26,295,916
Loss on sale of investment in held-for-trading securities				
- ordinary shares	(6,363,492)	-	(1,831,184)	-
<b>Total gain on investment in securities</b>	<b>62,175,215</b>	<b>53,869,930</b>	<b>66,057,010</b>	<b>53,869,930</b>

## 27. EFFECT FROM INCOME TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME

Effect from income tax relating to components of other comprehensive income for the years ended December 31, 2018 and 2017, are as follows:

	Consolidated financial statements					
	2018			2017		
	Before tax	Benefit (expense) of tax	Net of tax	Before tax	Benefit (expense) of tax	Net of tax
	Baht	Baht	Baht	Baht	Baht	Baht
<b>Item that will not be reclassified subsequently</b>						
<b>to profit or loss</b>						
Actuarial loss on deficit employee benefit plans	-	-	-	(4,400,728)	880,146	(3,520,582)
Share of other comprehensive income						
(loss) in an associate	(1,761,007)	352,161	(1,408,846)	(1,600,947)	320,189	(1,280,758)
<b>Item that will be reclassified subsequently</b>						
<b>to profit or loss</b>						
Gain (loss) on revaluation of available-for-sale securities	(210,938,029)	42,187,606	(168,750,423)	61,204,421	(12,240,884)	48,963,537
Share of other comprehensive income						
(loss) in an associate	(752,135,576)	156,209,211	(595,926,365)	735,354,361	(153,280,411)	582,073,950
Total	(964,834,612)	198,748,978	(766,085,634)	790,557,107	(164,320,960)	626,236,147

	Separate financial statements					
	2018			2017		
	Before tax	Benefit (expense) of tax	Net of tax	Before tax	Benefit (expense) of tax	Net of tax
	Baht	Baht	Baht	Baht	Baht	Baht
<b>Item that will not be reclassified subsequently</b>						
<b>to profit or loss</b>						
Actuarial loss on deficit employee benefit plans	-	-	-	(798,545)	159,709	(638,836)
<b>Item that will be reclassified subsequently</b>						
<b>to profit or loss</b>						
Gain (loss) on revaluation of available-for-sale securities	(187,968,745)	37,593,749	(150,374,996)	62,084,223	(12,416,845)	49,667,378
Total	(187,968,745)	37,593,749	(150,374,996)	61,285,678	(12,257,136)	49,028,542

## 28. BASIC EARNINGS PER SHARE

Basic earnings per share for the years ended December 31, 2018 and 2017 were as follows:

	Consolidated financial statements					
	For the years ended December 31,					
	Profit		Weighted average number of ordinary shares		Earnings per share	
	2018	2017	2018	2017	2018	2017
	Baht	Baht	shares	shares	Baht	Baht
<b>Basic earnings per share</b>						
Profit attributable to shareholders of the Company	750,248,303	462,910,145	272,930,470	250,000,000	2.75	1.85
<b>Effect of dilutive potential ordinary shares</b>						
Warrants (AYUD-W1)	-	-	43,059,113	-		
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	750,248,303	462,910,145	315,989,583	250,000,000	2.37	1.85

	Separate financial statements					
	For the years ended December 31,					
	Profit		Weighted average number of ordinary shares		Earnings per share	
	2018	2017	2018	2017	2018	2017
	Baht	Baht	shares	shares	Baht	Baht
<b>Basic earnings per share</b>						
Profit attributable to shareholders of the Company	393,475,296	433,785,900	272,930,470	250,000,000	1.44	1.74
<b>Effect of dilutive potential ordinary shares</b>						
Warrants (AYUD-W1)	-	-	43,059,113	-		
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	393,475,296	433,785,900	315,989,583	250,000,000	1.25	1.74

## 29. 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:

<b>Companies</b>	<b>Relationship</b>	<b>Type of Business</b>
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	Finance
Krungsri Asset Management Co., Ltd.	Some common shareholders	Fund Management
Ayudhya Development Leasing Co., Ltd.	Some common shareholders	Hire-purchase and 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
Super Asset Co., Ltd.	Some common shareholders and directors	Investments
BBTV Equity Co., Ltd.	Some common shareholders and directors	Office Space Rental
CKS Holding Co., Ltd.	Some common shareholders and directors	Investments
Allianz Ayudhya Assurance Plc.	Some common shareholders and directors	Life Insurance
Grand Canal Land Plc.	Some common shareholders and directors	Advertising
Krungsri Ayudhya AMC Ltd.	Some common shareholders	Asset Management
Siam Realty and Services Security Co., Ltd.	Some common shareholders	Services
Ayudhya Capital Auto Lease Plc.	Some common shareholders	Hire-purchase and auto leasing
Krungsri Factoring Co., Ltd.	Some common shareholders	Factoring
Krungsriayudhya Card Co., Ltd.	Some common shareholders	Services
Eastern Star Real Estate Plc.	Some common shareholders and directors	Property
Tummy Tech Co., Ltd.	Some common directors	Consulting
Khao Kheow Country Club Co., Ltd.	Some common directors	Golf club
Nirvana Co.,Ltd.	Some common directors	Training and Computer Sales

## 29.1 Investment

As at December 31, 2018

Company	Consolidated financial statements	
	Investment	Dividend
	Baht	Baht
<b>Investment – ordinary shares</b>		
Siam City Cement Plc.	2,040,000	-

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	754,719,011	-
- Krungsri Cash Management Fund	2,128,685,817	-
- Krungsri Star Equity Dividend Fund	20,287,560	5,571,634
- Krungsri Dividend Stock Fund	125,223,979	13,674,920
- Krungsri Flexible Dividend Fund	58,537,367	13,361,590
- Krungsri Financial Focus Dividend Fund	6,461,042	944,576
- Krungsri Global High Payout Fund	19,637,635	-
- Krungsri Europe Equity Fund	14,846,394	-
- Krungsri Global Small-Mid Cap Equity Dividend Fund	7,768,966	246,306
- Krungsri Global Healthcare Equity Dividend Fund	33,893,286	2,309,216
	<b>3,170,061,057</b>	<b>36,108,242</b>

As at December 31, 2017

Company	Consolidated and Separate financial statements	
	Investment	Dividend
	Baht	Baht

**Investment - ordinary shares**

Siam City Cement Plc	-	103,414
----------------------	---	---------

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	159,010,866	-
- Krungsri Smart Fixed Income Fund	985,926,171	-
- Krungsri Star Equity Dividend Fund	31,892,634	2,615,535
- Krungsri Dividend Stock Fund	153,961,824	14,358,666
- Krungsri Dynamic Dividend Fund	16,466,280	1,128,000
- Krungsri Flexible Dividend Fund	82,040,964	2,960,352
- Krungsri Financial Focus Dividend Fund	8,370,302	1,538,514
- Krungsri Global High Payout Fund	22,806,502	-
- Krungsri Europe Equity Fund	18,297,686	-
- Krungsri Global Small-Mid Cap Equity Dividend Fund	10,389,557	443,350
- Krungsri Global Healthcare Equity Dividend Fund	37,708,573	2,309,216
	<u>1,526,871,359</u>	<u>25,353,633</u>



