



ANNUAL REPORT 2019

# TRANSFORMING FOR THE FUTURE

ALLIANZ AYUDHYA CAPITAL ANNUAL REPORT 2019

## TRANSFORMING FOR THE FUTURE





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# MESSAGE FROM THE CHAIRMAN AND PRESIDENT & CEO





# MESSAGE FROM THE CHAIRMAN AND PRESIDENT & CEO

## Dear Shareholders,

2019 was regarded as a challenging year for all of us. Facing conditions of market volatility, high market competition and digital disruption, change is inevitable. Despite many changes, we are happy to share with you that Allianz Ayudhya Capital Public Company Limited stays well on-track in terms of performance and growth. One of the biggest achievements was the completion of the expansion of strategic partnership between our company and Allianz Group, the leading global financial service provider and world's largest insurer.

The transaction - the combination of the insurance business of Allianz General Insurance and Sri Ayudhya General Insurance - was intended to strengthen and empower Sri Ayudhya General Insurance to be well positioned for future growth and innovation. With the completion of the entire business transfer, Sri Ayudhya General Insurance, under the name Allianz Ayudhya General Insurance, and other key Allianz-related insurance entities are now operating under one single brand - Allianz Ayudhya. This helps enhancing market presence and ensuring a consistency in customer experience and services. Together we have paved the solid groundwork to accelerate growth, with sustainable profitability, in Thailand's emerging insurance sector.

Unfortunately, during the course of our journey, we had lost two legendary leaders who actively grew the business and were the key driving forces that enabled us to achieve the success we have today. We would like to take this opportunity to pay tribute to Mr. Veraphan Teepsuwan, the late Chairman of Allianz Ayudhya Capital PCL and Mr. Virojn Srethapramotaya, the late Chairman, President and CEO of Sri Ayudhya General Insurance PCL. Their visions and ambitions to build a solid, resilient organization - a strong entity - that could protect and secure our company's future has become a



**Dr. Jamlong Atikul**  
Chairman of the Board



**Mr. Bryan James Smith**  
President &  
Chief Executive Officer

reality. As a result of their service and contributions, we are now stronger and ready to seize new opportunities that will arise in the future.

Apart from conducting a high quality and profitable business, the company also placed utmost importance in operating with good corporate governance. All of the members of Board of Directors and management have a clear commitment to ensuring that the company operates on a base of transparency and fairness to all stakeholders and the community. In 2019, the company was certified to continue our membership in Thailand's Private Sector Collective Action Coalition against Corruption (CAC), reaffirming our commitment to conduct our business with integrity and to adhere to good corporate governance principles.

On behalf of the Board of Directors, we wish to express our gratitude to our shareholders, customers, and business partners for your trust and support. We would like to take this opportunity to appreciate our management and employees for their commitment and collaboration toward our common goals. This year marks the very beginning of the new decade, in which we truly believe we are in a strong position to pursue new opportunities and to drive our organization to the next level.

**Jamlong Atikul**  
Chairman of the Board

**Bryan James Smith**  
President &  
Chief Executive Officer

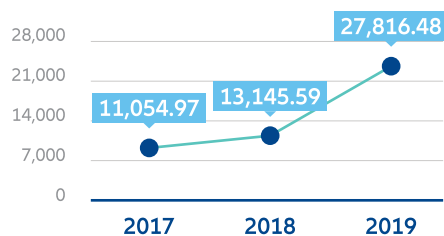
# FINANCIAL HIGHLIGHT



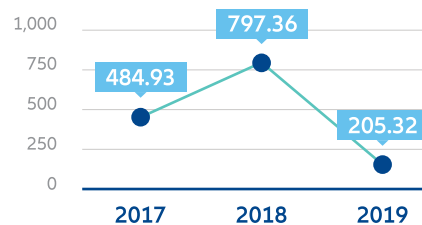
## CONSOLIDATED FINANCIAL STATEMENTS

( BAHT : MILLION )

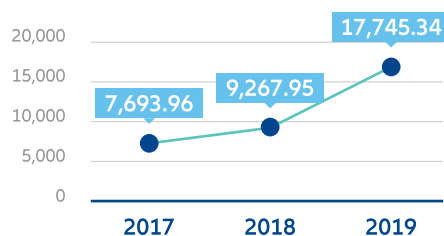
### TOTAL ASSETS



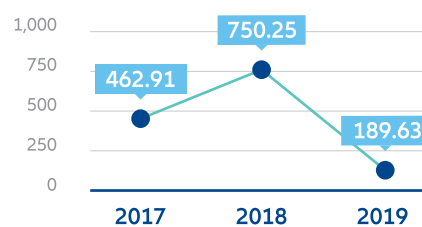
### PROFIT BEFORE INCOME TAX



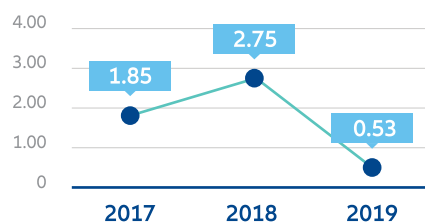
### TOTAL SHAREHOLDERS' EQUITY



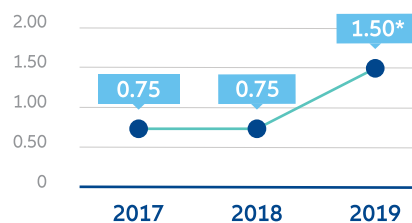
### NET PROFIT



### EARNINGS PER SHARE (BAHT)



### DIVIDEND PER SHARE (BAHT)



\*Dividend per share from the operating result of 2019 is subject to the approval of the Shareholders' Meeting.



UNIT : MILLION BAHT

FINANCIAL RECORDS	2019	2018	2017
<b>Statement of Comprehensive Income</b>			
Gross Premium Written	5,757.30	3,396.37	2,953.66
Premium Ceded	2,290.39	1,435.94	1,266.31
Net Premium Written	3,466.91	1,960.43	1,687.35
Unearned Premium Reserve	59.25	191.26	32.15
Earned Premium	3,407.66	1,769.17	1,655.20
Revenues from Underwriting	4,012.83	2,259.26	2,023.23
Underwriting Expenses	3,507.69	1,753.63	1,680.12
Profit on Underwriting before Operating Expenses	505.14	505.63	343.11
Profit on Investment	574.06	648.63	485.85
Other Income	32.40	2.86	3.96
Profit on Underwriting and Investment	1,111.60	1,157.12	832.92
Operating Expenses	906.28	359.76	347.99
Profit before Income Taxes	205.32	797.36	484.93
Corporate Income Taxes	15.69	47.11	22.02
Net Profit	189.63	750.25	462.91
Earnings per Share (Baht)	0.53	2.75	1.85
<b>Statement of Financial Position</b>			
Total Assets	27,816.48	13,145.59	11,054.97
Premises and Equipment	49.29	39.75	53.24
Total Liabilities	10,071.14	3,877.64	3,361.01
Total Shareholders' Equity	17,745.34	9,267.95	7,693.96
Book Value (Baht)	46.10	31.27	30.78
Dividend per share (Baht)	1.50*	0.75	0.75
Return on Equity (%)	1.40	8.85	6.28

\*Dividend per share from the operating result of 2019 is subject to the approval of the Shareholders' Meeting.

ANALYSIS OF FINANCIAL RATIOS		2019	2018	2017
<b>Liquidity Ratio</b>				
Current Ratio	(TIMES)	1.47	2.36	1.62
Premium Due and Uncollected Turnover	(DAYS)	34	28	28
<b>Profitability Ratio</b>				
Retention Rate	(%)	60.22	57.72	57.13
Loss Incurred Per Earned Premium	(%)	56.89	41.30	47.64
Underwriting Profit Per Net Premium Written	(%)	14.57	25.79	20.33
Underwriting Expenses Per Earned Premium	(%)	72.64	78.16	74.89
Return on Investment	(%)	3.87	5.60	5.47
Net Premium Written Per Equity	(TIMES)	0.26	0.23	0.23
Net Profit Per Total Income	(%)	4.11	25.78	18.42
Return on Equity	(%)	1.40	8.85	6.28
<b>Efficiency Ratio</b>				
Return on Assets	(%)	0.93	6.20	4.26
Assets Turnover	(TIMES)	0.23	0.24	0.23
<b>Financial Ratio</b>				
Debt to Equity Ratio	(TIMES)	0.57	0.42	0.44
Policy Liability to Capital Fund	(TIMES)	0.32	0.26	0.26
Unearned Premium Reserve Per Equity	(TIMES)	0.19	0.18	0.18
Unearned Premium Reserve Per Total Assets	(%)	12.00	12.78	12.59
Payout Ratio	(%)	304.49*	29.38	40.50
<b>Data Per Share</b>				
Par Value	BAHT	1.00	1.00	1.00
Book Value	BAHT	46.10	31.27	30.78
Net Profit	BAHT	0.53	2.75	1.85
Dividend	BAHT	1.50*	0.75	0.75

\*Dividend per share from the operating result of 2019 is subject to the approval of the Shareholders' Meeting.

# VISION AND MISSION

65.32

55.01

11.08



## 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 our experience, expertise, and network to achieve sustainable growth.

## MISSION

- › Provide service excellence
- › Deliver continuous growth in profits
- › Ensure sustainable growth
- › Develop professional employees
- › Open for innovation and development

## VALUES

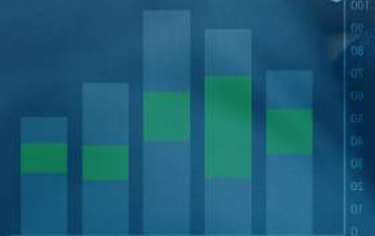
- › Responsibility
- › Transparency
- › Respect
- › Fairness
- › Integrity
- › Trust

## STRATEGY

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

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

# HISTORY AND KEY DEVELOPMENT



## HISTORY AND KEY DEVELOPMENT

Allianz Ayudhya Capital Public Company Limited (the Company), formerly named Sri Ayudhya Capital Public Company Limited has maintained its status as a registered listed company at the Stock Exchange of Thailand, under the ticker symbol AYUD. On April 30, 2019, the Company and its long term strategic partner, Allianz SE changed its name to Allianz Ayudhya Capital Public Company Limited.

The Company's head office is located at 898 Ploenchit Tower, 7th Floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330.

Telephone: +66-2657-2979 Fax: +662-657-2971  
Website: [www.azaycapital.co.th](http://www.azaycapital.co.th) E-mail: [cs@azay.co.th](mailto:cs@azay.co.th)

### MAJOR CHANGES

On September 24, 2018, the Company and its strategic partner, Allianz SE and CPRN (Thailand) Limited (CPRNT) entered into the Share Subscription and Purchase Agreement and Sri Ayudhya General Insurance Public Company Limited (SAGI), the Company's subsidiary and Allianz Insurance Public Company Limited (AZTH) entered into the Entire Business Transfer Agreement. As a result, on November 13, 2018, the Company called the Extraordinary Meeting of Shareholders No. 2/2018 to approve the following matters:

1. Sri Ayudhya General Insurance Public Company Limited to purchase the entire business transfer from Allianz General Insurance Public Company Limited (AZTH) at the total value of Baht 748,800,000 change its name to Allianz Ayudhya General Insurance Public Company Limited (AAGI) upon the completion of the entire business transfer from Allianz Insurance Public Company Limited (AZTH);
2. The Company to purchase 34,810,000 additional ordinary shares (11.80% of total issued shares) in Allianz Ayudhya Assurance Public Company Limited (AZAY) from Allianz SE and CPRNT at 114.00745763 Baht/share totaling Baht 3,968,599,600. The total acquired assets for 1) and 2) was Baht 4,717,399,600. The Company's shareholding in AZAY to increase from 59,500,280 shares (20.17% of issued shares) to 94,310,280 shares (31.97% of issued shares);
3. To increase the Company's registered capital from Baht 375,000,000 to Baht 463,473,361 by issuing 88,473,361 new ordinary shares (with a 1.00 Baht par value) and to amend the Company's Memorandum of Association; and
4. The allocation of 88,473,361 newly issued ordinary shares (with a 1.00 Baht par value) to Allianz SE and CPRNT at an offering price of 53.32 Baht per share, totaling Baht 4,717,399,600. The newly issued shares to be allocated to Allianz SE and CPRNT as 74,429,850 shares and 14,043,511 shares, respectively. Allianz SE and CPRNT to pay for these shares with 34,810,000 existing shares ordinary shares of Allianz Ayudhya Assurance Public Company Limited in lieu of cash payment.



On April 26, 2019, the Annual General Meeting of Shareholders No. 70 approved changing the Company's name from Sri Ayudhya Capital Public Company Limited to Allianz Ayudhya Capital Public Company Limited, as well as changing the company seal and amending the Company's Memorandum of Association and Articles of Association to be consistent with the change of its name and company seal on April 30, 2019, as follows:

1. The Company's subsidiary, Sri Ayudhya General Insurance Public Company Limited, purchased and entered into an OIC-approved entire business transfer from Allianz General Insurance Public Company Limited (AZTH) and registered amendments to its Memorandum of Association and Articles of Association to be consistent with the change of its name and company seal;
2. The Company purchased and received a share transfer in Allianz Ayudhya Assurance Public Company Limited from Allianz SE and CPRNT, totaling 34,810,000 shares. As such, the Company increased its AZAY shareholding from 59,500,280 shares (20.17% of issued shares) to 94,310,280 shares (31.97% of issued shares);
3. The Company offered 88,473,361 newly issued ordinary shares with a 1.00 Baht par value to Allianz SE and CPRNT for Baht 53.32 per share and received a capital increase from Allianz SE and CPRNT totaling Baht 4,717,399,608.52, according to the share offering amount and the capital increase registered with the Department of Business Development, Ministry of Commerce.

With reference to the above resolution, the Company's registered capital is Baht 463,473,361 divided into 463,473,361 shares for a 1.00 Baht par value, and paid-up capital is Baht 384,964,961. The registered ordinary shares for the Company's warrant No. 5 (AYUD-W1) is 78,508,400 shares.

After completing the ordinary share offering on April 30, 2019, Allianz SE and CPRNT's shareholding in the Company was 150,077,870 shares and 37,429,491 shares, respectively (totaling 187,507,361 shares), or 38.99% and 9.73% of voting rights, respectively (totaling 48.72%).

4. The Company registered amendments to its Memorandum of Association and Articles of Association to be consistent with the change of the Company's name and company seal on April 30, 2019.

## SUBSIDIARY COMPANY

Allianz Ayudhya General Insurance Public Company Limited (the Subsidiary) (formerly known as Sri Ayudhya General Insurance Public Company Limited) was established in Thailand on September 21, 1982, to operate as an insurance business and received a license to conduct all types of non-life insurance businesses on September 24, 1982.

The Subsidiary's Extraordinary Meeting of Shareholders No. 1/2019 was held on March 11, 2019, and the Annual General Meeting of Shareholders for the year 2019 (No. 9) was held on April 26, 2019. The meetings resolved the following:

1. Approved the entire business transfer from Allianz General Insurance Public Company Limited (after entire business transfer completion on April 30, 2019, Allianz General Insurance Public Company Limited returned its insurance license to the OIC and requested for dissolution and liquidation from the Ministry of Commerce and OIC, respectively);
2. Decreased the Company's registered capital from Baht 2,400 million to Baht 1,800 million by canceling 60 million unsubscribed shares at the par value of 10 Baht per share;
3. Increased registered capital from Baht 1,800 million to Baht 2,548.80 million by issuing 74,880,000 new ordinary shares with a 1.00 Baht par value to existing shareholders to pay for the entire business transfer from Allianz General Insurance Public Company Limited. The Subsidiary received a capital increase of 74.880 million shares totaling Baht 748.80 million, and the Subsidiary completed this paid-up capital registration with the Department of Business Development on April 30, 2019; and

4. Approved changing the Company's name from Sri Ayudhya General Insurance Public Company Limited to Allianz Ayudhya General Insurance Public Company Limited, effective as of April 30, 2019, and amending the its Memorandum of Association and Articles of Association to be consistent with the change of the company's name and seal.

Allianz Ayudhya General Insurance Public Company Limited (AAGI) is situated at 898 Ploenchit Tower, 1st Floor - Zone B, 7th Floor - Zone B, 8th Floor - Zones A and B, 9th Floor - Zones A2 and B2, 18th Floor - Zone A, Ploenchit Road, Lumpini, Pathumwan, Bangkok.

#### ASSOCIATE COMPANY

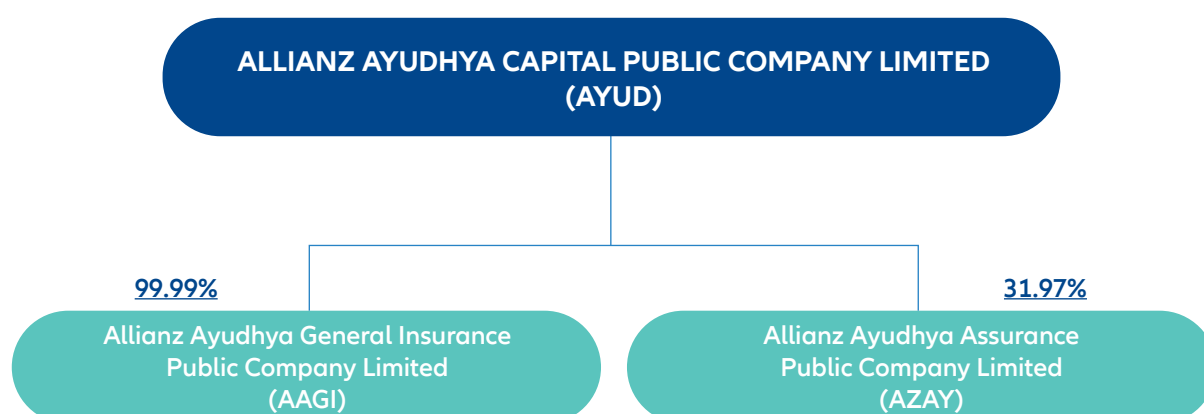
Allianz Ayudhya Assurance Public Company Limited (AZAY) (formerly known as Ayudhya Allianz C.P. Life Public Company Limited) has its core business in life insurance. The Company holds 31.97% of AZAY's total issued shares.

On April 30, 2019, the Company acquired additional 34,810,000 ordinary shares, or 11.80%. As a result, the total investment in AZAY shareholding was recorded as 94,310,280 shares, or 31.97%, of which was classified as an Associate Company.

Allianz Ayudhya Assurance Public Company Limited (AZAY) is situated at 898 Ploenchit Tower, 1st Floor - Zone B, 2nd Floor - Zone B (Mezzanine), 5th Floor - Zone B2, 6th Floor, 14th Floor, and 17th Floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok.

#### STRUCTURE OF SHAREHOLDING IN SUBSIDIARY AND ASSOCIATE COMPANY

As an investment holding company, the Company's main investment in the Subsidiary is in the non-life insurance sector and in the Associate Company in the life insurance sector. Details of the shareholding are as follows:



# GENERAL INFORMATION

## GENERAL INFORMATION

<b>Company name</b>	Allianz Ayudhya Capital Public Company Limited
<b>Ticker symbol</b>	AYUD
<b>Stock Exchange</b>	Stock Exchange of Thailand
<b>Industry sector</b>	Financial / insurance
<b>Type of business</b>	Investment holding company investing in insurance business
<b>Company registration number</b>	0107537001391
<b>Registered capital</b>	Baht 463,473,361, divided into 463,473,361 shares at a par value of Baht 1.00 per share
<b>Paid-up capital</b>	Baht 384,910,061, divided into 384,910,061 shares at a par value of Baht 1.00 per share
<b>Head office</b>	898 Ploenchit Tower, 7th Floor, Ploenchit Road, Lumpini Sub-district, Pathumwan District, Bangkok 10330 Telephone : 0-2657-2979 Fax : 0-2657-2971 Website: <a href="http://www.azaycapital.co.th">www.azaycapital.co.th</a>
<b>Corporate Secretary</b>	Telephone : 0-2657-2979 Email : <a href="mailto:cs@azay.co.th">cs@azay.co.th</a>

## OTHER REFERENCES

<b>Registrar</b>	Thailand Securities Depository Co., Ltd. The Stock Exchange of Thailand Building, 93 Ratchadaphisek Road Din-daeng Sub-District, Dindaeng District, Bangkok 10400 Telephone : 0-2009-9000 Fax : 0-2009-9991 Website : <a href="http://www.set.or.th/tsd">www.set.or.th/tsd</a>
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**Auditor****Ms. Nisakorn Songmanee**

› Certified Public Accountant Registration No. 5035 and/or

**Mr. Chavala Tienprasertkij**

› Certified Public Accountant Registration No. 4301 and/or

**Mr. Nantawat Samruanhant**

› Certified Public Accountant Registration No. 7731

Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.

AIA Sathorn Tower, 23rd - 27th Floor, 11/1 South Sathorn Road, Yannawa Sub-district, Sathorn District, Bangkok 10120

Telephone: 0-2034-0000

FAX: 0-2034-0100

Website: www.deloitte.com

**Financial institutions****Bank of Ayudhya Public Company Limited Head Office**

1222 Rama 3 Road, Bangpongphang Sub-district, Yan Nawa District, Bangkok 10120

Telephone : 0-2296-2000

**Ploenchit Office Branch**

550 Ploenchit Road, Lumpini Sub-district, Pathumwan District, Bangkok 10330

Telephone : 0-2208-2000

**The Government Housing Bank Head Office**

63 Rama 9 Road, Huai Khwang District, Bangkok 10310

Telephone : 0-2645-9000

**The Hongkong and Shanghai Banking Corporation Limited**

HSBC Building, 968 Rama 4 Road, Silom Sub-district, Bangrak District, Bangkok 10500

Telephone : 0-2614-5590

**Standard Chartered Bank (Thai) Public Company Limited Head Office**

100 North Sathorn Road, Silom Sub-district, Bangrak District, Bangkok 10500

Telephone : 0-2724-5380

**Subsidiary company****Allianz Ayudhya General Insurance Public Company Limited**

898 Ploenchit Tower, 18th Floor, Zone A, Ploenchit Road, Lumpini Sub-district, Pathumwan District, Bangkok 10330

Telephone : +66-2657-2555

FAX : +66-2657-2500

Website : www.gi.azay.co.th

**Associate company****Allianz Ayudhya Assurance Public Company Limited**

898 Ploenchit Tower, 1st Floor, Zone B, 2nd Floor, Zone B-Mezzanine, 5th Fl. Zone B-2, 6th, 14th and 17th Floor, Ploenchit Road, Lumpini Sub-district, Pathumwan District, Bangkok 10330

Telephone : +66-2305-7000

FAX : +66-2305-7011

Website : www.azay.co.th

# BOARD OF DIRECTORS



## DR. JAMLONG ATIKUL

### INDEPENDENT DIRECTOR AND CHAIRMAN OF THE BOARD

Date of Appointment: June 13, 2019

Age: 71 years

Relationship among Family with Other Directors, Management, Major Shareholders and Subsidiaries: None



#### EDUCATION / TRAINING

- › Ph.D. in City and Regional Planning, Cornell University, USA
- › Master of Commerce in Economics, University of Auckland, New Zealand
- › Bachelor of Commerce and Administration in Economics, Victoria University of Wellington, New Zealand
- › IT Security Trend Update, Year 2018
- › IT Governance & Cyber Resilience, Year 2019

#### DIRECTOR TRAINING

- › Role of the Chairman Program (RCP) Class 26/2011, Thai Institute of Directors Association
- › Director Certification Program (DCP) Class 77/2006, Thai Institute of Directors Association
- › Director Accreditation Program (DAP) Class 55/2006, Thai Institute of Directors Association

#### WORKING EXPERIENCE (DURING THE RECENT 5 YEARS) AND/OR IMPORTANT POSITIONS

- 2018 - 2019 Nomination and Remuneration Committee Member, Bank of Ayudhya Public Company Limited
- 2014 - 2017 Member of Monetary Policy Committee, Bank of Thailand
- 2012 - 2014 Chairman of Risk Management Committee, Krungthai Bank Public Company Limited
- 2007 - 2014 Director, Krungthai AXA Life Insurance Co., Ltd.
- 2007 - 2014 Chairman of the Board, Krungthai AXA Life Insurance Co., Ltd.
- 2006 - 2013 Member of Nomination and Remuneration Committee, Reginal Container Lines Public Company Limited

#### OTHER DIRECTORSHIP POSITIONS / OTHER POSITIONS AT PRESENT

##### Other Listed Companies

Jul 2019 - Present

Chairman of Nomination and Remuneration Committee, Bank of Ayudhya Public Company Limited

Nov 2018 - Present

Independent Director and Member of Audit Committee, Bank of Ayudhya Public Company Limited

2013 - Present

Chairman of the Board (Authorized Director), Reginal Container Lines Public Company Limited

Non-listed Companies: None

#### SHAREHOLDING IN THE COMPANY

(as of December 31, 2019):

- › Personal: None
- › Spouse or minor child: None



## MR. SORASIT SOONTORNKES

### INDEPENDENT DIRECTOR AND MEMBER OF AUDIT COMMITTEE

Date of Appointment: April 20, 2018

### CHAIRMAN OF AUDIT COMMITTEE

Date of Appointment: May 14, 2018

Age: 67 years

Relationship among Family with Other Directors, Management, Major Shareholders and Subsidiaries: None



#### EDUCATION / TRAINING

- › Master of Accounting, Chulalongkorn University
- › Master of Business Economics, Thammasat University
- › Bachelor of Accounting, Chulalongkorn University
- › Senior Executive Program, SASIN, Chulalongkorn University
- › Executive Development Program (Wharton School), University of Pennsylvania, USA
- › Capital Market Academy Leader Program Class 8
- › Advanced Army Academics Program (Regular Class 46), Royal Thai Army War College

#### DIRECTOR TRAINING

- › Director Certification Program (DCP) Class 91/2007
- › Advanced Audit Committee Program (AACP) Class 33/2019

#### WORKING EXPERIENCE (DURING THE RECENT 5 YEARS) AND/OR IMPORTANT POSITIONS

- 2012 - 2016 President and Director, Deposit Protection Agency
- 2011 - 2012 Deputy Governor, Director and Member of Monetary Policy Committee Bank of Thailand

#### OTHER DIRECTORSHIP POSITIONS / OTHER POSITIONS AT PRESENT

- Other Listed Companies
- 2018 - Present Chairman of the Board of Directors and Independent Director, AIRA Factoring Public Company Limited
- 2017 - Present Advisor to Board of Director and Chairman of the Risk Oversight Committee, Nok Airline Public Company Limited

#### Non-listed Companies

- 2018 - Present Independent Director and Chairman of the Audit Committee, Allianz Ayudhya General Insurance Public Company Limited (Formerly known as Sri Ayudhya General Insurance Public Company Limited)
- 2018 - Present Independent Director and Chairman of the Audit Committee, J.D. Food Products Co., Ltd.
- 2018 - Present Member of Audit Committee, Eastern Economic Corridor Office of Thailand
- 2017 - Present Member of Audit Committee, Bank of Thailand
- 2017 - Present Director, Internal Audit Office, Chulalongkorn University

#### SHAREHOLDING IN THE COMPANY (as of December 31, 2019):

- › Personal: None
- › Spouse or minor child: None



## MR. NARONG CHULAJATA

### INDEPENDENT DIRECTOR AND MEMBER OF AUDIT COMMITTEE

Date of Appointment: April 26, 2019

Age: 82 years

Relationship among Family with  
Other Directors, Management,  
Major Shareholders and Subsidiaries: None



#### EDUCATION / TRAINING

- ▶ Master of Public Administration, The Maxwell School of Citizenship and Public Affairs, Syracuse University, New York, USA
- ▶ Master of Public Administration, Institute of Public Administration, Thammasat University
- ▶ Bachelor's Degree in Political Science, Chulalongkorn University

#### DIRECTOR TRAINING

- ▶ Director Certification Program (DCP) Class 71/2006  
Thai Institute of Directors Association
- ▶ Director Accreditation Program (DAP) Class 11/2004  
Thai Institute of Directors Association
- ▶ Role of the Chairman Program (RCP) Class 6/2000  
Thai Institute of Directors Association

#### WORKING EXPERIENCE (DURING THE RECENT 5 YEARS) AND/OR IMPORTANT POSITIONS

**2013 - 2017** Vice Chairman, SUSCO Public Company Limited

#### OTHER DIRECTORSHIP POSITIONS / OTHER POSITIONS AT PRESENT

##### Other Listed Companies

**2017 - Present**

Director, SUSCO Public Company Limited

##### Non-listed Companies

**2012 - Present**

Director, SUSCO Dealers Co., Ltd.

**2011 - Present**

Director, Siri Charoen Wattana Co., Ltd.

**2008 - Present**

SUSCO Retail Co., Ltd.

**2007 - Present**

Independent Director and Chairman of Audit Committee, Allianz Ayudhya Assurance Public Company Limited

**2003 - Present**

Chairman of the Board, Safari World Public Company Limited

#### SHAREHOLDING IN THE COMPANY

(as of December 31, 2019):

- ▶ Personal: None
- ▶ Spouse or minor child: None

## MR. SUWAT LAICHAROENSUP

### INDEPENDENT DIRECTOR AND MEMBER OF AUDIT COMMITTEE

Date of Appointment: April 20, 2018

### CHAIRMAN OF NOMINATION AND REMUNERATION COMMITTEE

Date of Appointment: May 14, 2018

Age: 70 years

Relationship among Family with  
Other Directors, Management,  
Major Shareholders and Subsidiaries: None

#### EDUCATION / 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)

#### DIRECTOR TRAINING

- › Director Certification Program (DCP) Class 280/2019, Thai Institute of Directors Association

#### WORKING EXPERIENCE (DURING THE RECENT 5 YEARS) AND/OR IMPORTANT POSITIONS

2009 - 2016

Sub-committee member, Software Industry Promotion Agency (Public Organization) (SIPA)

2013 - 2017

President, ISACA Bangkok Chapter

#### OTHER DIRECTORSHIP POSITIONS / OTHER POSITIONS AT PRESENT

Other Listed Companies: None

Non-listed Companies

April, 2018 - Present

Independent director and Audit Committee Member, Allianz Ayudhya General Insurance Public Company Limited (Formerly known as Sri Ayudhya General Insurance Public Company Limited)

January 2018 - Present

Advisor to Committee Counsel of Computer Engineering, Engineering Institute of Thailand

October 2017 - Present

President, Subcommittee for People Driven of Information Technology and Communications and Digital Content, The Board of National Qualifications Framework, Office of the Education Council, Ministry of Education

July 2017 - Present

Advisor and Member of the Board, ISACA Bangkok Chapter

June 2017 - Present

Chairman, ITSMF Thailand Association (ITIL for IT Service management)

March 2017 - Present

Advisor of Committee Counsel of Computer Engineering, Engineering Institute of Thailand

June 2013 - Present

Sub-committee member of Digital Committee, Thailand Professional Qualification Institute (Public Organization)

#### SHAREHOLDING IN THE COMPANY

(as of December 31, 2019):

- › Personal: None
- › Spouse or minor child: None



## MR. VICHIT KORNVITYAKOON

**INDEPENDENT DIRECTOR, MEMBER OF AUDIT COMMITTEE AND CHAIRMAN OF CORPORATE GOVERNANCE COMMITTEE**

Date of Appointment: January 28, 2013

Age: 69 years

Relationship among Family with Other Directors, Management,

Major Shareholders and Subsidiaries: None



### EDUCATION / TRAINING

- › Master of Business Administration, Thammasat University
- › Bachelor of Accountant, Chulalongkorn University
- › Bachelor of Law, Thammasat University

### DIRECTOR TRAINING

- › Director Certification Program (DCP) Class 172/2013
- › Advanced Audit Committee Program (AACP) Class 14/2014
- › Anti-Corruption for Executive Program (ACEP) Class 14/2015
- › Role of the Nomination & Governance (RNG) Class 7/2015
- › Risk Management Program for Corporate Leaders (RCL) Class 2/2015
- › Boards that Make a Difference (BMD) Class 1/2016
- › Board Matter & Trends (BMT) Class 2/2017

- › Ethical Leadership Program (ELP) Class 7/2017

### WORKING EXPERIENCE (DURING THE RECENT 5 YEARS) AND/OR IMPORTANT POSITIONS 2013 - 2019

Independent Director, Member of Audit Committee and Chairman of Compliance Committee, Allianz Ayudhya General Insurance Public Company Limited (formerly known as Sri Ayudhya General Insurance Public Company Limited)

#### 2013 - 2017

Member of IT and Systems Development Supervisory Sub-committee, Deposit Protection Agency

#### 2014 - 2015

Executive Director, Small and Medium Enterprise Development Bank of Thailand

### OTHER DIRECTORSHIP POSITIONS / OTHER POSITIONS AT PRESENT

Other Listed Companies: None

Non-listed Companies

#### 2019 - Present

Independent Director, Member of Audit Committee, Allianz Ayudhya General Insurance Public Company Limited

#### 2016 - Present

Member of Professional Ethics Committee, Federation of Accounting Professional under the Royal Patronage of his Majesty the King

#### 2012 - Present

Member of Executive Credit Committee, Sukhumvit Asset Management Co., Ltd.

### SHAREHOLDING IN THE COMPANY

(as of December 31, 2019):

- › Personal: None
- › Spouse or minor child: None

## MR. ROWAN D'ARCY

**DIRECTOR (AUTHORIZED SIGNATORY)**

Date of Appointment: April 26, 2019

Age: 65 years

Relationship among Family with  
Other Directors, Management,  
Major Shareholders and Subsidiaries: None



### EDUCATION / TRAINING

- › University of Witwatersrand,  
Johannesburg, South Africa
- › Ashridge Business School,  
United Kingdom

### DIRECTOR TRAINING

- › Director Certification Program  
(DCP) Class 103/2008
- › Chartered Thai Institute of Director  
(CDD) Class 10/2015

### WORKING EXPERIENCE (DURING THE RECENT 5 YEARS) AND/OR IMPORTANT POSITIONS

2008 - 2017

President and CEO, Sri Ayudhya Capital  
Public Company Limited

2010 - 2017

Chief Executive Officer, Sri Ayudhya  
General Insurance Public Company  
Limited

### OTHER DIRECTORSHIP POSITIONS / OTHER POSITIONS AT PRESENT

Other Listed Companies: None

Non-listed Companies

2017- Present

Chairman of the Board of Directors,  
Allianz Ayudhya Assurance Public  
Company Limited

### SHAREHOLDING IN THE COMPANY

(as of December 31, 2019):

- › Personal: None
- › Spouse or minor child: None



## MR. LAKSNA THONGTHAI

### DIRECTOR

Date of Appointment: March 21, 1994

Age: 65 years

Relationship among Family with Other Directors, Management, Major Shareholders and Subsidiaries: None



#### EDUCATION / TRAINING

- › Ph.D. in Industrial and Systems Engineering, University of Southern California, Los Angeles, USA
- › Master of Science in Systems Engineering, UCLA, Los Angeles, USA
- › Bachelor of Science in Industrial Engineering, Chulalongkorn University
- › Reinsurance and Insurance Management Training Courses from France, Germany, and England

#### DIRECTOR TRAINING

- › Boards that Make a difference (BMD) Class 1/2016, Thai Institute of Director Association
- › Diploma Examination Assigned from Graduate Member to become Fellow Member, Thai Institute of Director Association, Year 2000

#### WORKING EXPERIENCE (DURING THE RECENT 5 YEARS) AND/OR IMPORTANT POSITIONS 1994 - 2019

Director (Authorized Signatory), Allianz Ayudhya Capital Public Company Limited 1994 - 2014

Director and Assistant Managing Director (Authorized Signatory), Allianz Ayudhya Capital Public Company Limited (Formerly known as Sri Ayudhya Capital Public Company Limited)

#### OTHER DIRECTORSHIP POSITIONS / OTHER POSITIONS AT PRESENT

Other Listed Companies: None

Non-listed Companies

2011 - Present

Director (Authorized Signatory), Triple Prime Team Holding Co., Ltd.

2001 - Present

Director, Nirvana Co., Ltd.

#### 1990 -Present

Director, Thongthai Water Pipe & Chemical Co., Ltd.