29.2 Significant balances and transactions were as follows:

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Deposits at financial institution				
Bank of Ayudhya Plc.	566,960,986	643,460,030	145,345,834	195,087,627
Premium due and uncollected				
Bank of Ayudhya Plc.	4,937,668	719,701	-	-
Krungsri Securities Plc.	33,835	-	-	-
Siam City Cement Plc.	611,891	1,497,431	-	-
Krungsri Asset Management Co., Ltd.	35,859	-	-	-
Bangkok Broadcasting & T.V. Co., Ltd.	340,476	100,689	-	-
Allianz Ayudhya Assurance Plc.	51,112	24,718	-	-
Grand Canal Land Plc.	-	241,713	-	-
Siam Realty and Services Security Co., Ltd.	111,408	64,556	-	-
Ayudhya Capital Auto Lease Plc.	655,160	7,144	-	-
Eastern Star Real Estate Plc.	254,769	19,976	-	-
Khao Kheow Country Club Co., Ltd.	8,940	-	-	-
Krungsriayudhya Card Co., Ltd.	131,203	-	-	-
	7,172,321	2,675,928	-	-
Accrued interest income				
Bank of Ayudhya Plc.	1,315,714	1,132,158	197,392	197,392
Krungsri Securities Plc.	5,080	2,849	-	-
Accrued income				
Sri Ayudhya General Insurance Plc.	-	-	982,023	4,573,520
Rental and facilities deposits				
BBTV Equity Co., Ltd.	6,260,089	6,260,089	1,427,293	1,427,293
Bank of Ayudhya Plc.	2,000	2,000	2,000	2,000
	6,262,089	6,262,089	1,429,293	1,429,293
Deposits for purchase of securities				
Krungsri Securities Plc.	1,007,744	1,000,000	-	-
Premium written received in advance				
Bank of Ayudhya Plc.	7,446,848	8,936,218	-	-
Accrued expense - custodian fee				
Bank of Ayudhya Plc.	42,973	40,726	13,987	15,829
Accrued expense - commissions and brokerages				
Bank of Ayudhya Plc.	13,629,079	11,237,215	-	-
Accrued expense - other underwriting expenses				
Bank of Ayudhya Plc.	24,567,240	18,850,646	-	-
Accrued expense				
Krungsri Asset Management Co.,Ltd.	386,512	-	168,555	-

	Consolidated financial statements	
	For the years ended	
	December 31,	
	2018	2017
	Baht	Baht
Premium written		
Bank of Ayudhya Plc.	16,438,790	14,782,782
Krungsri Securities Plc.	31,493	30,462
Krungsri Asset Management Co., Ltd.	1,381,340	1,266,662
Ayudhya Development Leasing Co., Ltd.	9,494	31,880
Siam City Cement Plc.	49,303,983	46,598,032
Bangkok Broadcasting & T.V. Co., Ltd.	9,499,701	10,003,618
Great Luck Equity Co., Ltd.	34,170	40,624
Super Assets Co., Ltd.	84,423	87,853
BBTV Equity Co., Ltd.	1,025,387	875,711
CKS Holding Co., Ltd.	100,673	73,170
Allianz Ayudhya Assurance Plc.	399,573	424,792
Grand Canal Land Plc.	-	225,000
Krungsri Ayudhya AMC Co., Ltd.	359,403	401,429
Siam Realty and Services Security Co., Ltd.	2,097,509	1,974,032
Ayudhya Capital Auto Lease Plc.	918,206	100,246
Krungsriayudhya Card Co., Ltd.	160,056	75,852
Eastern Star Real Estate Plc.	1,481,494	793,295
Tummy Tech Co., Ltd.	13,456	13,925
Khao Kheow Country Club Co., Ltd.	321,510	-
Nirvana Co.,Ltd.	45,613	-
	83,706,274	77,799,365

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	
	2018	2017
	Baht	Baht
Commissions and brokerages		
Bank of Ayudhya Plc.	173,968,044	154,979,446
Other underwriting expenses		
Bank of Ayudhya Plc.	118,749,497	94,821,037

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		For the years ended	
	December 31,		December 31,	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Interest income				
Bank of Ayudhya Plc.	3,654,749	3,088,251	614,197	508,970
Krungsri Securities Plc.	10,053	2,849	-	-
Management fees				
Sri Ayudhya General Insurance Plc.	-	-	16,670,662	24,074,102

Interest was charged at the same interest rates as the related companies 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		For the years ended	
	December 31,		December 31,	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Custodian fees				
Bank of Ayudhya Plc.	348,951	325,005	67,883	51,007
Brokerage fees				
Krungsri Securities Plc.	1,674,085	392,327	1,058,389	219,021
Management fees				
Krungsri Asset Management Co., Ltd.	471,232	-	253,275	-

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		For the years ended	
	December 31,		December 31,	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Rental and service fees				
BBTV Equity Co., Ltd.	25,127,184	23,811,482	5,796,000	5,506,200
Bank of Ayudhya Plc	3,000	3,000	3,000	3,000
Management fees				
Sri Ayudhya General Insurance Plc.	-	-	600,000	540,000

The Group 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.

The Company enters into a management service agreement with a subsidiary for receiving about services of personnel, internal audit and information technology. Services rates are agreed by both parties which are determined based on estimated time spent and cost incurred for the Company.

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

The Group had salaries, bonuses, directors allowances and other benefits of its directors and key management personnel recognized as expenses for the years ended December 31, 2018 and 2017, as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Directors and key management personnel's remuneration				
Short-term benefits	60,745,591	63,661,935	18,175,642	26,160,509
Post-employment benefits	2,691,522	3,037,310	1,004,148	1,410,905
Directors' remuneration	2,749,125	1,124,648	1,477,733	712,667
	66,186,238	67,823,893	20,657,523	28,284,081

Directors' remuneration for the years ended December 31, 2018 and 2017 were approved by the ordinary shareholders' meeting of the Company held on April 20, 2018 and April 24, 2017, respectively.

Furthermore, directors' remuneration of the subsidiary for the years ended December 31, 2018 and 2017 were approved by the ordinary shareholders' meeting of the subsidiary held on April 2, 2018 and April 17, 2017, respectively.

### 31. DIVIDENDS

31.1 On April 24, 2017, the Annual general meeting of Shareholders of the Company passed a resolution to pay the dividend of Baht 2.00 per share from the operating result of 2016 for 250 million shares, totaling Baht 500 million, of which Baht 1.00 per share totaling Baht 250 million was paid as an interim dividend for the first half year of 2016 on September 13, 2016. Consequently, the dividend remained of Baht 1.00 per share, totaling Baht 250 million was paid on May 8, 2017.

31.2 On August 11, 2017, the Board of Directors' meeting passed a resolution to pay an interim dividend for the operating result from January 1 to June 30, 2017 of Baht 0.75 per share for 250 million shares, totaling Baht 187.50 million. Such dividend was paid on September 8, 2017.

31.3 On August 10, 2018, the Board of Directors' meeting passed a resolution to pay an interim dividend for the operating result from January 1 to January 30, June 2018 of Baht 0.75 Baht per share for 293.91 million shares, totaling Baht 220.43 million. Such dividend was paid on September 7, 2018

### 32. PROVIDENT FUND

The Group have established a contributory registered provident fund, in accordance with the Provident Fund Act B.E. 2530. Under the plan, employees must contribute their basic salaries, with the Group matching the individuals' contributions as follow;

Year of services	Percentage
Less than 5 years	5
5 years and above	7

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, 2018 and 2017, the Group's contributions recorded as expenses were Baht 10.94 million and Baht 10.79 million, respectively (Company: Baht 0.19 million and Baht 0.61 million, respectively) (see Note 25).

### 33. SECURITIES PLEDGED AND ASSETS RESERVED WITH THE REGISTRAR

As at December 31, 2018 and 2017, certain investment in securities of the Group were pledged and used for assets reserved 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. 2557", respectively as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Investment in securities used to secure the facilities collateral with the Office of Insurance Commission				
Securities pledged with the registrar				
Deposits at banks	14,000,000	28,000,000	-	14,000,000
Assets reserved with the registrar				
Government and state enterprise securities	332,415,709	383,972,882	31,504,255	133,031,823
<b>Total investment in securities of pledged</b>	<b>346,415,709</b>	<b>411,972,882</b>	<b>31,504,255</b>	<b>147,031,823</b>

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 surrendered insurance license on 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.

On June 11, 2018, the Company requested to return deposits with the Registrar as amount of Baht 14 million and Government and state enterprise securities with the Registrar as face value amount of Baht 100 million which the Company have already received such securities on June 20, 2018.

### 34. RESTRICTED ASSETS AND COMMITMENT

34.1 As at December 31, 2018 and 2017, the subsidiary has Premium saving certificates amount of Baht 4.50 million and Baht 3.55 million, respectively were used as collateral in case where the insured driver is an alleged offender (see Note 9).

34.2 As at December 31, 2018 and 2017, the Group has the undrawn committed borrowing facilities which is pledged as collateral by deposit at bank of the Group in the same amount of credit limit as follows:

Baht: '000

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Overdraft facilities (see Note 9)	40,000	40,000	20,000
Borrowing facilities (Domestic Bill) (see Note 9)	10,000	10,000	10,000	10,000

### 35. 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, 2018 and 2017 amounting to Baht 56.34 million and Baht 47.93 million, respectively.

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

Long-term leases and service agreements as at December 31, 2018 and 2017 consisted of the following:

Type of leases	Consolidated financial statements		
	As at December 31, 2018		
	Remaining periods		Total rental payments for the remaining periods
	Within 1 year	Over 1 year to 5 years	
	Baht	Baht	Baht
Building			
- related company	7,538,155	1,256,359	8,794,514
- others	8,025,895	6,135,035	14,160,930
Service - related company	7,538,155	1,256,359	8,794,514
Equipment - related company	10,050,874	1,675,146	11,726,020
	33,153,079	10,322,899	43,475,978



Type of leases	Consolidated financial statements		
	As at December 31, 2017		
	Remaining periods		Total rental payments for the remaining periods
	Within 1 year	Over 1 year to 5 years	
Baht	Baht	Baht	
Building			
- related company	7,538,155	8,794,514	16,332,669
- others	6,349,892	6,673,817	13,023,709
Service - related company	7,538,155	8,794,514	16,332,669
Equipment - related company	10,050,874	11,726,019	21,776,893
	31,477,076	35,988,864	67,465,940

Type of leases	Separate financial statements		
	As at December 31, 2018		
	Remaining periods		Total rental payments for the remaining periods
	Within 1 year	Over 1 year to 5 years	
Baht	Baht	Baht	
Building - related company	1,738,800	289,800	2,028,600
Service - related company	1,738,800	289,800	2,028,600
Equipment - related company	2,318,400	386,400	2,704,800
	5,796,000	966,000	6,762,000

Type of leases	Separate financial statements		
	As at December 31, 2017		
	Remaining periods		Total rental payments for the remaining periods
	Within 1 year	Over 1 year to 5 years	
Baht	Baht	Baht	
Building - related company	1,738,800	2,028,600	3,767,400
Service - related company	1,738,800	2,028,600	3,767,400
Equipment - related company	2,318,400	2,704,800	5,023,200
	5,796,000	6,762,000	12,558,000

For the years ended December 31, 2018 and 2017, the Group recorded the rental and service fees under operating agreements as expense in statement of profit or loss and other comprehensive income as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Rental and service fees	33,793,236	31,980,303	5,796,000	5,506,200

### 37. CONTINGENT LIABILITIES AND COMMITMENT

37.1 As at December 31, 2018 and 2017, lawsuits have been brought against the subsidiary, as insurer, from which the subsidiary estimates losses totaling Baht 37.00 million and Baht 24.65 million, respectively. The subsidiary's management believes that such estimation is adequate to losses and does 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 subsidiary's operating results.

37.2 As at December 31, 2018 and 2017, the subsidiary had a capital commitment to pay computer program development expenses in amount of approximately Baht 10.57 million.

### 38. INSURANCE AND FINANCIAL RISK MANAGEMENT

#### 38.1 Insurance risk

##### 38.1.1 Insurance risk management policy

The Group's managements take a responsibility to make a strategic decisions and pre-planned with clear steps to be taken so that the process of translating strategy into implementation is appropriate actionable, timely reaction to change and situatoins.

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 insurance contract liabilities, and underwriting considerations. The Group examines thoroughly the level of risks that is acceptable to take by referring to the insurance underwriting manual and insurance rates included the consideration to ensure that there is no concentrated risk by way of geography or by type of risks. If the risks exceed the defined level, the Group extends the risks to reinsurers by proportional reinsurance.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

The key elements of the Group's insurance risk management framework are as below.

#### 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.

#### Underwriting strategy

The underwriting strategy is set out in an annual Company business plan that establishes the classes of business to be written, the business to be written and the industry sectors to be written. This strategy is cascaded by the business units to individual underwriters through detailed underwriting authorities that set out the limits that any one underwriter can write by line size, class of business risk, scope and industry in order to ensure appropriate risk selection within the portfolio.

#### Reinsurance strategy

The Group has a combination of proportionate and non-proportionate reinsurance treaties. In term of significant exposure loss, reinsurer is responsible for claim as specified in the agreement to limit the net exposure loss to the Group.

The Group sets the minimum security criteria for acceptable reinsurance and monitoring the purchase of reinsurance by the business units against those criteria. The Company's management monitors developments in the reinsurance programme and its ongoing adequacy.

### 38.1.2 Sensitivity analysis

The sensitivity analysis is performed on the net loss reserve and outstanding claims, based on changes in assumptions that may affect the level of liabilities. Effect of risk that changes in assumptions as at December 31, 2018 and 2017 are as follows:

	Consolidated financial statements	
	2018	
	Increase (decrease) in insurance contract liabilities	Increase (decrease) in profit and equity
	Baht	Baht
Gross		
Loss ratio - 10% increase	154,215,678	(154,215,678)
Loss ratio - 10% decrease	(148,944,399)	148,944,399
Net		
Loss ratio - 10% increase	81,447,496	(81,447,496)
Loss ratio - 10% decrease	(76,176,216)	76,176,216

	Consolidated financial statements	
	2017	
	Increase (decrease) in insurance contract liabilities	Increase (decrease) in profit and equity
	Baht	Baht
Gross		
Loss ratio - 10% increase	151,843,464	(151,843,464)
Loss ratio - 10% decrease	(128,888,448)	128,888,448
Net		
Loss ratio - 10% increase	87,812,749	(87,812,749)
Loss ratio - 10% decrease	(72,032,703)	72,032,703

### 38.1.3 Concentration of insurance risks

Concentrations of risk may where a particular event or a series of events could impact heavily upon the Group's insurance contract liabilities.

The Group sets out the total aggregate exposure that it is prepared to accept in relation to general insurance risk concentrations. It monitors these exposures both at the time of underwriting a risk and on a monthly basis by reviewing reports which show the key aggregations to which the Group is exposed. A number of additional stress and scenario tests are run during the year to identify risk concentrations.

The following table shows the Company's exposure to concentration of insurance contract liabilities per category of business.

	Consolidated financial statements				
	Fire	Marine	Motor	Miscellaneous	Total
	Baht	Baht	Baht	Baht	Baht
<b>31 December 2018</b>					
Gross	195,784,471	107,586,430	220,022,636	241,993,786	765,387,323
Net of reinsurance	56,970,494	23,300,623	146,553,110	89,516,171	316,340,398
<b>31 December 2017</b>					
Gross	82,741,919	126,127,595	189,490,760	278,809,375	677,169,649
Net of reinsurance	38,869,765	32,255,855	126,368,958	112,597,442	310,092,020

## 38.2 Financial risk

### 38.2.1 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.

### 38.2.2 Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by the Management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The analysis of the liquidity risk from insurance contracts which estimate base on an analysis of payment histories.

	Consolidated financial statements			
	Payment periods			
	Less than 1 year	1 - 5 years	5 - 10 years	Total
	Baht	Baht	Baht	Baht
<b>31 December 2018</b>				
<b>Insurance contract liabilities</b>				
Loss reserves and				
outstanding claims	494,024,629	261,887,499	9,475,195	765,387,323
<b>31 December 2017</b>				
<b>Insurance contract liabilities</b>				
Loss reserves and				
outstanding claims	440,354,325	223,617,869	13,197,455	677,169,649

### 38.2.3 Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group, including the opportunity to drop in credit rating of counterparty.

Management determines a credit policy to control credit risk on a regularly basis by consider financial performance of customer. At the end of reporting period, the Group does not have significant credit risk transaction. The highest credit risk of financial assets are disclosed in the statement of financial position at the end of reporting date. However, the Group has many client base, the management does not expect to effect from significant loss by uncollected amount.

The Group has the criteria for acceptable reinsurers by considering the reputation and acknowledgement both international and national, and including selection of reinsurance with strong financial background based on financial rating from reliable credit rating agency.