#### SHAREHOLDING IN THE COMPANY (as of December 31, 2019):

- › Personal: 1.621% (6,241,050 shares)
- › Spouse or minor child: None

# MISS NOPPORN TIRAWATTANAGOOOL

## DIRECTOR

Date of Appointment: April 22, 2013

## MEMBER OF NOMINATION AND REMUNERATION COMMITTEE

Date of Appointment: May 14, 2013

Age: 65 years

Relationship among Family with

Other Directors, Management,

Major Shareholders and Subsidiaries: None

### EDUCATION / 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
- › Seminar on "Future Customer Experience in Financial and Banking Services", Year 2018
- › IT Security Trend Update, Year 2018
- › IT Governance & Cyber Resilience, Year 2019
- › Bangkok Sustainable Banking Forum 2019 "An Industry Wake-up Call", Year 2019
- › Agile Leadership for Board of Directors, Year 2019

### DIRECTOR TRAINING

- › 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

### WORKING EXPERIENCE (DURING THE RECENT 5 YEARS) AND/OR IMPORTANT POSITIONS

#### 2015 - 2016

Director (Authorized Signatory), Grand Canal Land Public Company Limited

#### 2010 - 2014

Director, Bank of Ayudhya Public Company Limited

### OTHER DIRECTORSHIP POSITIONS / OTHER POSITIONS AT PRESENT

#### Other Listed Companies

#### 2016 - Present

Director, Grand Canal Land Public Company Limited

#### 2015 - Present

Risk and Compliance Committee Member, Bank of Ayudhya Public Company Limited

#### 2014 - Present

Director (Authorized Signatory), Bank of Ayudhya Public Company Limited

#### 2014 - Present

Director, Srivichaivejvivat Public Company Limited

#### 2014 - Present

Member of Nomination and Compensation Committee / Member of Governance, Risk and Compliance Committee, Siam City Cement Public Company Limited

#### 2012 - Present

Director, Siam City Cement Public Company Limited

#### 2010 - Present

Nomination and Remuneration Committee Member, Bank of Ayudhya Public Company Limited

#### Non-listed Companies

#### Dec 19, 2019 - Present

Director and Secretary  
Krungsri Foundation

#### Apr 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.

[Apr 9, 2015 - Present](#)

Director (Authorized Signatory)  
Khao Kheow Country Club Co., Ltd.

[Apr 9, 2015 - Present](#)

Director (Authorized Signatory)  
Siam Purimongkol Co., Ltd.

[Dec 1, 2014 - Present](#)

Director (Authorized Signatory)  
Grand Fortune Co., Ltd.

[Apr 21, 2014 - Present](#)

Director  
Bangkok Broadcasting & TV Co., Ltd.

[Apr 21, 2014 - Present](#)

Director (Authorized Signatory)  
BBTV Satelvision Co., Ltd.

[Apr 21, 2014 - Present](#)

Director (Authorized Signatory)  
GL Asset Co., Ltd.

[Apr 21, 2014 - Present](#)

Director (Authorized Signatory)  
Mahakij Holdings Co., Ltd.

[Apr 21, 2014 - Present](#)

Director (Authorized Signatory)  
BBTV Productions Co., Ltd.

[Jan 10, 2014 - Present](#)

Director (Authorized Signatory)  
BBTV Alliance Ltd.

[Jan 10, 2014 - Present](#)

Director (Authorized Signatory)  
BBTV Bond Street Building Ltd.

[Aug 2012 - Present](#)

Director (Authorized Signatory)  
ITBC Business Consultant Group Co., Ltd.

[Apr 2011 - Present](#)

Director (Authorized Signatory)  
Exclusive Senior Care International  
Co., Ltd.

[Sep 2010 - Present](#)

Director (Authorized Signatory)  
BBTV International Holdings Co., Ltd.

[Sep 2010 - Present](#)

Director (Authorized Signatory)  
Sunrise Equity Co., Ltd.

[Sep 2010 - Present](#)

Director (Authorized Signatory)  
BBTV Equity Co., Ltd.

#### SHAREHOLDING IN THE COMPANY

(as of December 31, 2019):

- ▶ Personal: None
- ▶ Spouse or minor child: None

## MRS. WANNA THAMSIRISUP

### DIRECTOR AND MEMBER OF CORPORATE GOVERNANCE COMMITTEE

Date of Appointment: June 13, 2019

Age: 63 years

Relationship among Family with Other Directors, Management, Major Shareholders and Subsidiaries: None

#### EDUCATION / TRAINING

- › Higher Diploma in Auditing, Thammasat University
- › B.A. in Accounting, Thammasat University
- › Certificated Public Accountant, Federation of Accounting Professions
- › Mini MBA by Thai Finance Association, Thammasat University



#### DIRECTOR TRAINING

- › Director Accreditation Program (DAP)
- › Director Certification Program (DCP)
- › Role of the Chairman Program (RCP)
- › Financial Institutions Governance Program (FGP)
- › Risk Management Committee Program (RMP)
- › Corporate Governance for Capital Market Intermediaries (CGI)
- › Driving Company Success with IT Governance (ITG)
- › Audit Committee Program (ACP)
- › Advance Audit Committee Program (AACP)
- › Board that Make a Difference (BMD)

#### WORKING EXPERIENCE (DURING THE RECENT 5 YEARS) AND/OR IMPORTANT POSITIONS

- 2017 - 2019 Director (Authorized Signatory), PPN S Associate Company Limited

- 2015 - 2016 Chief Information and Operation Officer, Bank of Ayudhya Public Company Limited
- 2007 - 2016 First Executive Vice President, Bank of Ayudhya Public Company Limited
- 2015 - 2016 Director, National ITMX Co., Ltd.
- 2009 - 2015 Director, Siam Reality and Services Securities Co., Ltd.
- 2008 - 2015 Head of Operations, Bank of Ayudhya Public Company Limited
- 2009 - 2015 Director, Ayudhya Capital Services Co., Ltd.

#### OTHER DIRECTORSHIP POSITIONS / OTHER POSITIONS AT PRESENT

- Other Listed Companies:
- 2017 - Present Advisor, Bank of Ayudhya Public Company Limited

#### Non-listed Companies

- 2018 - Present Member of Audit Committee, National ITMX Co., Ltd.
- 2017 - Present Director and Chairman of the Audit Committee, Krungsri Securities Public Company Limited
- 2017 - Present Independent Director and Member of the Audit Committee, Allianz Ayudhya Assurance Public Company Limited
- 2017 - Present Director and Chairman of Audit Committee, Krungsri Asset Management Public Company Limited

#### SHAREHOLDING IN THE COMPANY

(as of December 31, 2019):

- › Personal: None
- › Spouse or minor child: None



## MR. BRYAN JAMES SMITH

### DIRECTOR (AUTHORIZED SIGNATORY)

Date of Appointment: November 4, 2014

### PRESIDENT AND CEO

Date of Appointment: April 9, 2019

Age: 61 years

Relationship among Family with  
Other Directors, Management,  
Major Shareholders and Subsidiaries: None



#### EDUCATION / 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

#### DIRECTOR TRAINING

- › Director Certification Program (DCP) Class 207/2015, Thai Institute of Directors Association
- › Diploma Examination Program - Fellow Member 2015, Thai Institute of Directors Association

#### WORKING EXPERIENCE (DURING THE RECENT 5 YEARS) AND/OR IMPORTANT POSITIONS 2014 - 2019

Member of Nomination and Remuneration Committee, Allianz Ayudhya Capital Public Company Limited

2014 - 2019

Director, Member of Nomination and Remuneration Committee, Allianz Ayudhya General Insurance Public Company Limited

2009 - 2011

Chief Officer-Direct Marketing, Bancassurance & Group, Allianz Ayudhya Assurance Public Company Limited

#### OTHER DIRECTORSHIP POSITIONS / OTHER POSITIONS AT PRESENT

Other Listed Companies: None

Non-listed Companies

2019 - Present

Country Manager, Allianz Ayudhya

2011 - Present

Director (Authorized Signatory)

President and CEO

Allianz Ayudhya Assurance Public Company Limited

#### SHAREHOLDING IN THE COMPANY

(as of December 31, 2019):

- › Personal: None
- › Spouse or minor child: None

## MRS. CLAUDIA SALEM

### DIRECTOR

Date of Appointment: April 26, 2019

Age: 44 years

Relationship among Family with Other Directors, Management, Major Shareholders and Subsidiaries: None



#### EDUCATION / TRAINING

- › Master of Business Administration, Finance and Entrepreneurship, New York University, Stern School of Business, New York, USA
- › BEng, Computer & Communications Engineering, American University of Beirut, Lebanon

**DIRECTOR TRAINING** : None

#### WORKING EXPERIENCE (DURING THE RECENT 5 YEARS) AND/OR IMPORTANT POSITIONS

- 2017 - 2019**  
Chief Executive Officer AIG, Singapore and Head of Southeast Asia, Singapore
- 2016 - 2017**  
Global Head of Shared Services, AIG Malaysia, Kuala Lumpur
- 2015 - 2016**  
Chief Executive officer, Head of Shared Services Asia, AIG Malaysia, Kuala Lumpur
- 2012 - 2014**  
Senior Vice President, AIG USA, New York
- 2003 - 2011**  
Vice President, AIG USA, New York

#### OTHER DIRECTORSHIP POSITIONS / OTHER POSITIONS AT PRESENT

- Other Listed Companies: None
- Non-listed Companies  
**2019 - Present**  
Regional Chief Executive Officer P&C, Allianz SE Singapore Branch
- 2019 - Present**  
Chairman of the Board of Directors, Allianz Ayudhya General Insurance Public Company Limited
- 2019 - Present**  
Chief Executive Officer, Property and Casualty, Allianz Asia Pacific

#### SHAREHOLDING IN THE COMPANY (as of December 31, 2019):

- › Personal: None
- › Spouse or minor child: None

## MR. ROBERT PAUL GRAY

### DIRECTOR (AUTHORIZED SIGNATORY)

Date of Appointment: November 13, 2019

Age: 58 years

Relationship among Family with  
Other Directors, Management,  
Major Shareholders and Subsidiaries: None



#### EDUCATION / TRAINING

- › Fellow of Chartered Insurance Institute, United Kingdom
- › Chartered Insurer, United Kingdom

#### DIRECTOR TRAINING

- › Director Certification Program Class (DCP) Class 214/2015, Thai Institute of Directors Association

#### WORKING EXPERIENCE (DURING THE RECENT 5 YEARS) AND/OR IMPORTANT POSITIONS

- 2012 - 2015 Regional Chief Operating Officer Allianz SE, Singapore Branch
- 2009 - 2019 Chief Operation Officer, Allianz Ayudhya Assurance Public Company Limited

#### OTHER DIRECTORSHIP POSITIONS / OTHER POSITIONS AT PRESENT

Other Listed Companies: None

Non-listed Companies

2019 - Present

Country Chief Health Officer, Allianz Ayudhya Assurance Public Company Limited

#### SHAREHOLDING IN THE COMPANY

(as of December 31, 2019):

- › Personal: None
- › Spouse or minor child: None

## MR. LARS HEIBUTZKI

**DIRECTOR (AUTHORIZED SIGNATORY)**

Date of Appointment: April 26, 2019

Age: 45 years

Relationship among Family with  
Other Directors, Management,  
Major Shareholders and Subsidiaries: None



### EDUCATION / TRAINING

- › Ph.D. in Economics and Statistical Science with Distinction, Friedrich Alexander University, Nuremberg, Germany
- › Master of Business Administration, Major in Finance, Investment and Banking, University of Wisconsin-Madison, USA
- › Business and Economics Degree with Distinction, University of Leipzig, Germany

### WORKING EXPERIENCE (DURING THE RECENT 5 YEARS) AND/OR IMPORTANT POSITIONS

- 2018 - 2019** Chief Business Officer P&C and Member of Allianz Asia Board, Allianz SE Singapore Branch
- 2015 - 2018** Chief Distribution Officer and Member of Allianz Asia Board, Allianz SE Singapore Branch
- 2012 - 2015** Head of Organizational Management and Member of Executive Committee, Allianz Italy

### OTHER DIRECTORSHIP POSITIONS / OTHER POSITIONS AT PRESENT

- Other Listed Companies: None
- Non-listed Companies
- 2019 - Present**  
Director and Chief Executive Officer Allianz Ayudhya General Insurance Public Company Limited

### SHAREHOLDING IN THE COMPANY (as of December 31, 2019):

- › Personal: None
- › Spouse or minor child: None



## MR. JAN-CHRISTIAN ROSEMEYER

### DIRECTOR (AUTHORIZED SIGNATORY)

Date of Appointment: November 13, 2019

Age: 42 years

Relationship among Family with Other Directors, Management, Major Shareholders and Subsidiaries: None



#### EDUCATION / TRAINING

##### University of Ulm

- › Wirtschaftsmathematik, specialization in Mathematical Finance & Actuarial Science
- › Degree: Dipl.-Math. oec., with distinction
- › Scholarship by Studienstiftung des deutschen Volkes

##### Waseda University, Tokyo

- › One-year program in Japanese language and culture

##### Qualified Actuary

- › 2015 Practising Certificate by SAS for Appointed Actuaries & Certifying Actuaries
- › Associate of the Singapore Actuarial Society since 2013 (ASAS)
- › Fellow of the German Actuarial Society since 2006 (Aktuar DAV)

#### DIRECTOR TRAINING

- › Director Certification Program (DCP) Class 241/2017, Thai Institute of Directors Association

#### WORKING EXPERIENCE (DURING THE RECENT 5 YEARS) AND/OR IMPORTANT POSITIONS

- 2018 - 2019** Chief Financial Officer, Allianz General Insurance Public Company Limited
- 2012 - 2016** Chief Financial Officer, Allianz SE Reinsurance Branch Asia Pacific, Singapore
- 2010 - 2012** Chief Financial Officer, Allianz Taiwan Life Insurance Ltd, Taipei

#### OTHER DIRECTORSHIP POSITIONS / OTHER POSITIONS AT PRESENT

Other Listed Companies: None

Non-listed Companies:

##### 2019 - Present

Country Chief Financial Officer, Allianz Ayudhya General Insurance Public Company Limited

##### 2016 - Present

Chief Financial Officer, Allianz Ayudhya Assurance Public Company Limited

##### Present

- › Director, JCR Intertrade Co., Ltd.
- › Director, BSMC (Thailand) Limited
- › Director, CPRN (Thailand) Limited
- › Director, SOFE One Limited
- › Director, SOFE Two Limited
- › Managing Director, HaHo Unregistered Ordinary Partnership
- › Chairman, Japanese-German Young Leaders Forum Alumni e.V.
- › Advisor, ShoutOutz Pte. Ltd.

#### SHAREHOLDING IN THE COMPANY (as of December 31, 2019):

- › Personal: None
- › Spouse or minor child: None

## MISS ORATHAI RONGTHONGARAM

**DIRECTOR (AUTHORIZED SIGNATORY)**

Date of Appointment: April 20, 2018

**EXECUTIVE VICE PRESIDENT- HEAD OF ACCOUNTING DEPARTMENT**

Date of Appointment: October 2013

Age: 55 years

Relationship among Family with Other Directors, Management, Major Shareholders and Subsidiaries: None



### EDUCATION / TRAINING

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

### DIRECTOR TRAINING

- › Director Accreditation Program (DAP) Class 162/2019, Thai Institute of Directors Association

### WORKING EXPERIENCE (DURING THE RECENT 5 YEARS) AND/OR IMPORTANT POSITIONS

- 2018 - Present** Director (Authorized Signatory), Allianz Ayudhya Capital Public Company Limited (Formerly known as Sri Ayudhya Capital Public Company Limited)
- 2013 - Present** EVP, Accounting Department, Allianz Ayudhya Capital Public Company Limited (Formerly known as Sri Ayudhya Capital Public Company Limited)
- 1998 - 2013** Manager, Accounting Department, Sri Ayudhya Capital Public Company Limited

### SHAREHOLDING IN THE COMPANY

(as of December 31, 2019):

- › Personal: 0.004% (15,000 Shares)
- › Spouse or minor child: None



# NATURE OF BUSINESS



## NATURE OF BUSINESS

Allianz Ayudhya Capital Public Company Limited is an investment holding company with primary business in Allianz 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 operating in life and health businesses, and earns income from investments.

### 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, 2019, 2018, and 2017 are shown as follows:

	2019		2018		2017	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
Underwriting Income*						
Fire	521,841,617	13.0	489,495,535	21.7	466,921,566	23.1
Marine and transportation	171,645,419	4.3	163,293,301	7.2	157,146,824	7.8
Miscellaneous	983,714,596	24.5	658,636,872	29.1	607,803,338	30.0
Motor	2,335,630,566	58.2	947,833,636	42.0	791,360,645	39.1
<b>Total</b>	<b>4,012,832,19</b>	<b>100.0</b>	<b>2,259,259,344</b>	<b>100.0</b>	<b>2,023,232,373</b>	<b>100.0</b>

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



Unit in Baht

	2019		2018		2017	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
Net Earned Premium						
Fire	472,852,619	13.9	431,338,858	24.4	421,199,388	25.5
Marine and transportation	113,113,530	3.3	102,555,367	5.8	97,745,076	5.9
Miscellaneous	716,592,138	21.0	506,904,298	28.6	480,590,736	29.0
Motor	2,105,098,100	61.8	728,374,865	41.2	655,663,269	39.6
<b>Total</b>	<b>3,407,656,387</b>	<b>100.0</b>	<b>1,769,173,388</b>	<b>100.0</b>	<b>1,655,198,469</b>	<b>100.0</b>

Unit in Baht

	2019		2018		2017	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
Underwriting income	4,012,832,198	86.9	2,259,259,344	77.6	2,023,232,373	80.5
Investment income	574,063,572	12.4	648,629,316	22.3	485,851,773	19.4
Other income	32,398,955	0.7	2,862,420	0.1	3,957,631	0.1
<b>Total</b>	<b>4,619,294,725</b>	<b>100.0</b>	<b>2,910,751,080</b>	<b>100.0</b>	<b>2,513,041,777</b>	<b>100.0</b>

In 2019, the proportion of the Company's income changed from 2018 with the underwriting income slightly increased from 77.6% in 2018 to 86.9% in 2019 since the subsidiary acquired through an entire business transfer the assets and liabilities of Allianz General Insurance Public Company Limited from April 30, 2019.

The proportion of investment income during 2019 decreased from 22.3% in 2018 to 12.4% resulting from losses made from investment in securities in the amount of Baht 98.10 million while in 2018, profits from investments in securities amounted to Baht 62.18 million and losses from fair value adjustment of investment in trading securities in the amount of Baht 29.49 million. However, in 2019, the Company recorded for net investment income, interest income and dividend received, an increase of Baht 10.65 million or 9.84% from the previous year. The company had revenue from the profit sharing from its investment in Allianz Ayudhya Assurance Public Company Limited in the amount of Baht 553.25 million, an increase of Baht 45.56 million or 8.89% from the previous year.

The proportion of other income during 2019 was 0.7%, an increase of 0.1% from previous year.

## NATURE OF PRODUCT OR SERVICE

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

1. Motor: 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.
2. Fire: 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 windstorm, leasehold insurance and business interruption insurance.
3. 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.
4. 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.

In addition, the subsidiary handles reinsurance and accepts reinsurance from local and international companies in order to generate additional revenue and to increase its capability to manage its portfolio of risk efficiently. 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 the 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: Allianz Ayudhya General Insurance PCL

In 2019 direct premiums of the non-life insurance industry amounted to Baht 245,450.14 million, an increase of 5.54% from 2018, comprised direct premiums for fire insurance at Baht 10,177.88 million, an increase of 0.36% from 2018, marine and transportation insurance at Baht 5,485.69 million, a decrease of 0.58% from 2018, miscellaneous insurance at Baht 85,209.07 million, an increase of 5.94% from 2018, and motor insurance at Baht 144,577.50 million, an increase of 5.93% from 2018.

Unit in Baht

**DIRECT PREMIUM OF NON-LIFE INSURANCE BUSINESS**

TYPE OF INSURANCE	2019	2018	% INCREASE (DECREASE)
Fire	10,177,876	10,140,977	0.36
Marine and transportation	5,485,694	5,517,548	(0.58)
Miscellaneous	85,209,071	80,428,859	5.94
Motor	144,577,495	136,480,370	5.93
<b>Total</b>	<b>245,450,136</b>	<b>232,567,754</b>	<b>5.54</b>

Source: The Insurance Premium Rating Bureau (IPRB) data of direct insurance premium for the year 2019 of 54 non-life insurance companies, representing 99.5% of the total market (there were 57 companies in year 2018).

**COMPETITIVE STRATEGY**

The competitive strategy for the Company's Subsidiary is as follows:

After its business integration, Allianz Ayudhya established a long-term strategy for business growth over the next seven years to 2025, focusing on maintaining the following five key elements:

1. Penetrating and leveraging digital channels with a focus on driving business growth.
2. Aiming to become the leading insurance company of the future.
3. Cultivating sales through agents, focusing on consistently establishing and developing high-quality agents.
4. Leveraging the combined power of the insurance businesses under the Allianz Ayudhya brand for its strength and the ability to offer a full range of insurance products and services.
5. Making customers truly the central focus through True Customer Centricity (TCC), to drive the organization's culture.

Furthermore, the competitive strategy of the subsidiary would be specified as follows:

1. Developing business operations, including continuously implementing better technology and systems to increase service efficiencies in insurance and claims work, resulting in faster service that meets all customers' needs.
2. Developing and creating insurance products and services that fit consumers' lifestyles.
3. Elevating agents and brokers by consistently providing appropriate training that is integrated into an online system connected to the company for faster, more accurate, and more efficient operations.
4. Maintaining and strengthening the bancassurance business by developing new products and services that meet customers' needs.
5. Expanding online business channels by partnering with more businesses that have established sales online.

## 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 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 in order 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 on 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 affiliate companies
3. Direct sales

Distribution breakdowns in the past three years:

	% of the Company's Gross Written Premium		
	2019	2018	2017
1. Brokers and agents	33.72%	36.57%	40.74%
2. Financial institutions and affiliated companies	60.51%	56.14%	50.59%
3. Direct sales	5.76%	7.29%	8.67%

## 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

2019 market share of the Subsidiary as provided by Statistics Division, Examination Planning and Development, Office of Insurance Commission, is shown as follows:

According to data from the Insurance Premium Rating Bureau (IPRB), the direct premium of 54 insurance companies of the year 2019, representing 99.5% market share, are as follows:

	DIRECT PREMIUM OF THE SUBSIDIARY (UNIT: IN BAHT 000)	DIRECT PREMIUM OF 54 INSURANCE COMPANIES (UNIT: IN BAHT 000)	MARKET SHARE (%)	RANKING
Fire	668,692	10,177,876	6.6	6
Marine and transportation	322,190	5,485,694	5.9	7
Miscellaneous	2,156,700	85,209,071	2.5	13
Motor	3,313,519	144,577,495	2.3	24
<b>Total</b>	<b>6,461,101</b>	<b>245,450,136</b>	<b>2.6</b>	<b>12</b>

The Subsidiary has the advantage over competition on strong financial strength and number of years in business enabling it to operate efficiently over the year. The CAR ratio is at 677.38% as of September 30, 2019. 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 2019, the Subsidiary has 14 provincial branches and 4 sub-branches dedicated to claim services, covering the northern, central, eastern, north eastern and southern parts of Thailand. All branches have operated online system in order to provide the efficiency, convenient and fast service to the customers.



## PROVISION OF PRODUCTS AND SERVICES

### Source of Funds

The source of funds for the Subsidiary comes from underwriting income. The Company will use the income to invest in order to receive more return. In addition, there are funds received from shareholders, which the company shall manage to operate in order to increase returns as well.

### Loans

The Subsidiary have policies in granting credits and manage the risk from loans as follows:

Loans and risk management from loans of the subsidiary would be in compliance with the Notification of Office of Insurance Commission (OIC) regarding investment in other businesses of the insurance company, which has specified categories proportion and loan conditions.

### The ability to Maintain Loss Ratio

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

### Liquidity

Liquidity Management Policy: The Company and its Subsidiary manage cash flow on a daily basis by maintaining cash and short-term bank deposits at a sufficient amount for daily compensation and operating expenses.

## WORK-IN-PROCESS

None.

# IMPORTANT EVENT

## IMPORTANT EVENT

### Notification of the appointment of the Company's new President and Chief Executive Officer

As Mr. Virojn Srethapramotaya, the late President and Chief Executive Officer, passed away, the Company's Board of Directors' Meeting No.4/2019 on April 9, 2019 resolved to approve the appointment of Mr. Bryan James Smith as the Company's new President and Chief Executive Officer, effective as of April 9, 2019.

### NOTIFICATION OF THE RESOLUTIONS OF ANNUAL GENERAL MEETING OF SHAREHOLDERS NO. 70

The Annual General Meeting of Shareholders No. 70 of Sri Ayudhya Capital Public Company Limited (the Company) was held on April 26, 2019, at the Grand Ballroom, 3rd Floor, The Okura Prestige Bangkok. It was resolved to approve.

The new structure of the Board of Directors by increasing the number of directors from 11 persons to 15 persons, effective from April 30, 2019, as proposed. The meeting resolved to approve the matter, with a majority vote of shareholders who attended the meeting and casted their votes. The meeting resolved to approve the matter, with a majority / unanimous vote of shareholders who attended the meeting and casted their votes, as follows:

- |  |   |
|--|---|
| 1. Mr. Veraphan Teepsuwan<br>Chairman of the Board   | Director  |
| 2. Mr. Bryan James Smith<br>Director / President and Chief Executive Officer   | 9. Mr. Rowan D'Arcy<br>Director   |
| 3. Mr. Sorasit Soontornkes<br>Independent Director / Chairman of Audit Committee   | 10. Mr. Lars Heibutzki<br>Director  |
| 4. Mr. Suwat Laicharoensup<br>Independent Director / Audit Committee Member /<br>Chairman of Nomination and Remuneration Committee | 11. Mrs. Claudia Salem<br>Director  |
| 5. Mr. Vichit Kornvityakoon<br>Independent Director / Audit Committee Member /<br>Chairman of Corporate Governance Committee       | 12. Mr. Kitti Pintavirooj<br>Director   |
| 6. Mr. Narong Chulajata<br>Independent Director / Audit Committee Member   | 13. Mr. Laksna Thongthai<br>Director  |
| 7. Miss Nopporn Tirawattanagool<br>Director / Nomination and Remuneration<br>Committee Member                                      | 14. Mr. Suwat Suksongkroh<br>Director   |
| 8. Mr. Solmaz Altin  | 15. Miss Orathai Rongthongaram<br>Director / Corporate Governance<br>Committee Member |

### NOTIFICATION OF THE APPOINTMENT OF THE COMPANY'S NEW CHAIRMAN OF THE BOARD

On May 14, 2019, Mr. Veraphan Teepsuwan, Chairman of the Board of Directors, passed away. The Board of Directors' meeting No. 6/2019 held on June 13, 2019, resolved to approve the appointment of Dr. Jamlong Atikul as the Chairman of the Board. Dr. Jamlong Atikul serves the Board as an Independent Director.

### CELEBRATING ONE ALLIANZ AYUDHYA

On 30 April 2019, Dr. Suthiphon Thaveechaiyagarn, Secretary-General of the Office of Insurance Commission (OIC), presided over the celebration ceremony and congratulated the management of the Company and the Allianz Group on the completion of the transaction to deepen the strategic partnership between the two companies. Moving forward, the brand Allianz Ayudhya will represent all thier insurance entities operating in Thailand, covering life and non-life businesses. Over 1,000 employees and management also joined the event to officially kick-off the new era of Allianz Ayudhya as One Allianz.

# RISK FACTORS AND RISK MANAGEMENT



# RISK FACTORS AND RISK MANAGEMENT

As an investment holding company, the Company primarily invests in other businesses. Its revenue is mainly from its subsidiary and associate company, which operate in the life and general insurance industry. Naturally, risk factors in this industry will impact the operating performance of the Company's subsidiaries.

In the current situation it is difficult to predict the economic development for 2020. Generally, the Thai economy is strongly influenced by export volumes, tourism, and government spending. International trade as well as trade with China and within the ASEAN region will need to be monitored closely in regards of risks related to a recession or lower than expected growth.

Other risk factors deserving close monitoring include issues with distribution of purchasing power, problems from household debt, and reductions in domestic interest rates. These may impact risk in various ways, including insurance risk, credit risk, liquidity risk, and operational risk. The Company and its subsidiary appreciate and understand the importance of continuous risk management. They have 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 and stable manner. To ensure that various measures work consistently the Company and its subsidiaries have also established Risk Management Committee to manage internal and external Risk. 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 actual damages, insuring high-risk policies or policies with highly concentrated risk due to overly insuring a group, inadequate or ineffective policies, higher-than-expected actual damages, and the inefficient management of compensation funds. As a result, each insurance policy and its 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 recognized there is a concentration risk in insurance and in reinsurance and mitigates this by spreading risk across several groups of customers. Risk is also transferred to reinsurers, with a focus on reinsurers that have 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 impacts 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 reinsurers could have reduced reinsurance capacity due to a downgrade in their credit ratings, 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 the reinsurers' financial standing, financial stability, and credit rating. The Company has also created a process for collecting compensation, as well as for dividing and spreading risk across several re-insurers to lower concentration risk to an acceptable level. Finally, the Company also gives importance to legal agencies in order to protect against risk.

### Premium Collection Risk

Premium collection risk is the risk from policyholders being unable to pay their premiums. It is also the risk from agents or brokers that collect the premiums not transferring the premiums to the Company by set deadlines. As a result, the Company's Subsidiary are unable to collect overdue premiums, and this may cause the Company to incur write-offs. Its Subsidiary 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 that 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 in the following ways: **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) are within legal limits. Finally, it monitors the flow of payments every month to ensure the regularity of debt payments. **Bonds:** The Company selects government and state enterprise bonds guaranteed by the Ministry of Finance. The Company also selects investment-grade bonds from private institutions, while considering the issuers' business and industry. It also reviews issuers' financial standing and 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 borrower. If assets or borrowers are negatively impacted, the Company may also incur a 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 consistent with risk-related regulations set by relevant oversight organizations. Second, the Company 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 the risk resulting from any situation 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 with cash flow management for expected inflows and outflows. The Company also allocates a portion of its investment to in-demand stocks that are highly liquid and easily convertible to cash, at close to fair value. Furthermore, the Company is also able to use an 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.

## 2.4 Market Risk

Market risk is the 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 impact from 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 rates, and rates of return in the bond market in order to set a duration for investments 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 the 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 duration and amount of investment consistent with the Company's liabilities in the following two ways.

### 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, as well as its financial standing, capital fund, and business performance. Internal risk factors include risks associated with organizational structure, operational processes, and 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 regulations. The Company has internal work systems for organizing itself, its personnel, and its budget, as well as its information technology (IT) systems and operational monitoring and control systems. Altogether, they support the implementation of strategy that will allow the Company to reach its targets. The Company published its 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 or 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, and objectives, as well as any resolutions passed by shareholder meeting and relevant laws. The Company also has a framework for managing risk, which includes operational risk and for giving significance to internal systems of controls. This includes financial controls, operations, and operational governance, which has an internal audit team to check adherence to internal systems of control.

# MAJOR SHAREHOLDERS



## MAJOR SHAREHOLDERS

Largest Shareholders  
whose names appear in the shareholders'  
registration as of August 27, 2019.

RANK	MAJOR SHAREHOLDERS	SHARES	% SHARES
1	DEUTSCHE BANK AG, FRANKFURT A/C CLIENTS ACCOUNT-DCS	150,077,870	38.990
2	CPRN (THAILAND) LIMITED	37,429,491	9.724
3	BBTV Equity Company Limited	32,548,450	8.456
4	Bangkok Broadcasting & Television Company Limited	28,802,500	7.483
5	The Great Luck Equity Company Limited	17,249,475	4.481
6	Mr. Krit Ratanarak	14,867,700	3.863
7	Bank of Ayudhya Public Company Limited	12,124,600	3.150
8	Thongthai (1956) Company Limited	9,610,000	2.497
9	CITIBANK NOMINEES SINGAPORE PTE LTD-UBS SWITZERLAND AG	8,158,800	2.120
10	Great Fortune Equity Company Limited	7,045,250	1.830



# SHARES HELD BY THE BOARD OF DIRECTORS



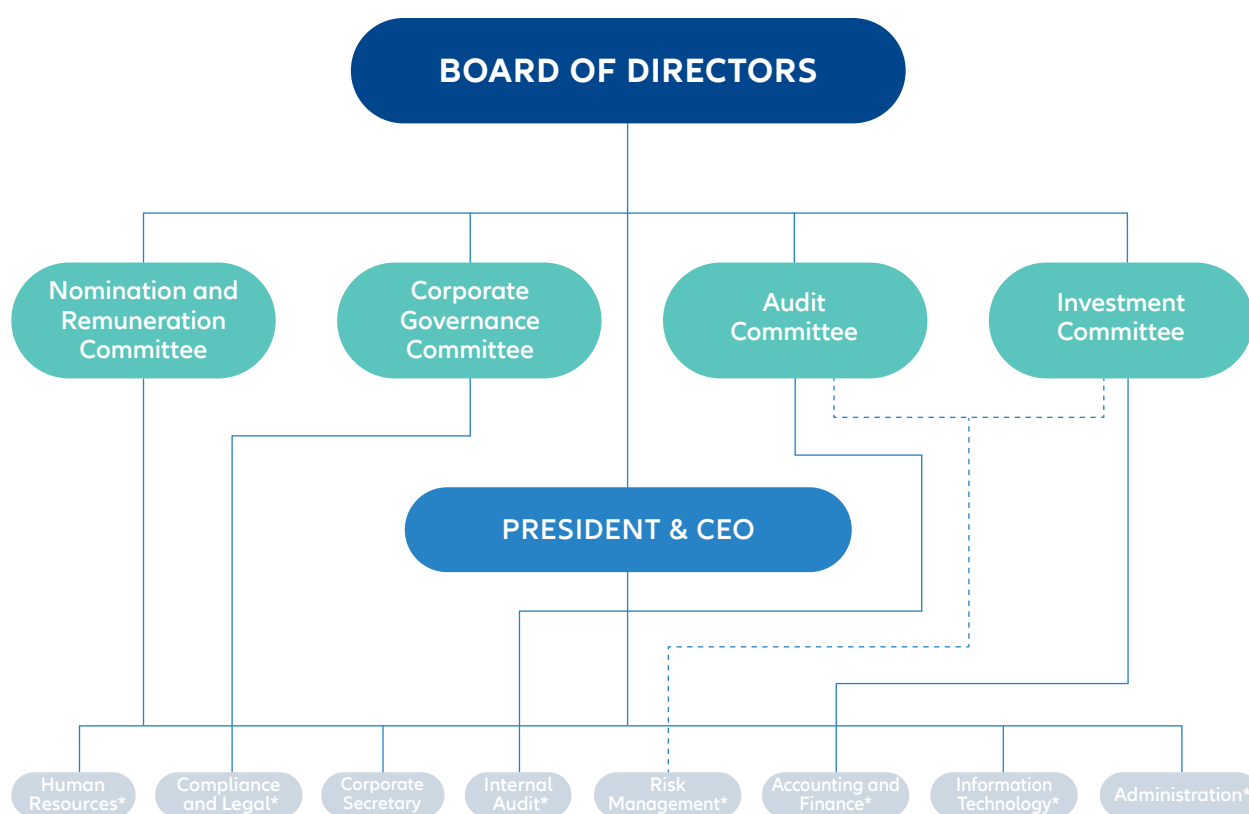
## SHARES HELD BY THE BOARD OF DIRECTORS

Report on Securities Holding of Directors of Allianz Ayudhya Capital Public Company Limited  
as of December 31, 2019

DIRECTORS	POSITION	NUMBER OF ORDINARY SHARES		INCREASE/ (DECREASE)
		December 31, 2018	December 31, 2019	
Dr. Jamlong Atikul	Chairman of the Board / Independent Director	-	-	-
Mr. Sorasit Soontornkes	Chairman of the Audit Committee/ Independent Director	-	-	-
Mr. Narong Chulajata	Member of the Audit Committee/ Independent Director	-	-	-
Mr. Suwat Laicharoensup	Member of the Audit Committee/ Independent Director	-	-	-
Mr. Vichit Kornvityakoon	Member of the Audit Committee/ Independent Director	-	-	-
Mr. Rowan D'Arcy	Director	-	-	-
Mr. Laksna Thongthai	Director	10,938,750	6,241,050	(4,697,700)
Miss Nopporn Tirawattanagool	Director	-	-	-
Mrs. Wanna Thamsirisup	Director	-	-	-
Mr. Bryan James Smith	Director / President and Chief Executive Officer	-	-	-
Mrs. Claudia Salem	Director	-	-	-
Mr. Robert Paul Gray	Director	-	-	-
Mr. Lars Heibutzki	Director	-	-	-
Mr. Jan-Christian Rosemeyer	Director	-	-	-
Miss Orathai Rongthongaram	Director / Executive Director	15,000	15,000	-

# ORGANIZATION CHART

## ORGANIZATION CHART



\*Outsourced to Allianz Ayudhya Assurance Public Company Limited (AZAY) and Allianz Ayudhya General Insurance Public Company Limited (AAGI)

# MANAGEMENT STRUCTURE



## MANAGEMENT STRUCTURE

The Management of Allianz Ayudhya Capital Public Company Limited consists of the Board of Directors and the following four subcommittees:

1. Audit Committee
2. Nomination & Remuneration Committee
3. Corporate Governance Committee
4. Investment Committee

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

### 1. BOARD OF DIRECTORS

In accordance with its Articles of Association, the Company will have a Board of Directors comprised of at least five members to conduct the Company's business, not less than half of whom must reside within the country. As of December 31, 2019,

the Board of Directors consists of 15 members, with eight non-executive directors, five independent directors, and two executive directors.