As at December 31, 2018 and 2017, the Group has receivable from reinsurance contracts of Baht 114.46 million and Baht 55.74 million, respectively, consists of local reinsurers in amount of Baht 19.10 million and Baht 29.96 million, respectively, which maintain Capital Adequacy Ratio according to Office of Insurance Commission criteria. In addition, the 99.77% and 98.95% of Foreign reinsurers in amount of Baht 95.36 million and Baht 25.78 million have financial rating not lower than A.

#### 38.2.4 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, 2018 and 2017, significant financial assets classified by type of interest rate were as follows:

	Consolidated financial statements			
	Balance as at			
	December 31, 2018		December 31, 2017	
	Variable interest rate	Fixed interest rate	Variable interest rate	Fixed interest rate
	Baht	Baht	Baht	Baht
Cash and cash equivalents				
Saving accounts	358,772,327	-	421,919,537	-
Short-term investments	-	968,697,981	-	958,164,581
Investment in securities				
Available-for-sale securities				
Government and state enterprise securities	-	430,891,551	-	469,328,404
Private enterprise debt securities				
Held-to-maturity investment				
Government and state enterprise securities	-	1,747,212,351	-	1,493,571,430
Deposits at bank with maturity				
over 3 months	193,676,866	14,000,000	190,842,850	-
Deposits at bank used as collateral	-	233,268,345	-	246,584,549
Premium saving certificates used as collateral	-	15,750,000	-	25,700,000
<b>Total</b>	<b>552,449,193</b>	<b>3,409,820,228</b>	<b>612,762,387</b>	<b>3,193,348,964</b>



	Separate financial statements			
	Balance as at			
	December 31, 2018		December 31, 2017	
	Variable interest rate	Fixed interest rate	Variable interest rate	Fixed interest rate
	Baht	Baht	Baht	Baht
Cash and cash equivalents				
Saving accounts	101,432,485	-	152,231,167	-
Short-term investments	-	-	-	29,996,918
Investment in securities				
Available-for-sale securities				
Government and state enterprise securities	-	136,518,439	-	133,031,823
Held-to-maturity investment				
Deposits at bank with maturity				
over 3 months	12,739,072	14,000,000	12,552,665	-
Deposits at bank used as collateral	-	30,000,000	-	44,000,000
<b>Total</b>	<b>114,171,557</b>	<b>180,518,439</b>	<b>164,783,832</b>	<b>207,028,741</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, 2018				
	Period specified for fixing new interest rate				Average interest rate %
	Within 1 year	1 - 5 years	Over 5 years	Total	
	Baht	Baht	Baht	Baht	
Cash and cash equivalents					
Short-term investments	968,697,981	-	-	968,697,981	1.19
Investment in securities					
Available-for-sale securities					
Government and state enterprise securities	43,243,912	387,647,639	-	430,891,551	1.94
Held-to-maturity securities					
Government and state enterprise securities	1,747,212,351	-	-	1,747,212,351	1.50
Deposits at bank with maturity					
over 3 months	14,000,000	-	-	14,000,000	1.10
Deposits at bank used as collateral	219,268,345	14,000,000	-	233,268,345	1.31
Premium saving certificates used					
as collateral	2,750,000	13,000,000	-	15,750,000	0.60
<b>Total</b>	<b>2,995,172,589</b>	<b>414,647,639</b>	<b>-</b>	<b>3,409,820,228</b>	

	Consolidated financial statements				
	As at December 31, 2017				
	Period specified for fixing new interest rate				Average interest rate %
	Within 1 year	1 - 5 years	Over 5 years	Total	
Baht	Baht	Baht	Baht		
Cash and cash equivalents					
Short-term investments	958,164,581	-	-	958,164,581	1.19
Investment in securities					
Available-for-sale securities					
Government and state enterprise securities	241,194,761	228,133,643	-	469,328,404	2.41
Held-to-maturity securities					
Government and state enterprise securities	1,493,571,430	-	-	1,493,571,430	1.22
Deposits at bank used as collateral	246,584,549	-	-	246,584,549	1.31
Premium saving certificates used					
as collateral	12,700,000	13,000,000	-	25,700,000	0.94
<b>Total</b>	<b>2,952,215,321</b>	<b>241,133,643</b>	<b>-</b>	<b>3,193,348,964</b>	

	Separate financial statements				
	As at December 31, 2018				
	Period specified for fixing new interest rate				Average interest rate %
	Within 1 year	1 - 5 years	Over 5 years	Total	
Baht	Baht	Baht	Baht		
Cash and cash equivalents					
Short-term investments					
Investment in securities					
Available-for-sale securities					
Government and state enterprise securities	-	136,518,439	-	136,518,439	1.75
Held-to-maturity securities					
Deposits at bank	14,000,000	-	-	14,000,000	1.10
Deposits at bank used as collateral	30,000,000	-	-	30,000,000	0.80
<b>Total</b>	<b>44,000,000</b>	<b>136,518,439</b>	<b>-</b>	<b>180,518,439</b>	

	Separate financial statements				
	As at December 31, 2017				
	Period specified for fixing new interest rate				Average interest rate %
	Within 1 year	1 - 5 years	Over 5 years	Total	
Baht	Baht	Baht	Baht		
Cash and cash equivalents					
Short-term investments	29,996,918	-	-	29,996,918	1.25
Investment in securities					
Available-for-sale securities					
Government and state enterprise securities	100,785,747	32,246,076	-	133,031,823	3.05
Held-to-maturity securities					
Deposits at bank used as collateral	44,000,000	-	-	44,000,000	0.90
<b>Total</b>	<b>174,782,665</b>	<b>32,246,076</b>	<b>-</b>	<b>207,028,741</b>	

### 38.2.5 Equity risk

The Group manages the capital risk by establishing guideline of investment policy and Investment. 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 by setting both internal investment limits and compliance to the Office of Insurance Commission.

### 38.2.6 Fair value measurements

Considerable judgment is necessarily required in estimation of fair value of financial assets or financial liabilities. Accordingly, the estimated fair value presented herein is not necessarily indicative of the amount that could be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value. The following methods and assumptions were used by the Company in estimating fair values of financial instruments.

#### 38.2.6.1 Financial assets or financial liabilities measured at fair value

Certain financial assets or financial liabilities of the Group are measured at fair value at the end of reporting period. The following table gives information about how the fair values of these financial assets or financial liabilities are determined:

	Consolidated financial statements			
	Fair Value		Fair value hierarchy	Valuation techniques and key inputs
	As at December 31,			
	2018	2017		
Baht	Baht			
<b>Financial assets</b>				
Government and state enterprise securities	430,891,551	469,328,404	Level 2	Discounted cash flow using yield rates of the last working day of the reporting period as quoted by the Thai Bond Market Associate
Equity securities	951,855,461	524,419,315	Level 1	Latest bid prices of common stock on the last working day of the reporting period as quoted on the Stock Exchange of Thailand
Equity securities	3,290,240,499	1,685,954,896	Level 2	The unit trust's net asset value of the last working day of the reporting period

	Separate financial statements			
	Fair Value		Fair value hierarchy	Valuation techniques and key inputs
	As at December 31,			
	2018	2017		
Baht	Baht			
<b>Financial assets</b>				
Government and state enterprise securities	136,518,439	133,031,823	Level 2	Discounted cash flow using yield rates of the last working day of the reporting period as quoted by the Thai Bond Market Associate
Equity securities	650,751,774	401,164,710	Level 1	Latest bid prices of common stock on the last working day of the reporting period as quoted on the Stock Exchange of Thailand
Equity securities	3,263,882,567	1,659,866,180	Level 2	The unit trust's net asset value of the last working day of the reporting period

#### 38.2.6.2 Financial assets or financial liabilities not measured at fair value

Cash and cash equivalents, Accrued investment income, Premium due and uncollected, Reinsurance assets, Loans, Other assets, Insurance contract liabilities, Due to reinsurers, Commissions and brokerages payable payables, Accrued expenses and Other liabilities; the fair values approximate their carrying values due to the relatively short period to maturity.

The transactions disclosed in the following tables, are considered that the carrying amounts recognized in the consolidated and separate financial statements are different from their fair values. Valuation technique is net present value of expected cash inflow as follows:

	Fair value hierarchy	Consolidated financial statements			
		As at December 31, 2018		As at December 31, 2017	
		Carrying amount	Fair value	Carrying amount	Fair value
		Baht	Baht	Baht	Baht
<u>Financial assets</u>					
Held-to-maturity securities	Level 2	2,203,907,562	2,204,389,440	1,956,698,829	1,956,696,999

	Fair value hierarchy	Separate financial statements			
		As at December 31, 2018		As at December 31, 2017	
		Carrying amount	Fair value	Carrying amount	Fair value
		Baht	Baht	Baht	Baht
<u>Financial assets</u>					
Held-to-maturity securities	Level 2	56,739,072	56,739,072	56,552,665	56,552,665

The fair value of general investment which are insignificant value are determined based on their carrying value.

### 38.3 Capital management

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

Monitoring the capital level of the Company is conducted in accordance with Notifications of the Office of Insurance Commission.

As at December 31, 2018 and 2017, the Company's capital level is maintained according such notifications.

## 39. EVENTS AFTER THE REPORTING PERIOD

On November 13, 2018, the Extraordinary General Meeting of the Shareholders of the Company passed the resolutions of approval for Sri Ayudhya General Insurance Public Company Limited (the subsidiary) to purchase and accept the transfer of the entire business from Allianz General Insurance Public Company Limited ("AZTH") totaling Baht 748,800,000. On January 29, 2019, the Office of Insurance Commission has endorsed the subsidiary to purchase and accept the transfer of the entire business from AZTH. The subsidiary will settle the purchase of the entire business transfer from AZTH in cash, by terms or conditions of the entire business transfer as determined by the Office of Insurance Commission.

## 40. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved for issuance by the Company's authorized executive director on February 22, 2019.

## FINANCIAL STATEMENTS

### AUDITOR'S REMUNERATION

In 2018, the Company and its subsidiary paid the audit fee of Baht 4,350,000 to the audit company that the auditor was employed as the following details:

Unit : Baht

	Company	Subsidiary
Annual audit fee for the year of 2018	530,000	1,660,000
Annual audit fee for 2018 consolidated financial statements	320,000	-
Quarterly fee for review of consolidated financial statements for 3 quarters	480,000	-
Quarterly fee for review of financial statements for 3 quarters	390,000	555,000
Audit fee of Risk-Based Capital report for year end	-	220,000
Fee for review of Risk-Based Capital report for half year	-	195,000
<b>Total</b>	<b>1,720,000</b>	<b>2,630,000</b>

### LEGAL DISPUTES

As at December 31, 2018, the Company and its subsidiary did not engage in any legal disputes against the risk 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			
	2018	2017	2016	
<b>Liquidity Ratio</b>				
Current Ratio	(Times)	2.36	1.62	1.54
Premium Due and Uncollected Turnover	(Days)	28	28	30
<b>Profitability Ratio</b>				
Retention Rate	(%)	57.72	57.13	58.26
Loss Incurred Per Earned Premium	(%)	41.30	47.64	48.35
Gross profit margin	(%)	25.79	20.33	20.70
Underwriting Expense Per Earned Premium	(%)	78.16	74.89	67.99
Return on Investment	(%)	5.60	5.47	6.05
Net Premium Written Per Equity	(Times)	0.23	0.23	0.26
Net Profit Per Total Income	(%)	25.78	18.42	21.49
Return on Equity	(%)	8.85	6.28	8.74
<b>Efficiency Ratio</b>				
Return on Assets	(%)	6.20	4.26	5.78
Assets Turnover	(Times)	0.24	0.23	0.27
<b>Financial Ratio</b>				
Debt to Equity Ratio	(Times)	0.42	0.44	0.51
Policy Liability to Capital Fund	(Times)	0.26	0.26	0.31
Unearned Premium Reserve Per Equity	(Times)	0.18	0.18	0.20
Unearned Premium Reserve Per Total Assets	(%)	12.78	12.59	13.48
Payout Ratio	(%)	27.27*	40.54**	81.30
<b>Data Per Share</b>				
Per Value	Baht	1.00	1.00	1.00
Book Value	Baht	31.27	30.78	28.17
Net Profit	Baht	2.75	1.85	2.46
Dividend	Baht	0.75*	0.75**	2.00

\* Interim dividend for the operating result from January 1,2018 to June 30,2018

\*\* Interim dividend for the operating result from January 1,2017 to June 30,2017

## FINANCIAL RECORDS

Unit : Million Baht

	2018	2017	2016
<b>Statement of Comprehensive Income</b>			
Gross premium written	3,396.37	2,953.66	3,082.39
Premium ceded	1,435.94	1,266.31	1,286.53
Net premium written	1,960.43	1,687.35	1,795.86
Unearned premium reserve	191.26	32.15	(96.62)
Earned premium	1,769.17	1,655.20	1,892.48
Revenues from underwriting	2,259.26	2,023.23	2,215.81
Underwriting expenses	1,753.63	1,680.12	1,844.10
Profit on underwriting before operating expenses	505.63	343.11	371.71
Profit on investment	648.63	485.85	541.96
Other income	2.86	3.96	104.32
Profit on underwriting and investment	1,157.12	832.92	1,017.99
Operating expenses	359.76	347.99	357.66
Profit before income taxes	797.36	484.93	660.33
Corporate income taxes	47.11	22.02	45.16
Net profit	750.25	462.91	615.17
Earnings per share (Baht)	2.75	1.85	2.46
<b>Statement of Financial Position</b>			
Total assets	13,145.59	11,054.97	10,616.65
Premises and equipment	39.75	53.24	60.53
Total Liabilities	3,877.64	3,361.01	3,574.34
Total Shareholders' Equity	9,267.95	7,693.96	7,042.31
Book Value (Baht)	31.27	30.78	28.17
Dividend per share (Baht)	0.75*	0.75**	2.00
Return on Equity (%)	8.85	6.28	8.74

\* Interim dividend for the operating result from January 1, 2018 to June 30, 2018

\*\* Interim dividend for the operating result from January 1, 2017 to June 30, 2017

## 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 for the issuance of ordinary shares:**

The company had the obligation to issue ordinary shares for support of the exercise of warrants to purchase ordinary shares of the company (AYUD-W1) of 124,999,807 units. Term of such warrants are 2 years from issuance date. Exercise periods are June 15 and December 15 every year throughout the terms of warrants (AYUD-W1). The first exercise date and the last exercise date are June 15, 2018 and May 8, 2020, respectively.

In 2018 the warrant holders exercised the warrants of 46,416,925 shares at the share price of 39 Baht per share, par value of 1 Baht which the Company has already registered the increase of paid-up capital with the Ministry of Commerce.

As at December 31, 2018 there are remaining warrants of 78,582,882 units.

#### ► **Debenture and Promissory Notes:**

The Company has never issued debentures or promissory notes.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

In order to read the management's discussion and analysis explanation, Investors are advised to study the consolidated and separate financial statements and summary of operating results, both past and present, together with the notes and other pertinent information herein.

### 1. 2018 Consolidated Operating Results

#### Operating Revenues

Total operating income of the year 2018 from the consolidated financial statements amounted to Baht 2,910.75 million, a decrease from the previous year which was Baht 2,513.04 million, a decrease of Baht 397.71 million or 15.83%, composing of income from underwriting, investments, and others. The main income derived from underwriting. In 2018, total income from underwriting, comprising net earned premiums, fee and commission income totalled Baht 2,259.26 million, a decrease of Baht 236.03 million or 11.67%.

Gross premiums written for the year 2018 were Baht 3,396.37 million, an increase of 442.71 million baht from the previous year, which has a growth rate of 14.99 percent. In this year, Motor Insurance grew 32.19%. Miscellaneous Insurance grew 11.13% and Fire Insurance grew 1.12%. There is more market expansion by using distribution channels through financial institutions, agents and brokers. While Marine and Transportation Insurance decreased from the previous year by 1.37%. At the same time, wages and gratuities for the year 2018 amounted to Baht 490.09 million, an increase of Baht 122.05 million or 33.16% due to reinsurance commission received for Fire Insurance, Miscellaneous Insurance, and Motor Insurance. The rates of reinsurance commission for these segments were calculated using the sliding scale method, with varying commission rates tied to the claim ratio for that year.