Board members are qualified to assure adherence to the relevant rules and regulations set forth by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The term for each board member is three years (9 years).



## BOARD OF DIRECTORS

As of December 31, 2019, the Company's Board of Directors comprises the following 15 directors:

NO.	DIRECTORS	POSITION	MEETINGS ATTENDED / TOTAL MEETINGS (DURING JANUARY 1 - DECEMBER 31, 2019)	
			Board of Directors	Remarks
1.	Dr. Jamlong Atikul <sup>(1)</sup>	Chairman of the Board of Directors / Independent Director	2/2	-
2.	Mr. Sorasit Soonthornkes	Audit Committee Member / Independent Director	6/8	-
3.	Mr. Norong Julajata <sup>(2)</sup>	Audit Committee Member / Independent Director	3/3	-
4.	Mr. Suwat Laicharoensup	Audit Committee Member / Independent Director	7/8	-
5.	Mr. Vichit Kornvityakoon	Audit Committee Member / Independent Director	8/8	-
6.	Mr. Rowan D'Arcy <sup>(3)</sup>	Non - Executive Director	2/3	Attended 1 meeting via conference call
7.	Mr. Laksna Thongthai	Non - Executive Director	8/8	-
8.	Ms. Nopporn Tirawattanagool	Non - Executive Director	8/8	-
9.	Mrs. Wanna Thamsirisup <sup>(1)</sup>	Non - Executive Director	2/2	-
10.	Mr. Bryan James Smith	Executive Director	8/8	-
11.	Mrs. Claudia Salem <sup>(2)</sup>	Non - Executive Director	1/3	Attended meeting via conference call
12.	Mr. Lars Heibutzki <sup>(2)</sup>	Non - Executive Director	3/3	-
13.	Mr. Jan-Christian Rosemeyer <sup>(4)</sup>	Non - Executive Director	-	-
14.	Mr. Robert Paul Gray <sup>(5)</sup>	Non - Executive Director	-	-
15.	Ms. Orathai Rongthongaram	Executive Director	8/8	-

**Notes:** <sup>(1)</sup> The Board of Directors' Meeting No. 6/2019 dated June 13, 2019 resolved to appoint Dr. Jamlong Atikul as a director to replace Mr. Veraphan Teepsuwan who passed away on May 14, 2019 and Mrs. Wanna Thamsirisup as a director to replace Mr. Suwat Suksongkroh who resigned with effective on June 13, 2019

<sup>(2)</sup> These directors were appointed by the Annual General Meeting of Shareholders for the year 2019 (No. 70) dated April 26, 2019, to align the restructuring of the Company's Board of Directors.

<sup>(3)</sup> Mr. Rowan D' Arcy was appointed by the Annual General Meeting of Shareholders for the year 2019 (No. 70) dated April 26, 2019, as a director to replace Mr. Chusak Salee, who retired by rotation.

<sup>(4)</sup> Mr. Jan-Christian Rosemeyer was appointed by the Board of Directors' Meeting No. 8/2019 dated November 13, 2019, as a director to replace Mr. Solmaz Altin, who resigned as of November 13, 2019. Mr. Solmaz Altin was elected by the Annual General Meeting of Shareholder for the year 2019 (No. 70) dated April 26, 2019 to replace Mr. Virojn Srethapramotaya, the President & CEO, who passed away on April 7, 2019.

<sup>(5)</sup> Mr. Robert Paul Gray was appointed by the Board of Directors Meeting No. 8/2019 dated November 13, 2019, as a director to replace Mr. Kitti Pintavirooj, who resigned as of November 13, 2019. Mr. Kitti Pintavirooj was appointed by the Annual General Meeting of Shareholders for the year 2019 (No. 70) dated April 26, 2019 to align the restructuring of the Company's Board of Directors.

## AUTHORIZED DIRECTORS

Pursuant the Company's Affidavit as of December 18, 2019, the Company's authorized directors are Mr. Bryan James Smith, Mr. Lars Heibutzki, Mr. Rowan D'Arcy, Mr. Robert Paul Gray, Miss Orathai Rongthongaram and Mr. Jan-Christian Rosemeyer. Any two of these six directors can jointly sign with the Company's seal affixed.

## CHARTER OF THE BOARD OF DIRECTORS

### 1. ACHIEVING THE VISION

The Board of Directors of Allianz 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.

With reference to the Company's vision "to become one of Thailand's leading investment holding companies with a primary focus in the insurance sector, leveraging on the Company'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. ROLES AND RESPONSIBILITIES

The Board's roles and responsibilities are as stipulated by law and shareholders meeting resolutions as follows:

- 2.1 To determine the corporate governance policy, strategic plan, and financial performance for Management to implement and to monitor and evaluate the Company's performance to ensure that the implementation conforms with the Company's goals and business plan;
- 2.2 To determine whether the structure and procedure of the organization's management conforms with the Company's Articles of Association, shareholders meetings, and annual reports;
- 2.3 To structure risk management procedures to ensure that the Company has sufficient risk management, compliance, audit, and internal controls systems;

- 2.4 To monitor and evaluate the Company's management to ensure that the performance and budget according to the Board resolutions;
- 2.5 To set criteria and guideline of the performance of the Company's President & CEO and Management ;
- 2.6 To oversee and review the nomination and succession plan of the Company's President & CEO and Management to ensure that the Company's operations continue smoothly; and
- 2.7 To oversee and ensure that the Company's business ethics and Code of Conduct has been communicated to the Company's directors and employees.
- 2.8 To set criteria and evaluate the performance of the Board of Directors as a whole in order to maintain good corporate governance and ensure the high standard qualification of the Board.

### 3. AUTHORITY

The authority of the Board is stipulated by laws and shareholders meeting resolutions, as follows:

- 3.1 To appoint and consider the remuneration and terms of services of the President & CEO;
- 3.2 To consider and approve the following:
  - 3.2.1 Strategic plan (annually review);
  - 3.2.2 Annual business plan;
  - 3.2.3 Annual budget;
  - 3.2.4 Interim and year-end financial statements;
  - 3.2.5 The remuneration of subcommittee members (total amount specified and approved by shareholders meeting);
  - 3.2.6 Remuneration and terms of services of the President & CEO according to annual performance reviews;
  - 3.2.7 Change of organizational structure at both the sub-committee and management levels;
  - 3.2.8 Acquisition, establishment, disposal, or cessation of any material asset or business of the Company; and
  - 3.2.9 Any changes of authorized directors and/or the authority of directors delegated by the Board; and
- 3.3 Any matter not otherwise delegated to the Executive Committee, the President & CEO, or Management.

#### 4. COMPOSITION

The Board of Directors shall be consisted of at least five members and one-third of the total members of the Board (or at least 3 members) must be Independent Directors, and Executive Directors shall not be more than one-third of the total number of the Board of Directors.

#### 5. CRITERIA AND QUALIFICATION OF A DIRECTOR OF THE COMPANY

The Board shall consider the following qualifications of a director e.g., banking, business, marketing, human resources, finance, law, management, or management consulting with a level of knowledge, capability, and experience may maximize and be beneficial to the Company's operation. Each director must be ethically sound and able to fully dedicate his/her time for this responsibility.

#### COMPANY SECRETARY

Ms. Jiratcha Ruplek had served as the Company Secretary from August 15, 2008 to November 12, 2019. The Board of Directors had resolved to appoint Ms. Chawandhorn Muangmee as the Company Secretary from November 13, 2019 onward to comply with the Securities and Exchange Act and the Capital Market Supervisory Board. The Company Secretary's responsibilities are to oversee, coordinate, and facilitate Board of Directors' meetings and shareholders meetings and to ensure that these meetings are conducted in 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 the Good Corporate Governance Section, Responsibilities of the Board of Directors section.

## 2. REMUNERATION FOR DIRECTORS AND EXECUTIVES

#### MONETARY REMUNERATION

In 2019, Board members received in total the sum of Baht 13,013,159, compared to Baht 16,474,275 in 2018, which included annual remuneration and bonuses as follows:

NO.	NAME	2019			2018		
		REMUNERATION	BONUS	TOTAL (BAHT)	REMUNERATION	BONUS	TOTAL (BAHT)
1.	Mr. Veraphan Teepsuwan	178,667	413,000	591,667	360,000	743,400	1,103,400
2.	Dr. Jamlong Atikul	264,000	578,200	842,200	-	-	-
3.	Mr. Sorasit Soontornkes	684,000	1,205,049	1,889,049	475,000	843,312	1,318,312
4.	Mr. Suwat Laicharoensup	684,000	1,148,564	1,832,564	475,000	803,765	1,278,765
5.	Mr. Vichit Kornvityakoon	684,000	1,148,564	1,832,564	684,000	1,148,564	1,832,564
6.	Mr. Narong Chulajata	273,000	451,500	724,500	-	-	-
7.	Miss Nopporn Tirawattanagool	420,000	602,000	1,022,000	420,000	602,000	1,022,000
8.	Mr. Viroj Srethapramotaya	242,500	355,009	597,509	880,000	1,065,028	1,945,028

NO.	NAME	2019			2018		
		REMUNERATION	BONUS	TOTAL (BAHT)	REMUNERATION	BONUS	TOTAL (BAHT)
9.	Mr. Chusak Salee	180,000	306,780	486,780	540,000	920,339	1,460,339
10.	Mr. Laksna Thongthai	360,000	573,800	933,800	360,000	573,800	933,800
11.	Mr. Suwat Suksongkroh	232,000	419,009	651,009	570,000	970,127	1,540,127
12.	Mr. Rowan D'Arcy	240,000	430,350	670,350	-	-	-
13.	Mrs. Wanna Thamsirisup	198,000	351,167	549,167	-	-	-
14.	Mr. Bryan James Smith	175,000	-	175,000	630,000	998,327	1,628,327
15.	Mr. Lars Heibutzki	35,000	-	35,000	-	-	-
16.	Mr. Solmaz Altin	-	-	-	-	-	-
17.	Mrs. Claudia Salem	-	-	-	-	-	-
18.	Mr. Jan-Christian Rosemeyer	-	-	-	-	-	-
19.	Mr. Robert Paul Gray	-	-	-	-	-	-
20.	Mr. Kittti Pintavirooj	-	-	-	-	-	-
21.	Ms. Jarunee Chaisupakitsin	-	-	-	-	-	-
22.	Mr. Surachai Prukbamroong	-	-	-	209,000	361,737	570,737
23.	Mr. Metha Suvanasarn	-	-	-	209,000	344,799	553,799
24.	Mr. Arnon Opaspimoltum	-	-	-	192,500	216,161	408,661
25.	Miss Orathai Rongthongaram	120,000	-	120,000	240,000	290,133	530,133
26.	Mr. Tivakorn Kanjannakit	60,000	-	60,000	135,000	213,283	348,283
	<b>TOTAL</b>	<b>5,030,167</b>	<b>7,982,992</b>	<b>13,013,159</b>	<b>6,379,500</b>	<b>10,094,775</b>	<b>16,474,275</b>

**Note:** From April 30, 2019, under Allianz Fit and Proper Policy, any Executive Directors of the Company and/or its Subsidiary or management of Allianz shall not be compensated under the Remuneration for Director to avoid conflicts of interest.

### REMUNERATION FOR THE MANAGEMENT TEAM

In 2019, the total remuneration for the members of the Company's management team, as defined by the Securities and Exchange Commission, was Baht 12.74 million, comprising salaries, bonuses, and other benefits.

The Company's Subsidiary's management team's total remuneration including salaries, bonuses, and other benefits in 2019 was Baht 114.67 million.

### OTHER REMUNERATIONS FOR THE MANAGEMENT

The Company and its Subsidiary provide a 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 2019, the Company and its Subsidiary had contributed Baht 3.57 million into the Provident Fund for management executives and employees. No share options or warrants were given to the management, executives or employees.

## 3. PERSONNEL

The total number of employees of the Company and its Subsidiary as of December 31, 2019, was 596. The total remuneration to all employees in the form of salaries, bonuses, employer's Social Security contributions, Provident Fund, and retirement compensation was Baht 464.40 million.

### HUMAN RESOURCES POLICY

Today, in managing any leading organization, it is undeniable that Human Resources plays a very important role in driving the organization's growth and development. Human Resources' role has evolved to include business planning, effectively acting as a business partner. Human Resources is integral to develop employees to provide the Company's leverage to build sustainable growth.

The Company believes employees are the most important asset and are at the heart of driving growth

and success. The Human Resources management policy covers not only the Company but extends to cover the management of the Subsidiary as well.

### 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 Human Resources immediately.

The Company treats its employees according to international human rights principles and provides guidelines and 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 2019, the Company restructured employees' scope of work to be more aligned with continuous changes in business development and technology. This had a positive impact on customer service 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.

### WORKFORCE DEVELOPMENT

In 2019, 596 employees of the Company and its Subsidiary participated in internal and external training courses. The total of expenses for workforce development was Baht 4.97 million.

### FOSTERING RELATIONSHIPS BETWEEN EMPLOYEES AND THE COMPANY

The Company emphasizes building continuous engagement with an employees. The Employee Engagement Survey is conducted annually by an



external party hired by the Company for transparency. Results of the Employee Engagement Survey are shared to management and employees openly. Employee focus group sessions are conducted to identify opportunities for improving employee engagement. The Company believes that engaged employees will perform more effectively, which results in better relationships with colleagues, the Company, and society as a whole, which in turn helps the Company to be successful.

The Company communicates openly and sincerely with its employees. Regular communications are sent via internal communications, announcing Company and employee movements as well as providing knowledge, announcing voluntary employee activities, and providing everyone a channel to express opinions and interact with the Company at any time. In addition, the Company organizes meetings for all employees at least twice a year to clarify the Company's policies and guidelines. The meetings also give employees an opportunity to ask questions and express their opinion and propose new ideas directly to the Company.

### ACTIVITIES ORGANIZED IN 2019

To foster and strengthen closer relationship with employees, many activities were held for participation, e.g. staff party to thank employees for contributions, team-building to allow each function or department to have an activity together, and One Allianz Ayudhya Leadership Workshops to identify action plans to build one culture.

#### April:

- › One Allianz Ayudhya celebrated Day 1 of Allianz Ayudhya General Insurance and the One Allianz Ayudhya set-up (country organization: Life & Health Insurance Business, Property and Casualty Insurance Business, and Central Functions which support both Life & Health and Property & Casualty businesses).

#### May-July:

- › Organizational Health Index Survey: A third party conducted a survey to understand each company's strengths and to define a target picture of One Allianz Ayudhya. Leadership workshops structured for both Life & Health

and Property & Casualty employees were conducted to share and brainstorm ideas to improve future organization culture.

#### August:

- › Allianz Ayudhya General Insurance (AAGI) open house: to introduce Allianz People Attributes of One Allianz to AAGI staff.

#### September:

- › The first AAGI staff meeting was held to inform staff about the Company's direction and business performance for the first half of the year;
- › Annual health check-ups were provided for staff;
- › Allianz Engagement Survey was launched to allow employees to voice their opinions on Company Engagement, Health & Wellness, and Work Well programs.

#### November:

- › The first Joint Leadership meeting was held for the leaders of Life & Health Business, Property & Casualty Business, and Central Functions together.

# CORPORATE GOVERNANCE

# CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE POLICY

The Board of Directors places the utmost importance on the creation of a good corporate governance by emphasizing procedural fairness and honesty in the business of the Company. 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 operations 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 reviewed the implementation of the principles of good corporate governance for listed companies. In 2019, the Company reviewed and improved the Company's governance policy to comply with the good corporate governance principles for listed companies.

**In 2019, the Company strictly followed the good corporate governance policy covering these areas:**

### 1. SHAREHOLDERS' RIGHTS

The Company places great emphasis on shareholder rights. Guidelines have been set to preserve the rights and equality of all shareholders as prescribed by the Articles of Association and the Company's Code of Conduct. This includes not depriving shareholders the right to review information disclosed as regulated, the right to attend shareholders meetings with material information promptly or change or urgently add significant information in the agenda of the meeting without advance notice to the shareholders, the right to question the Board during meetings, and the right to attend meetings late. Such rights also 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 and transactions that affect the Company; and to other fundamental rights such as asking questions or expressing opinion during shareholders meetings. These rights are detailed as follows:

#### 1.1 The right to disclosure of information:

The Company has provided extensive disclosure of information and performance, including related party transactions, essential information for shareholders to make decisions, Board of Directors resolutions on dividend payments, and information about ordinary shareholders meetings, approximately two months in advance. The information is published in both Thai and English, as well as through the SET system and the Company's website: [www.azaycapital.co.th](http://www.azaycapital.co.th) under the '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 meeting date and before shareholders receive actual meeting documents to allow for adequate time to review the materials.

## 1.2 The right to attend shareholders meeting:

Shareholders have the right to attend annual general meetings held within 120 days of the closing date of the Company's fiscal year, e.g. December 31, 2018. The meetings adhere to applicable laws and regulations, with the use of the AGM Checklist and good governance practices. The date, time, and venue are scheduled appropriately for shareholders' convenience, 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 provide efficient personals to smooth the registration process including providing duty stamps in the case of proxy whose authority to attend and vote in the meeting is granted by a shareholders.

**a) Agenda item for appointing/nominating directors:** This includes preliminary information of proposed candidates such as title, name, age, type of director, education, and experience with any potential conflicts of interest disclosed. Criteria for appointing a new director and/or re-electing existing directors must be reviewed by the Nomination & Remuneration Committee with a clear recommendation given to shareholders making a decision.

**b) Agenda item for considering directors' remuneration:** This includes the amount and type of remuneration as defined by directors' roles or responsibilities. The policy, criteria, and methodology in calculating compensation and other benefits must pass through the Nomination & Remuneration Committee with a clear recommendation given to shareholders making a decision.

**c) Agenda item to appoint auditor and determine auditing fees:** This includes the auditors' names, auditing firms, auditors impartiality, auditing firm employment numbers (for reappointment) or rationale for changing auditors (for appointing new auditors), and auditing fee justification - all of which must be reviewed by the Audit Committee with a clear recommendation given to shareholders making a decision.

**d) Agenda item for paying dividend:** This includes the dividend policy, the payment amount compared to the policy, rationale for not paying dividend as per policy, and a clear recommendation given to shareholders making a decision.

**e) Other agenda items for consideration (if any):** For example - capital increase or decrease and regulation changes which must include such details as objectives, rationale, necessity, impact on the Company or shareholders, and a clear recommendation given to shareholders making a decision.

**f) Voting by proxy:** The Board of Directors allows and supports shareholders to use proxies for casting votes and for expressing opinions. At least one independent director whom shareholders can appoint as their proxy must be listed in the notices for shareholders' meetings.

The rights of shareholders were exercised with full support from the Board of Directors as evidenced by the Annual General Meeting of Shareholders No. 70 held on April 26, 2019, at 14.00 hours at the Grand Ballroom, 3rd Floor, the Okura Prestige Bangkok, No. 57 Wireless Road, Lumpini, Phatumwan, Bangkok 10330, with the following proceedings:

1. The Company entrusted the Securities Depository (Thailand) Company Limited, the Company's Share Registrar, to send notices of the 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.azaycapital.co.th](http://www.azaycapital.co.th), in accordance with Ministry of Commerce regulations. Shareholders who were unable to attend the meeting in person were able to grant proxies to others or independent directors specified by the Company to attend the meeting on their 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 at least seven days in advance. Furthermore, the notices were announced in a daily newspaper for three

- consecutive days, at least three days before the meeting date. As a result, shareholders attended the meeting, and the registration of attendance was carried out smoothly at least two hours before the meeting. An appropriate reception was also provided.
2. Minority shareholders were provided with the opportunity to propose agenda items, to nominate candidates with appropriate qualifications for the Board of Directors, and to submit their inquiries to the Company prior to the meeting. At the Shareholders Meeting No. 70, the Company provided for additions to the agenda by calling for nominations for the Board of Directors with specific qualifications as announced via [www.azaycapital.co.th](http://www.azaycapital.co.th) and the SET system.
  3. The Company provided for shareholders who attended the meeting, after its commencement, to be entitled to cast votes on agenda items under consideration and not yet decided and to be counted as part of the quorum on the agenda item under consideration unless shareholders had a difference of opinion.
  4. At the shareholders meeting, 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. Vote 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 directly to the point throughout the meeting. The meeting minutes were recorded with resolutions and votes of all stakeholders summarized with transparency and fairness.
    - 4.5 For the agenda item 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 recorded: agree/disagree/abstain votes, and invalid ballots.
  - 4.6 The Company's shareholding structure and ten major shareholders as at the latest closing date of the Company's Share Registration Book were publically disclosed. This information is also available on the Company's website. The Company operates with the aim of creating sustainable growth and providing appropriate rate of returns for shareholders.
  - 4.7 All members of the Board and relevant Management placed utmost importance on attending the annual general meeting and fully attended to provide information to shareholders and answered all shareholder inquiries.
  - 4.8 In 2019, the Company organized the Annual General Meeting No. 70 on April 26, 2019, sending all supporting documents 14 days in advance to provide shareholders with adequate information on all agenda items requiring a vote. Altogether, nine directors attended the meeting, including the Chairman of the Board, Chairman of the Sub-Committees, President & CEO, subcommittee members, and the Company's independent auditors. The barcode system was used to register attendance and votes. All shareholder's records were entered into the Company's database and may be audited at a later date. The entire meeting was also videotaped and may be viewed via [www.azaycapital.co.th](http://www.azaycapital.co.th).
- For 2020, the Board of Directors has set the date for the next shareholders meeting for the year 2020 (No. 71) as April 28, 2020 at 14.00 hours, at the Grand Ballroom, Grand Hyatt Erawan Bangkok, No. 494 Rajdamri Road, Lumpini, Pathumwan, Bangkok 10330. Notices calling the meeting and relevant documents will be disseminated through the Company's website, [www.azaycapital.co.th](http://www.azaycapital.co.th), where shareholders can obtain the information 30 days in advance. Again, the barcode system for attendance and voting registration will be used, and the entire meeting will be videotaped.



## 2. EQUITABLE TREATMENT OF SHAREHOLDERS

**2.1 Provision of information prior to the shareholders meeting:** The Company believes in equitable treatment of shareholders, whether Thai or foreign. The Company sends notices calling the meeting, supporting documents, and proxy forms in Thai and English. Shareholders can participate in the deliberations and cast their votes in accordance with the agenda. The right to vote at the meeting is in accordance with the number of shares held, with one share equaling one vote.

The Company will not add any agenda items to the shareholders meeting without prior notice and will convey the information at the meeting pursuant to the notice so that shareholders can consider items before deciding. In cases where a shareholder cannot attend a meeting, the Company will provide him/her with a proxy form attached to the notice calling the meeting so that shareholder can authorize another person or the Chairman of the Audit Committee or an independent director to exercise their rights on his/her behalf.

**2.2 Protecting minority shareholder rights:** The Company provides the opportunity for minority shareholders to propose meeting agenda items, to nominate director candidates with appropriate qualifications, and to submit their inquiries in advance. Prior to sending out the notice for the annual general shareholders meeting, the Company must set clear procedures on how these rights are to be exercised, including the time period for exercising these rights, qualifications of shareholders with rights to propose agenda items/nominate director candidates, required documents, details for review, channels to propose agenda items, procedures for consideration, and channels to provide results of the consideration with rationales from the Board of Directors - all to appear on the Company website: [www.azaycapital.co.th](http://www.azaycapital.co.th)

Votes are transparent, and ballot papers are provided for every agenda item. Shareholders can vote as they see fit. Ballots are collected in cases of disapprovals or abstentions for each item. The results are then aggregated and processed with the total number of votes in attendance at the meeting. Before announcing

the final votes at the resolution of the meeting, the Company summarizes the results and displays them on a screen for all shareholders to acknowledge simultaneously at the meeting. In addition, for transparency, the ballots are kept at the head office in Bangkok and are open to inspection after the conclusion of the meeting. Meeting minutes are recorded accurately and comprehensively and signed by the presiding Chairman. The minutes are sent to the SET within 14 days of the annual general 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 Code of Ethics and Conduct. Directors, executives, and other employees involved with internal data are forbidden to trade the Company's securities for one month before the public disclosure of the Company's financial statements. If a trade occurs, it must be reported to the Company and the SEC 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 board meetings.

The Company discloses information on shareholding structure and shares held by the Board in the Annual Report. Company's Articles of Association states the shareholder's right to vote at a meeting on the election of directors in accordance with the number of shares held, with one share equaling one vote. A resolution of the shareholders' meeting must be passed by majority vote. If the number of votes are even, the Chairman of the meeting retains the casting vote.

**2.3 Preventing the misuse of insider information:** The Company has a policy for its directors regarding disclosing shareholding and complying with SEC notifications and Section 59 of the Securities & Exchange Act B.E. 2535 (1992) that requires the Company's directors, 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 to 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 these regulations. Complete information on the shareholdings of the Company's directors is also disclosed in the Company's Annual Report.

In addition, the Company prohibits directors, executives, staff, related persons (including minor children), and related parties from accessing the Company's information and using inside information or non-public information that may impact a change in securities value from trading one month before publicly disclosing the financials. In the event of buying, selling, and/or transfer (to-and-from) of the Company's securities, persons involved must report the transaction(s) to the 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 Company directors must declare securities holding to the SEC as well. For the past year, the Company declared no insider trading by directors, executives, and staff.

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

### 3. 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 Conduct further stipulates moral and legal obligations by Management and staff to be protected with fairness for all concerned. The laws and other relevant regulations on the rights of these stakeholders are rigorously followed in order to bring about sustainable growth in business as well as social benefit and value.

The Company sets and discloses its policies as well as measures to deal with each group by observing their rights in accordance with the law 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 its business through building its long-term value for better returns.

Dividend payments are based on the result of its operations and 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 02-657-2979 or email: cs@azay.co.th

#### Employees

The Company considers human resources as the core asset essential in driving the Company toward its business targets. Human resource policies, together with the Code of Conduct 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. Welfare benefits such as annual health check-ups, a provident fund, and retirement pensions are provided. Appropriate remuneration is provided based on individual achievement as well as the Company's results. 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 Conduct, which clearly stipulates expected behavior and penalties for non-compliance.

Furthermore, employees are given opportunities to participate in various internal management matters via subcommittees, e.g. risk management, compliance, welfare, and provident funds, for mutual benefit.

#### 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 Conduct on dealing with entertainment and gifts, participating in activities and/or events, and how supplier/customer

relationships should be handled. The policy is described in detail to ensure a clear understanding among 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 remove 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 guidelines in setting measures on compliance.

#### Creditors

The Company recognizes the importance of upholding responsibilities toward all creditors and adhering strictly to agreed terms. It fosters an environment of mutual respect and trust and is determined not to violate creditors' rights. In addition, the Company will consider and manage its liquidity so as to be prepared to pay debts immediately and in a timely manner in accordance to agreed terms as well as for emergencies, even in cases of encountering liquidity setbacks.

#### Society, Community, and Environment

The CSR framework policy is meant as a guideline for developing programs to implement. Employees receive training to build their awareness in the areas of environmental and resource preservation. CSR in-process and after-process guidelines are applied to programs to support the society in which the Company operates to help improve lives and living conditions. This policy goes hand-in-hand with the way the Company operates its 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.

## 4. ANTI-CORRUPTION PRACTICES

The Company received its first certified Collective Action Coalition against Corruption Private Sector

(“CAC”) membership on January 22, 2016. In 2018, the Audit Committee in both the Company and its subsidiary reviewed the self-evaluation form regarding anti-corruption measures in order to submit it to the Thai Institute of Directors (“IOD”) to renew certified CAC membership. The CAC Council met in the first quarter of 2019 dated May 21, 2019 and approved the Company and its subsidiary as certified CAC members for three years, which represents the Company as a good role model, adhering to anti-corruption policies in all aspects.

The Company, its subsidiary, and its associate company (together, Allianz Ayudhya) perform annual risk assessments, which includes fraud and corruption in operational risks. The assessment includes addressing corruption risks in the insurance industry, risk level measurement, identifying internal controls to mitigate corruption risk, and regular monitoring and risk reassessment. Moreover, Allianz Thailand has reviewed the Anti-Corruption Policy approved by the Company's Board of Directors. This Policy prescribes objectives, scopes, responsibilities, requirements, and escalation processes to prevent and respond to corruption risk efficiently.

The Company provides the following online information and training programs on anti-corruption and money laundering prevention and suppression:

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

In addition, the Company publishes and distributes Code of Conduct handbooks to all Company and subsidiary employees with receipt of acknowledgement. Within the handbook, policies are defined, examples are given, and penalties specified for non-compliance. The Company places great importance on compliance of these policies and thus has assigned subcommittees to oversee, review, and monitor activities within the Company and its subsidiary to ensure adherence to related laws and regulations. All employees are responsible for complying with the policies and measures set forth.

The following additional anti-corruptions measures are included in the Code of Conduct handbook:

- › Fraud Prevention Guidelines: As a part of a 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: Management and employees are responsible for reporting any suspicious activity or non-compliance to laws, regulations, ethics, and Company regulations which may impact the Company's reputation.

In addition, the Company established other policies 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, conflicts of interest, privacy, supplier relationships, copyrights, sanctioned countries and specially designated nationals, environment, public health and safety, and potential fraud reporting - all of which are detailed in writing for employees and disclosed on the websites of the Company and its subsidiary.

During 2019, the Company conducted anti-corruption training programs incorporating online information for subsidiary and branch employees to study, and tests were administered. In addition, new employees were trained on these policies so that proper conduct and compliance can be expected. The Company promotes understanding via activities that cultivate and reinforce honesty and good behavior as well.

## 5. DISCLOSURE AND TRANSPARENCY

The Board of Directors is responsible for financial statements and financial information disclosure on electronic means as specified in the Annual Report. The financial statements have been prepared in conformity with generally accepted Thai accounting standards and practices, and align with the accounting policy appropriately disclosed. Furthermore, significant financial information disclosures have been revealed in a section of Notes to the Financial Statements. 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 prioritizes importance to internal controls, including financial, operational procedures, and compliance. The Internal Audit Department is responsible for ensuring that systems and standard procedures are followed as detailed in the Internal Controls Section.

The Board of Directors is confident that internal controls are sufficient to provide the reliability of the financial statements as of December 31, 2019.

The Company has 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 focuses in disclosing the Company's financial and general information correctly and transparently with emphasis on the policies mandated by the SEC and SET so that potential investors would be able to trust the Company's information in order to conclude their investment.

The Company upholds a policy that stipulates directors and executives must acknowledge in the writing the SEC notification requiring Company directors and executives report any change in their securities holding to the Office of the SEC within three days from the date of such change and the penalties for failure to comply. This is in compliance with Section 59 of the Securities Exchange Commission Act of 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 must be disclosed in the Annual Report.

## 6. REPORT ON CHANGES IN SECURITIES HOLDINGS OF THE COMPANY'S DIRECTORS AND EXECUTIVES

The Company discloses changes in securities holdings, both direct and indirect, of Company directors and executives as defined by the SEC, including the numbers of securities held by related persons under Sections 59 and 258 of the Securities Exchange Commission Act. Details of securities holdings as of December 31, 2019, compared with 2018 are as follows:

NAME	POSITION	NUMBER OF ORDINARY SHARES		INCREASE/ (DECREASE)
		31 DECEMBER 2018*	31 DECEMBER 2019*	
Dr. Jamlong Atikul	Chairman of the Board / Independent Director	-	-	-
Spouse and Minor child		-	-	-
Mr. Veraphan Teepsuwan		-	-	-
Spouse and Minor child	(served as a director February 28, 2002 - May 14, 2019)	-	-	-
Mr. Sorasit Soontornkes	Chairman of Audit Committee / Independent Director	-	-	-
Spouse and Minor child		-	-	-
Mr. Narong Chulajata	Audit Committee Member / Independent Director	-	-	-
Spouse and Minor child		-	-	-
Mr. Suwat Laicharoensup	Audit Committee Member / Chairman of Nomination and Remuneration Committee / Independent Director	-	-	-
Spouse and Minor child		-	-	-
Mr. Vichit Kornvityakoon	Audit Committee Member / Independent Director / Chairman of Corporate Governance Committee	-	-	-
Spouse and Minor child		-	-	-
Mr. Suwat Suksongkroh		32,500 0.013%	n/a	n/a
Spouse and Minor child	(served as a director March 21, 1994 - June 13, 2019)	-	-	-
Mr. Rowan D'Arcy	Director	-	-	-
Spouse and Minor child		-	-	-
Mr. Laksana Thongthai	Director	10,938,750 3.69%	6,241,050 1.621%	(4,697,700)
Spouse and Minor child		-	-	-
Mr. Chusak Salee		4,000 0.001%	n/a	n/a
Spouse and Minor child	(served as a director November 1, 2007 - April 26, 2019)	6,000 0.002%	n/a	n/a



NAME	POSITION	NUMBER OF ORDINARY SHARES		INCREASE/ (DECREASE)
		31 DECEMBER 2018*	31 DECEMBER 2019*	
Miss Nopporn Tirawattanagool	Director / Nomination and Remuneration Committee Member	-	-	-
Spouse and Minor child		-	-	-
Mrs. Wanna Thamsirisup	Director / Corporate Governance Committee Member	-	-	-
Spouse and Minor child		-	-	-
Mr. Bryan James Smith	Director / President and CEO	-	-	-
Spouse and Minor child		-	-	-
Mr. Viroj Srethapramotaya		-	-	-
Spouse and Minor child	(served as a director February 27, 1998 - April 7, 2019)	-	-	-
Mrs. Claudia Salem	Director	-	-	-
Spouse and Minor child		-	-	-
Mr. Robert Paul Gray	Director	-	-	-
Spouse and Minor child		-	-	-
Mr. Lars Heibutzki	Director	-	-	-
Spouse and Minor child		-	-	-
Mr. Jan-Christian Rosemeyer	Director	-	-	-
Spouse and Minor child		-	-	-
Mr. Kittti Pintavirooj		-	-	-
Spouse and Minor child	(served as a director April 30, 2019 - November 13, 2019)	-	-	-
Mr. Solmaz Altin		-	-	-
Spouse and Minor child	(served as a director April 30, 2019 - November 13, 2019)	-	-	-
Miss Orathai Rongthongaram	Director / Executive Vice President - Head of Accounting Department	15,000 0.005%	15,000 0.004%	-
Spouse and Minor child		-	-	-
Miss Jiratcha Ruplek	Senior Vice President, Legal Department	-	-	-
Spouse and Minor child		-	-	-

\* as of December 31, 2018, total ordinary shares of 296,416,925 shares

\*\* as of December 31, 2019, total ordinary shares of 384,964,961 shares

## 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: setting the policies for directors of the Company, disclosing securities holdings, and considering and approving vision, goal, business plan and budget, as well as monitoring business performance to ensure effectiveness and alignment with its plans in the best interests of the Company and its shareholders annually. The director appointments are made according to the Company's regulations and shareholder meeting resolutions. Additionally, the Company sets the management structure with a clear division of responsibility between the Board of Directors and 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 according to good corporate governance practices and Company management structure. As of December 31, 2019, the Company has 15 members on its Board of Directors, including two executive directors, eight non-executive directors, and five independent directors, or 33.33% of the Board of Directors. The Company is confident that the executive directors, non-executive directors, and independent directors will independently perform and approve policies in the best interests of the Company. Moreover, the Company encourages each director to be 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 law 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, vision, ethics and transparency, good work record, and ability to express opinions independently. The Board considers candidates without gender discrimination as defined in the Board's diversity

policies. The role and responsibilities of appointed committee members and subcommittee members are clearly defined, with the President & CEO as the head of the executive team responsible to the Board of Directors for business operations and performance in accordance with the Charter of the Board of Directors.