Reinsurance premiums for 2018 amounted to Baht 1,435.94 million, arose by Baht 169.63 million, or 13.40% versus previous year, the reinsurance premium for the year 2018 is 42.28% of the total premium written. Retention was Baht 1,960.43 million. The net written premium ratio per equity dropped slightly in 2018 to 0.23 times of shareholder's equity compared to previous year at 0.26 times. Net premiums received in 2018 totaled Baht 1,960.43 million, arose by Baht 273.09 million, or 16.18% versus last year, resulting in a increase in the retention rate to 57.72% versus 57.13% last year. Net premium earned for 2018 was recorded at Baht 1,769.17 million, an increase of Baht 113.97 million, or 6.89%.

#### Overall consolidated expenses

The expenses in the consolidated financial statements consist of Compensation Reimbursement from reinsurance, wages, gratuities, other underwriting expenses and operating expenses which wages and gratuities and other underwriting expenses are directly income from insurance. The compensation will depend on the damage incurred to the insured during the year. In 2018, the total expenses were Baht 2,113.39 million, an increase from the previous year of Baht 2,028.11 million, an increase of Baht 85.28 million or 4.20%, with the net loss of Baht 730.64 million, decreased from the previous year of Baht 788.58 million, a decrease of Baht 57.94 million or 7.35%. Each of wage and gratuity expenses increased by Baht 53.01 million or 12.77% due to an increase of premium written. Other underwriting expenses, the year 2018 increased from the previous year by Baht 78.43 million or 16.46% due to fierce competition in the lackluster market that showed no sign of growth. Operating expenses for this year amounted to Baht 359.76 million, an increase of Baht 11.77 million or 3.38%. The total employee expenses for this year increased from the previous year in the amount of Baht 26 million or 9.01%. Premises and equipment expenses of 2018 amounted to Baht 110.44 million, a decrease of Baht 4.21 million or 3.67%. In carrying out the

insurance business, the subsidiary continued to invest in IT to increase the speed and level of service, reduce redundancy in processes, save on expenses and time, as well as support new product launches.

The ratio of underwriting expenses in 2018 is equaled to 78.16% of the premium written as income. Increased from the previous year which was 74.89%. In 2018, even though underwriting expenses in commissions and brokerages, and other underwriting expenses and operating expenses increased from the previous year in amount of Baht 143.22 million or 11.55%, at the same time, earned premiums in 2018 increased from the previous year in amount Baht 113.97 million or 6.89% resulting in the expense ratio of 2018 increase from previous year.

Gross profit margin of 2018 was 25.79%, increasing from the previous year by 20.33% of net premium written which resulted from profit on underwriting before deducting operating expenses increased from the previous year in the amount of Baht 162.52 million or 47.37%, while the net premium written increased from the previous year by Baht 273.09 million or 16.18%.

In 2018, a one-digit growth is forecasted as the economy continued on the path of recovery and although the recovery seemed sporadic, Thai economy is likely to expand estimated around 4.2% backed by stimulus measures from the government to fuel the economy. Investments from both the government and private sectors also showed signs of expansion. Improvements in exports and world economy also helped to bring about growth in the insurance sector. Statistics from the Insurance Premium Rating Bureau showed that in 2018, direct premiums from all categories amounted to Baht 233,090.07 million, up 6.60% versus 2017. The government stimulus package - a personal tax deduction for health insurance paid in the amount not exceeding Baht 15,000- helped to generate sale and insureds gained the benefits of having insurance protection to help reduce the financial burden on medical expenses. The scheme also helped the government from having to directly pay for medical expenses. On the side of insurers, there were developments of new products and expansion of new distribution channels to cover various target groups. Digital insurance was developed to reduce complexity in buying insurance and technology was used to support operational processes. Insurers responded to the consumer digital lifestyle with innovation to create differentiation, increase product and service quality. Management of costs and expenses is the key to finding the right balance between premium and product to offer while giving importance to customer service over competing only on price. The focus should be on developing service quality and bringing digital system into the whole process from insuring to paying claims, and creating products to fit all stages of life. All of these factors help to drive the growth and sustainability of the insurance sector.

## **2018 Underwriting Results**

### **Fire Insurance**

Fire premiums written in 2018 were Baht 619.68 million, or 18.25% of total premiums. The increase over last year amounted to Baht 6.86 million, or 1.12% while the overall premiums for the fire insurance sector arose 1.01% versus last year. However, the Company was able to find new customers and therefore was able to retain the market ranking at no. 6.

Net premiums written in 2018 were Baht 434.56 million, dropped by Baht 9.34 million or 2.10% with retention at 70.13% 70, a decrease from the previous year by 72.44.

Premium reserves for Fire Insurance in 2018 were Baht 3.22 million, dropped by Baht 19.48 million or 85.80% resulting in earned premiums of Baht 431.34 million, increased from last year by Baht 10.14 million, or 2.41%.

Commissions and brokerages income for 2018 were Baht 58.16 million, increased from last year by Baht 12.44 million or 27.20% resulting in increased commissions based on the sliding scale calculation method linking the rates to the claim ratio for that year.

The Net Loss of the year 2018 for Fire Insurance amounted to Baht 53.52 million, an increase of Baht 9.86 million or 22.58%, resulting in an increase in premium for Fire Insurance from the previous year of 10.37% to 12.41% of earned premiums.

Commissions and brokerages expenses of the year 2018 for Fire Insurance was Baht 135.17 million, a decrease of Baht 0.29 million or 0.21% from the previous year. In addition, in 2018, other insurance premiums for fire were Baht 93.73 million, decreased from last year amounted to Baht 3.40 million or 3.50% due to the company has control of expenses.

Operating expenses in 2018 were Baht 282.43 million, arose by Baht 6.17 million, or 2.23% from last year, resulting in a profit from underwriting of Baht 207.07 million, an increase of Baht 16.41 million or 8.61%.

A major source of insurance came from agents and brokers, and loan customers of Bank of Ayudhya PCL and other financial institutions.

### **Marine and Transportation Insurance**

Marine and Transportation gross premiums written in 2018 were Baht 322.92 million, and 9.51% share of the Company's total premiums, down by Baht 4.47 million, or 1.37% while the overall premiums in the marine and transportation sector increased by 6.88%.

In 2018, the Company has a market share ranked at no. 6 in the industry, split into marine hull, with premiums down by 6.87%, and marine cargo, down by 0.22%. This was due to the value of Thai Baht in 2018 strengthened. Furthermore, the Company screened for quality insurance work while trying to keep the current customers and at the same time trying to develop new brokers and agents.

Net Marine and Transportation Insurance of the year 2018 amounted to 100.78 million baht, a decrease of Baht 3.64 million or 3.49%, resulting in the year 2018 insurance premium decreased from the previous year by Baht 0.83 million or 0.37% which the retention of 31.21 percent, decreasing from the previous year of 31.90%. The premium reserve for Marine and Transportation Insurance in 2018 has decreased from the previous year in the amount of Baht 8.45 million or 126.50%, resulting in the income from earned premium of Marine and Transportation Insurance in 2018 amounted to Baht 102.56 million, an increase of Baht 4.81 million or 4.92%.

Commissions and brokerages income for Marine and Transportation Insurance totaled Baht 60.74 million in 2018, arise by Baht 1.34 million or 2.25%.

For Marine and Transportation Insurance in 2018, Net loss incurred were Baht 33.61 million, a decrease of Baht 2.59 million or 7.15% and the loss ratio in 2018 was 32.77%, decreased 37.03% over last year.

Operating expenses in 2018 for Marine and Transportation Insurance was Baht 107.80 million, down by Baht 5.69 million, or 5.02% from last year due to an increase in both net loss incurred, commission and brokerages, and



other expenses, resulting in a profit from underwriting of Baht 55.50 million, an increase of Baht 11.84 million or 27.13%.

The primary source of business for Marine and Transportation Insurance in 2018 came from agents who continued to work with the Company because of speed and efficiency of services.

### **Motor Insurance**

Motor gross premiums written in 2018 were Baht 1,357.02 million, representing 39.95% of total premiums, increased from last year by Baht 330.49 million, or 32.20% as the Company reduced the portfolio of high loss ratio while the segment of the industry grew 7.73%.

The Company had treaty motor reinsurance with the overseas reinsurer in accordance with certain business obligations. Ceded premium of 2018 motor insurance was 35.56% of written premiums, retaining Baht 874.45 million, resulting in the increase of Baht 213.25 million or 32.25%. Net earned premiums for 2018 was Baht 725.38 million, an increase of Baht 72.71 million, or 11.09% due to an increase in unearned premium reserve of Baht 140.54 million, or 25.37 times.

Wage and gratuity income of Motor Insurance in 2018 amounted to Baht 219.46 million, an increase of Baht 83.76 million or 61.73% from the previous year due to the Sliding Scale calculation of wages and gratuities has increased from the previous year which the commission rates will be based on the Incurred but not reported claim: IBNR each year.

Net loss for 2018 for Motor Insurance was Baht 455.18 million, an increase of Baht 27.05 million over last year, or 6.32%. The loss ratio equaled 62.49% of earned premiums, a decrease from the previous year was equaled to 65.30%.

Operating expenses in 2018 for Motor Insurance was Baht 866.38 million, up by Baht 128.85 million, or 17.47% from last year, resulting in a profit from underwriting of Baht 81.46 million, up by Baht 27.62 million or 51.30%.

The primary source of business came from agents, brokers, dealers and financial institutions providing motor leasing. The Company focused on providing efficient and enhanced services for getting insurance and claims at all branches.

### **Miscellaneous Insurance**

In 2018, Miscellaneous written premiums totalled Baht 1,096.75 million, representing 32.29% of total written premiums, an increase over last year of Baht 109.83 million, or 11.13% while the industry grew 5.43%. The main reason that Miscellaneous Insurance premiums in 2018 increased from the previous year due to the reduction in PA insurance portfolio with high loss ratio.

Net premium written for 2018 totalled Baht 550.64 million, an increase of Baht 72.83 million from last year, or 15.24%, with the Company retaining 50.21% increased by 48.41% from last year.

Premium reserves in 2018 increased from last year by Baht 46.52 million, or 16.71 times resulting in earned premiums in 2018 in amount of Baht 506.90 million, up by Baht 26.31 million, or 5.48%.

Commission and brokerages income in 2018 amounted to Baht 151.73 million, increased by Baht 24.52 million, or

19.28%, over last year. This is due to the increasing reinsurance premiums and commissions which were based on the sliding scale calculation method with commission rates tied to the loss ratio for that year.

Net loss for miscellaneous insurance in 2018 amounted to Baht 188.33 million, decreased by Baht 92.25 million, or 32.88%. The loss ratio was 37.15% of earned premiums, a decreased from the previous year was 58.38%.

Operating expenses in 2018 for Miscellaneous Insurance was Baht 497.03 million, down by Baht 55.82 million, or 10.10% resulting in a profit from underwriting in 2018 of Baht 161.61 million, up by Baht 106.65 million or 194.05%.

The primary sources of business for miscellaneous insurance included Bank of Ayudhya PCL, financial institutions, agents, brokers, and direct accounts.

### **Investment**

In 2018, the Thai economy expanded well in the first half of the year, driven mainly by both external and domestic demand. But in the second half of the year, the export demand for foreign goods has been clearly reduced, especially in the export sector of Thai products. Due to the impact of the trade war between the United States and China and the slowdown of trading partners from other factors and expecting the impact of the trade war to become clearer and is a factor that presses the growth of the Thai economy. At the end of 2018, the SET index ended at 1,563.88, or down 10.82% versus last years at 1,753.71. It can be seen that the Thai stock market index is likely to move along with foreign investment flows and external factors, including Trade wars between China, the European Union and the United States Monetary policy of various central banks and the direction of raising interest rates of the US Federal Reserve, etc. The company still has a positive outlook on long-term equity investment which is supported factor by low interest rates along with performance and profit growth rate of listed companies in the Thai stock market that is likely to continue growing. Causing the Thai stock market to remain attractive to investors compared to other regional stock exchanges and the interest rate is still low so the company see that investing in the Thai stock market is still a more attractive than other types of investments. The investment strategy continues to focus on choosing individual stocks, with analysis conducted on the listed companies to invest, both in quality and quantity terms, as well as monitoring performance regularly. The Company believes that this strategy can generate good returns from investment in the market, medium-to-long term. In addition to considering the satisfactory return on investment under acceptable risks, the Company emphasizes on the investment stability, with cautiousness and prudence, for utmost benefit to shareholders.

Net income earned from investment which consisted of interests and dividends during 2018 was Baht 108.26 million, up by Baht 9.07 million versus last year, or 9.14%, resulting in an increase of dividend income while interest rates are still low.

Total profit generated from equity investments in 2018 was Baht 62.18 million, an increase from last year Baht 53.87 million last year, an increase of Baht 8.31 million, or 15.42%. At the same time, the company has loss from fair value adjustment from investments in trading securities amounting to Baht 29.49 million while While in the previous year, there was a gain from fair value adjustment from investments in trading securities in the amount of Baht 1.10 million.

The Company invests in life insurance business via Allianz Ayudhya Assurance Public Company Limited; with a 20.17% share, it is categorized as an investment in an associate company and therefore, the equity calculation

method is used in the consolidated financial statements. In 2018, the investment generated a share of profit in the amount of Baht 507.68 million, an increase of Baht 176 million, or 53.06%, from last year.

At the end of 2018, total investment assets were Baht 11,215.12 million, up Baht 1,802.32 million or 19.15% with a return on investment of 5.60%, an increase by 5.47% from last year.

In addition, other income for 2018 amounted to Baht 2.86 million down from last year at Baht 3.96 million, a drop of Baht 1.10 million or 27.67%.

### **Summary of Operating Result 2018**

The consolidated financial statement for 2018 showed a profit before tax of Baht 797.36 million, up from last year at Baht 484.93 million, an increase of Baht 312.43 million or 64.43%. As a result, the Company's income tax expense for 2018 was Baht 47.11 million, an increase from last year's Baht 22.02 million, up by Baht 25.09 million, or 113.92%. Therefore, the operating results in the consolidated financial statements for the year 2018, Net profit after tax was Baht 750.25 million, or Baht 2.75 profit per share. Increased of Net Profit from last year of Baht 462.91 million, an increase of Baht 287.34 million or 62.07%.

## **2. Financial Position**

### **2.1 Assets**

#### **(1) Components of assets**

The assets of the Company and its subsidiary are comprised of 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, 2018, the Company and its subsidiary had total assets of Baht 13,145.59 million, an increase from last year of Baht 2,090.62 million, or 18.91%.

Investment in securities as at December 31, 2018, was Baht 6,896.38 million, up by Baht 2,240.49 million from last year's Baht 4,655.89 million. In 2018, the Company had investments in available-for-sale securities totalling Baht 4,516.13 million, up by Baht 1,930.10 million from last year's Baht 2,586.03 million. These available-for-sale securities were comprised of government bonds, Bank of Thailand bonds, treasury bills, stocks, debentures, and unit trusts. The investments in held-for-trading securities for 2018 amounted to Baht 156.85 million. Investments in held-to-maturity securities as at the end of 2018 amounted to Baht 2,203.91 million, an increase of Baht 247.21 million versus Baht 1,956.70 million last year.

At the end of 2018, the Company had an unrealized loss on investments in available-for-sale securities of Baht 207.77 million, while at the end of 2017, the Company had an unrealized loss on investment in available-for-sale securities of Baht 39.02 million as the SET index rose during the latter part of 2018. In addition, the Company had a share of profit in the associate company of Baht 674.07 million, a decrease of Baht 595.93 million versus Baht 1,270 million last year due the increase of unrealized profit from investments in available-for-sale securities at the end of 2018.

The Company had employee loans with guarantors in compliance with the Company's staff welfare policy, at the end of 2018, totalling Baht 0.03 million, up by Baht 0.01 million, versus Baht 0.02 million last year.