- 1.3 Terms of Directors: The term of office of the Board of Directors is specified in the Company by-laws and adheres to the Public Limited Company Act of 1992. When a term expires, a Board member may be re-elected by a shareholders meeting resolution and/or a Board of Directors resolution. The Company does not restrict based on age for its Board of Directors as it believes that expertise and experience in business overrides age factors.
- 1.4 Definition & Qualifications of Independent Directors: In compliance with requirements of the SEC and the SET, an independent director is a director who can express his/her opinions freely with an aim to improve the organization's management and to lead it towards progress, transparency, and good governance. The qualifications of an independent director are more strictly than requirements of SEC 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 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 a 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 SEC and the SET; however, the prohibition excludes independent directors who were government officers or advisers to government agencies that are major

shareholders or controlling persons of the Company.

1.4.3 Not being a person related by blood or registration under the law, such as father, mother, spouse, sibling, or 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 a manner which may interfere with his/her 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 the Company filing with the SEC and the SET. The term "business relationship" aforementioned 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 a 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 20 million baht or more, whichever is lower. The amount of such indebtedness will be calculated according to the calculation method for valuing connected transactions under the Notification of the Capital Market Supervisory Board concerning rules on connected transactions, mutatis mutandis. The combination of such indebtedness will 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 audits 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 filing with the SEC and the SET.

1.4.6 Neither being nor having been any professional adviser including legal adviser or financial adviser who receives an annual service fee exceeding two million baht 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 SEC and the SET.

1.4.7 Not being a director who has been appointed as a representative of the Company's director, a 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 its subsidiary; not being a principal competition in any partnership; not being an executive director, employee, staff, or adviser who receives salary; or not holding shares exceeding 0.5 percent of the total number of voting rights of any other company operating a business which has the same nature as and is in significant competition with the business of the Company or its subsidiary.

1.4.9 Not having any characteristics which make him/her incapable of expressing independent opinions with regard to the Company's 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 Company's benefit. The Company sets a limit on directors holding no more than five positions in other listed companies.

**1.6** Aggregation and Delegation of Authority: The Chairman of the Board is an independent director and not the same person as the President & CEO, with no relation to anyone on the executive team.

**1.7** Company Secretary: According to the Securities and Exchange Act of 2008, Section 89/15, a resolution was passed at the Board of Directors Meeting No. 8/2019 dated November 13, 2019, to appoint Ms. Chawandhorn Muangmee as Company Secretary. Appropriate training courses such as the Company Secretary Program (CSP) Class 72/2016, Fundamental Practice for Corporate Secretary (FPCS) Class 28, Law and Regulations related to Listed Company were undertaken.

**Qualifications are listed as follows:**

1.7.1 Understands the role and responsibilities of Company Secretary, including the role of the Board of Directors, and knowledge of related laws and regulations, and continually develops knowledge to be effective in the role;

1.7.2 Has knowledge and understanding of the Company's business and operations including that of subsidiaries;

1.7.3 Will not exploit the Company's business opportunity for personal gain and must be able to keep confidential information;

1.7.4 Is ethical and considers all stakeholders and must not do anything to damage the Company's reputation and imagery;

1.7.5 Performs duties with responsibility and honesty and supports the Company's work

to achieve objectives regarding corporate governance and Code of Conduct.

**Scope and responsibilities:**

1.7.6 Arrange annual shareholders meetings and Board of Directors meetings in compliance with the Company's rules and regulations;

1.7.7 Serve the Board of Directors in providing corporate legal advice, taking care of the governing activities, and monitoring compliance with resolutions and advise on rules, regulations, and guidelines that should be acknowledged and complied with by the Board of Directors;

1.7.8 Prepare meeting minutes for both Board of Directors' meetings and shareholders' meetings and follow up on Board's resolutions in compliance with the Company's rules and regulations;

1.7.9 Coordinate in a process of Annual Reports production, invitations to shareholders to attend shareholders' meetings, letters to Board of Directors, and resolutions;

1.7.10 Keep safe stakeholders' transaction reports by directors and Management, and provide copies to the Chairman and the Audit Committee Chairman within seven days from the date of the report;

1.7.11 Manage the disclosure of information and information published by relevant business functions in the Company;

1.7.12 Update the Company's information and communicate with shareholders concerning their legal rights;

1.7.13 Oversee the activities of the Board of Directors;

1.7.14 Any other work as regulated by the SEC and SET.

## 2. ROLES, CHARTERS, AND RESPONSIBILITIES OF COMMITTEES

2.1 The Board of Directors is comprised of members with knowledge, expertise, and experience in the Company's core business. The Board sets the vision, mission, strategies, goals, and annual operating plan and budget for the utmost efficiency of operations and to achieve Company targets. The Board monitors the performance of executives to assure compliance with operating plans and stipulates and separates roles, duties, and responsibilities among its members, executives, employees, and relevant persons. The Board entrusts the Audit Committee to supervise the Internal Control Department performance and sets the internal controls system to assure that it is sufficient. In addition, the Board monitors risk management and applies good corporate governance principles to add value to its 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 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 revised Code of Conduct handbooks, which has been approved by the Board of Directors, to all directors, executives, and employees. Details of the handbook are disclosed fully on the Company's website.

The Board of Directors has established the following corporate governance policy:

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

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

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

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

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

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

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

2.2.8 Business is undertaken with an appreciation of environmental responsibility.

2.2.9 Related party transactions must be conducted in compliance with good corporate governance practices, as well as with the relevant laws, regulations, and other applied



restrictions. These transactions are reviewed and approved by the Board of Directors or through a shareholders' meeting.

- 2.3** The Company issues the Code of 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, 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 clear guidelines in managing conflicts of interest for the maximum benefit of the Company and its shareholders. In entering into such a transaction, at the meeting, the Company must disclose the transaction, value, parties concerned, and the reasons for such a transaction, in accordance with SET regulations. Directors with conflicts of interest are not allowed to participate or vote on the particular agenda item to maintain impartiality, and the information must be disclosed promptly for transparency.
- 2.5** The Board of Directors places great importance on the internal controls of financial operations, business performance, and corporate governance, including the computer systems. 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 ensure 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 controls 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 and established the Risk Management Committee to manage these

factors by overseeing business activities, including processes to reduce and minimize potential damages 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. Scopes of risks management cover the following:

2.6.1 Strategic risks;

2.6.2 Financial risks, classified into market fluctuation risks, corruption risks, and credit control risks;

2.6.3 Operational risks: 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 implement 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 the Board seven days in advance to enable directors to undertake adequate considerations and study the information prior to attending the meeting. The exception is when there is an emergency related to protecting the Company's 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 can express opinions openly and freely, and the Company Chairman will consolidate the opinions and conclusions reached.

Directors having a conflict of interest must leave the meeting during the consideration of the matter in question, which must subsequently contain half of the Board of Directors. All meetings are attended by the Board Secretary, who records and takes minutes, which will be approved by the meeting and verified by the Company Chairman and Board Secretary.

Board of Directors meetings are scheduled at least once every quarter. If there is an emergency, additional meetings may be called.

The Audit Committee, President & CEO, Head of Accounting Department, and head of Internal Audit schedule regular joint meetings with the Company's external auditor quarterly.

In a Board of Directors meeting, if there is query, or additional information is required from relevant persons, the President & CEO will invite the appropriate senior executive managements to provide explanations as applicable. Moreover, the Board of Directors has delegated to the President the task of scheduling meetings of the Executive Management Committee at least once a month. Additional meetings may, however, be called in case 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 subcommittees are recorded in writing, and the originals are filed at the Company's head office for the convenience of reference by the Board of Directors and relevant persons.

#### 4. SUBCOMMITTEES

The Board of Directors has appointed four subcommittees, including the Audit Committee, Nomination & Remuneration Committee, Corporate Investment Committee, and Corporate Governance Committee. Certain subcommittees 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 the Company directors and subcommittee members. Charters are discharged responsibly, loyalty, honesty, fairly, prudently, diligently, and independently. It is believed that all committee members understand and strictly adhere to these principles.

#### AUDIT COMMITTEE

The Company established the Audit Committee on October 12, 1999, comprising at least three committee members. The Board of Directors Meeting No. 6/2019 held on June 13, 2019, unanimously approved one additional member of the Audit Committee and the appointment of Mr. Narong Chulajata as a member of the Audit Committee, effective as of June 13, 2019. At present, the Audit Committee comprises four independent directors with a three year term. The Board of Directors Meeting No. 7/2019 held on August 13, 2019, passed a resolution to re-appoint Audit Committee member, Mr. Suwat Laicharoensup, whose term ended on October 12, 2019, for another term.

The Audit Committee comprises the following four members:

NO.	NAME	DESIGNATION	TENURE	MEETING ATTENDANCE
1.	Mr. Sorasit Soontornkes	Chairman	1 year	9/9
2.	Mr. Vichit Kornvityakoon	Member	2 years	9/9
3.	Mr. Suwat Laicharoensup	Member	3 years	9/9
4.	Mr. Narong Chulajata	Member	3 years	3/3

Ms. Paporn Piyayodilokchai was appointed as Secretary of the Audit Committee from May 21, 2001 to August 7, 2019. Ms. Wannaporn Ngamsukhonratana was appointed Secretary of the Audit Committee as of August 8, 2019.

Mr. Sorasit Soontornkes, Mr. Vichit Kornvityakoon, and Mr. Narong Chulajata has extensive knowledge and experience to review the reliability of the financial reports.

## PURPOSE

The Audit Committee was established by the Board of Directors to act and express independent opinions, to provide support to the Board, to review financial information proposed to the shareholders and stakeholders, to review the internal controls system determined by Management and the Board, to supervise internal audits and communicate with auditors of the Company, to consider connected party transactions or transactions in which a conflict of interest may exist, to supervise the process concerning anti-corruption measures, and to review compliance with the anti-corruption measures. The Audit Committee is responsible and directly report to the Board of Directors.

## AUTHORITY

The Audit Committee would have the following authorities:

1. Consider, select, and propose for appointment capable persons having independence to perform the duty as the external auditors of the Company to the Board of Directors, together with annual audit fee, in order to obtain approval from a annual general meeting;
2. Review the scope of works and other consultations given by the external auditors or external audit firms and determine the remuneration of external auditors;
3. Consider and resolve any disagreements between Management and the external auditors regarding financial reporting (if any);
4. Audit Committee is authorized to audit and investigate employees involved and related internal audit control matters within the scopes of its authority and duty. The Audit Committee has the authority to employ specialists to help audit and investigate as it considers suitable at the Company's expense.
5. Investigate or audit, if reported by the external auditors of the Company where they have found suspicious behavior that directors, managers, or persons in charge of the operations of the business of the Company who may have committed an offense;
6. Meet with the Company's personnel or outside consultants, as necessary.
7. The roles and duties as a member of the Audit Committee must be additional to those of the Company's Board of Directors.
8. The Audit Committee must not perform any roles or duties other than those specified in the Audit Committee Charter unless there are regulations or laws or assignments from the Company's Board of Directors to allow so, with the agreement of the Audit Committee.

## COMPOSITION

The Audit Committee must comprise at least three persons with high qualifications to be part of the Audit Committee in accordance with the regulations set forth by the SEC and SET. At least one member must have knowledge and experience enough to review the reliability of the financial statements. The Chairman of the Audit Committee must be appointed by the Board of Directors, or the Audit Committee, who were appointed by the Board of Directors, would be able to select the Chairman of the Audit Committee among themselves.

## MEETINGS

The Audit Committee should organize at least four meetings per annum, or more if necessary. The Audit Committee may invite management or persons involved to attend meetings and provide relevant information. The Audit Committee members can attend each meeting in person or via tele- or video-conference. Meeting agendas will be prepared and provided in

advance to the participants, along with attached information. Minutes will be prepared.

The Chairman of the Audit Committee will also be the chairman of the meetings. If the Chairman of the Audit Committee is absent, other members attending the meeting can select one member to be a substitute chairman of the meeting.

The resolution of the Audit Committee can be made by the majority vote. Any member with any interest in the related topic cannot vote on that topic. If the result of the vote is even, the chairman of the meeting shall have a casting vote.

## RESPONSIBILITIES

The Audit Committee will carry out the following responsibilities:

### Financial Reports

1. Review the Company's financial reports to ensure the completeness, correctness, reliability, and disclosure according to generally accepted accounting principles;
2. Review with Management and auditors after the completion of the quarterly and annual audits to consider the following factors:

- 2.1 Financial statements for the quarter and the year and notes to the financial statements;
- 2.2 Audit reports;
- 2.3 Observations and additional suggestions regarding the auditors' auditing plans;
- 2.4 Troubles and significant disagreements with Management during the auditors' work;
- 2.5 Other significant matters relating to the auditing standard that the Audit Committee should understand or communicate with the auditors.

3. Review the accuracy and completeness of the information of Annual Reports.

4. Understand the preparation of the financial statements and the extent of internal and external auditors' involvement in the review of their appropriateness.

### Internal Controls

1. Review and assess whether the Company had proper, effective, and strict internal controls, internal audits, and risk management in accordance with internationally accepted frameworks, as well as determine the power, duties, and responsibilities of the Internal Audit Department and consider the independence of the Internal Audit Department;
2. Review and consider together with the auditors and the head of the Internal Audit Department to confirm the adequacy of:

- 2.1 Internal controls system, including information technology security and control;
- 2.2 Significant deficiencies which the auditors, the Internal Audit Department, and Management have common opinion on;

3. Enquire about the level of key risks as well as the method of risk mitigation from Management, Head of the Internal Audit Department, and the auditors;

### Internal Audit

1. Review and approve the annual audit plan;
2. Review and consider together with Management and Head of the Internal Audit Department on the following matters:
  - 2.1 Significant deficiencies discovered during the year and Management's response;
  - 2.2 Troubles occurring during the audit, including the scope of work or the access to the information necessary for auditing;
  - 2.3 Changing the scope of the audit from the approved audit plan
  - 2.4 Budget and headcount of the Internal Audit Department

## 2.5 Internal Audit Charter

2.6 The standard of work performance of the Internal Audit Department, which should be in accordance with the standards of the Institute of Internal Auditors of Thailand

3. Consent in the appointment, deposition, transfer, or dismissal, and evaluation of the annual performance of Head of the Internal Audit Department.

4. Attend a meeting with Head of the Internal Audit Department without Management at least once a year.

### External Audit

1. Review and consider the audit scopes and approach proposed by the external auditors, including coordination of audit efforts with the internal audit

2. Review the performance of the external auditors and to consider, select, and propose for appointment or change of 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. Attend a meeting with the external auditors without Management at least once a year

### Compliance with Laws and Regulations

1. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of Management's investigations and follow-up (including disciplinary action) of any instances of non-compliance.

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

3. Review the process for communicating the Code of Conduct to Company personnel and for monitoring compliance therewith.

4. Obtain regular updates from Management and legal consultants regarding compliance matters.

5. Review whether the Company complied with the laws regarding securities and the stock exchange, SET regulations, and laws concerning the Company's business.

6. Consider connected party transactions or transactions in which conflicts of interest may exist to ensure compliance with the law and SET regulations to ensure that such transactions are reasonable and have maximum benefits for the Company.

### Reporting Responsibilities

1. Prepare the Audit Committee Meeting minutes to be proposed to the Board of Directors

2. Prepare the Audit Committee report showing the responsibilities and performance of the Audit Committee to be proposed to the Board of Directors and as part of the Company's Annual Report, the Audit Committee report must consist of at least the information stipulated in SET announcements

3. Give suggestions to Management for supervision to ensure work efficiency and effectiveness. If the Audit Committee detects or suspects any of following transactions or actions, which may have significant impact against the Company's financial status and operation, the Audit Committee would report to the Board of Directors for improvement within the period deemed proper by the Audit Committee:

3.1 Transactions with conflicts of interest

3.2 Fraud or irregularities or significant deficiencies of the internal controls system or any actions that significantly impacts against the Company's financial status and operation results

3.3 Violations against the laws of securities and exchange, SET requirements, or laws relating to the Company's business



If the Board of Directors or Management does not improve or remedy within the period determined by the Audit Committee, either the Audit Committee or any member of the Audit Committee must report to the Securities and Exchange Commission or the Stock Exchange of Thailand as soon as possible.

#### Other Responsibilities

1. Review measures and internal controls as well as risk assessment relating to the anti-corruption policy by receiving reports from top management or internal audits or reports from external parties regarding the Company's anti-corruption measures.
2. Coordinate the same understanding among the Board of Directors, the auditors, and the Internal Audit Department and also provide confidence and confirmation of the independence of the Internal Auditor and the external auditors.
3. Regularly review and amend the Audit Committee Charter to update and suit the environment of the organization and propose it to the Board of Directors for approval.
4. Review whether the Company's good corporate governance policy is suitable and in line with the good corporate governance practices specified by Supervisory units.
5. The Chairman of the Audit Committee acknowledges the interests of the directors and Management or the related persons according to the report on their interests received from the Company Secretary.
6. Evaluate the Audit Committee performance as a whole committee at least once a year.

## NOMINATION & REMUNERATION COMMITTEE

The Company established the Nomination & Remuneration Committee on January 19, 2007. The committee is comprised of three independent/non-executive directors, each with a three-year term. As of December 31, 2019, the Nomination & Remuneration Committee comprised the following directors:

NO.	NAME	DESIGNATION	STATUS	ATTENDANCE
1.	Mr. Suwat Laicharoensap	Chairman	Independent	4/4
2.	Ms. Nopporn Tirawattanagool	Director	Non-Executive	4/4
3.	Mr. Lars Heibutzki	Director	Non-Executive	3/4

Ms. Juntana Chinwonno was appointed as Secretary of the Nomination and Remuneration Committee as of June 13, 2019.

## CHARTER OF NOMINATION & REMUNERATION COMMITTEE

### Objectives

The Board of Directors recognizes the importance of good corporate governance practices and sets the directives for the Nomination & Remuneration Committee to propose policies for recruitment and compensation for the Board of Directors, 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 must be comprised of at least three non-executive directors, one of whom must be an independent director.

### Qualifications

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

### Term

1. The term of the Committee members will be for a period of three years, and members may be re-appointed upon term completion.

2. Members of the Committee may relinquish their position due to:

- a. Completion of the term;
- b. Resignation from the Committee or Board of Directors;
- c. Death; or
- d. Board resolution.

3. In the event of a vacancy due to other reasons, the Board will appoint a person with full qualifications to replace the parting member. The tenure of the appointment shall be the remaining term and remuneration of the parting member.

### Scope of Responsibilities

1. Identify and nominate candidates for all committees and subcommittees with a direct reporting line to the Board for the approval of the Board.

2. Consider and propose overall nomination and remuneration policies and other benefits for directors and members of subcommittees to the Board of Directors to consider for approval.

3. Consider and review regularly the structure of the Company to ensure appropriateness and efficiency.

4. Consider and select the methodology for a director's self-assessment process that is in line with 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 signed by the Chairman of Nomination & Remuneration Committee.

6. Perform other duties as assigned by the Board.

### Responsibilities

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

### Meetings

1. Meetings will be held quarterly and may invite Management or senior executives or related persons to join or send documents as deemed appropriate.

2. A quorum of the Committee will be not less than two out of three members, and, in case of necessity, the meeting may also be held via teleconference or other communication methods 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 casting vote.

4. Members with conflicts of interest cannot participate, offer opinion, and/or vote on items requiring resolution with the exception of considering the remuneration scheme for the entire Board.

5. Secretary of the Committee will be designated from Human Resources.

### Reporting

Minutes and resolutions of the Committee must 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.

### INVESTMENT COMMITTEE

The Board of Management approved the new term of the Investment Committee, including objectives, compositions, and responsibilities as well as composition and term of Investment Committee members. As of December 31, 2019, the Investment Committee comprised of the following members:

NO.	NAME	DESIGNATION	ATTENDANCE
1.	Mr. Bryan James Smith	Chairman	4/4
2.	Mrs. Ritu Arora	Member	3/4
3.	Mr. Surajak Kotikula	Member	4/4
4.	Mr. Jan-Christian Rosemeyer	Member	3/4
5.	Miss Orathai Rongthongaram	Member	4/4
6.	Representative from Allianz Asia Pacific (AZAP Risk Representative)	Guest	3/4

## SCOPE OF AUTHORITY OF THE INVESTMENT COMMITTEE

### 1. COMPOSITION AND QUALIFICATIONS

The Board appoints the Executive Committee, on which the President & CEO is the chairperson.

The membership of the IC shall be:

- › President & CEO
- › Allianz Regional Chief Investment Officer of Allianz Investment Management
- › Allianz Country Chief Investment Officer
- › Allianz Country Chief Financial Officer
- › Allianz Chief Risk Officer (standing guest)

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

### 2. TERMS OF INVESTMENT COMMITTEE

#### MEMBERS:

There is no fixed term for members.

### 3. MEETINGS AND VOTE CASTING

3.1 The Investment Committee will have formed a quorum when all Members have been invited and at least three of them, including the Chairperson or a member named by the Chairperson, participates in the meeting. Participation is also possible by video conference or telephone. Absent members

who do not participate may vote in written form, by telephone, by fax, or via electronic means. Absent members must be informed as soon as practicable of the resolutions adopted.

3.2 Resolutions will be taken by a simple majority of votes cast. In case of a tie, the Chairperson has a casting vote.

3.3 The Chairperson, in due course, has the right to veto a resolution of the Investment Committee (veto right). If the Chairperson exercises this veto right, the resolution is deemed not to be adopted.

3.4 Guests invited for special agenda items (Ad-Hoc Guests) have no voting rights. Ad-Hoc Guests may at any time be excluded from IC meetings.

3.5 Any member of the Boards of Management of the Companies, whether a member of the IC or not, who objects to a resolution taken by the Investment Committee concerning the Company on which he is a member of the Board, may call for a resolution on the issue by the respective entire Board of Management of such Company.

3.6 There will be at least two meetings a year.

## 4. RESPONSIBILITIES

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

### 4.1 Investment Management Process and related Corporate Rules

The Investment Committee gives guidance for all aspects related to the Company's investments. In particular, it is responsible for implementing an appropriate investment management and approval process related the Company's corporate rules.

### 4.2 Specifications for Asset Allocation

The Investment Committee formulates the framework for the Company's investments. Specifically, it manages the Company's asset allocation process and sets respective guidelines. Within this responsibility, its functions are:

- a) To review and approve the coming year's Strategic Asset Allocation or material changes to the Company's Strategic Asset Allocation with due consideration of the development of capital markets, the asset/liability structure, risk appetite, and allocated risk capital of the Company as well as local regulatory requirements and the Company's interests;
- b) To set rules for adjusting the Strategic Asset Allocation and the strategic duration in the case of substantial changes of capital markets conditions, one of the Company's capital and solvency position or regulatory changes; and
- c) To review the investment performance in comparison with the Strategic Asset Allocation and other relevant KPIs.

### 4.3 Specifications for Capital Structure and Liquidity Positions

The Investment Committee reviews the Company's capital structure and liquidity position including, for example, capital funding, budget for strategic capital allocation,

regulatory solvency, and internal economic capital ratios.

### 4.4 Derivative Strategies

The Investment Committee decides on the initial setup of or significant changes to a Derivative Strategy to be applied, ensuring its alignment with local regulatory and Allianz Group requirements.

### 4.5 Investment-related Contracts

### 4.6 Specifications for Asset Management Mandates

The initial appointment of asset managers as well as significant amendments to existing mandates require approval by the Investment Committee. Significant amendments are changes to the risk profile, substantial changes of the investment universe, or leeway and changes to fee arrangements. Non-significant amendments include changes of investment guidelines for the asset manager or benchmarks within the usual steering of portfolios. The Investment Committee also periodically reviews the performance of asset managers.

### 4.7 Approval of M&A Transactions

A decision by the Investment Committee, unless required by law or regulation, is not required for M&A transactions approved by the Board of Management. The review of an M&A transaction is in the responsibility of the Chairperson together with the Chief Finance Officer if the transaction has been approved by the Board of Management according to the respective Rules of Procedure.

### 4.8 Approval of Individual Investment Transactions

The Investment Committee approves transactions with amounts exceeding the investment manual and guideline and Chief Investment Officer limits.

### 4.9 Approval and Updating of Rules

## CORPORATE GOVERNANCE COMMITTEE

The Company established a Corporate Governance Committee (formerly named Compliance Committee) on February 28, 2012 with the objectives 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 to abide by the governing laws and the Company's corporate governance policies 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 Corporate Governance Committee must consist of at least three members. The Chairman of the Committee must be an independent director and must be appointed by the Chairman of the Board.

In 2019, the meeting attendance of the Corporate Governance Committee was as follows:

NO.	NAME	POSITION	NUMBER OF MEETINGS ATTENDED/ TOTAL NUMBER OF MEETINGS HELD
1.	Mr. Vichit Kornvityakoon	Chairman	2/2
2.	Miss Orathai Rongthongaram	Member	2/2
3.	Mrs. Wanna Thamsirisup *	Member	1/1
4.	Miss Jiratcha Ruplek	Member	2/2
5.	Ms. Narissara Udomvongsa *	Member and Secretary	1/1

**Note:** \* These members were appointed by the Board of Directors Meeting No. 6/2019 dated June 13, 2019.

### Term

Members of the Corporate Governance Committee will have a term of three years and additional members may be added, with terms specified as per the directive of their appointments. In case of a vacancy for reasons other than term completion, the Board of Directors will appoint a new member who will 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.

Members of the Committee may relinquish their position due to:

- a. Completion of the term;
- b. Resignation from the Committee or Board of Directors;
- c. Death; or
- d. Board resolution.

In the event of a vacancy due to other reasons, the Board will appoint a person with full qualifications to replace the parting member. The tenure of the appointment shall be the remaining term and remuneration of the parting member.



### Meetings

The Committee will meet at least once every quarter. Any member may call the 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. The Committee may invite any Management or relevant persons to join the meeting as it is deemed appropriated. Voting shall be majority of the attending member and the Chairman will have a casting vote in case of a tie vote. Chairman or Secretary of the Committee shall report all resolutions or suggestion of activities to the Board of Directors.

### Scope of Responsibilities

The Committee's responsibilities include the following:

#### › Good Corporate Governance Practices

1. Set good corporate governance principles, key compliance conditions, and processes for effective implementation as appropriate for the Company.
2. Recommend on good corporate governance to the Board of Directors.
3. Review the announcement of good corporate governance to be reported to the Board of Directors.
4. Recommend a Code of Best Practices for the Board of Directors or propose Charter for the Board of Directors and all the appointed committees.
5. Review and report the good corporate governance to the Board of Directors and recommend for improvement as appropriate.
6. Review and propose public announcements regarding the Company's corporate governance
7. Oversee the Company's corporate social responsibilities.

8. Oversee effective corporate governance, from principles to practice.

9. Regularly review the Corporate Governance Committee Charter.

#### › Adherence to Compliance

1. Supervise normal business to be non-compliance with the regulations and law.
2. Oversee adherence to other laws and regulations as applied to stakeholders, such as shareholders, suppliers, customers, and employees.

### Annual Review

The Board of Directors assesses its performance as a whole, both in terms of effectiveness and efficiency, based on the guidelines provided by the SET as follows: (1) Structure and qualifications of members; (2) Role, duties, and responsibilities of members; (3) Board meetings; (4) others (Duties of directors, Relationship with management and Director's self-improvement and management training). The Audit Committee assesses its performance as individual as well based on the guidelines provided by the SET as follows: (1) Structure and qualifications of members; (2) Board meetings; (3) Duties of directors. These procedures include:

1. Board of Directors assesses its performance effectiveness at least once a year.
2. Company Secretary compiles and summarizes the results of the Board of Directors assessment to the Nomination & Remuneration Committee for consideration.
3. Nomination & Remuneration Committee presents its findings and recommendations to the Board of Directors.

In 2019, the Board of Directors and sub-committee assessed its performance with the following results.

	RESULT (%)	
	INDIVIDUAL	AS A WHOLE
Audit Committee	99	97
Board of Directors	-	86
Nomination & Remuneration Committee	-	91

#### Company's Senior Management, as stipulated by the Securities and Exchange Commission

As of December 31, 2019, the top four executives, starting from the President & CEO, and executives with positions equivalent to the 4th ranked executive required by the SEC rules are as follows:

- |                              |  |
|------------------------------|--|
| 1. Mr. Bryan James Smith     | President & CEO (Served the position on April 9, 2019) |
| 2. Ms. Orathai Rongthongaram | Executive Vice President, Accounting Department        |
| 3. Ms. Jiratcha Ruplek       | Senior Vice President, Legal                           |

#### Corporate Secretary

Ms. Chawandhorn Muangmee (Corporate Secretary, Vice President)

At the Board of Directors Meeting No. 8/2019, a resolution was passed to appoint Ms. Chawandhorn Muangmee to the position of Secretary to the Board in compliance with SEC Act (No.4) B.E. 2551, effective as of November 13, 2019.

#### Board of Directors' Development

The Board realizes the importance of roles, functions, and responsibilities to the Company and therefore strives to develop employee skills and competencies to be consistent with the leadership vision of the directors and management executives. Specifically, directors are encouraged to participate in training programs (internal and external, including international programs) that are beneficial to the performance of their duties as well as for the Company. In promoting good corporate governance practices, the Company supports directors and senior management to attend Director Certification Programs and other relevant programs held by the Thai Institute of Directors Association (IOD), with all the expenses borne by the Company. Additionally, for any newly appointed directors, the Company provides relevant documents to introduce the Company, nature of business, direction, and goals so that the director gains the understanding of the role and responsibilities required to perform their duties.

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

NO.	NAME	POSITION	RCP	DAP	DCP	Fellowship			RCC	AACP	ACP	CGR	SFE	FGP	DCPRe	RMP	CGI	ITG	ACEP	BPE	DCPU	RNG	RCL	CDD	BMD	BMT	ELP
1.	Mr. Jamlong Atikul	Chairman of the Board of Director and Independent Director	x	x	x																						
2.	Ms. Nopporn Tirawattanagool	Non- executive Director		x	x		x		x		x			x					x				x				
3.	Mr. Rowan D'Arcy	Non- executive Director				x																				x	
4.	Mr. Bryan James Smith	Executive Director		x	x																						
5.	Mr. Laksna Thongthai	Non- executive Director		x	x																					x	
6.	Mrs. Claudia Salem	Non- executive Director																									
7.	Mrs. Wanna Thamsirisup	Non- executive Director	x	x	x				x	x			x		x	x	x									x	
8.	Mr. Sorasit Soonthornkes	Independent Director				x																					
9.	Mr. Narong Julajata	Independent Director	x	x	x																						
10.	Mr. Suwat Laicharoensup	Independent Director				x																					
11.	Mr. Vichit Kornvityakoon	Independent Director		x					x										x			x	x		x	x	x
12.	Mr. Lars Heibutzki	Non- executive Director																									
13.	Mr. Jan-Christian Rosemeyer	Non- executive Director				x																					
14.	Mr. Robert Paul Gray	Non- executive Director				x																					
15.	Ms. Orathai Rongthongaram	Executive Director				x																					

Abbreviation

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	(AACCP)
Audit Committee Program	(ACP)
Successful Formulation & Execution of Strategy	(SFE)
Financial Institutions Governance Program	(FGP)
Refresher Course DCP	(DCP Re)
Risk Management Committee Program	(RMP)
Corporate Governance for Capital Market Intermediaries	(CGI)
Driving Company Success with IT Governance	(ITG)
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)
Chartered Thai Institute of Director	(CDD)
Boards that Make a Difference	(BMD)
Board Matters & Trends	(BMT)
Ethical Leadership Program	(ELP)

### SUCCESSION PLAN

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

### USE OF INSIDER INFORMATION

The Company requires directors and executives to report their shareholdings, whether through their companies, spouses, minor children, and/or related parties as per Section 258 of SEC Act of 1992 and 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 the Company's policy details, SEC 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 individual privacy protects the 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 safekeeping of private and confidential information. This is to prevent actions that may cause a negative impact to the Company's reputation and to prevent potential conflicts of interest.

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 a 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 having in possession significant documents without permission and/or revealing confidential information about the Company's performance and operation to others or employees whose jobs are not pertinent to the information.

### OVERSEEING OF OPERATIONS OF SUBSIDIARY AND ASSOCIATED COMPANY

The Company oversees the operations of its subsidiary, Allianz Ayudhya General Insurance Public Company Limited, and its associate, Allianz Ayudhya Assurance Public Company Limited, using the following regulatory mechanisms:

- › Majority of the Company's directors are appointed as directors to administrate the operations of the subsidiary to align with the Company's objectives.
- › Company's Audit Committee is appointed as the subsidiary's Audit Committee with the authority, duties, and responsibilities as stipulated in the charter of Audit Committee.
- › Appropriate and adequate internal controls processes are established in the subsidiary in accordance with the Company's internal controls principles covering organizational, executive operational, information & communications, and monitoring systems.

In addition, the Company has established various policies to comply with the principles of good governance and a Code Of Conduct consistent with the Company's policies, including on anti-corruption, conflicts of interest, corporate governance, fair employment, and staff compensation, which is in line with the Company's business performance in both short and long terms, policy regarding laws 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. Regarding its associate company, Allianz Ayudhya Assurance Public Company Limited, several Company directors have also been appointed as its directors.

## GOOD GOVERNANCE PRACTICES

### IN OTHER ASPECTS:

- › Code of Conduct: The Company has declared and distributed these handbooks so that the Board, committees, subcommittees, and employees can use them as a guide in performing their roles, adhering to moral principles that will lead to success under regular oversight from responsible units.
- › The Company values giving back to society. As a part of the Thai community, the Company is committed to participating in developing society, communities, and the environment of Thailand for the future.
- › The Company also established other policies to ensure its operations are in accordance with the principles of good governance. They are as follows:
  - **Conflicts 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:**  
This policy deals with sanctioned states or specially designated nationals (SDN) designated by the UN and/or the US government. The policy

was established to protect the Company's reputation and credibility 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:**  
This policy covers the areas of environment, health, and safety in conducting business with standards applied and strictly adhered to at every operational level.
- **Related-Party Transactions Policy:**  
This policy provides guideline in conducting transactions with related parties to ensure that regulations and related laws as specified by the SET and SEC 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.



# SUSTAINABLE BUSINESS DEVELOPMENT



# 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 completed when we can create good cause for the society that always supports us.

For these reasons, the Company sets 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).

## STAKEHOLDERS

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: 02-657-2979 or via email: cs@azay.co.th

## 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.

## ANTI-CORRUPTION

In 2015, 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 which was recently renewed on October 18, 2019.



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. All employees are required to conduct a Code of Conduct self-training. The test is scheduled on yearly basis to reflect the importance of compliance providing clear guidelines on ethics, responsibilities and penalties for non-compliance.

Furthermore, the Whistle Blower Policy, requires management, 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 [Whistleblowing@azay.co.th](mailto:Whistleblowing@azay.co.th)

## 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.

## 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.

## RESPONSIBILITY TOWARDS CONSUMERS

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 dedicated call center – 1292 for Allianz Ayudhya General Insurance and 1373 or Allianz Ayudhya Assurance. In addition, each year Allianz Group is conducting a global Net Promoter Score survey to measure the satisfaction of its customer in over 70 operating entities globally. The survey is conducted by a third-party research agency assigned by Allianz Group – ensuring the transparency and neutrality of the result which will then be used to continue improve customer services.

## CONSUMER RIGHTS

Allianz Ayudhya 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 [voiceofcustomer@azay.co.th](mailto:voiceofcustomer@azay.co.th). A tracking system is in place to monitor corrective actions and feedback to customers.

We recognize the importance of “Corporate Social Responsibility” (CSR) 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.

## CSR ACTIVITIES

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.

Allianz Ayudhya focuses on “Corporate Social Responsibility” (CSR) as core part of business building under vision of “Knowledge Contribution to Children in Thailand” aiming to provide the opportunity for underprivileged children via engagement of all stakeholders. We focus on giving various opportunities to children to experience and explore their future with sport potential, career and leadership.



EDUCATION-RELATED ACTIVITY

Allianz Ayudhya Pa Nong Tiew Bangkok program.

Running for 14th consecutive years, this program offers opportunity for 5th grade primary school students from Bangkok to learn about city’s heritage and Thai culture through the one-day excursion around the old-town area. To date, over 52,000 students have participated in this program. Leveraging from this, the Young Guide program has been initiated to recruit the students to be trained as a tour guide and join the internship program at the National Museum. We have run this young guides program for 10 years with 224 young guides certified. Some of them get a chance to work with us in Pa Nong Tiew program and be able to earn a living from this weekly program.



Watch the “Pa Nong Tiew Bangkok” program by scanning this QR code





## SPORT-RELATED ACTIVITY

### Allianz Explorer Camp (Allianz Junior Football Camp)

Since 2009, Allianz, as an official partner of FC Bayern and the Allianz Arena, has been arranging an international football camp for the junior footballers aged 14-16 years to have a once-in-a-lifetime experience with the world class football club. During the 7D6N program, the 4 selected participants will be trained football skills with FC Bayern Youth Coach, Meet and Greet with FC Bayern's famous players, exclusively visit Allianz Arena, sightseeing around Munich as well as exchange culture and meet new friends from all over the world. Allianz Ayudhya has been participating in this program since 2011. To date, we have provided opportunities for over 40 talented Thai players to join such an exclusive opportunity, to gain valuable experience that money cannot buy and to be inspired and continue their dreams on football journey.



### FC Bayern Youth Cup

In addition to the Allianz Explorer Camp, Allianz Ayudhya also extend the opportunity for Thai kids with regards to football development through the sponsorship of FC Bayern Youth Cup program. Aiming to give children worldwide the chance to show their talent, the program has been carried out by FC Bayern club together with its partner. In Thailand, Allianz Ayudhya is a co-title sponsor since 2019. After recruiting players via on-ground scouting process nationwide, 10 selected Thai players will be put together as a team, representing Thailand. The National teams will arrive a few days in advance to take part in a five-day training camp on Säbener Strasse and train with FC Bayern youth coaches. In addition, players from all over the world will receive a comprehensive social program during their stay in Munich. They will meet FC Bayern 1st team players, visit the city of Munich, visit FC Bayern's last home match and finally take part in the FC Bayern Youth Cup World Final on the grass of the world-famous Allianz Arena.





### Football field renovation

Leveraging from our two football programs, apart from providing opportunity for Thai kids to shine and show their talent in the international level, we also see the importance of building a basic football infrastructure for the local Thai community. Without a proper facility, the kids in upcountry will not be able to develop the skills. Therefore, Allianz Ayudhya has been running this football field renovation for 5th consecutive year, in parallel with sponsoring the training camps. To date, 33 fields have been renovated. Upon the new field delivering, the company also donates sport equipment to underprivileged schools and communities across every region of Thailand. Children now can develop their athletic skills with proper conditions and equipment, giving young aspiring football players a chance to fulfill their dreams. The football arenas can also become community sports centers for the entire area.



### Sponsoring Thailand’s leading volleyball tournament

In addition, the company believes in the importance of promoting volleyball among youths. So, it supported Channel 7HD’s efforts to support female volleyball players by providing insurance coverage totaling 18.4 billion baht to protect participants in 7HD Sports Championship 2019, girls’ volleyball championship. The competition encouraged high school students and young women across the country to use their time positively, giving them the chance to develop and demonstrate their skills, which could lead to opportunities with the national team or a professional athletic career in the future.



## OTHERS ACTIVITIES:

The company encourages all stakeholders, including employees, customers, agents, and the general public to take part in CSR activities throughout the year.

### Fund-raising activities for foundations and charities

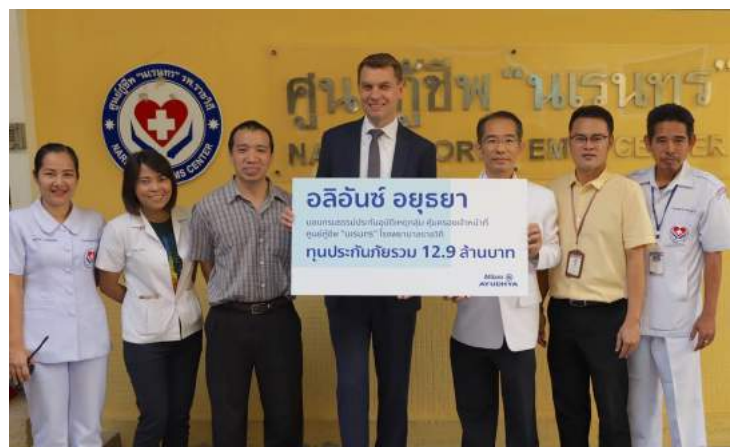
#### Donation to SOS Children's Villages Thailand.

Allianz Ayudhya formed a One Thailand team and participated in the Allianz World Run Thailand. Our team competed against other 54 Allianz entities globally and successfully won the 90-day virtual running challenge. We were awarded 20,000 euro (approximately 671,000 Baht) and donated all the money to SOS Children's Villages Thailand. As a result, Allianz Ayudhya has been recognized by receiving a token of appreciation from the foundation as a top supporter in 2019.



### Allianz Ayudhya provides protection to Narenthorn Rescuer

Allianz Ayudhya General Insurance Public Company Limited presented a group accident insurance to Dr.Pairoj Khruerkarnchana, Deputy Director, Rajavithi Hospital. The donation is under "Insurance for Narenthorn with Heart" program with the objective to protect 129 volunteer rescuers of Narenthorn Emergency Medical Service Center and give morale supports to all the officers.





Blood donation campaign 4 times a year at Allianz Ayudhya Head Office



Volunteering every three months to convert an old slaughterhouse into a school in the Khlong Toei area under the concept "Explore your heart, share inspiring dreams".





The annual Allianz Ayudhya Charity Fun Fair. Volunteers from Allianz Ayudhya’s employees, as well as customers and the general public, joined forces in organizing a fair selling products and food to raise money for various foundations and charities.



### ANALYSIS OF STAKEHOLDERS

In 2019, 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 COMMUNICATION	ACTIONS/RESPONSES
Shareholders	<ul style="list-style-type: none"> <li>› Satisfied ROI</li> <li>› Equitable treatment of shareholders</li> <li>› Sufficient disclosure of information with 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>› Provided answers to investment questions via 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>› Allowed shareholders to comment on the issue through various channels</li> </ul>

STAKEHOLDER	ISSUES/EXPECTATION	METHOD/CHANNEL OF COMMUNICATION	ACTIONS/RESPONSES
Shareholders			<ul style="list-style-type: none"> <li>› Ensured that good corporate governance practices were followed</li> <li>› Operate 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 a completed investment information</li> <li>› Deliver a good and fast service</li> <li>› Employees acts with honesty</li> <li>› Protect customer's data privacy</li> </ul>	<ul style="list-style-type: none"> <li>› Provide information via documents, leaflets, and website</li> <li>› Provide prompt service and complaint channels that allow a timely response to the customer</li> </ul>	<ul style="list-style-type: none"> <li>› Able to provide clear and information with accuracy and transparency</li> <li>› Reviewed regularly the operational and servicing processes to ensure the current system continues to 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>› Protected customer confidentiality</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 to perform the business</li> <li>› Being treated fairly and equally in 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>› Hold two employee conferences to provide company update and open platform to express opinion</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> </ul>



## STAKEHOLDER

## ISSUES/EXPECTATION

## METHOD/CHANNEL OF COMMUNICATION

## ACTIONS/RESPONSES

## Employees

- › Hold training regularly to increase employee competencies
- › Provided performance evaluation according to KPI and adjusted compensation accordingly
- › Treatd employees fairly

## 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 equal treatment</li> <li>› Protect data privacy</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 which will lead to 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>› Protected 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> |
|---|--|---|

STAKEHOLDER	ISSUES/EXPECTATION	METHOD/CHANNEL OF COMMUNICATION	ACTIONS/RESPONSES
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>› Commit to the CSR policy in giving back to the society and the community</li> <li>› Create a chance to engage every stakeholders to support CSR and the environment</li> </ul>	<ul style="list-style-type: none"> <li>› Organize CSR at least 4 activities and give a chance for employees to participate</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</li> </ul>	<ul style="list-style-type: none"> <li>› Adhered to support policies, participate in giving back to the society, the community, society and helping to develop the environment regularly</li> <li>› Cultivated awareness among employees for society, community and environmental responsibility</li> <li>› Encouraged knowledge about giving back to society through training and actual practice from various activities</li> <li>› Created innovations for the sustainability of the company</li> </ul>

STAKEHOLDER	ISSUES/EXPECTATION	METHOD/CHANNEL OF COMMUNICATION	ACTIONS/RESPONSES
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 to comply on these laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>› Communicate rules and regulations with regards to business operations to employees via available communications channels</li> <li>› Provide training and test the employees on their knowledge about rules and regulations</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 for employee's acknowledgement and compliance</li> <li>› Systematically monitored the operations to ensure all are complied with rules and regulations</li> </ul>

# ANTI-CORRUPTION

## ANTI-CORRUPTION

The Company received renewed certification from Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) on October 18, 2019.

The Company's objective is to conduct business ethically with integrity for social responsibility and stakeholders under good corporate governance. The Company joined Thailand's Private Sector Collective Action Coalition (CAC) on September 2, 2014, and signed the declaration of intent in order to take part in the Thai business sector's campaign to tackle corruption. The Company received its first certified CAC membership on January 22, 2016, after which the Company continues to be a good role model and adhere to all aspects of anti-corruption.

The Company, its subsidiary, and its associate company (Allianz Thailand) perform annual risk assessment that includes fraud and corruption in operational risks. The assessment includes addressing corruption risk in the insurance industry, measuring risk levels, identifying the internal controls to mitigate corruption risk, and regularly monitoring and reassessing risk. Moreover, Allianz Thailand reviews the Anti-Corruption Policy as approved by the Company's Board of Directors. This Policy prescribes objectives, scopes, responsibilities, requirements, and escalation processes to prevent and respond to corruption risk efficiently.

Communication is a key success channel of an anti-corruption program. Anti-corruption principles are part of Allianz Thailand's Code of Conduct, which is included in the employee manual that is published, distributed, and acknowledged by all employees in order to build a culture of integrity and awareness in everyday business. Each employee can access the Anti-Corruption Policy and relevant procedures through the internal website for their own reference. The Anti-Corruption Policy is publicly disclosed information. Employees can use the policy as a guideline to engage with stakeholders to build an anti-corruption partnership.



Allianz Thailand regularly provides education and training to their employees as it is a fundamental principal to promote the Company's culture of zero tolerance for corruption. The Anti-Corruption Policy is a mandatory part of staff orientation to clearly communicate the anti-corruption policy and penalties in case of policy breach. The Company periodically emails internal quizzes for prizes to all staff to encourage an anti-corruption culture. Allianz Thailand's directors continuously develop their knowledge and regularly attend relevant seminars and training courses organized by the Thai Institute of Directors Association (IOD).

Allianz Thailand places great importance on avoiding all forms of corruption, especially the offering and receiving of gifts and entertainment, which may lead to corruption. A gift and entertainment registration was implemented as part of the Code of Ethics and Conduct Policy, which includes approval requirements, records retention, line manager reporting, and escalation processes.

To enhance the performance efficiency in accordance with its anti-corruption program, Allianz Thailand implemented the Whistle Blower Procedure as an efficient channel for all employees or external parties to raise any suspicious activity; non-compliance to laws and regulations, ethics; or sensitive violations that may impact the Company's reputation. Any employee or should be able to raise concerns and report violations in good faith via secure and accessible channels by following the reporting procedures with no retaliation.

In 2018, both Audit Committees of the Company and its subsidiary reviewed the self-evaluation form regarding anti-corruption measures for submission to the IOD for a renewed certified CAC membership. The CAC Council met in the first quarter of 2019 and approved the Company and its subsidiary as certified CAC members for another three years.

Certification details from Thailand's Private Sector Collective Action Coalition Against Corruption are as follows:

COMPANY	STATUS	MEMBER SINCE	CERTIFIED DATE	EXPIRY DATE
Allianz Ayudhya Capital Public Company Limited	Certified	2 Sep 2014	21 May 2019	20 May 2022
Allianz Ayudhya General Insurance Public Company Limited	Certified	26 Jul 2013	21 May 2019	20 May 2022
Allianz Ayudhya Assurance Public Company Limited	Certified	21 Nov 2012	12 Feb 2018	12 Feb 2021

Source: <https://www.thai-cac.com/who-we-are/our-members/>





# INTERNAL CONTROL AND RISK MANAGEMENT



**BUSINESS**

# INTERNAL CONTROL AND RISK MANAGEMENT

An internal controls and risk management system is in place with a compliance framework covering internal controls, risk assessment, operation controls, IT & communications, and monitoring systems.

The Board of Directors of Allianz Ayudhya Capital Public Company Limited and Allianz Ayudhya General Insurance Public Company Limited, recognize the importance of internal controls and has in place a system of controls that is sufficient and adequate. The emphasis is placed on financial controls, accounting procedures, data management, and compliance, as well as other processes relating to anti-corruption measures with appropriate risks assessed. This, in turn, creates confidence that operations are effective and efficient. Financial reports are reliable and timely and can be used to support business decisions. Compliance in all areas are aligned with the law and the Company's regulations. Accounting of funds are properly authorized in accordance with the line of authority, and duties are properly divided. The Board of Directors is ultimately responsible for the Company's internal controls system. The internal controls system is assessed once a year with results reported and disclosed in the annual report for acknowledgement by stakeholders.

Board of Directors Meeting with four independent directors of the Audit Committee attending, reviewed the adequacy of the internal controls system for year 2019 through internal controls questionnaires and inquiries directed to the Company's executive directors and through the Audit Committee's report. The Board of Directors was of the opinion that the Company's internal controls were sufficient and appropriate and that they 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 operations were in line with the law and with the Company's regulations and policies. The Company also established a system of internal controls that effectively monitors and controls its subsidiary's operations. The system can be summarized as follows:

## 1. INTERNAL CONTROLS

The Company adheres to a Code of Conduct as part of its dedication to principles of integrity. Internal controls were developed to align with these principles. An organizational structure with chains of command and responsibility with Board of Director's oversight, appropriately complements the Company's business objectives. The Company is committed to motivating, developing, and retaining talented employees, as well as determining scopes of work and responsibilities for employees with internal control accountability. The Company established an environment for internal controls so that:

- › The business operates on principles of integrity and ethics based on the principles of good corporate governance and the laws and regulations as related to its business. Clear business objectives and measurements are set;
- › The annual budget passes through rigorous assessment from 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;
- › The organizational structure shows clearly defined responsibilities for each division within the Company;
- › The operational rules and manuals are published for each division and are disseminated via the Company's intranet;
- › The Company's rules and regulations are guided by its Code of Conduct with clear directives prohibiting employees from actions that may cause conflicts of interest, 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 risk of potential fraud during the risk evaluation process, identifying the possible impact on the Company's objectives, and evaluates changes that may also impact the internal controls system. The following risk management measures are in place:

- › The Company's Subsidiary established a Risk Management Policy detailing the risk management procedures to mitigate significant risks to the greatest extent possible. Such risks include strategic risks, operational risks, investment risks, market risks, liquidity risks, financials risks, 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 risk management function reviews and evaluates the standards and sufficiency of the system and the effectiveness of the procedures at least once a year, or as necessary. The risk management report shall be reported to the Company's Audit Committee and Board of Directors' Meeting once a year, or as necessary.
- › Financial reports are reliable and sufficient with appropriate and effective internal controls and internal audits in place, so that they are in compliance with the laws and regulations of the Securities and Exchange Commission, the 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 early warning signs and in preventing any misconduct. The Company created and posted Fraud Prevention Guidelines and a Whistle Blower Policy on the Company's intranet. All employees are expected to comply with the law and guidelines provided.

## 3. OPERATIONAL CONTROLS

The Company uses several measures to assure that the risk of failing to achieve the Company's objectives is kept at the lowest acceptable level. This is accomplished by using technology that helps support the achievement of the Company's

objectives. Control measures are set based on established policies. Expectations and procedures are translated into operational performance indicators. Operational controls include:

- › Having a clear scope of monetary authorization and limits for each management level defined in writing.
- › Having a clear separation of approval and authorization of recording accounting transactions and IT from managing assets for proper checks and balances.
- › Adhering to compliance to the announcements and regulations of the Stock Exchange of Thailand, as prescribed by the Securities and Exchange Commission, on transactions involving major shareholders, the Board of Directors, senior executives, and other related parties.
- › Having monitoring measures, including preventive and corrective measures as well as penalties in place to ensure that business operates comply with the law.
- › Having an established anti-corruption policy with measures and procedures and a compliance review process in place for both the Company and its subsidiary. A line of communication and updates on the anti-corruption policy are in place, as well as related training; and the Company applies the same policy and standards to its subsidiary.

## 4. INFORMATION TECHNOLOGY AND COMMUNICATIONS

The Company reports are issued on a timely basis with quality analytical information so that internal controls procedures can continue as required. Internal communications covering the objectives and responsibilities of an internal audit are conveyed to assure that internal control procedures can proceed as planned. External agencies may be engaged on issues that may have potential impacts on internal controls. These procedures include:

- › Providing the Board of Directors with sufficient and reliable information for making decisions, including letters calling for meetings and necessary supporting documents for review before the meeting. Reports of board meetings are sufficiently detailed to allow shareholders to review the Board's performance.



- › Keeping complete and proper records of accounting and financial transactions. Categories are organized using standard certified accounting procedures appropriate to the nature of the Company's business.
- › Reviewing and auditing 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 detail for review, which are accessible to relevant authorities.
- › Preparing the IT system so that during an emergency, there is a reserved data center that 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 to monitor and evaluate to ensure proper ongoing implementation. Oversight is 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 Management compare actual performance versus targets for review by the Board of Directors. In case of variation from targets, causes are identified, and corrective actions are taken in a timely manner. In case of fraud, corruption, or any suspicion of any violation of the laws which could have significant impact on the Company's reputation and financial standing, Management must notify the Board of Directors immediately.
- › To have the Audit Committee oversee the financial report procedures, internal controls system, internal audits, compliance to related laws and regulations, and anti-corruption measures and compliance reviews. The Committee is also responsible for reviewing and selecting external auditors and determining the remuneration involved.
- › To have the Corporate Governance Committee

assist and support the Board of Directors in overseeing the Company's performance to ensure that the Company complies with its policies, rules, regulations, and related laws.

- › To have the internal audit function regularly monitor internal controls 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 Board of Management 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 of Allianz Ayudhya Assurance PCL (its associate) to conduct the auditing work.

The Audit Committee Meeting No. 7/2019, held on August 8, 2019, passed a resolution to approve the appointment of Ms. Wannaporn Ngamsukhonratana, Country Head of Internal Audit of Allianz Ayudhya Assurance PCL, an associated company, for conducting internal audits of Allianz Ayudhya General Insurance PCL, to serve as the Audit Committee Secretary, effective from August 8, 2019. This appointment was made based on her qualifications of more than 15 years of experience and knowledge of internal audits and compliance, primarily of financial services businesses, as well as her training record in courses related to internal audits.

# RELATED PARTY TRANSACTIONS

## RELATED PARTY TRANSACTIONS

The Company disclosed related party transactions between the Company and its related companies that expressing the relationships by shareholding, common directors or shareholders. Details of the transactions are shown in the note of the Financial Statements for the fiscal year ended December 31, 2019, which the members of the Audit Committee of the Company have the opinion that related party transactions between the Company and its related companies, for the fiscal year ended December 31, 2019, were conducted in the Company's normal course of business.

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

COMPANIES	RELATIONSHIP	TYPE OF BUSINESS
Allianz SE	Ultimate parent company	Insurance
Allianz SE Singapore Branch	Related company of ultimate parent company	Insurance
Allianz Technology SE	Related company of ultimate parent company	Information technology
Allianz Global Corporate&Speciality SE	Related company of ultimate parent company	Insurance
Allianz Global Corporate&Speciality AG	Related company of ultimate parent company	Insurance
Allianz Australia Limited	Related company of ultimate parent company	Insurance
Euler Hermes Deutschland	Related company of ultimate parent company	Insurance
Euler Hermes Singapore Branch	Related company of ultimate parent company	Insurance
Allianz Fire and Marine Insurance Japan Ltd.	Related company of ultimate parent company	Insurance
Allianz General Insurance Malaysia Berhad	Related company of ultimate parent company	Insurance
Allianz Global Risks US Insurance Company	Related company of ultimate parent company	Insurance
AWP P&C S.A.	Related company of ultimate parent company	Service
Allianz Suisse Versicherungs-Gesellschaft AG	Related company of ultimate parent company	Insurance
Allianz China General Insurance Company Ltd.	Related company of ultimate parent company	Insurance
Allianz Benelux S.A	Related company of ultimate parent company	Insurance
AWP Services (Thailand) Co., Ltd.	Related company of ultimate parent company	Service
Allianz Technology (Thailand) Co., Ltd.	Related company of ultimate parent company	Information technology
Allianz General Insurance Plc.	Related company of ultimate parent company	Insurance
Allianz Investment Management Singapore Pte. Ltd.	Related company of ultimate parent company	Service
Allianz Global Investors Singapore Ltd.	Related company of ultimate parent company	Service
Allianz Ayudhya General Insurance Plc. (Formerly "Sri Ayudhya General Insurance Plc.")	Subsidiary	Insurance
Allianz Ayudhya Assurance Plc.	Associate	Life Insurance
CPRN (Thailand) Limited	Related company of shareholders	Holding
Bangkok Broadcasting & Television Co., Ltd.	Related company of shareholders	Television
BBTV Equity Co., Ltd.	Related company of shareholders	Office Space Rental
Great Luck Equity Co., Ltd.	Related company of shareholders	Advertising
Bank of Ayudhya Plc.	Related company of shareholders	Banking
Krungsri Asset Management Co., Ltd.	Related company of shareholders	Fund management
Krungsri Securities Plc.	Related company of shareholders	Finance
Ayudhya Development Leasing Co., Ltd.	Related company of shareholders	Hire-purchase and leasing
Ayudhya Capital Auto Lease Plc.	Related company of shareholders	Hire-purchase and auto leasing
Siam City Cement Plc.	Related company of shareholders	Construction Materials
Eastern Star Real Estate Plc.	Related company of shareholders	Property
Super Asset Co., Ltd.	Related company of shareholders	Investments
CKS Holding Co., Ltd.	Related company of shareholders	Investments
Grand Canal Land Plc.	Related company of shareholders	Advertising
Krungsri Ayudhya AMC Ltd.	Related company of shareholders	Asset Management
Siam Realty and Service Co., Ltd.	Related company of shareholders	Services
Krungsri Factoring Co., Ltd.	Related company of shareholders	Factoring
Krungsriayudhya Card Co., Ltd.	Related company of shareholders	Services
Khao Kheow Country Club Co., Ltd.	Related company of shareholders	Golf club



# REPORT OF THE NOMINATION & REMUNERATION COMMITTEE

# 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, and Mr. Lars Heibutzki serves as a member of the Committee. Miss Juntana Chinwonno, Country Chief of Human Resources, serves as the Secretary of the Committee.

The Nomination & Remuneration Committee has performed its duties as assigned by the Board of Directors. In 2019, the Committee held four meetings. Joint meetings were held with the President & CEO 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 2019 are summarized as follows:

## Nominations

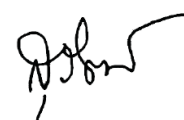
- › Considered new members of the NRC committee. Appointed Mr. Lars Heibutzki as NRC committee member;
- › Acknowledged the resignations of Mr. Chusak Salee, Mr. Suwat Suksongkroh, Mr. Solmaz Altin and Mr. Kittti Pintavirooj;
- › Considered and proposed to the Board of Directors to approve the appointment of Dr. Jamlong Atikul as the Chairman of the Board and to approve the appointment of Ms. Wanna Thamsirisup, Mr. Jan Rosemeyer and Mr. Robert Paul Gray as the directors of the Company.

## Remuneration

- › Considered and proposed annual salaries and bonuses for the Company's Board of Directors to be proposed to the Shareholders' approval

Moreover, the Nomination & Remuneration Committee considered and reviewed the Allianz Fit & Proper Policy and Remuneration Policy then agreed to apply Allianz practices and guidelines to those two policies.

In 2019, the Nomination & Remuneration Committee duly performed its duties as assigned by the Board of Directors with caution, competence, and independence for the overall benefits of the Company and its shareholders.



**Suwat Laicharoensup**

Chairman of the Nomination & Remuneration Committee



# REPORT OF THE AUDIT COMMITTEE



DAT	KID	
FEB	€ 241,00	€ 308,00
MAR	€ 955,00	€ 343,00
APR	€ 116,00	€ 415,00
MAY	€ 262,00	€ 146,00
JUN	€ 839,00	€ 890,00
JUL	€ 706,00	€ 579,00
AUG	€ 622,00	€ 870,00
SEP	€ 557,00	€ 775,00
OCT	€ 50,00	€ 300,00
NOV		€ 518,00
DEC		

## REPORT OF THE AUDIT COMMITTEE

The Audit Committee has duties and responsibilities as assigned by the Board of Directors as specified in the Audit Committee Charter and in accordance with criteria from regulators. The Audit Committee comprises four 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                                |
| 4. Mr. Narong Chulajata     | Member of the Audit Committee (effective from June 13, 2019) |

Ms. Paporn Piyayodilokchai had been the Secretary of the Audit Committee until August 7, 2019, and thereafter, Ms. Wannaporn Ngamsukhonratana was appointed as the Secretary of the Audit Committee, effective from August 8, 2019.

In 2019, the Audit Committee held nine meetings, two of which were attended by the Company's external auditors without the Management, the summary of the matters reviewed and considered were as follows:

### FINANCIAL REPORTS

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

### INTERNAL CONTROL AND COMPLIANCE WITH THE LAW

The Company's internal controls system were reviewed to ensure its efficiency and compliance with the 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 based on audit reports by the Company's external auditors and the internal audit of its subsidiary that provides internal audit services to the Company. Meetings were held to exchange views and comments with auditors, internal auditors, and the Management in making amendments from significant findings to ensure sound internal controls and compliance with laws, rules, and relevant regulations.

The results of the review on the internal controls over the information technology systems performed by the external auditors were considered; the Company's risk management, the good corporate governance practices, and the report on internal controls and risk management disclosed in the annual report were also reviewed.

The Audit Committee attended two meetings with the external auditors without the Company's Management on matters to be acknowledged by the Audit Committee with regard to their performance and independence in conducting the reviews and audits as well as in complying with Section 89/25 of the Securities and Exchange Act (No. 4) BE 2551 (2008). Additionally, to acknowledge and advise on the findings of the financial statement reviews and audits. During the reviews, the external auditors reported to the Audit Committee that no fraud, law violations, or significant issues which might adversely impact the internal controls were found.

#### **TRANSACTIONS WITH POSSIBLE CONFLICTS OF INTEREST**

Connected party transactions and transactions that might be considered as conflicts of interest were reviewed to ensure that they were conducted in compliance with all relevant laws and regulations and that adequate disclosures were made. The Audit Committee provided opinions on transactions between the Company and related parties to ensure that these transactions were made under the normal course of business and were transparent as well as fair to all concerned parties.

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

The audit plan and manpower to ensure adequacy of resources in conducting audits were considered.

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

#### **AUDIT COMMITTEE CHARTER**

The Audit Committee performed duties and responsibilities as stipulated in the Audit Committee Charter independently, cautiously, and transparently, in order to promote good corporate governance practices, effectively without limitation, in receiving information and proper cooperation from the Management.

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

Overseeing the process relating to anti-corruption policy and measures; reviewing the compliance procedures on anti-corruption measures and internal controls as well as assessed the risks involved related to the anti-corruption policy through reports from senior management, internal audit reports, and those from external parties on the anti-corruption policy and measures.

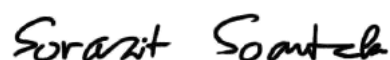
Reports regarding documents prepared for the risk assessment of corruption risks and internal controls were reviewed before submitting to Thailand's Private Sector Collective Action Coalition Against Corruption Council (CAC).

## RISK MANAGEMENT

The Audit Committee focused on risk management by evaluating the Company's risk management process. There was a Risk Management Committee, which comprised executives from each department of the Company, its subsidiary, and its associated company in order to support the Board of Directors in risk supervision related to the Company's business operations, to ensure that they are within the risk appetite and consistent with the vision, mission, strategy, and business goals so that the Company's objectives are achieved efficiently, effectively and sustainably. In addition, the Company had risk management practices and guidelines for strategic risk, insurance risk, market risk, liquidity risk, operational risk, reputation risk and credit risk. Therefore, it could be assumed that the Company had implemented concrete measures to mitigate various risks.

## AUDITOR SELECTION

The Audit Committee considered and proposed to the Board of Directors on the selection of auditors and determined their annual audit fees for the Annual General Meeting approval.



**Sorasit Soontornkes**

Chairman of the Audit Committee

February 17, 2020



# OPINION ON RELATED PARTY TRANSACTIONS





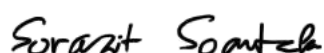
## OPINION ON RELATED PARTY TRANSACTIONS

To: **The Shareholders of Allianz Ayudhya Capital Public Company Limited**

We, as Members of the Audit Committee of Allianz Ayudhya Capital Public Company Limited (the Company), have the opinion that related party transactions between the Company and its related companies, for the fiscal year ended December 31, 2019, were conducted in the Company's normal course of business.

Please be informed accordingly.

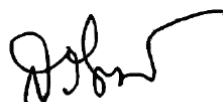
Respectfully yours,



**(Sorasit Soontornkes)**



**(Vichit Kornvityakoon)**



**(Suwat Laicharoensup)**



**(Narong Chulajata)**

Members of the Audit Committee  
Allianz Ayudhya Capital Public Company Limited

CONNECTION  
ANALYSIS  
DATA  
SEARCHING  
VERIFICATION  
CODING  
SENDING

# REPORT ON THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS



## REPORT ON THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR 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 December 31, 2019.



**Jamlong Atikul**  
Chairman of the Board



**Bryan James Smith**  
President & Chief Executive Officer

# REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

210.95

149.16

23.26

1.41%



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

(FORMERLY "SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED")

### OPINION

We have audited the consolidated financial statements of Allianz Ayudhya Capital Public Company Limited and its subsidiary (the "Group") and the separate financial statements of Allianz Ayudhya Capital Public Company Limited (the "Company"), which comprise the consolidated and separate statements of financial position as at December 31, 2019, 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 Allianz Ayudhya Capital Public Company Limited and its subsidiary and of Allianz Ayudhya Capital Public Company Limited as at December 31, 2019, 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

## AUDIT RESPONSES

## 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 result that the Group records premium written in an inappropriate accounting period in which the transaction occurred. Key audit matter is whether the Group recognizes premiums 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.

Key audit procedures included;

- › Understanding operating procedures and internal control related to recognition of premiums written.
- › Performing the design and implementation of internal controls procedures related to written premiums recognition.
- › Performing the operating effectiveness testing over the internal control procedures around revenue recognition of premiums written.
- › Performing substantive audit procedures consisted of:
  - Examining the documents for the recognition of premiums written before and after the reporting period by consideration the policies effective date that has been recognized in an appropriate accounting period.
  - Examining the documents that are made through the General Journal Entries (Journal Entries), especially in relation to the recognition of written premiums.
  - Performing analytical procedures on financial information relating premiums written.

## KEY AUDIT MATTERS

## AUDIT RESPONSES

## 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 measurement and recognition of loss reserves is in accordance with Thai Financial Reporting Standards.

The accounting policy for loss reserves and details of loss reserves were disclosed in Notes 3.14.2 and 17.1.1 to financial statements, respectively.

Key audit procedures included;

- › Understanding the operating procedures and internal control related to recognition of loss reserves.
- › Performing the design and implementation of internal controls procedures related to loss reserves recognition.
- › Performing the operating effectiveness testing over the internal control procedures around the recognition of loss reserves.
- › 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 an appropriate value.
  - Inquiry of measurement criteria and key assumptions used in the estimation by actuary to assess 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

## AUDIT RESPONSES

## INVESTMENT IN AN ASSOCIATED COMPANY

Investment in an associated company represents 38.52% of the total amount of its asset and is identified to be quantitatively significant of operations and performance results of the Group. The Key audit matter is whether the Group recognizes its associated company portion under the equity method accurately in accordance with Thai Financial Reporting Standards.

The accounting policy for investment in an associated company and detail of financial information were disclosed in Notes 3.8 and 11 to the financial statements, respectively.

Key audit procedures including a collaboration in performing the audit work with the component auditor of associated company 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.
- › Verified the calculation and record of the share of profit of investment in an associate.

## KEY AUDIT MATTERS

## AUDIT RESPONSES

## BUSINESS ACQUISITION AND GOODWILL

During the year ended December 31, 2019, the Group has acquired entire business of Allianz General Insurance Public Company Limited at the amount of Baht 848.80 million. The Group has appraised the fair value of the identifiable assets acquired and liabilities assumed and the fair value allocation at the business acquisition date.

In addition, the Group recorded goodwill of Baht 508.88 million as a result of the acquisition as disclosed in Note 1 to the financial statements. The consideration of impairment of goodwill is depended on the Group's management judgements and assumptions.

Key audit matter is the fair value of the identifiable assets acquired and liabilities assumed and the fair value allocation on business acquisition of Allianz General Insurance Public Company Limited at the acquisition date and whether the valuation of goodwill have been recognized in accordance with Thai Financial Reporting Standards.

Accounting policies in respect of the basis of preparation consolidated financial statements, goodwill and impairment and details of the business acquisition and goodwill were disclosed in Notes 3.11, 3.12, 1 and 13 to the financial statements, respectively.

Key audit procedures included;

- › Understanding the business acquisition process and related internal control procedures.
- › Evaluating the design and implementation of the internal control procedures on the business acquisition and impairment of goodwill.
- › Performing the operating effectiveness testing of internal control procedures over the impairment consideration process on goodwill.
- › Performing substantive audit procedures consisted of:
  - Examining the terms and conditions of the Entire Business Transfer Agreement of Allianz General Insurance Public Company Limited, payment documents and related supporting documents.
  - Examining details of assets and liabilities of Allianz General Insurance Public Company Limited at the acquisition date.
  - Assessing the calculation of the fair value of assets acquired and liabilities assumed specified in the documentation of measurement under the acquisition method as prepared by an independent valuation specialist, by considering the methods and significant assumptions used by the independent valuation specialist in calculating the fair value of assets and liabilities and evaluating the competency and integrity of the independent valuation specialist.
  - Involving auditor's expert to evaluate the appropriateness of assumptions and process to determine the value of the intangible assets, valuation methodology and mathematical accuracy.

## KEY AUDIT MATTERS

## AUDIT RESPONSES

**BUSINESS ACQUISITION AND GOODWILL  
(CONTINUED)**

- Testing the appropriateness of valuation of goodwill model and the significant assumptions in consideration the impairment of goodwill by using auditor's expert to compare those assumptions with information from both internal and external sources in order to evaluate the exercise of management judgement in estimating the cash flow projections.
- Reviewing the presentation and related disclosures.