Cash and cash equivalents at year end 2018 amounted to Baht 1,341.34 million, down by Baht 60.55 million versus Baht 1,401.89 million last year.

Premises and equipment at cost as at the end of 2018 totalled Baht 161.55 million, down by Baht 1.07 million from the previous year's Baht 162.62 million, due to additional investment in IT, office renovation, and purchase of new vehicles to replace the old ones which totalled Baht 6.70 million. Meanwhile, held-for-sale items such as old cars, office equipment, and computers that needed to be replaced were sold, with the original costs referenced at Baht 7.77 million.

Premiums due and uncollected at the end of 2018 amounted to Baht 271.75 million, versus Baht 238.13 million, an increase of Baht 33.62 million, or 14.12%. The Company's emphasis on improving the efficiency in following up on outstanding premiums and concentrating on collection, is reflected in its strict policy on managing collections. The Company and its subsidiary have also taken stringent legal action against defaulting agents, brokers and clients. Additionally, the Company's internal audit department reviewed outstanding premiums, followed up on collections, payments, and recorded all related items.

In managing outstanding premiums, the Company premium has a clear collection policy that indicates the credit terms for long-outstanding overdue premiums. A monthly meeting on credit control is held regularly 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 term of payment, the collection unit will follow up with the appropriate collection procedures as specified by the Company.

## (2) Asset Quality

### (a) Assets

As end of 2018, the investments in securities, including bonds, treasury bills, stocks, unit trusts, and deposits at financial institutions with a maturity of over three months totalled Baht 6,896.38 million, which was presented at fair value. Unrealized loss from the changes in fair value of investment net of deferred tax in shareholders' equity were Baht 207.77 million.

The Company has investment in the associate at the end of 2018 in the amount of Baht 2,977.37 million, compared with 2017 which was Baht 3,355 million, a decrease of Baht 377.63 million as presented in the consolidated financial statements and are accounted for under the equity method.

### (b) Debtors

In 2018, the Company's turnover rate on outstanding premiums was 28 days. A credit term of 30 days is given to insurance customers other than motor. For motor insurance, customers must comply with the 'Cash before Cover' policy, in which, the premium must be paid prior to the effective date of cover.

At the end of 2018, the allowance for doubtful accounts totalled Baht 5.65 million. This estimate of doubtful debt as at year-end was based on the Company's experience in debt collection that the management believed adequate. The basis for calculating the reserve for doubtful accounts is as follows:

Outstanding premiums 6 months to 1 year:	The reserve is set for doubtful accounts at 50%
Outstanding premiums over 1 year:	The reserve is set for doubtful accounts at 100%

## 2.2 Liquidity

### (1) Cash Flow

At the end of 2018, the Company had net cash and cash equivalents totalling Baht 1,341.34 million, down from last year's Baht 1,401.89 million, down by Baht 60.55 million, or 4.32%, with net cash provided by and used in the following activities:

	Unit: Baht Million	
	2018	2017
Net cash provided by (used in) operating activities	(1,644.96)	437.90
Net cash provided by (used in) investment activities	(5.43)	(15.56)
Net cash provided by (used in) financing activities	1,589.83	(437.50)
Net increase (decrease) in cash and cash equivalents	(60.55)	(15.16)

In 2018, cash flows provided by the operating activities were Baht 1,644.96 million, from cash flows received of Baht 3,730.90 million and used in the amount of Baht 5,375.86 million. Cash received were from premiums, interests received from cash deposits in financial institutions, bonds, debentures, stocks, unit trusts, treasury bills, and mature deposits at financial institutions. Cash flows paid for expenses included reinsurance debtors, claim settlements, operating expenses and corporate taxes. In addition, there are net investments used for investment in bank deposits, treasury bonds, ordinary shares and investment units in mutual funds.

Cash flow used in investing activities recorded of Baht 5.43 million which included payments for office equipment, office renovations, computer software, and vehicles.

As for cash flows used in financing activities in 2018, it would be interim dividend payment of Baht 0.75 per share for the first half year of 2018 in total amount of Baht 220.43 million.

The cash flows provided by and used in above activities at end of 2018 showed Baht 1,341.34 million in cash and cash equivalents, a decrease of Baht 60.55 million, from last year's Baht 1,401.89 million.

### (2) Liquidity Ratio

As at December 31, 2018, the Company recognized an outstanding liquidity ratio of 2.36 times, indicating that the Company and its subsidiary's existing current 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. At the end of 2018, the Company's debt-to-equity ratio was 0.42 times, down from 0.44 times of last year.

### (2) Shareholders' Equity

The Company's shareholders' equity as ended of 2018 was Baht 9,267.95 million, an increase of Baht 1,573.99 million over last year's Baht 7,693.96 million. Net profit in 2018 amounted to 750.25 million with an unrealized loss from a change in valuation of available-for-sale securities of Baht 207.77 million, and

share of other comprehensive income in the associate company of Baht 674.07 million, a decrease of Baht 595.93 million versus Baht 1,270 million last year, and the interim dividend in 2018 of Baht 220.43 million.

(3) **Liabilities**

The Company had liabilities as ended of 2018 were Baht 3,877.64 million, an increase of Baht 516.63 million from the previous year's Baht 3,361.01 million due to the increasing in cash reserved needed for claim payments, and unearned premium reserves totalling Baht 375.78 million; and premium ceded payables to reinsurers by Baht 50.05 million. The liabilities of the Company were increased by Baht 24.76 million, Premium received in advance were increased by Baht 21.87 million and Due to Reinsurers were increased by Baht 10.47 million. The liabilities of the Company and its subsidiary largely arose from its operations comprising of unearned premium reserves, loss reserves, outstanding claim reserves, due to reinsurers, premiums received in advance, accrued commissions, employee benefit obligations, 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**

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.
2. The subsidiary had an allocation of unearned premium reserves in the amount of Baht 1,679.39 million at the end of 2018 in accordance with the announcement of the Office of Insurance Commission (OIC) concerning the allocation of such reserves.
3. The loss ratio from regular operations in 2018 was equalled to 41.30% of earned premiums, a reduction from last year of 47.64%.
4. 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.

Capital Adequacy Ratio (CAR) since January 1, 2013 onwards, shall not be less than 140%. As of the end of 2018, the subsidiary's capital adequacy ratio is equal to 1,064.06%.



## SET FORM 56-2 INFORMATION GUIDE IN ANNUAL REPORT 2018

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	28
3	Risk Factors	36
4	General Information	10
5	Major Shareholders	40
6	Dividend Policy	182
7	Management Structure	42
	7.1 Organizational Structure	42
	7.2 Board of Directors, Positions, Education, and Related Training	14
	7.3 Company Secretary Information	26
	7.4 Head of Internal Auditor Information	27
	7.5 Shares Held by Members of the Board of Directors	41
	7.6 Management Structure and Scope of Responsibilities	64
	7.7 Sub-committees and Names of Directors/Members in Each Committee	69
	7.8 Qualifications of Independent Directors	64
	7.9 Number of Committee Meetings and Attendance of Each Committee Member	44, 69
	7.10 Remuneration for Directors and Executive Management	49
	7.11 Use of Insider Information	81
8	Report on Good Corporate Governance Practices	54
9	Sustainable Business Development	85
	9.1 Fair Business and Good Corporate Governance	85
	9.2 Anti-corruption	86
	9.3 Respecting Human Rights	86
	9.4 Fair Labor Practices	86
	9.5 Responsibility Towards Consumers	87
	9.6 Community and Society Development	88
	9.7 Innovation and Promulgation of Innovation Derived from CSR Operations	94
10	Internal Control and Risk Management	97
11	Related-Parties Transactions	101
12	Financial Highlights	3
	12.1 Financial Statements	112
13	Management's Discussion and Analysis	183

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)





**ศรีอยุธยา แคปปิตอล**  
**SRI AYUDHYA CAPITAL**

**Sri Ayudhya Capital Public Company Limited**

898 Ploenchit Tower, 7<sup>th</sup> Floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330

Tel +66 2657 2970 Fax +66 2657 2971 [www.ayud.co.th](http://www.ayud.co.th)