**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 21, 2020

# STATEMENTS OF FINANCIAL POSITION AND NOTES





## ALLIANZ AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY

### STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

BAHT

ASSETS	NOTES	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		AS AT DECEMBER 31, 2019	AS AT DECEMBER 31, 2018	AS AT DECEMBER 31, 2019	AS AT DECEMBER 31, 2018
Cash and cash equivalents	5	4,497,249,893	1,341,339,977	179,669,304	101,355,834
Premium receivable - net	6	771,000,380	271,749,947	-	-
Accrued investment income		12,412,304	4,497,896	4,626,341	429,389
Reinsurance assets	7	2,741,203,960	1,070,310,191	-	-
Amounts due from reinsurers	8	496,238,862	114,461,388	-	-
Investments					
Investments in securities	9	7,352,462,337	6,896,384,905	4,318,475,965	4,125,890,014
Loans	10	13,684	28,723	-	-
Investment in an associate	11	10,715,017,755	2,977,370,666	5,455,863,220	1,487,263,618
Investment in a subsidiary	11	-	-	2,572,378,981	1,823,578,981
Property, plant and equipment - net	12	49,291,668	39,752,046	1,697,916	5,951,318
Goodwill	1 and 13	508,876,609	-	-	-
Intangible assets	14	85,075,256	51,029,363	1,968,410	24
Deferred tax assets - net	15	328,449,690	228,962,877	26,643,700	44,147,684
Deferred commissions expenses		72,513,895	66,858,470	-	-
Other assets	16	186,672,719	82,845,853	7,650,968	23,088,317
<b>TOTAL ASSETS</b>		<b>27,816,479,012</b>	<b>13,145,592,302</b>	<b>12,568,974,805</b>	<b>7,611,705,179</b>

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

## ALLIANZ AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2019

BAHT

LIABILITIES AND EQUITY	NOTES	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		AS AT DECEMBER 31, 2019	AS AT DECEMBER 31, 2018	AS AT DECEMBER 31, 2019	AS AT DECEMBER 31, 2018
Insurance contract liabilities	17	5,797,941,210	2,444,776,162	-	-
Amounts due to reinsurers	18	1,944,671,986	678,331,838	-	-
Payable from purchase of securities		992,852,860	1,977,333	-	981,610
Income tax payable		-	53,594,869	-	128,673
Employee benefit obligations	19	135,517,992	89,971,578	7,669,219	4,654,996
Premium written received in advance		421,446,053	370,220,202	-	-
Commissions and brokerages payables		107,767,460	54,202,201	-	-
Accrued expenses		389,469,094	75,250,906	15,088,170	21,742,382
Other liabilities	20	281,476,156	109,314,089	2,227,149	681,061
<b>TOTAL LIABILITIES</b>		<b>10,071,142,811</b>	<b>3,877,639,178</b>	<b>24,984,538</b>	<b>28,188,722</b>
<b>EQUITY</b>					
Share capital	21				
Authorized share capital					
463,473,361 ordinary shares of Baht 1.00 each		463,473,361	463,473,361	463,473,361	463,473,361
Issued and paid-up share capital					
384,964,961 ordinary shares of Baht 1.00 each		384,964,961		384,964,961	
296,416,925 ordinary shares of Baht 1.00 each			296,416,925		296,416,925
Premium on share capital		9,907,790,998	5,276,027,100	9,907,790,998	5,276,027,100
Retained earnings					
Appropriated					
Legal reserve	23	50,000,000	50,000,000	50,000,000	50,000,000
Unappropriated		3,076,794,221	3,179,207,243	2,320,224,130	2,152,489,572
Other components of equity					
Deficit on available-for-sale securities		(113,644,826)	(207,771,879)	(118,989,822)	(191,417,140)
Share of other comprehensive					
income in an associate		4,439,430,847	674,073,735	-	-
<b>TOTAL EQUITY</b>		<b>17,745,336,201</b>	<b>9,267,953,124</b>	<b>12,543,990,267</b>	<b>7,583,516,457</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>27,816,479,012</b>	<b>13,145,592,302</b>	<b>12,568,974,805</b>	<b>7,611,705,179</b>

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



**ALLIANZ AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY**  
**STATEMENTS OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME**  
 FOR THE YEAR ENDED DECEMBER 31, 2019

	NOTES	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2019	2018	2019	2018
<b>REVENUES</b>					
Gross premium written		5,757,300,140	3,396,369,722	-	-
<u>Less</u> Premium ceded to reinsurers		2,290,389,853	1,435,936,031	-	-
Net premium written		3,466,910,287	1,960,433,691	-	-
<u>Less</u> Unearned premium reserve increase					
from previous year		59,253,900	191,260,303	-	-
Net premium earned		3,407,656,387	1,769,173,388	-	-
Fee and commission income		605,175,811	490,085,956	-	-
Net investment income		118,917,257	108,264,621	577,641,132	397,926,947
Gain (loss) on investment in securities	27	(98,099,133)	62,175,215	(69,562,724)	66,057,010
Loss on fair value adjustment		-	(29,493,533)	-	(15,263,967)
Share of profit on investment in an associate	11.1	553,245,448	507,683,013	-	-
Other income		32,398,955	2,862,420	9,474,955	16,670,662
<b>Total revenues</b>		<b>4,619,294,725</b>	<b>2,910,751,080</b>	<b>517,553,363</b>	<b>465,390,652</b>
<b>EXPENSES</b>					
Gross claim		2,695,108,570	1,439,765,185	-	-
<u>Less</u> Claim recovered from reinsurers		756,370,790	709,126,371	-	-
Commissions and brokerage		754,741,764	468,113,985	-	-
Other underwriting expenses		814,212,933	554,874,985	-	-
Operating expenses	25	906,279,561	359,762,937	60,770,120	71,185,147
<b>Total expenses</b>		<b>4,413,972,038</b>	<b>2,113,390,721</b>	<b>60,770,120</b>	<b>71,185,147</b>
Income before income tax expense		205,322,687	797,360,359	456,783,243	394,205,505
Income tax expense (benefit)	15	15,694,461	47,112,056	(409,048)	730,209
<b>Net income</b>		<b>189,628,226</b>	<b>750,248,303</b>	<b>457,192,291</b>	<b>393,475,296</b>

**ALLIANZ AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY**  
**STATEMENTS OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME (CONTINUED)**  
FOR THE YEAR ENDED DECEMBER 31, 2019

BAHT

	NOTES	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2019	2018	2019	2018
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>					
Items that will not be reclassified subsequently					
to profit or loss					
Actuarial gain (loss) on defined					
employee benefits plans	19	6,069,205	-	(968,984)	-
Share of other comprehensive loss of an associate	11.1	(10,267,890)	(1,761,007)	-	-
Income tax relating to items that will not be					
reclassified subsequently		839,983	352,161	193,797	-
		(3,358,702)	(1,408,846)	(775,187)	-
Items that will be reclassified subsequently					
to profit or loss					
Gain (loss) on revaluation of available-for-sale securities		117,658,816	(210,938,029)	90,534,147	(187,968,745)
Share of other comprehensive income (loss) in an associate	11.1	4,706,696,390	(752,135,576)	-	-
Income tax relating to items that will be reclassified					
subsequently		(964,871,041)	198,396,817	(18,106,829)	37,593,749
		3,859,484,165	(764,676,788)	72,427,318	(150,374,996)
Other comprehensive income (loss) for the years,					
net of income tax		3,856,125,463	(766,085,634)	71,652,131	(150,374,996)
<b>Total comprehensive income (loss) for the years</b>		<b>4,045,753,689</b>	<b>(15,837,331)</b>	<b>528,844,422</b>	<b>243,100,300</b>
<b>Earnings per share</b>	29				
<b>Basic earnings per share</b>	<b>Baht</b>	0.53	2.75	1.28	1.44
Weighted average number of ordinary shares (Shares)		356,058,000	272,930,470	356,058,000	272,930,470
<b>Diluted earnings per share</b>	<b>Baht</b>	0.44	2.37	1.05	1.25
Weighted average number of ordinary shares (Shares)		434,566,207	315,989,583	434,566,207	315,989,583

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

## ALLIANZ AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2019

	Notes	ISSUED AND PAID-UP SHARE CAPITAL	PREMIUM ON SHARE CAPITAL
Beginning balance as at January 1, 2018		250,000,000	3,512,183,950
Increase capital	21.3 and 21.5	46,416,925	1,763,843,150
Net income		-	-
Other comprehensive loss		-	-
Interim dividends	32.1	-	-
<b>Ending balance as at December 31, 2018</b>		<b>296,416,925</b>	<b>5,276,027,100</b>
Beginning balance as at January 1, 2019		296,416,925	5,276,027,100
Increase capital	21.6, 21.7 and 21.8	88,548,036	4,631,763,898
Net income		-	-
Other comprehensive income (loss)		-	-
Interim dividends	32.2	-	-
<b>Ending balance as at December 31, 2019</b>		<b>384,964,961</b>	<b>9,907,790,998</b>

	Notes	ISSUED AND PAID-UP SHARE CAPITAL	PREMIUM ON SHARE CAPITAL
Beginning balance as at January 1, 2018		250,000,000	3,512,183,950
Increase capital	21.3 and 21.5	46,416,925	1,763,843,150
Net income		-	-
Other comprehensive loss		-	-
Interim dividends	32.1	-	-
<b>Ending balance as at December 31, 2018</b>		<b>296,416,925</b>	<b>5,276,027,100</b>
Beginning balance as at January 1, 2019		296,416,925	5,276,027,100
Increase capital	21.6, 21.7 and 21.8	88,548,036	4,631,763,898
Net income		-	-
Other comprehensive income (loss)		-	-
Interim dividends	32.2	-	-
<b>Ending balance as at December 31, 2019</b>		<b>384,964,961</b>	<b>9,907,790,998</b>

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

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### CONSOLIDATED FINANCIAL STATEMENTS

RETAINED EARNINGS		OTHER COMPONENTS OF EQUITY		TOTAL EQUITY
APPROPRIATED LEGAL RESERVE	UNAPPROPRIATED	SURPLUS (DEFICIT) ON AVAILABLE-FOR-SALE SECURITIES	SHARE OF OTHER COMPREHENSIVE INCOME IN AN ASSOCIATE	
50,000,000	2,650,796,710	(39,021,456)	1,270,000,100	7,693,959,304
-	-	-	-	1,810,260,075
-	750,248,303	-	-	750,248,303
-	(1,408,846)	(168,750,423)	(595,926,365)	(766,085,634)
-	(220,428,924)	-	-	(220,428,924)
50,000,000	3,179,207,243	(207,771,879)	674,073,735	9,267,953,124
5,000,000	3,179,207,243	(207,771,879)	674,073,735	9,267,953,124
-	-	-	-	4,720,311,934
-	189,628,226	-	-	189,628,226
-	(3,358,702)	94,127,053	3,765,357,112	3,856,125,463
-	(288,682,546)	-	-	(288,682,546)
50,000,000	3,076,794,221	(113,644,826)	4,439,430,847	17,745,336,201

### SEPARATE FINANCIAL STATEMENTS

RETAINED EARNINGS		OTHER COMPONENTS OF EQUITY		TOTAL EQUITY
APPROPRIATED LEGAL RESERVE	UNAPPROPRIATED	SURPLUS (DEFICIT) ON AVAILABLE-FOR-SALE SECURITIES		
50,000,000	1,979,443,194	(41,042,144)		5,750,585,000
-	-	-		1,810,260,075
-	393,475,296	-		393,475,296
-	-	(150,374,996)		(150,374,996)
-	(220,428,918)	-		(220,428,918)
50,000,000	2,152,489,572	(191,417,140)		7,583,516,457
5,000,000	2,152,489,572	(191,417,140)		7,583,516,457
-	-	-		4,720,311,934
-	457,192,291	-		457,192,291
-	(775,187)	72,427,318		71,652,131
-	(288,682,546)	-		(288,682,546)
50,000,000	2,320,224,130	(118,989,822)		12,543,990,267

**ALLIANZ AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY**  
**STATEMENTS OF CASH FLOWS**  
 FOR THE YEAR ENDED DECEMBER 31, 2019

BAHT

**CONSOLIDATED  
FINANCIAL STATEMENTS**

**SEPARATE  
FINANCIAL STATEMENTS**

2019 • 2018

2019 • 2018

**CASH FLOWS PROVIDED  
BY (USED IN) OPERATING ACTIVITIES**

	2019	2018	2019	2018
Direct premium received	5,547,714,373	3,351,799,800	-	-
Cash received (paid) from reinsurance	224,594,552	(364,282,290)	-	-
Interest income	38,165,156	28,627,820	4,994,948	6,936,340
Dividend income	581,469,158	348,582,102	570,743,964	394,821,308
Other income	32,098,518	1,895,395	10,208,934	20,262,159
Loss incurred from direct insurance	(3,067,332,519)	(1,328,445,254)	-	-
Commission and brokerage paid from direct insurance	(740,427,778)	(458,907,830)	-	-
Other underwriting expenses	(778,130,092)	(531,444,133)	-	-
Operating expenses	(799,284,006)	(246,400,076)	(66,034,721)	(62,294,739)
Income tax expense	(72,215,131)	(16,673,068)	(1,650,789)	(772,940)
Investments in securities	1,546,839,399	(2,410,935,437)	12,608,686	(2,013,031,262)
Investment in a subsidiary	-	-	(748,800,000)	-
Deposits at bank with maturity over 3 months and deposits used as collateral	(12,318,531)	(3,517,812)	(170,189,175)	(186,407)
Loans	15,039	(13,663)	-	-
Cash paid from subscriptions payable	-	(15,242,115)	-	(15,242,115)
Net cash provided by (used in) operating activities	2,501,188,138	(1,644,956,561)	(388,118,153)	(1,669,507,656)

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



**ALLIANZ AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
 FOR THE YEAR ENDED DECEMBER 31, 2019

BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2019	2018	2019	2018
<b>CASH FLOWS PROVIDED BY (USED IN) INVESTMENT ACTIVITIES</b>					
CASH FLOWS PROVIDED BY					
Premises and equipment		4,053,122	1,444,766	3,418,972	-
Cash provided by investing activities		4,053,122	1,444,766	3,418,972	-
CASH FLOWS USED IN					
Paid for purchase entire business transfer		(848,800,000)	-	-	-
Property, plant and equipment		(8,288,889)	(6,254,042)	(17,135)	(62,211)
Intangible assets		(2,670,500)	(618,206)	-	-
Cash used in investing activities		(859,759,389)	(6,872,248)	(17,135)	(62,211)
Net cash provided by (used in) investing activities		(855,706,267)	(5,427,482)	3,401,837	(62,211)
<b>CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>					
Increase capital		751,712,332	1,810,260,075	751,712,332	1,810,260,075
Dividends paid	32.2	(288,682,546)	(220,428,924)	(288,682,546)	(220,428,918)
Net cash used in financing activities		463,029,786	1,589,831,151	463,029,786	1,589,831,157
Net increase (decrease) in cash and cash equivalents		2,108,511,657	(60,552,892)	78,313,470	(79,738,710)
Cash and cash equivalents as at January 1,		1,341,339,977	1,401,892,869	101,355,834	181,094,544
Cash received from the entire business transfer	1	1,047,398,259	-	-	-
Cash and cash equivalents as at December 31,	5	4,497,249,893	1,341,339,977	179,669,304	101,355,834

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

## ALLIANZ AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2019

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

##### 1. The Company

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

The Company has a subsidiary company, Allianz Ayudhya General Insurance Public Company Limited (formerly “Sri Ayudhya General Insurance Public Company Limited”) which operates non-life insurance business, holding by 99.99%.

##### 2. The subsidiary

Allianz Ayudhya General Insurance Public Company Limited (the “Subsidiary”) is a limited company incorporated in Thailand on September 21, 1982. The main business is non-life insurance and the subsidiary 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 subsidiary’s office was registered at 1st Floor, Zone B, 7th Floor, Zone B, 8th Floor, Zones A and B, 9th Floor, Zones A2 and B2, and 18th Floor, Zones A, Ploenchit Tower, 898 Ploenchit Road, Lumpini subdistrict, Pathumwan District Bangkok.

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

1. Approval for Allianz 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”).
2. Approval for the Company to purchase ordinary shares of Allianz Ayudhya Assurance Public Company Limited (“AZAY”) of 34.81 million 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”), totalling Baht 3,968.60 million.
3. Approval for the allocation of 88.47 million newly issued ordinary shares, at the par value of Baht 1 each, for the offering price to Allianz SE and CPRNT at Baht 53.32 per share, totalling Baht 4,717.40 million, as following details:
  - 3.1 The allocation of 14.04 million newly issued ordinary shares to CPRNT at Baht 53.32 per share, at the par value of Baht 1, totalling Baht 748.80 million. 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 of 74.43 million newly issued ordinary shares to Allianz SE and CPRNT at Baht 53.32 per share, at par value of Baht 1.00, totalling Baht 3,968.60 million. In this regard, Allianz SE and CPRNT paid for the newly issued ordinary shares in lieu of cash payment (see Note 4.3).
4. Agreement on Allianz SE and/or its affiliate who is a member of the Allianz Group which is designated by Allianz SE as a co-offer or to make a voluntary partial tender offer to purchase 56.93 million 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.

On April 26, 2019, the Annual General Meeting of Shareholders of the Company and its subsidiary passed resolution to change of the Company’s name from “Sri Ayudhya Capital Public Company Limited” to “Allianz Ayudhya Capital Public Company Limited” and “Sri Ayudhya General Insurance Public Company Limited” to “Allianz Ayudhya General Insurance Public Company Limited”. The Company and its subsidiary registered the amendments to its change in the Company’s name with Ministry of Commerce on April 30, 2019.

On April 30, 2019, the Company increased share capital and registered the corresponding increase in its paid-up capital with the Ministry of Commerce, totalling Baht 4,717.40 million (see Note 21.6), as following details:

- › The Company issued the increased share capital of 14.04 million ordinary shares at Baht 53.32 per share, at par value of Baht 1.00 as equivalent to Baht 748.80 million to CPRNT and received cash for the payment.
- › The Company issued the increased share capital of 74.43 million ordinary shares to Allianz SE and CPRNT at Baht 53.32 per share, at par value of Baht 1.00 by swap with the ordinary shares of Allianz Ayudhya Assurance Public Company Limited (“AZAY”) of 34.81 million shares at Baht 114 per share, at the par value of Baht 10.00, from Allianz SE and CPRNT as equivalent to Baht 3,968.60 million.

## ACQUISITION OF BUSINESS

On April 30, 2019, the subsidiary completed purchase and acceptance of the entire business of AZTH, as per entire business transfer agreement dated September 24, 2018 for a cash consideration of Baht 848.80 million.

During the year 2019, the subsidiary engaged an independent appraiser to appraise the fair value of identifiable assets acquired and liabilities assumed and allocation of fair value at the acquisition date. The subsidiary has applied Thai Financial Reporting Standard No. 3 (revised 2018) “Business Combinations” to recognize the business acquisition transaction. The subsidiary has considered the fair value of assets acquired and liabilities assumed from the business acquisition and recorded the difference amount between the purchase price and the value of consideration received in the account “Goodwill” in the amount of Baht 508.88 million by considering the information from the purchase price allocation report of an independent appraiser and other relevant factors obtained within one year from the acquisition date. The following summarizes the major classes of consideration transferred and the recognized fair value of assets acquired and liabilities assumed at the business acquisition date:

	BAHT:'000
	AS AT APRIL 30, 2019
<b>ASSETS</b>	
Cash and cash equivalents	1,047,398
Premium receivable - net	425,651
Accrued investment income	6,752
Reinsurance assets	2,194,326
Amounts due from reinsurers	258,971
Investments in securities	1,006,389
Premises and equipment	29,471
Intangible assets	106,158
Deferred tax assets - net	139,927
Other assets	111,512
<b>Total Assets</b>	<b>5,326,555</b>
<b>LIABILITIES</b>	
Insurance liabilities	3,669,779
Amounts due to reinsurers	849,617
Employee benefit obligations	19,934
Accrued expense	273,871
Other liabilities	173,431
<b>Total liabilities</b>	<b>4,986,632</b>
Identifiable assets and liabilities - net	339,923
Cash paid for purchase entire business transfer	(848,800)
<b>Goodwill</b>	<b>508,877</b>

## 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 2018) “Presentation of Financial Statements”, which was effective for financial periods beginning on or after January 1, 2019 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 Allianz Ayudhya Capital Public Company Limited and Allianz 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 year, the Group has adopted the revised and new financial reporting standards and guidelines on accounting issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2019. 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 material impact on the Group’s financial statements.

### **THAI FINANCIAL REPORTING STANDARD NO.4 (REVISED 2018) “INSURANCE CONTRACTS”**

This revised financial reporting standard determines the option for insurance industry to temporarily exempt from applying Thai Financial Reporting Standard No. 9 “Financial Instruments”. An entity can elect to exempt from Thai Financial Reporting Standard No. 9 until annual periods beginning before January 1, 2023 or before Thai Financial Reporting Standard No. 17 “Insurance Contracts” is effective.

- 2.6 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective.

The Federation of Accounting Professions has issued the Notification regarding Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretation 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, 2020 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 provision of interpretations and accounting guidance to users of standards.

The Group's management will adopt such TFRSs in the preparation of the Group's financial statements when it becomes effective. The Group's management has assessed the impact of these TFRSs and considered that the adoption of these financial reporting standards does not have any material impact on the financial statements of the Group in the period of initial application, except the financial reporting standards as follow:

#### **THAI ACCOUNTING STANDARD NO.12 "INCOME TAXES"**

This revised accounting standard clarifies about recognition the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits. An entity shall apply those amendments to the income tax consequences of dividends recognized on or after the beginning of the earliest comparative period. Earlier application is permitted.

#### **THAI ACCOUNTING STANDARD NO.19 "EMPLOYEE BENEFITS"**

This revised accounting standard clarifies that the past service cost or of the gain or loss on settlement is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment or curtailment or settlement but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). This accounting standard requires prospective method for such amendment. It applies only to plan amendments, curtailments or settlements that occur on or after the beginning of the annual period in which it is first applied. Earlier application is permitted.

#### **THAI ACCOUNTING STANDARD NO.28 "INVESTMENTS IN ASSOCIATES AND JOINT VENTURES"**

This revised accounting standard clarifies about the application of TFRS 9, including its impairment requirements, to long-term interests. An entity does not take into account adjustments to their carrying amount required by TAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with TAS 28). This accounting standard requires retrospective method for such amendment. Earlier application is permitted.

#### **THAI FINANCIAL REPORTING STANDARD NO.3 "BUSINESS COMBINATIONS"**

This revised financial reporting standard clarifies that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest in the joint operation at fair value. The previously held interest to be remeasured includes any unrecognized assets, liabilities and goodwill relating to the joint operation. This revised financial reporting standard requires prospective method for such amendment. Earlier application is permitted.

#### **GROUP OF FINANCIAL INSTRUMENTS STANDARDS**

- › 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 group of Standards 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 Standards will supersede the Standards and Interpretations relating to the financial instruments upon its effective date.

#### **THAI FINANCIAL REPORTING STANDARDS NO. 16 "LEASES"**

This TFRS provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

This TFRS will supersede the following lease Standards and Interpretations upon its effective date, which are Thai Accounting Standard No.17 "Leases", Thai Accounting Standard Interpretation No.15 "Operating Lease - Incentives", Thai Accounting Standard Interpretation No.27 "Evaluating the Substance of Transactions involving the Legal Form of a Lease" and Thai Financial Reporting Standard Interpretation No.4 "Determining whether an Arrangement contains a Lease".

For lessee accounting, there are significant changes to lease accounting in this TFRS by removing the distinction between operating and finance leases under TAS 17 and requiring a lessee to recognize a right-of-use asset and a lease liability at commencement for all leases, except for short-term-leases and leases of low value assets. However, the lessor accounting treatment continues to require a lessor to classify a lease either as an operating lease or a finance lease, using the same concept as TAS 17.

The Group's management is in the process to assess the impact of this TFRS on the financial statements of the Group in the period of initial application.

#### **THE ACCOUNTING GUIDELINES FOR FINANCIAL INSTRUMENTS AND DISCLOSURES ON INSURANCE BUSINESS**

The Federation of Accounting Professions issued the accounting guidelines for financial instruments and disclosures on insurance business, which has been announced in the Royal Gazette on March 11, 2019 and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards, which allowed the adoption on this accounting guideline prior to the effective date for the financial statements beginning on or after January 1, 2019 onwards only. If an entity adopts this accounting guideline prior to the effective date, the entity is required to disclose such adoption. However, the Company's management does not adopt such accounting guideline for financial instruments and disclosures on insurance business prior to the effective date.

#### **THAI FINANCIAL REPORTING STANDARD NO.4 "INSURANCE CONTRACTS"**

The Federation of Accounting Professions issued Thai Financial Reporting Standard No.4 "Insurance Contracts", which has been announced in the Royal Gazette on September 24, 2019 and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards. This revised financial reporting standard determines the option for insurance industry to temporarily exempt from applying Thai Financial Reporting Standard No. 9 "Financial Instruments" and Thai Financial Reporting Standard No. 7 "Financial Instruments: Disclosures" if an entity meets the criteria required by such revised Thai Financial Reporting Standard. An entity can elect to apply the accounting guidelines for financial instruments and disclosures on insurance business for the financial statements for the period beginning on or after January 1, 2020 until the period beginning on or after January 1, 2023 or before Thai Financial Reporting Standard No. 17 "Insurance Contracts" becomes effective. If an entity elects to adopt this exemption, the entity is required to disclose how the entity meets criteria for such temporary exemption and provide comparison information of the entity that applies temporary exemption with those that apply Thai Financial Reporting Standard No. 9 and Thai Financial Reporting Standard No. 7.

The Group's management has assessed eligibility to apply such temporary exemption and concluded that the Group is eligible to apply such temporary exemption. Therefore, the Group's management elects to apply such temporary exemption.

### 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 Investments in securities

Available-for-sale investments are stated at fair value. Gain or loss on the change in fair value is recognized as other components of equity.

General investments are stated at cost.

Held-to-maturity investments 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 immediately 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). Investment in an associate as presented in the consolidated financial statements is 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 Property, plant and equipment

Land is stated at cost. Plant 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
Leasehold improvement	5 years
Office equipment, furniture and fixtures	5 years
Vehicles	5 years

### 3.11 Business combinations and goodwill

The Group recognizes the Business combinations by using the acquisition method. The Group (acquirer) measures the cost of the acquisition by using the fair value at the acquisition date of consideration transferred.

The Group recognizes the acquisition-related cost as expenses in the periods of which the costs are incurred and the services are received.

The measurement of goodwill at initial recognition is measured at the fair value of the acquisition less the net recognized amount (fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Subsequent to the initial recognition, goodwill is measured at cost less allowance for impairment. The Group assesses an impairment of goodwill annually, without consideration of indication that such goodwill may be impaired.

Goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the business combination.

### 3.12 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

Intangible assets with definite useful lives are tested for impairment when there is an indicator that the asset may be impaired. Intangible assets with indefinite useful lives are tested for impairment annually or when there is an indicator that the asset may be impaired.

### 3.13 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.

### 3.14 Insurance liabilities

#### 3.14.1 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

#### 3.14.2 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.

#### 3.14.3 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.

### 3.15 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.

### 3.16 Employee benefits

#### 3.16.1 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.

#### 3.16.2 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 statement of profit or loss and other comprehensive income when the plan amendment is effective.

### 3.17 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.

### 3.18 Income tax

#### Income tax expenses

Income tax expenses represent the sum of corporate income taxes currently payable and deferred income taxes.

#### Current income taxes

Current income taxes are provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

#### Deferred income taxes

Deferred income taxes are provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, based on tax rates that have been enacted or substantively enacted on the end of the reporting period.

The Group recognised deferred tax liabilities for all taxable temporary differences while the recognised deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group record deferred income taxes directly to owners' equity if the taxes relate to items that are recorded directly to owners' equity.

### 3.19 Earnings per share

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

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

### 3.20 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

##### 3.20.1 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.

##### 3.20.2 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 39.2.6.1.

### 3.21 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 and 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, 2019 and 2018 consisted of the following:

	BAHT			
	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Other payable - fixed assets as at January 1,	479,789	31,431	-	-
<u>Add</u> Purchases of fixed assets	7,824,240	6,702,400	32,275	62,211
<u>Less</u> Cash paid for purchase of fixed assets	(8,288,889)	(6,254,042)	(17,135)	(62,211)
<u>Less</u> Loss from exchange of fixed assets	(15,140)	-	(15,140)	-
Other payable - fixed assets as at December 31,	-	479,789	-	-

4.2 Non-cash items of intangible assets for the years ended December 31, 2019 and 2018 consisted of the following:

	BAHT			
	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Other payable - intangible assets as at January 1,	-	-	-	-
<u>Add</u> Purchases of intangible assets	4,638,886	618,206	1,968,386	-
<u>Less</u> Cash paid for purchase of intangible assets	(2,670,500)	(618,206)	-	-
Other payable - intangible assets as at December 31,	1,968,386	-	1,968,386	-

4.3 For the year ended December 31, 2019, the Company has received share capital increase each from Allianz SE and CPRNT by newly ordinary shares of AZAY as equivalent to Baht 3,968.60 million (see Note 1).

#### 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2019 and 2018 consisted of the following:

	BAHT			
	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Cash	315,963	290,000	10,000	10,000
Cheque on hand	24,412,038	11,046,146	-	-
Deposits at bank - at call	502,407,148	361,305,850	16,721,979	101,345,834
Short-term investments	3,970,114,744	968,697,981	162,937,325	-
Cash and cash equivalents	4,497,249,893	1,341,339,977	179,669,304	101,355,834

## 6. PREMIUM RECEIVABLE - NET

Premium receivable - net as at December 31, 2019 and 2018 consisted of the following:

	BAHT	
	CONSOLIDATED FINANCIAL STATEMENTS	
	2019	2018
Within credit terms	614,032,216	218,651,474
Less than 30 days	20,479,594	29,433,750
31 - 60 days	43,304,788	7,308,105
61 - 90 days	31,132,261	9,125,013
Over 90 days	95,153,102	12,882,849
Total premium due and uncollected	804,101,961	277,401,191
<u>Less</u> Allowance for doubtful accounts	(33,101,581)	(5,651,244)
Premium due and uncollected - net	771,000,380	271,749,947

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, 2019 and 2018 consisted of the following:

	BAHT	
	CONSOLIDATED FINANCIAL STATEMENTS	
	2019	2018
<b>Insurance reserve refundable from reinsurers</b>		
Loss reserves	1,535,683,599	449,046,925
Unearned premium reserve		
- Unearned reinsurance premium reserve	1,205,520,361	621,263,266
Total reinsurance assets (see Note 17)	2,741,203,960	1,070,310,191

## 8. AMOUNTS DUE FROM REINSURERS

Amounts due from reinsurers as at December 31, 2019 and 2018 consisted of the following:

	BAHT	
	CONSOLIDATED FINANCIAL STATEMENTS	
	2019	2018
Deposit on reinsurance	840,534	48,717
Due from reinsurers	495,398,328	114,412,671
Total amounts due from reinsurers	496,238,862	114,461,388

Aging analyzes for due from reinsurers as at December 31, 2019 and 2018 were as follows:

	BAHT	
	CONSOLIDATED FINANCIAL STATEMENTS	
	2019	2018
Within credit terms	436,308,459	100,640,423
Not over 12 months	46,473,751	10,635,160
Over 1 year to 2 years	6,754,073	1,200,850
Over 2 years	5,862,045	1,936,238
<b>Total due from reinsures</b>	<b>495,398,328</b>	<b>114,412,671</b>

## 9. INVESTMENTS IN SECURITIES

Investments in securities as at December 31, 2019 and 2018 consisted of the following:

	BAHT			
	CONSOLIDATED FINANCIAL STATEMENTS			
	AS AT DECEMBER 31, 2019		AS AT DECEMBER 31, 2018	
	Cost/ Amortized cost	Fair value	Cost/ Amortized cost	Fair value
<b>Held-for-trading securities</b>				
Equity securities	-	-	185,243,536	156,854,501
<u>Less</u> Unrealized loss	-	-	(28,389,035)	-
<b>Total held for-trading-securities</b>	-	-	156,854,501	156,854,501
<b>Available-for-sale securities</b>				
Government and state enterprise securities	2,181,429,080	2,186,309,389	431,691,662	430,891,551
Private debt securities	1,377,598,237	1,382,735,643	-	-
Foreign debt securities	59,933,963	60,670,915	-	-
Equity securities	3,139,195,737	2,986,317,637	4,344,156,196	4,085,241,459
<b>Total</b>	<b>6,758,157,017</b>	<b>6,616,033,584</b>	<b>4,775,847,858</b>	<b>4,516,133,010</b>
<u>Less</u> Unrealized loss	(142,123,433)	-	(259,714,848)	-
<b>Total available-for-sale securities</b>	<b>6,616,033,584</b>	<b>6,616,033,584</b>	<b>4,516,133,010</b>	<b>4,516,133,010</b>
<b>Held-to-maturity securities</b>				
Government and state enterprise securities	249,148,848	-	1,747,212,351	-
Deposits at bank with maturity over 3 months	192,711,836	-	14,000,000	-
Deposits at bank used as collateral	260,551,907	-	426,945,211	-
Premium saving certificates used as collateral	13,950,000	-	15,750,000	-
<b>Total held-to-maturity securities</b>	<b>716,362,591</b>	<b>-</b>	<b>2,203,907,562</b>	<b>-</b>
<b>General investment</b>				
Equity securities	21,573,281	-	20,996,951	-
<u>Less</u> Allowance for impairment	(1,507,119)	-	(1,507,119)	-
<b>Total general investment</b>	<b>20,066,162</b>	<b>-</b>	<b>19,489,832</b>	<b>-</b>
<b>Total investments in securities - net</b>	<b>7,352,462,337</b>	<b>6,616,033,584</b>	<b>6,896,384,905</b>	<b>4,516,133,010</b>



	SEPARATE FINANCIAL STATEMENTS			
	AS AT DECEMBER 31, 2019		AS AT DECEMBER 31, 2018	
	Cost/ Amortized cost	Fair value	Cost/ Amortized cost	Fair value
<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	485,724,024	488,168,891	137,118,023	136,518,439
Private debt securities	597,367,895	599,063,027	-	-
Equity securities	3,139,195,737	2,986,317,637	4,073,423,050	3,834,751,209
Total	4,222,287,656	4,073,549,555	4,210,541,073	3,971,269,648
<u>Less</u> Unrealized loss	(148,738,101)	-	(239,271,425)	-
<b>Total available-for-sale securities</b>	4,073,549,555	4,073,549,555	3,971,269,648	3,971,269,648
<b>Held-to-maturity securities</b>				
Deposits at bank with maturity over 3 months	184,000,000		14,000,000	
Deposits at bank used as collateral	42,928,248		42,739,072	
<b>Total held-to-maturity securities</b>	226,928,248		56,739,072	
<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 investments in securities - net</b>	4,318,475,965		4,125,890,014	

Debt securities classified by the remaining maturity as at December 31, 2019 were as follows:

	BAHT			
	CONSOLIDATED FINANCIAL STATEMENTS			
	MATURITIES			TOTAL
Within 1 year	1 - 5 years	Over 5 years		
<b>Available-for-sale debt securities</b>				
Government and state enterprise securities	1,180,283,950	995,630,189	5,514,941	2,181,429,080
Private debt securities	462,434,322	897,563,915	17,600,000	1,377,598,237
Foreign debt securities	-	59,933,963	-	59,933,963
<u>Add</u> Unrealized gain	1,228,659	9,173,996	352,012	10,754,667
<b>Total available-for-sale debt securities</b>	<b>1,643,946,931</b>	<b>1,962,302,063</b>	<b>23,466,953</b>	<b>3,629,715,947</b>
<b>Held-to-maturity debt securities</b>				
Government and state enterprise securities	249,148,848	-	-	249,148,848
<b>Total held-to-maturity debt securities</b>	<b>249,148,848</b>	<b>-</b>	<b>-</b>	<b>249,148,848</b>
<b>Total debt securities - net</b>	<b>1,893,095,779</b>	<b>1,962,302,063</b>	<b>23,466,953</b>	<b>3,878,864,795</b>

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

	BAHT			
	CONSOLIDATED FINANCIAL STATEMENTS			
	MATURITIES			TOTAL
Within 1 year	1 - 5 years	Over 5 years		
<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)
<b>Total available-for-sale debt securities</b>	<b>43,243,911</b>	<b>387,647,640</b>	<b>-</b>	<b>430,891,551</b>
<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>	<b>1,747,212,351</b>	<b>-</b>	<b>-</b>	<b>1,747,212,351</b>
<b>Total debt securities - net</b>	<b>1,790,456,262</b>	<b>387,647,640</b>	<b>-</b>	<b>2,178,103,902</b>

Debt securities classified by the remaining maturity as at December 31, 2019 were as follows:

	BAHT			
	SEPARATE FINANCIAL STATEMENTS			TOTAL
	MATURITIES			
Within 1 year	1 - 5 years	Over 5 years		
<b>Available-for-sale debt securities</b>				
Government and state enterprise securities	19,899,617	460,309,466	5,514,941	485,724,024
Private debt securities	222,999,940	356,767,955	17,600,000	597,367,895
<u>Add</u> Unrealized gain	38,988	3,749,000	352,011	4,139,999
<b>Total available-for-sale debt securities</b>	<b>242,938,545</b>	<b>820,826,421</b>	<b>23,466,952</b>	<b>1,087,231,918</b>
<b>Total debt securities - net</b>	<b>242,938,545</b>	<b>820,826,421</b>	<b>23,466,952</b>	<b>1,087,231,918</b>

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

	BAHT			
	SEPARATE FINANCIAL STATEMENTS			TOTAL
	MATURITIES			
Within 1 year	1 - 5 years	Over 5 years		
<b>Available-for-sale debt securities</b>				
Government and state enterprise securities	-	137,118,023	-	137,118,023
<u>Less</u> Unrealized loss	-	(599,584)	-	(599,584)
<b>Total available-for-sale debt securities</b>	<b>-</b>	<b>136,518,439</b>	<b>-</b>	<b>136,518,439</b>
<b>Total debt securities - net</b>	<b>-</b>	<b>136,518,439</b>	<b>-</b>	<b>136,518,439</b>

As at December 31, 2019 and 2018, 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 34).

As at December 31, 2019 and 2018, premium saving certificates of its subsidiary were used as collateral for insured drivers are the alleged offenders amounting to Baht 3.15 million and Baht 4.50 million, respectively (see Note 35.1) (Company: Nil).

As at December 31, 2019 and 2018, 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 35.2).

As at December 31, 2019 and 2018, certain of bank deposits are pledged as collateral for loans to employees amounting to Baht 196.55 million and Baht 193.64 million, respectively. (Company: Baht 12.93 million and Baht 12.74 million, respectively) (see Note 35.3).

## 10. LOANS

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

Types of loans	Credit line of loans	Interest rate per year
Loans to employee	Not exceed Baht 100,000 per person	3.85

## 11. INVESTMENTS IN A SUBSIDIARY AND AN ASSOCIATE

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

As at December 31, 2019 and 2018, 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	PLACE OF INCORPORATION AND OPERATION	CONSOLIDATED FINANCIAL STATEMENTS					
			PERCENTAGE OF SHAREHOLDING		COST		CARRYING VALUE UNDER EQUITY METHOD	
			2019	2018	2019	2018	2019	2018
			%	%	BAHT	BAHT	BAHT	BAHT

#### Associated company

Allianz Ayudhya Assurance Plc.	Life Insurance	Thailand	31.97	20.17	5,455,863,220	1,487,263,618	10,715,017,755	2,977,370,666
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On April 30, 2019, the Company issued the increased share capital of 74.43 million ordinary shares to Allianz SE and CPRN (Thailand) Limited ("CPRNT") at Baht 53.32 per share, at par value of Baht 1.00 per share by swap with the ordinary shares of Allianz Ayudhya Assurance Public Company Limited ("AZAY") of 34.81 million shares at Baht 114 per share, at the par value of Baht 10.00 per share, from Allianz SE and CPRNT as equivalent to Baht 3,968.60 million. Subsequently, the Company had the total investment as at December 31, 2019 of 94,310,280 ordinary shares or 31.97% of the paid-up capital of AZAY.

As at December 31, 2019 and 2018, an associate had total assets and total liabilities as follows:

	BAHT: MILLION	
	AS AT DECEMBER 31,	
	2019	2018
Total assets	217,956.31	189,124.25
Total liabilities	190,673.41	174,602.51

For the years ended December 31, 2019 and 2018, an associate had total revenues, net income and net of other comprehensive income as follows:

	BAHT: MILLION	
	FOR THE YEARS ENDED DECEMBER 31,	
	2019	2018
Total revenues	38,982.13	39,131.41
Net income	2,044.46	2,517.07
Items that will not be reclassified subsequently to profit or loss		
Actuarial losses on defined employee benefit plans	(35.15)	(8.73)
Income tax relating to items that will not be reclassified subsequently	7.03	1.75
Other comprehensive loss - net of income tax	(28.12)	(6.98)
Items that will be reclassified subsequently to profit or loss		
Gain on cash flow hedges	754.69	186.47
Gain (loss) on revaluation of available-for-sale securities	14,792.97	(3,915.53)
Income tax relating to items that will be reclassified subsequently	(3,109.53)	774.48
Other comprehensive income (loss) - net of income tax	12,438.13	(2,954.58)

The consolidated statement of profit or loss and other comprehensive income for the years ended December 31, 2019 and 2018 recognized share of profit, resulting from portion of holding of investment in an associate as follows:

	BAHT: MILLION	
	FOR THE YEARS ENDED DECEMBER 31,	
	2019	2018
Share of profit on investment in an associate	553.25	507.68
Items that will not be reclassified subsequently to profit or loss		
Share of other comprehensive loss in an associate	(10.27)	(1.76)
Income tax relating to items that will not be reclassified subsequently	2.05	0.35
Share of other comprehensive loss in an associate - net of income tax	(8.22)	(1.41)
Items that will be reclassified subsequently to profit or loss		
Share of other comprehensive income (loss) in an associate	4,706.70	(752.14)
Income tax relating to items that will be reclassified subsequently	(941.34)	156.21
Share of other comprehensive income (loss) in an associate - net of income tax	3,765.36	(595.93)



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,	
	2019	2018
Net assets of an associate	27,282.90	14,521.74
Proportion of the Group's ownership interest in an associate (%)	31.97	20.17
	8,722.23	2,928.97
Investment amount over net assets at investment date	1,992.79	48.40
Carrying amount of the Group's interest in an associate	10,715.02	2,977.37

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

As at December 31, 2019 and 2018, investments in a subsidiary and an associate were as follows:

COMPANY'S NAME	SEPARATE FINANCIAL STATEMENTS							
	PAID-UP CAPITAL		SHAREHOLDING PERCENTAGE		COST		DIVIDEND	
	2019	2018	2019	2018	2019	2018	2019	2018
	BAHT	BAHT	%	%	BAHT	BAHT	BAHT	BAHT
<b>Associated company</b>								
Allianz Ayudhya Assurance Plc.	2,950,000,000	2,950,000,000	31.97	20.17	5,455,863,220	1,487,263,618	541,341,007	287,981,355
<b>Subsidiary company</b>								
Allianz Ayudhya General Insurance Plc.	2,548,800,000	1,800,000,000	99.99	99.99	2,572,378,981	1,823,578,981	-	53,999,994

On April 30, 2019, the subsidiary increased share capital of Baht 748.80 million. The subsidiary received the payment of the increased share capital and registered the corresponding increase in its paid-up capital with the Ministry of Commerce on the same date.

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 INCOME (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
August 15, 2019	5.74	1,693.30	July 3, 2019	5.74	1,693.30	541.34	September 19, 2019

## 12. PROPERTY, PLANT AND EQUIPMENT - NET

Property, plant and equipment - net as at December 31, 2019 and 2018 consisted of the following.

	COST				AS AT DECEMBER 31, 2019
	AS AT JANUARY 1, 2019	INCREASE	DISPOSAL / WRITE OFF	TRANSFER FROM AZTH (SEE NOTE 1)	
Land	1,610,500	-	-	-	1,610,500
Building	773,500	-	-	-	773,500
Leasehold improvement	56,012,687	3,078,501	(7,119,558)	15,423,015	67,394,645
Furniture, fixtures and office equipment	66,114,030	4,207,359	(16,164,989)	57,358,213	111,514,613
Vehicles	37,037,748	-	(10,549,825)	-	26,487,923
Leasehold improvement under installation	-	538,380	-	-	538,380
<b>Total</b>	<b>161,548,465</b>	<b>7,824,240</b>	<b>(33,834,372)</b>	<b>72,781,228</b>	<b>208,319,561</b>

	COST			AS AT DECEMBER 31, 2018
	AS AT JANUARY 1, 2018	INCREASE	DISPOSAL / WRITE OFF	
Land	1,610,500	-	-	1,610,500
Building	773,500	-	-	773,500
Leasehold improvement	55,508,764	961,779	(457,856)	56,012,687
Furniture, fixtures and office equipment	65,412,583	2,785,621	(2,084,174)	66,114,030
Vehicles	39,315,393	2,955,000	(5,232,645)	37,037,748
<b>Total</b>	<b>162,620,740</b>	<b>6,702,400</b>	<b>(7,774,675)</b>	<b>161,548,465</b>

BAHT

## CONSOLIDATED FINANCIAL STATEMENTS

ACCUMULATED DEPRECIATION					BEGINNING BALANCE OF PROPERTY, PLANT AND EQUIPMENT - NET AS AT JANUARY 1, 2019	ENDING BALANCE OF PROPERTY, PLANT AND EQUIPMENT - NET AS AT DECEMBER 31, 2019
AS AT JANUARY 1, 2019	DEPRECIATION	DISPOSAL / WRITE OFF	TRANSFER FROM AZTH (SEE NOTE 1)	AS AT DECEMBER 31, 2019		
-	-	-	-	-	1,610,500	1,610,500
(773,498)	-	-	-	(773,498)	2	2
(41,672,254)	(9,501,426)	6,499,730	(5,625,794)	(50,299,744)	14,340,433	17,094,901
(58,365,080)	(8,022,375)	15,898,299	(37,684,527)	(88,173,683)	7,748,950	23,340,930
(20,985,587)	(6,184,456)	7,389,075	-	(19,780,968)	16,052,161	6,706,955
-	-	-	-	-	-	538,380
(121,796,419)	(23,708,257)	29,787,104	(43,310,321)	(159,027,893)	39,752,046	49,291,668

BAHT

## CONSOLIDATED FINANCIAL STATEMENTS

ACCUMULATED DEPRECIATION				BEGINNING BALANCE OF PROPERTY, PLANT AND EQUIPMENT - NET AS AT JANUARY 1, 2018	ENDING BALANCE OF PROPERTY, PLANT AND EQUIPMENT - NET AS AT DECEMBER 31, 2018
AS AT JANUARY 1, 2018	DEPRECIATION	DISPOSAL / WRITE OFF	AS AT DECEMBER 31, 2018		
-	-	-	-	1,610,500	1,610,500
(773,498)	-	-	(773,498)	2	2
(34,017,912)	(8,077,140)	422,798	(41,672,254)	21,490,852	14,340,433
(55,360,806)	(5,088,356)	2,084,082	(58,365,080)	10,051,777	7,748,950
(19,233,018)	(6,542,623)	4,790,054	(20,985,587)	20,082,375	16,052,161
(109,385,234)	(19,708,119)	7,296,934	(121,796,419)	53,235,506	39,752,046

	COST			
	AS AT JANUARY 1, 2019	INCREASE	DISPOSAL / WRITE OFF	AS AT DECEMBER 31, 2019
Land	1,610,500	-	-	1,610,500
Building	773,500	-	-	773,500
Leasehold improvement	4,455,947	-	(4,112,371)	343,576
Furniture, fixtures and office equipment	2,989,759	32,275	(1,963,741)	1,058,293
Vehicles	8,167,825	-	(8,167,825)	-
<b>Total</b>	<b>17,997,531</b>	<b>32,275</b>	<b>(14,243,937)</b>	<b>3,785,869</b>

	COST			
	AS AT JANUARY 1, 2018	INCREASE	DISPOSAL / WRITE OFF	AS AT DECEMBER 31, 2018
Land	1,610,500	-	-	1,610,500
Building	773,500	-	-	773,500
Leasehold improvement	4,455,947	-	-	4,455,947
Furniture, fixtures and office equipment	2,927,548	62,211	-	2,989,759
Vehicles	8,167,825	-	-	8,167,825
<b>Total</b>	<b>17,935,320</b>	<b>62,211</b>	<b>-</b>	<b>17,997,531</b>

Depreciation of the Group for the years ended December 31, 2019 and 2018, amounting to Baht 23.71 million and Baht 19.71 million, respectively, were included in operating expenses (Company: for the years ended December 31, 2019 and 2018 Baht 1.10 million and Baht 1.59 million, respectively).

As at December 31, 2019 and 2018, certain property, plant and equipment of the Group at cost of Baht 84.07 million and Baht 67.29 million, respectively, were fully depreciated but still in use (Company: Baht 2.05 million and Baht 9.91 million, respectively).

### 13. GOODWILL

During the year 2019, the subsidiary has considered the fair value of assets acquired and liabilities assumed from the business acquisition and recorded the difference amount between the purchase price and the value of consideration received in the account "Goodwill" in the amount of Baht 508.88 million (see Note 1) by considering the information from the purchase price allocation report of an independent appraiser and other relevant factors obtained within from the acquisition date to the purchase price allocation report date.

BAHT

## SEPARATE FINANCIAL STATEMENTS

ACCUMULATED DEPRECIATION				BEGINNING BALANCE OF PROPERTY, PLANT AND EQUIPMENT - NET AS AT JANUARY 1, 2019	ENDING BALANCE OF PROPERTY, PLANT AND EQUIPMENT - NET AS AT DECEMBER 31, 2019
AS AT JANUARY 1, 2019	DEPRECIATION	DISPOSAL / WRITE OFF	AS AT DECEMBER 31, 2019		
-	-	-	-	1,610,500	1,610,500
(773,498)	-	-	(773,498)	2	2
(4,453,566)	(1,283)	4,111,416	(343,433)	2,381	143
(2,875,985)	(34,412)	1,939,375	(971,022)	113,774	87,271
(3,943,164)	(1,063,914)	5,007,078	-	4,224,661	-
(12,046,213)	(1,099,609)	11,057,869	(2,087,953)	5,951,318	1,697,916

BAHT

## SEPARATE FINANCIAL STATEMENTS

ACCUMULATED DEPRECIATION				BEGINNING BALANCE OF PROPERTY, PLANT AND EQUIPMENT - NET AS AT JANUARY 1, 2018	ENDING BALANCE OF PROPERTY, PLANT AND EQUIPMENT - NET AS AT DECEMBER 31, 2018
AS AT JANUARY 1, 2018	DEPRECIATION	DISPOSAL / WRITE OFF	AS AT DECEMBER 31, 2018		
-	-	-	-	1,610,500	1,610,500
(773,498)	-	-	(773,498)	2	2
(4,246,231)	(207,335)	-	(4,453,566)	209,716	2,381
(2,679,602)	(196,383)	-	(2,875,985)	247,946	113,774
(2,760,248)	(1,182,916)	-	(3,943,164)	5,407,577	4,224,661
(10,459,579)	(1,586,634)	-	(12,046,213)	7,475,741	5,951,318



## 14. INTANGIBLE ASSETS

Intangible assets as at December 31, 2019 and 2018 consisted of the following:

	COST					AS AT DECEMBER 31, 2019
	AS AT JANUARY 1, 2019	INCREASE	WRITE OFF	TRANSFER IN/ (TRANSFER OUT)	TRANSFER FROM AZTH (SEE NOTE 1)	
<b>Purchase/subsequently acquire</b>						
Computer software	90,096,039	2,670,500	-	-	140,343,096	233,109,635
Computer software in process	7,380,762	1,968,386	(53,840,096)	-	77,047,669	32,556,721
Bancassurance agreement	100,000,000	-	-	-	-	100,000,000
<b>Total</b>	<b>197,476,801</b>	<b>4,638,886</b>	<b>(53,840,096)</b>	<b>-</b>	<b>217,390,765</b>	<b>365,666,356</b>

	COST					AS AT DECEMBER 31, 2018
	AS AT JANUARY 1, 2018	INCREASE	WRITE OFF	TRANSFER IN/ (TRANSFER OUT)		
<b>Purchase/subsequently acquire</b>	71,211,734	583,206	-	18,301,099		90,096,039
Computer software	25,646,861	35,000	-	(18,301,099)		7,380,762
Computer software in process						
Bancassurance agreement	100,000,000	-	-	-		100,000,000
<b>Total</b>	<b>196,858,595</b>	<b>618,206</b>	<b>-</b>	<b>-</b>		<b>197,476,801</b>

BAHT

## CONSOLIDATED FINANCIAL STATEMENTS

ACCUMULATED AMORTIZATION					BEGINNING BALANCE OF INTANGIBLE ASSETS - NET AS AT JANUARY 1, 2019	ENDING BALANCE OF INTANGIBLE ASSETS - NET AS AT DECEMBER 31, 2019
AS AT JANUARY 1, 2019	AMORTIZATION	WRITE OFF	TRANSFER FROM AZTH (SEE NOTE 1)	AS AT DECEMBER 31, 2019		
(64,870,656)	(12,919,037)	-	(111,232,838)	(189,022,531)	25,225,383	44,087,104
-	-	-	-	-	7,380,762	32,556,721
(81,576,782)	(9,991,787)	-	-	(91,568,569)	18,423,218	8,431,431
(146,447,438)	(22,910,824)	-	(111,232,838)	(280,591,100)	51,029,363	85,075,256

BAHT

## CONSOLIDATED FINANCIAL STATEMENTS

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	AMORTIZATION	WRITE OFF	AS AT DECEMBER 31, 2018		
(58,233,847)	(6,636,809)	-	(64,870,656)	12,977,887	25,225,383
-	-	-	-	25,646,861	7,380,762
(71,584,995)	(9,991,787)	-	(81,576,782)	28,415,005	18,423,218
(129,818,842)	(16,628,596)	-	(146,447,438)	67,039,753	51,029,363

COST			
AS AT JANUARY 1, 2019	INCREASE	TRANSFER IN (TRANSFER OUT)	AS AT DECEMBER 31, 2019

**Purchase/subsequently acquire**

Computer software	40,800	-	-	40,800
Computer software in process	-	1,968,386	-	1,968,386
<b>Total</b>	<b>40,800</b>	<b>1,968,386</b>	<b>-</b>	<b>2,009,186</b>

COST			
AS AT JANUARY 1, 2018	INCREASE	TRANSFER IN (TRANSFER OUT)	AS AT DECEMBER 31, 2018

**Purchase/subsequently acquire**

Computer software	40,800	-	-	40,800
<b>Total</b>	<b>40,800</b>	<b>-</b>	<b>-</b>	<b>40,800</b>

Amortization of the Group for the years ended December 31, 2019 and 2018, amounting to Baht 22.91 million and Baht 16.63 million, respectively, were included in operating expenses (Company: Nil).

As at December 31, 2019 and 2018, certain intangible assets of the Group at cost of Baht 54.18 million and Baht 53.11 million, respectively, were fully amortized but still in use (Company : Baht 0.04 million).

BAHT

## SEPARATE FINANCIAL STATEMENTS

ACCUMULATED AMORTIZATION			BEGINNING BALANCE OF INTANGIBLE ASSETS - NET AS AT JANUARY 1, 2019	ENDING BALANCE OF INTANGIBLE ASSETS - NET AS AT DECEMBER 31, 2019
AS AT JANUARY 1, 2019	AMORTIZATION	AS AT DECEMBER 31, 2019		
(40,776)	-	(40,776)	24	24
-	-	-	-	1,968,386
(40,776)	-	(40,776)	24	1,968,410

BAHT

## SEPARATE FINANCIAL STATEMENTS

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	AMORTIZATION	AS AT DECEMBER 31, 2018		
(40,776)	-	(40,776)	24	24
(40,776)	-	(40,776)	24	24

## 15. DEFERRED TAX ASSETS - NET

Deferred tax assets - net as at December 31, 2019 and 2018 were as follows:

	BAHT			
	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Deferred tax assets - net	328,449,690	228,962,877	26,643,700	44,147,684

Movements of deferred tax assets for the years ended December 31, 2019 and 2018 consisted of tax effects from the following items:

	BAHT				
	CONSOLIDATED FINANCIAL STATEMENTS				
	As at January 1, 2019	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	Deferred tax assets transfer from AZTH (See Note 1)	As at December 31, 2019
<b>Deferred tax assets</b>					
Allowance for doubtful accounts					
- Premium due and uncollected	1,130,249	3,265,422	-	2,224,645	6,620,316
Allowance for doubtful accounts					
- Other receivable	566,723	-	-	-	566,723
Unearned premium reserve	102,450,347	(58,436,298)	-	56,047,041	100,061,090
Claim reserve - net	47,163,272	35,921,040	-	53,924,596	137,008,908
Claim incurred but not reported	15,737,219	4,047,930	-	6,119,788	25,904,937
Employee benefit obligations	13,730,193	7,244,348	(1,213,841)	-	19,760,700
Reinsurance payable	879,504	(879,504)	-	-	-
Accrued expense	-	(6,788,460)	-	18,628,693	11,840,233
Unrealized loss on the change in fair value					
of investment in available-for-sale securities	51,942,970	-	(23,531,763)	-	28,411,207
Allowance for impairment of general					
investment	301,424	-	-	-	301,424
Others	-	(68,939)	-	2,982,115	2,913,176
	233,901,901	(15,694,461)	(24,745,604)	139,926,878	333,388,714
<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>	<b>228,962,877</b>	<b>(15,694,461)</b>	<b>(24,745,604)</b>	<b>139,926,878</b>	<b>328,449,690</b>



BAHT

	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
<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) loss 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>	<b>167,168,301</b>	<b>19,606,970</b>	<b>42,187,606</b>	<b>228,962,877</b>

BAHT

	SEPARATE FINANCIAL STATEMENTS			
	As at January 1, 2019	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	As at December 31, 2019
<b>Deferred tax assets</b>				
Unrealized loss on the change in fair value of				
investment in available-for-sale securities	47,854,285	-	(18,106,829)	29,747,456
Employee benefit obligations	930,999	409,048	193,797	1,533,844
Allowance for impairment of general investment	301,424	-	-	301,424
	49,086,708	409,048	(17,913,032)	31,582,724
<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>	<b>44,147,684</b>	<b>409,048</b>	<b>(17,913,032)</b>	<b>26,643,700</b>

BAHT

	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
<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>	<b>6,481,717</b>	<b>72,218</b>	<b>37,593,749</b>	<b>44,147,684</b>

Income tax expense for the years ended December 31, 2019 and 2018 consisted of the following:

	BAHT			
	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Income tax expense from taxable				
income per income tax return	-	66,719,026	-	802,427
Deferred tax expenses relating to the origination				
and reversal of temporary differences	15,694,461	(19,606,970)	(409,048)	(72,218)
Income tax expense (benefit) per the statements				
of profit or loss and other comprehensive income	15,694,461	47,112,056	(409,048)	730,209

Reconciliation of effective tax rate for the years ended December 31, 2019 and 2018 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS			
	2019		2018	
	TAX RATE (%)	AMOUNT (Baht)	TAX RATE (%)	AMOUNT (Baht)
Income before income tax expense		205,322,687		797,360,359
Income tax using the corporation tax rate	20.00	41,064,537	20.00	159,472,072
Tax effect of non-deductible expenses (benefits)	(49.45)	(101,542,068)	(14.09)	(112,360,016)
Reversal unutilized deferred tax assets in the future	23.21	47,659,958	-	-
Effect of tax losses not recognized				
as deferred tax assets	13.88	28,512,034	-	-
Income tax expense per the statements of profit				
or loss and other comprehensive income	7.64	15,694,461	5.91	47,112,056

	SEPARATE FINANCIAL STATEMENTS			
	2019		2018	
	TAX RATE (%)	AMOUNT (Baht)	TAX RATE (%)	AMOUNT (Baht)
Income before income tax expense		456,783,243		394,205,505
Income tax using the corporation tax rate	20.00	91,356,649	20.00	78,841,101
Tax effect of non-deductible expenses (benefits)	(24.50)	(111,895,667)	(19.81)	(78,110,892)
Effect of tax losses not recognized as deferred tax asset	4.41	20,129,970	-	-
Income tax expense per the statements of profit or loss and other comprehensive income	(0.09)	(409,048)	0.19	730,209

## 16. OTHER ASSETS

Other assets as at December 31, 2019 and 2018 consisted of the following:

	BAHT			
	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Other receivables	29,590,069	12,358,709	-	-
<u>Less</u> Allowance for doubtful accounts	(2,833,615)	(2,833,615)	-	-
	26,756,454	9,525,094	-	-
Revenue Department receivable	20,282,633	8,862,972	3,154,855	1,128,325
Receivable from sale of securities	-	19,438,686	-	17,310,381
Refundable corporate income tax	15,349,099	13,826,983	1,522,116	-
Prepaid expenses	9,606,655	9,985,662	541,089	1,147,460
Due from rice field insurance scheme	47,482,809	10,499,920	-	-
Accrued loss recovery	48,801,003	-	-	-
Deposits	10,021,517	8,118,253	1,431,493	1,431,493
Undue input value added tax	7,246,027	221,866	254	87,515
Others	1,126,522	2,366,417	1,001,161	1,983,143
Total other assets	186,672,719	82,845,853	7,650,968	23,088,317

## 17. INSURANCE CONTRACT LIABILITIES

Insurance contract liabilities as at December 31, 2019 and 2018 consisted of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		
	AS AT DECEMBER 31, 2019		
	INSURANCE CONTRACT LIABILITIES	REINSURANCE LIABILITIES (SEE NOTE 7)	NET
Loss reserves			
Loss incurred and agreed	2,273,230,637	(1,477,735,884)	795,494,753
Loss incurred but not reported	187,472,400	(57,947,715)	129,524,685
	2,460,703,037	(1,535,683,599)	925,019,438
Premium reserve			
Unearned Premium reserve	3,337,238,173	(1,205,520,361)	2,131,717,812
<b>Total</b>	<b>5,797,941,210</b>	<b>(2,741,203,960)</b>	<b>3,056,737,250</b>

	CONSOLIDATED FINANCIAL STATEMENTS		
	AS AT DECEMBER 31, 2018		
	INSURANCE CONTRACT LIABILITIES	REINSURANCE LIABILITIES (SEE NOTE 7)	NET
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
<b>Total</b>	<b>2,444,776,162</b>	<b>(1,070,310,191)</b>	<b>1,374,465,971</b>



## 17.1 Insurance reserve for short term insurance contract

## 17.1.1 Claim reserves

Claim reserves as at December 31, 2019 and 2018 consisted of the following:

	BAHT		
	CONSOLIDATED FINANCIAL STATEMENTS		
	2019		
	GROSS	REINSURANCE	NET
Balance as at beginning year	765,387,323	(449,046,925)	316,340,398
Loss incurred and loss adjustment			
expenses during the year	3,141,502,831	(1,153,339,890)	1,988,162,941
Changing on estimated loss and			
assumptions used in calculating			
loss reserve	(621,815,563)	550,123,456	(71,692,107)
Loss paid during the year	(2,909,908,470)	1,141,002,197	(1,768,906,273)
Loss reserves and outstanding claim			
transfer from AZTH			
(see Note 1)	2,085,536,916	(1,624,422,437)	461,114,479
<b>Balance as at ending year</b>	<b>2,460,703,037</b>	<b>(1,535,683,599)</b>	<b>925,019,438</b>

	BAHT		
	CONSOLIDATED FINANCIAL STATEMENTS		
	2018		
	Gross	Reinsurance	Net
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)
<b>Balance as at ending year</b>	<b>765,387,323</b>	<b>(449,046,925)</b>	<b>316,340,398</b>

## 17.1.2 Unearned premium reserve

	BAHT CONSOLIDATED FINANCIAL STATEMENTS		
	2019		
	GROSS	REINSURANCE	NET
As at January 1,	1,679,388,839	(621,263,266)	1,058,125,573
Premium written for the year	5,757,300,140	(2,290,389,853)	3,466,910,287
Earned premium for the year	(5,683,692,992)	2,276,036,605	(3,407,656,387)
Premium reserves and transfer			
from AZTH (see Note 1)	1,584,242,186	(569,903,847)	1,014,338,339
<b>As at December 31,</b>	<b>3,337,238,173</b>	<b>(1,205,520,361)</b>	<b>2,131,717,812</b>

	BAHT CONSOLIDATED FINANCIAL STATEMENTS		
	2018		
	GROSS	REINSURANCE	Net
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)
<b>As at December 31,</b>	<b>1,679,388,839</b>	<b>(621,263,266)</b>	<b>1,058,125,573</b>

## 17.1.3 Unexpired risk reserve

As at December 31, 2019, no additional reserve for unexpired risk reserve has been established as the unexpired risk reserve estimated by the Group amounting to Baht 1,868.91 million gross and Baht 1,387.45 million net of reinsurance (As at December 31, 2018: Baht 800.00 million and Baht 614.83 million, respectively), is lower than the unearned premium reserve.

## 17.2 Claims development tables

## 17.2.1 Analysis of claims development - gross

## AS AT DECEMBER 31, 2019

UNIT:BAHT

ACCIDENT YEAR/ REPORTED YEAR	2015	2016	2017	2018	2019	TOTAL
Estimate of ultimates:						
› End of accident year	2,841,657,249	2,812,467,386	2,899,142,575	4,024,019,113	3,807,601,944	
› One year later	3,001,651,739	2,774,378,566	2,758,138,863	3,632,050,153		
› Two year later	2,908,908,132	2,733,171,858	2,764,663,032			
› Three year later	2,912,881,061	2,725,205,702				
› Four year later	2,851,960,509					
Absolute estimated						
loss reserve and						
outstanding claim	2,851,960,509	2,725,205,702	2,764,663,032	3,632,050,153	3,807,601,944	15,781,481,340
Accumulative claim paid	(2,831,821,574)	(2,674,889,372)	(2,676,761,997)	(3,126,116,853)	(2,197,769,676)	(13,507,359,472)
Total Loss reserves	20,138,935	50,316,330	87,901,035	505,933,300	1,609,832,268	2,274,121,868
Loss reserves						
before year 2015						186,581,169
Total Loss reserves						2,460,703,037

## 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	6,988,636,715
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

## 17.2.2 Analysis of claims development - net

**AS AT DECEMBER 31, 2019**

UNIT:BAHT

ACCIDENT YEAR/ REPORTED YEAR	2015	2016	2017	2018	2019	TOTAL
Estimate of ultimates:						
› End of accident year	1,537,625,093	1,654,966,787	1,698,005,441	2,027,943,956	2,341,471,895	
› One year later	1,610,661,315	1,606,463,847	1,649,769,231	1,956,230,406		
› Two year later	1,524,981,353	1,589,684,575	1,653,168,450			
› Three year later	1,525,177,142	1,589,927,058				
› Four year later	1,511,100,590					
Absolute estimated						
loss reserve and						
outstanding claim	1,511,100,590	1,589,927,058	1,653,168,450	1,956,230,406	2,341,471,895	9,051,898,399
Accumulative claim paid	(1,502,339,162)	(1,588,171,344)	(1,641,276,549)	(1,860,031,883)	(1,561,975,218)	(8,153,794,156)
Total Loss reserves	8,761,428	1,755,714	11,891,901	96,198,523	779,496,677	898,104,243
Loss reserves						
before year 2015						26,915,195
Total Loss reserves						925,019,438

**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

## 18. AMOUNTS DUE TO REINSURERS

Amounts due to reinsurers as at December 31, 2019 and 2018 consisted of the following:

	BAHT	
	CONSOLIDATED FINANCIAL STATEMENTS	
	2019	2018
Amounts withheld on reinsurance	1,152,998,234	523,912,151
Reinsurance payables	791,673,752	154,419,687
Total amounts due to reinsurers	1,944,671,986	678,331,838

## 19. 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, 2019 and 2018 were as follows:

	BAHT			
	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Present value of obligation at the				
beginning of the years	89,971,578	86,823,217	4,654,996	4,293,904
Current service cost of the years	46,350,181	8,693,209	1,959,245	316,153
Interest cost	2,473,065	2,052,152	130,720	96,180
Actuarial loss	(6,069,205)	-	968,984	-
Benefit paid during the years	(17,141,301)	(7,597,000)	-	-
Transfer benefit to subsidiary company	-	-	(44,726)	(51,241)
Transferred benefits from AZTH				
(see Note 1)	19,933,674	-	-	-
Present value of obligation at				
the ending of the years	135,517,992	89,971,578	7,669,219	4,654,996



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, 2019 and 2018 consisted of the following:

	BAHT			
	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Current service cost	46,350,181	8,693,209	1,959,245	316,153
Interest cost	2,473,065	2,052,152	130,720	96,180
Actuarial (gain) loss				
› From financial assumptions changes	1,738,767	-	91,496	-
› From demographic assumptions changes	(12,195,162)	-	818,226	-
› From experience adjustments	4,387,190	-	59,262	-
Total employee benefit expenses	42,754,041	10,745,361	3,058,949	412,333

For the years ended December 31, 2019 and 2018, the Group recognized actuarial gain (loss) in the consolidated and separate statements of profit or loss and other comprehensive income as follows:

	BAHT			
	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Actuarial gain (loss)	6,069,205	-	(968,984)	-
Deferred tax	(1,213,841)	-	193,797	-
Actuarial gain (loss) on defined employee benefit plans				
› net of income tax	4,855,364	-	(775,187)	-

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	
	2019	2018	2019	2018
<b>Financial assumptions</b>				
Discount rate (%)	2.04	2.24	2.16	2.37
Expected rate of salary increase (%)	5	5	5	5
<b>Demographic assumptions</b>				
Turnover rate (%)				
subject to range of age of employees	3, 10, 13	3, 10, 17	10, 15, 25	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	
	2019	2018	2019	2018
<b>Financial assumptions</b>				
Discount rate - 1 % increase	(12,349,727)	(8,245,262)	(417,787)	(275,891)
Discount rate - 1 % decrease	14,030,014	9,483,336	452,594	301,414
Expected rate of salary - 1% increase	13,027,666	9,995,059	364,014	349,924
Expected rate of salary - 1% decrease	(11,714,162)	(8,834,791)	(343,061)	(325,879)
<b>Demographic assumptions</b>				
Turnover rate - 1% increase	(13,056,462)	(8,621,672)	(432,101)	(285,784)
Turnover rate - 1% decrease	3,236,061	2,476,217	5,409	3,975
Life expectancy - 1 year increase	729,777	467,211	19,370	12,488
Life expectancy - 1 year decrease	(725,562)	(464,368)	(19,324)	(12,452)

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, 2019 and 2018 were as follows:

	BAHT			
	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Within 1 year	3,238,073	1,741,223	773,520	-
Over 1 to 5 years	31,423,122	23,373,365	5,016,503	735,000
Over 5 years	100,856,797	64,856,990	1,879,196	3,919,996
Total	135,517,992	89,971,578	7,669,219	4,654,996

On April 5, 2019, the Labor Protection Act (No. 7) B.E. 2562 had been announced in the Royal Gazette which will be effective after 30 days from the date announced in the Royal Gazette. This 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 400 days at the employees' latest wage rate. This change is considered an amendment to post-employment benefits plan. The Group reflected the effect of such change by recognizing past service cost as an expense for the years ended December 31, 2019 in the consolidated and separate statements of profit or loss and other comprehensive income in amount of Baht 29.60 million and Baht 1.60 million, respectively.

## 20. OTHER LIABILITIES

Other liabilities as at December 31, 2019 and 2018 consisted of the following:

	BAHT			
	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Other payables - promotion expense	69,342,696	38,209,288	-	-
Amount received in advance - premium	95,127,051	41,107,006	-	-
Revenue Department payable	11,103,566	8,079,044	258,763	681,061
Undue output VAT	23,791,106	2,107,300	-	-
Contribution to non-life guarantee fund	15,809,567	8,358,595	-	-
Others	66,302,170	11,452,856	1,968,386	-
Total other liabilities	281,476,156	109,314,089	2,227,149	681,061

## 21. SHARE CAPITAL

- 21.1 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 million 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.
- 21.2 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.
- 21.3 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.
- 21.4 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.
- 21.5 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.
- 21.6 On April 30, 2019**, the Company received capital increase each from Allianz SE and CPRN (Thailand) Co., Ltd. of Baht 4,717.40 million (88.47 million shares at Baht 53.32 per share, at a par value of Baht 1). The fully paid share capital has been increased from Baht 296.42 million (296.42 million ordinary shares with a par value of Baht 1 each) to Baht 384.89 million (384.89 million ordinary shares with a par value of Baht 1 each), resulting in an increase in total share premium to Baht 4,628.93 million. The Company registered the corresponding increase in its paid-up capital with the Ministry of Commerce on April 30, 2019 (see Note 1).
- 21.7 On June 17, 2019**, the Company's issued and fully paid share capital has been increased from Baht 384.89 million (384.89 million ordinary shares with a par value of Baht 1 each) to Baht 384.91 million (384.91 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 19,775 (19,775 ordinary shares with a par value of Baht 1 each), resulting in an increase in total share premium to Baht 0.75 million. The Company registered the corresponding increase in its paid-up capital with the Ministry of Commerce on June 24, 2019.
- 21.8 On December 16, 2019**, the Company's issued and fully paid share capital has been increased from Baht 384.91 million (384.91 million ordinary shares with a par value of Baht 1 each) to Baht 384.96 million (384.96 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 54,900 (54,900 ordinary shares with a par value of Baht 1 each), resulting in an increase in total share premium to Baht 2.09 million. The Company registered the corresponding increase in its paid-up capital with the Ministry of Commerce on December 18, 2019.

## 22. WARRANTS

The Company allocated and issued warrants to purchase ordinary shares, which is specified warrant's holder and transferable type, 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, 2019 and 2018 were as follows:

	2019		2018	
	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,	78,582,882	39.00	-	-
Issued warrants	-	-	124,999,807	39.00
Forfeited warrants	-	-	-	-
Exercised warrants	(74,675)	39.00	(46,416,925)	39.00
Balance as at December 31,	78,508,207	39.00	78,582,882	39.00

As at December 31, 2019 and 2018, the outstanding warrants of AYUD-W1 to purchase ordinary shares of the Company are 78,508,207 units and 78,582,882 units, respectively. A weighted average exercise price is Baht 39 per share. A weighted average remaining warrants life is at 0.35 years and 1.35 years, respectively.

## 23. 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, 2019 and 2018, the Company already had legal reserve of not less than 10% of the authorized capital.

## 24. 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 Standards.

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, 2019 and 2018, 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, 2019 and 2018 were presented by business segment as follows:

UNIT:BAHT								
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>								
<b>FOR THE YEARS ENDED DECEMBER 31,</b>								
	NON-LIFE INSURANCE BUSINESS		INVESTMENT BUSINESS		ELIMINATION OF INTER-SEGMENT		TOTAL	
	2019	2018	2019	2018	2019	2018	2019	2018
Revenue from	4,066,912,921	2,293,467,006	508,078,408	448,719,990	(541,341,007)	(341,981,349)	4,033,650,322	2,400,205,647
external								
Share of profit on								
investment in								
an associate	-	-	553,245,448	507,683,013	-	-	553,245,448	507,683,013
Other income	34,126,713	3,462,420	9,474,955	16,670,662	(11,202,713)	(17,270,662)	32,398,955	2,862,420
Total revenues	4,101,039,634	2,296,929,426	1,070,798,811	973,073,665	(552,543,720)	(359,252,011)	4,619,294,725	2,910,751,080
Insurance business								
expenses	3,507,692,477	1,753,627,784	-	-	-	-	3,507,692,477	1,753,627,784
Directors and key								
management								
personnel's								
remuneration	114,879,769	45,528,715	13,008,059	20,657,523	-	-	127,887,828	66,186,238
Other expenses	782,753,175	260,319,737	47,762,061	50,527,624	(11,202,713)	(17,270,662)	819,312,523	293,576,699
Income tax expense								
(benefit)	16,103,509	46,381,847	(409,048)	730,209	-	-	15,694,461	47,112,056
Net income (loss)	(320,389,296)	191,071,343	1,010,437,739	901,158,309	(541,341,007)	(341,981,349)	148,707,436	750,248,303



Assets and liabilities of the Group as at December 31, 2019 and 2018 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	
	2019	2018	2019	2018	2019	2018	2019	2018
Assets	12,581,777,910	5,887,690,338	15,255,750,359	7,278,233,246	(21,049,257)	(20,331,282)	27,816,479,012	13,145,592,302
Liabilities	10,047,858,273	3,850,432,481	24,984,538	28,188,722	(1,700,000)	(982,025)	10,071,142,811	3,877,639,178

## 25. OPERATING EXPENSES

Operating expenses for the years ended December 31, 2019 and 2018 consisted of the following:

BAHT

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Employee benefit expenses, excluded				
underwriting and loss adjustment expenses	390,778,748	151,022,529	16,532,008	20,838,327
Premises and equipment expense,				
excluded underwriting expenses	151,780,633	110,441,376	8,579,229	8,643,817
Taxes and duties	1,308,304	1,281,831	25,439	30,775
Bad debt and allowance for doubtful accounts	23,257,122	1,543,819	-	-
Directors' remuneration	14,484,941	16,374,346	10,044,133	11,142,767
Management fee	46,757,506	-	-	-
Marketing and promotion expenses	13,149,695	12,291,793	-	-
Professional fee	207,408,587	29,782,637	18,499,817	25,426,613
Other operating expense	57,354,025	37,024,606	7,089,494	5,102,848
Total operating expenses	906,279,561	359,762,937	60,770,120	71,185,147

## 26. EMPLOYEE EXPENSES

Employee expenses for the years ended December 31, 2019 and 2018 consisted of the following:

	BAHT			
	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Salary and wage	349,747,934	212,158,161	9,797,018	15,455,448
Social fund expenses	4,803,604	3,697,727	39,000	48,750
Employee benefit expenses	59,504,100	10,745,361	2,089,965	412,333
Provident fund (see Note 33)	13,682,373	10,941,886	402,084	188,357
Other benefits	127,670,767	77,144,457	4,203,941	4,733,439
5Total employee expenses	555,408,778	314,687,592	16,532,008	20,838,327

## 27. GAIN (LOSS) ON INVESTMENT

Gain (loss) on investment for the years ended December 31, 2019 and 2018 consisted of the following:

	BAHT			
	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Gain (loss) on sale of investment				
in available-for-sale securities				
› government bonds	(18,396)	-	(1,693)	-
› ordinary shares	(125,349,098)	31,356,565	(98,089,103)	30,706,052
› unit trusts	32,587,174	37,182,142	31,273,072	37,182,142
Loss on sale of investment				
in held-for-trading securities				
› ordinary shares	(5,318,813)	(6,363,492)	(2,745,000)	(1,831,184)
Total gain (loss) on investment in securities	(98,099,133)	62,175,215	(69,562,724)	66,057,010

## 28. 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, 2019 and 2018, are as follows:

	BAHT					
	CONSOLIDATED FINANCIAL STATEMENTS					
	2019			2018		
	Before tax	Benefit (expense) of tax	Net of tax	Before tax	Benefit (expense) of tax	Net of tax
<b>Item that will not be</b>						
<b>reclassified subsequently</b>						
<b>to profit or loss</b>						
Actuarial loss on deficit						
employee benefit plans	6,069,205	(1,213,841)	4,855,364	-	-	-
Share of other comprehensive						
income (loss) in an associate	(10,267,890)	2,053,824	(8,214,066)	(1,761,007)	352,161	(1,408,846)
<b>Item that will not be</b>						
<b>reclassified subsequently</b>						
<b>to profit or loss</b>						
Gain (loss) on revaluation of						
available-for-sale securities	117,658,816	(23,531,763)	94,127,053	(210,938,029)	42,187,606	(168,750,423)
Share of other comprehensive						
income (loss) in an						
associate	4,706,695,390	(941,339,278)	3,765,356,112	(752,135,576)	156,209,211	(595,926,365)
<b>Total</b>	<b>4,820,155,521</b>	<b>(964,031,058)</b>	<b>3,856,124,463</b>	<b>(964,834,612)</b>	<b>198,748,978</b>	<b>(766,085,634)</b>

SEPERATE FINANCIAL STATEMENTS						
2019			2018			
Before tax	Benefit (expense) of tax	Net of tax	Before tax	Benefit (expense) of tax	Net of tax	
<b>Item that will not be</b>						
<b>reclassified subsequently</b>						
<b>to profit or loss</b>						
Actuarial loss on deficit						
employee benefit plans	(968,984)	193,797	(775,187)	-	-	-
<b>Item that will not be</b>						
<b>reclassified subsequently</b>						
<b>to profit or loss</b>						
Gain (loss) on revaluation of						
available-for-sale securities	90,534,147	(18,106,829)	72,427,318	(187,968,745)	37,593,749	(150,374,996)
Total	89,565,163	(17,913,032)	71,652,131	(187,968,745)	37,593,749	(150,374,996)

## 29. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the years ended December 31, 2019 and 2018 were as follows:

CONSOLIDATED FINANCIAL STATEMENTS						
FOR THE YEARS ENDED DECEMBER 31,						
PROFIT		WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES		EARNINGS PER SHARE		
2019	2018	2019	2018	2019	2018	
BAHT	BAHT	SHARES	SHARES	BAHT	BAHT	
Basic earnings per share						
Profit attributable to shareholders						
of the Company	189,628,226	750,248,303	356,058,000	272,930,470	0.53	2.75
Effect of dilutive potential ordinary shares						
Warrants (AYUD-W1)	-	-	78,508,207	43,059,113		
Diluted earnings per share						
Profit of ordinary shareholders						
assuming the conversion of						
dilutive potential ordinary shares	189,628,226	750,248,303	434,566,207	315,989,583	0.44	2.37

SEPARATE FINANCIAL STATEMENTS						
FOR THE YEARS ENDED DECEMBER 31,						
PROFIT		WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES		EARNINGS PER SHARE		
2019	2018	2019	2018	2019	2018	
BAHT	BAHT	SHARES	SHARES	BAHT	BAHT	
Basic earnings per share						
Profit attributable to shareholders						
of the Company	457,192,291	393,475,296	356,058,000	272,930,470	1.28	1.44
Effect of dilutive potential ordinary shares						
Warrants (AYUD-W1)	-	-	78,508,207	43,059,113		
Diluted earnings per share						
Profit of ordinary shareholders						
assuming the conversion of dilutive						
potential ordinary shares	457,192,291	393,475,296	434,566,207	315,989,583	1.05	1.25

### 30. TRANSACTIONS WITH RELATED PARTIES

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

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

COMPANIES	RELATIONSHIP	TYPE OF BUSINESS
Allianz SE	Ultimate parent company	Insurance
Allianz SE Singapore Branch	Related company of ultimate parent company	Insurance
Allianz Technology SE	Related company of ultimate parent company	Information technology
Allianz Global Corporate&Speciality SE	Related company of ultimate parent company	Insurance
Allianz Global Corporate&Speciality AG	Related company of ultimate parent company	Insurance
Allianz Australia Limited	Related company of ultimate parent company	Insurance
Euler Hermes Deutschland	Related company of ultimate parent company	Insurance
Euler Hermes Singapore Branch	Related company of ultimate parent company	Insurance
Allianz Fire and Marine Insurance Japan Ltd.	Related company of ultimate parent company	Insurance
Allianz General Insurance Malaysia Berhad	Related company of ultimate parent company	Insurance
Allianz Global Risks US Insurance Company	Related company of ultimate parent company	Insurance
AWP P&C S.A.	Related company of ultimate parent company	Service
Allianz Suisse Versicherungs-Gesellschaft AG	Related company of ultimate parent company	Insurance
Allianz China General Insurance Company Ltd.	Related company of ultimate parent company	Insurance
Allianz Benelux S.A	Related company of ultimate parent company	Insurance
AWP Services (Thailand) Co., Ltd.	Related company of ultimate parent company	Service
Allianz Technology (Thailand) Co., Ltd.	Related company of ultimate parent company	Information technology
Allianz General Insurance Plc.	Related company of ultimate parent company	Insurance
Allianz Investment Management Singapore Pte. Ltd.	Related company of ultimate parent company	Service
Allianz Global Investors Singapore Ltd.	Related company of ultimate parent company	Service
Allianz Ayudhya General Insurance Plc. (Formerly "Sri Ayudhya General Insurance Plc.")	Subsidiary	Insurance
Allianz Ayudhya Assurance Plc.	Associate	Life Insurance



COMPANIES	RELATIONSHIP	TYPE OF BUSINESS
CPRN (Thailand) Limited	Related company of shareholders	Holding
Bangkok Broadcasting & Television Co., Ltd.	Related company of shareholders	Television
BBTV Equity Co., Ltd.	Related company of shareholders	Office Space Rental
Great Luck Equity Co., Ltd.	Related company of shareholders	Advertising
Bank of Ayudhya Plc.	Related company of shareholders	Banking
Krungsri Asset Management Co., Ltd.	Related company of shareholders	Fund management
Krungsri Securities Plc.	Related company of shareholders	Finance
Ayudhya Development Leasing Co., Ltd.	Related company of shareholders	Hire-purchase and leasing
Ayudhya Capital Auto Lease Plc.	Related company of shareholders	Hire-purchase and auto leasing
Siam City Cement Plc.	Related company of shareholders	Construction Materials
Eastern Star Real Estate Plc.	Related company of shareholders	Property
Super Asset Co., Ltd.	Related company of shareholders	Investments
CKS Holding Co., Ltd.	Related company of shareholders	Investments
Grand Canal Land Plc.	Related company of shareholders	Advertising
Krungsri Ayudhya AMC Ltd.	Related company of shareholders	Asset Management
Siam Realty and Service Co., Ltd.	Related company of shareholders	Services
Krungsri Factoring Co., Ltd.	Related company of shareholders	Factoring
Krungsriayudhya Card Co., Ltd.	Related company of shareholders	Services
Khao Kheow Country Club Co., Ltd.	Related company of shareholders	Golf club

Significant balances as at December 31, 2019 and December 31, 2018 with related parties were as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	AS AT DECEMBER 31, 2019	AS AT DECEMBER 31, 2018	AS AT DECEMBER 31, 2019	AS AT DECEMBER 31, 2018
<b>BAHT</b>				
<b>Assets</b>				
<b>Related company of ultimate parent company</b>				
Premium receivable	20,566	51,112	-	-
Amounts due from reinsurers	283,190,066	-	-	-
Other assets	24,969,450	-	-	-
<b>Related company of shareholders</b>				
Deposits at financial institutions	324,316,002	566,960,986	34,220,465	145,345,834
Premium receivable	2,816,843	7,121,209	-	-
Investment	2,390,751,938	3,172,101,057	2,390,751,938	3,170,061,057
Other assets	7,143,839	8,590,627	1,478,170	1,626,685
<b>Subsidiary</b>				
Other assets	-	-	-	982,023
<b>Liabilities</b>				
<b>Related company of ultimate parent company</b>				
Amount withheld on reinsurance	453,859,713	-	-	-
Due to reinsurers	403,537,629	-	-	-
Other liabilities	67,371,702	-	-	-
<b>Related company of shareholders</b>				
Commission and brokerage payable	13,284,102	13,629,079	-	-
Accrued other - underwrite expenses	29,170,810	24,567,240	-	-
Other liabilities	5,957,478	7,876,333	-	182,542
<b>Subsidiary</b>				
Other liabilities	-	-	1,700,000	-

Significant transactions for the years ended December 31, 2019 and 2018 with related parties were as follows:

BAHT		
CONSOLIDATED FINANCIAL STATEMENTS		
FOR THE YEAR ENDED DECEMBER 31,		
	2019	2018
<b>Revenues</b>		
<b>Related company of ultimate parent company</b>		
Claim recovered from reinsurers	71,763,827	-
Fee and commission income	97,463,782	-
Written Premium	386,928	399,573
Other income	25,749,300	-
<b>Related company of shareholders</b>		
Premium written	94,614,641	83,306,701
Net investment income	8,423,809	36,722,439
Other income	1,207,742	3,050,605
<b>Expenses</b>		
<b>Related company of ultimate parent company</b>		
Premiums ceded to reinsurers	544,093,616	-
Commission and brokerage expenses	187,319,959	-
Other expenses	311,245	-
<b>Related company of shareholders</b>		
Commission and brokerage expenses	195,209,135	173,968,044
Underwriting expenses	128,159,031	118,749,497
Other expenses	27,146,884	27,625,452
<b>Associate</b>		
Other expenses	1,026,048	-

SEPARATE FINANCIAL STATEMENTS		
FOR THE YEAR ENDED DECEMBER 31,		
	2019	2018
<b>Revenues</b>		
<b>Related company of shareholders</b>		
Net investment income	8,423,809	36,722,439
<b>Subsidiary</b>		
Other income	9,152,712	16,670,662
<b>Expenses</b>		
<b>Related company of ultimate parent company</b>		
Other expenses	311,245	-
<b>Related company of shareholders</b>		
Other expenses	7,536,432	7,178,547
<b>Associate</b>		
Other expenses	1,026,048	-
<b>Subsidiary</b>		
Other expenses	2,050,000	600,000

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

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.

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

The Company and related companies enter into a management service agreement with the subsidiary company for providing managerial, investment 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.

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

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 managerial, investment 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.

### 31. 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, 2019 and 2018, as follows:

	BAHT			
	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Directors and key management personnel's remuneration				
Short-term benefits	123,319,289	60,745,591	12,251,864	18,175,642
Post-employment benefits	4,093,539	2,691,522	488,028	1,004,148
Directors' remuneration	475,000	2,749,125	268,167	1,477,733
	<u>127,887,828</u>	<u>66,186,238</u>	<u>13,008,059</u>	<u>20,657,523</u>

Directors' remuneration for the years 2019 and 2018 were approved by the ordinary shareholders' meeting of the Company held on April 26, 2019 and April 20, 2018, respectively.

Furthermore, directors' remuneration of the subsidiary for the years 2019 and 2018 were approved by the ordinary shareholders' meeting of the subsidiary held on April 26, 2019 and April 2, 2018, respectively.

### 32. DIVIDENDS

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

**32.2 On August 13, 2019**, the Board of Directors' meeting passed a resolution to pay an interim dividend for the operating result from January 1, 2019 to June 30, 2019 of Baht 0.75 per share for 384.91 million shares, totaling Baht 288.68 million. Such dividend was paid on September 6, 2019.

### 33. 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 pay their contributions, 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, 2019 and 2018, the Group's contributions recorded as expenses were Baht 13.68 million and Baht 10.94 million, respectively (Company: Baht 0.40 million and Baht 0.19 million, respectively) (see Note 26).

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

As at December 31, 2019 and 2018, certain investments 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:

	BAHT			
	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Investments 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	14,000,000	-	-
Government and state enterprise securities	14,000,000	-	-	-
Assets reserved with the registrar				
Government and state enterprise securities	553,828,813	332,415,709	1,119,289	31,504,255
Total investments in securities of pledged	581,828,813	346,415,709	1,119,289	31,504,255



### 35. RESTRICTED ASSETS AND COMMITMENT

35.1 As at December 31, 2019 and 2018, the subsidiary has premium saving certificates amount of Baht 3.15 million and Baht 4.50 million, respectively were used as collateral in case where the insured drivers are the alleged offenders (see Note 9).

35.2 As at December 31, 2019 and 2018, the Group has credit facilities which was secured by deposit at bank of the Group in the same amount of credit limit as follows:

	UNIT:BAHT			
	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Overdraft facilities (see Note 9)	40,000,000	40,000,000	20,000,000	20,000,000
Borrowing facilities (Domestic Bill) (see Note 9)	10,000,000	10,000,000	10,000,000	10,000,000

35.3 As at December 31, 2019 and 2018, the Group had deposits at banks amounting to Baht 196.55 million and Baht 193.64 million, respectively were pledged as collateral for loans to employees (Company: Baht 12.93 million and Baht 12.74 million, respectively) (See Note 9).

### 36. 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, 2019 and 2018 amounting to Baht 70.38 million and Baht 56.34 million, respectively.

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

Long - term leases and service agreements as at December 31, 2019 and 2018 consisted of the following:

TYPE OF LEASES	BAHT		
	CONSOLIDATED FINANCIAL STATEMENTS		
	AS AT DECEMBER 31, 2019		
	REMAINING PERIODS		TOTAL RENTAL PAYMENTS FOR THE REMAINING PERIODS
	Within 1 year	Over 1 year to 5 years	
Building			
› related company	4,063,620	1,800,243	5,863,863
› others	3,154,405	4,381,893	7,536,298
Service			
› related company	2,636,220	207,900	2,844,120
› others	956,004	1,832,341	2,788,345
Equipment - related company	3,514,960	277,200	3,792,160
Vehicle - others	1,901,700	1,456,000	3,357,700
	16,226,909	9,955,577	26,182,486

BAHT

## CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2018

TYPE OF LEASES	REMAINING PERIODS		TOTAL RENTAL PAYMENTS FOR THE REMAINING PERIODS
	Within 1 year	Over 1 year to 5 years	
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

BAHT

## SEPARATE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2019

TYPE OF LEASES	REMAINING PERIODS		TOTAL RENTAL PAYMENTS FOR THE REMAINING PERIODS
	Within 1 year	Over 1 year to 5 years	
Building			
› related company	289,800	-	289,800
Service			
› related company	289,800	-	289,800
Equipment			
› related company	386,400	-	386,400
	966,000	-	966,000

BAHT

## SEPARATE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2018

TYPE OF LEASES	REMAINING PERIODS		TOTAL RENTAL PAYMENTS FOR THE REMAINING PERIODS
	Within 1 year	Over 1 year to 5 years	
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

For the years ended December 31, 2019 and 2018, 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:

	BAHT			
	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Rental and service fees	42,737,036	33,793,236	5,796,000	5,796,000

### 38. RESTRICTED ASSETS AND COMMITMENT

**38.1 As at December 31, 2019 and 2018**, lawsuits have been brought against the subsidiary, as insurer, from which the subsidiary estimates losses totaling Baht 47.96 million and Baht 37.00 million, respectively. Such amount has been set aside in the loss reserve and outstanding claims accounts. 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 materially differ from the recorded liability.

**38.2 As at December 31, 2019 and 2018**, the subsidiary had a commitment in respect of computer program development expenses in the amount of approximately Baht 10.57 million.

### 39. RESTRICTED ASSETS AND COMMITMENT

#### 39.1 Insurance risk

##### 39.1.1 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 situatoin.

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.

#### 39.1.2 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, 2019 and 2018 are as follows:

	BAHT	
	CONSOLIDATED FINANCIAL STATEMENTS	
	2019	
	INCREASE (DECREASE) IN INSURANCE CONTRACT LIABILITIES	INCREASE (DECREASE) IN PROFIT AND EQUITY
Gross		
Loss ratio - 10% increase	430,558,072	(430,558,072)
Loss ratio - 10% decrease	(396,097,375)	396,097,375
Net		
Loss ratio - 10% increase	257,930,711	(257,930,711)
Loss ratio - 10% decrease	(228,283,060)	228,283,060

BAHT

CONSOLIDATED FINANCIAL STATEMENTS		
2018		
	INCREASE (DECREASE) IN INSURANCE CONTRACT LIABILITIES	INCREASE (DECREASE) IN PROFIT AND EQUITY
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

### 39.1.3 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
<b>December 31, 2019</b>					
Gross	23,060,373	110,289,974	802,776,541	1,524,576,149	2,460,703,037
Net of reinsurance	15,315,526	15,765,102	682,321,637	211,617,173	925,019,438
<b>December 31, 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

BAHT

## 39.2 Financial risk

### 39.2.1 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.

### 39.2.2 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.

BAHT				
CONSOLIDATED FINANCIAL STATEMENTS				
PAYMENT PERIODS				
	LESS THAN 1 YEAR	1 - 5 YEARS	5 - 10 YEARS	TOTAL
<b>31 December 2019</b>				
<b>Insurance contract liabilities</b>				
Loss reserves and				
outstanding claims	1,674,898,193	608,099,615	177,705,229	2,460,703,037
<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

### 39.2.3 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, including selection of reinsurance with strong financial background based on financial rating from reliable credit rating agency.

As at December 31, 2019 and 2018, the Group has receivable from reinsurance contracts of Baht 496.24 million and Baht 114.46 million, respectively, consists of local reinsurers in amount of Baht 96.34 million and Baht 19.10 million, respectively, which maintain Capital Adequacy Ratio according to Office of Insurance Commission criteria. In addition, the 96.97% and 99.77% of Foreign reinsurers in amount of Baht 399.90 million and Baht 95.36 million have financial rating not lower than A.



## 39.2.4 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, 2019 and 2018, significant financial assets classified by type of interest rate were as follows:

[BAHT](#)

	CONSOLIDATED FINANCIAL STATEMENTS			
	CARRYING AMOUNT AS AT			
	DECEMBER 31, 2019		DECEMBER 31, 2018	
	VARIABLE INTEREST RATE	FIXED INTEREST RATE	VARIABLE INTEREST RATE	FIXED INTEREST RATE
Cash and cash equivalents				
Saving accounts	499,558,384	-	358,772,327	-
Short-term investments	-	3,970,114,744	-	968,697,981
Investment in securities				
Available-for-sale securities				
Government and state enterprise securities	-	2,186,309,389	-	430,891,551
Private enterprise debt securities	-	1,382,735,643	-	-
Foreign debt securities	-	60,670,915	-	-
Held-to-maturity investment				
Government and state enterprise securities	-	249,148,848	-	1,747,212,351
Deposits at bank with maturity over 3 months	-	192,711,836	-	14,000,000
Deposits at bank used as collateral	12,928,248	247,623,659	193,676,866	233,268,345
Premium saving certificates used as collateral	-	13,950,000	-	15,750,000
<b>Total</b>	<b>512,486,632</b>	<b>8,303,265,034</b>	<b>552,449,193</b>	<b>3,409,820,228</b>

	SEPARATE FINANCIAL STATEMENTS			
	CARRYING AMOUNT AS AT			
	DECEMBER 31, 2019		DECEMBER 31, 2018	
	VARIABLE INTEREST RATE	FIXED INTEREST RATE	VARIABLE INTEREST RATE	FIXED INTEREST RATE
Cash and cash equivalents				
Saving accounts	14,369,266	-	101,432,485	-
Short-term investments	-	162,937,325	-	-
Investment in securities				
Available-for-sale securities				
Government and state enterprise securities	-	488,168,891	-	136,518,439
Private enterprise debt securities	-	599,063,027	-	-
Held-to-maturity investment				
Deposits at bank with maturity				
over 3 months	-	184,000,000	-	14,000,000
Deposits at bank used as collateral	12,928,248	30,000,000	12,739,072	30,000,000
Total	27,297,514	1,464,169,243	114,171,557	180,518,439

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:

<b>CONSOLIDATED FINANCIAL STATEMENTS</b>					
<b>AS AT DECEMBER 31, 2019</b>					
	<b>PERIOD SPECIFIED FOR FIXING NEW INTEREST RATE</b>				<b>AVERAGE</b>
	<b>WITHIN 1 YEAR BAHT</b>	<b>1-5 YEARS BAHT</b>	<b>OVER 5 YEARS BAHT</b>	<b>TOTAL BAHT</b>	<b>INTEREST RATE %</b>
Cash and cash equivalents					
Short-term investments	3,970,114,744	-	-	3,970,114,744	1.29
Investment in securities					
Available-for-sale securities					
Government and state enterprise securities	1,181,279,795	999,433,147	5,596,447	2,186,309,389	1.53
Private enterprise debt securities	462,667,138	902,198,000	17,870,505	1,382,735,643	1.99
Foreign debt securities	-	60,670,915	-	60,670,915	3.00
Held-to-maturity securities					
Government and state enterprise securities	249,148,848	-	-	249,148,848	1.75
Deposits at bank with maturity					
over 3 months	191,993,125	718,711	-	192,711,836	1.59
Deposits at bank used as collateral	247,623,659	-	-	247,623,659	1.45
Premium saving certificates used					
as collateral	13,950,000	-	-	13,950,000	0.40
<b>Total</b>	<b>6,316,777,309</b>	<b>1,963,020,773</b>	<b>23,466,952</b>	<b>8,303,265,034</b>	

CONSOLIDATED FINANCIAL STATEMENTS					
AS AT DECEMBER 31, 2018					
	PERIOD SPECIFIED FOR FIXING NEW INTEREST RATE				AVERAGE
	WITHIN 1 YEAR BAHT	1-5 YEARS BAHT	OVER 5 YEARS BAHT	TOTAL BAHT	INTEREST RATE %
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
Total	2,995,172,589	414,647,639	-	3,409,820,228	

SEPARATE FINANCIAL STATEMENTS					
AS AT DECEMBER 31, 2019					
	PERIOD SPECIFIED FOR FIXING NEW INTEREST RATE				AVERAGE
	WITHIN 1 YEAR BAHT	1-5 YEARS BAHT	OVER 5 YEARS BAHT	TOTAL BAHT	INTEREST RATE %
Cash and cash equivalents					
Short-term investments	162,937,325	-	-	162,937,325	1.13
Investment in securities					
Available-for-sale securities					
Government and state enterprise securities	19,922,844	462,649,600	5,596,447	488,168,891	1.51
Debentures	24,023,085	358,176,821	17,870,505	400,070,411	1.89
Bill of exchange	198,992,616	-	-	198,992,616	1.70
Held-to-maturity securities					
Deposits at bank	184,000,000	-	-	184,000,000	1.60
Deposits at bank used as collateral	30,000,000	-	-	30,000,000	0.80
Total	619,875,870	820,826,421	23,466,952	1,464,169,243	

SEPARATE FINANCIAL STATEMENTS					
AS AT DECEMBER 31, 2018					
	PERIOD SPECIFIED FOR FIXING NEW INTEREST RATE				AVERAGE
	WITHIN 1 YEAR BAHT	1-5 YEARS BAHT	OVER 5 YEARS BAHT	TOTAL BAHT	INTEREST RATE %
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
Total	44,000,000	136,518,439	-	180,518,439	

### 39.2.5 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.

### 39.2.6 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.

#### 39.2.6.1 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:

BAHT

CONSOLIDATED FINANCIAL STATEMENTS				
FAIR VALUE		FAIR VALUE HIERARCHY	VALUATION TECHNIQUES AND KEY INPUTS	
AS AT DECEMBER 31,				
2019	2018			

**Financial assets**

Government and state enterprise securities	2,186,309,389	430,891,551	Level 2	Latest bid prices of the last working day of the reporting period as quoted by the Thai Bond Market Associate
Private debt securities	1,382,735,643	-	Level 2	Latest bid prices of the last working day of the reporting period as quoted by the Thai Bond Market Associate
Foreign debt securities	60,670,915	-	Level 2	Latest bid prices of the last working day of the reporting period as quoted by the Thai Bond Market Associate
Equity securities	521,361,006	951,855,461	Level 1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand
Equity securities	2,464,956,631	3,290,240,499	Level 2	The unit trust's net asset value of the last working day of the reporting period

BAHT

SEPARATE FINANCIAL STATEMENTS				
FAIR VALUE		FAIR VALUE HIERARCHY	VALUATION TECHNIQUES AND KEY INPUTS	
AS AT DECEMBER 31,				
2019	2018			

**Financial assets**

Government and state enterprise securities	488,168,891	136,518,439	Level 2	Latest bid prices of the last working day of the reporting period as quoted by the Thai Bond Market Associate
Private debt securities	599,063,027	-	Level 2	Latest bid prices of the last working day of the reporting period as quoted by the Thai Bond Market Associate
Equity securities	521,361,006	650,751,774	Level 1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand
Equity securities	2,464,956,631	3,263,882,567	Level 2	The unit trust's net asset value of the last working day of the reporting period



### 39.2.6.2 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:

BAHT

	FAIR VALUE HIERARCHY	CONSOLIDATED FINANCIAL STATEMENTS			
		AS AT DECEMBER 31, 2019		AS AT DECEMBER 31, 2018	
		Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>					
Held-to-maturity securities	Level 2	716,362,591	716,875,303	2,203,907,562	2,204,389,440

BAHT

	FAIR VALUE HIERARCHY	SEPARATE FINANCIAL STATEMENTS			
		AS AT DECEMBER 31, 2019		AS AT DECEMBER 31, 2018	
		Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>					
Held-to-maturity securities	Level 2	226,928,248	226,928,248	56,739,072	56,739,072

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

### 39.3 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, 2019 and 2018, the Company's capital level is maintained according such notifications.

## 40. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved for issuance by the Company's Board of Directors on February 21, 2020.

## DIVIDEND PAYMENT POLICY OF THE COMPANY

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.

## SUBSIDIARY'S DIVIDEND PAYMENT POLICY

Dividend payments of 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 2018-2019 the warrant holders exercised the warrants of 46,491,600 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, 2019 there are remaining warrants of 78,508,207 units.

## AUDITOR'S REMUNERATION

In 2019 the Company and its subsidiary paid the audit fee of Baht 6,125,000 to the audit company that the auditor was employed as the following details:

	UNIT : BAHT	
	COMPANY	SUBSIDIARY
The annual audit fee for the year of 2019	530,000	2,960,000
The annual audit fee for 2019 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	855,000
Audit fee of Risk-Based Capital report for year-end	-	320,000
Fee for review of Risk-Based Capital report for half-year	-	270,000
Total	1,720,000	4,405,000



# MANAGEMENT'S DISCUSSION AND ANALYSIS





# MANAGEMENT'S DISCUSSION AND ANALYSIS

To fully understand this management's discussion and analysis, investors should also study supporting documents, including consolidated financial statements, separate financial statements, and the notes to the financial statements, as well as the information presented in this document.

## 1. 2019 CONSOLIDATED OPERATING RESULTS

### Income from Operations

Total operating income for 2019 from the consolidated financial statements was Baht 4,619.29 million. Compared to the previous year's Baht 2,910.75 million, this was a Baht 397.71 million, or 58.70%, increase, consisting of income mainly from insurance, as well as from investments and other sources. Income from insurance in 2019 included premiums, fees, and commission totaling Baht 4,012.83 million, an increase of Baht 1,753.57 million, or 77.62%, from the previous year.

Subsidiary, Allianz Ayudhya General Insurance Public Company Limited, formerly known as Sri Ayudhya General Insurance Public Company Limited, purchased and accepted an entire business transfer from Allianz Insurance Public Company Limited on April 30, 2019, resulting in premiums for 2019 totaling Baht 5,757.30 million, an increase of Baht 2,360.93 million from the previous year, or a 69.51% growth. In 2019, automobile insurance premiums grew 106.14%, while miscellaneous insurance premiums

grew by 80.05%, and fire insurance premiums by 6.99%. This was due to expanding markets among financial institutions, agents, and brokers. While marine and transportation insurance premiums decreased by 0.22% from the previous year, fees and commissions for 2019 was Baht 605.18 million, a Baht 115.09 million, or 23.48%, increase from the previous year.

Reinsurance premiums for 2019 totaled Baht 2,290.39 million, an increase of Baht 854.45 million, or 59.51%, from 2018, and comprised 39.78% of total premiums received in 2019. Retention stood at Baht 3,466.91 million. The net premiums per equity share ratio increased 0.23% from 2018 to 0.26%. Net premiums received for 2019 totaled Baht 3,466.91 million, an increase from 2018 of Baht 1,506.48 million, or 76.84%. Retention was 60.22% up from last year's 57.72%. Net premiums earned for 2019 was Baht 3,407.66 million, a Baht 1,638.48 million, or 92.61%, increase from the previous year.

## Overall Consolidated Expenses

The expenses in the consolidated financial statements consist of compensation reimbursement from reinsurance, wages, commissions, other underwriting expenses, and operating expenses. Wages, commissions, and other underwriting expenses fluctuate with insurance income. Compensation will depend on the damage incurred to the insured during the year. Due to increased business volumes from the merger and entire business transfer, total expenses for 2019 was Baht 4,413.97 million, increased from the previous year's total of Baht 2,113.39 million, by Baht 2,300.58 million, or 108.86%. Net losses for 2019 were Baht 1,938.74 million, while net losses for 2018 were Baht 730.64 million, an increase of Baht 1,208.10 million, or 165.35%. Wages and commissions increased by Baht 286.63 million, or 61.23%, from an increase in insurance premiums. Other underwriting expenses in 2019 increased by Baht 259.34 million, or 46.74%, due to fierce competition to increase market share. Operating expenses for this year were Baht 906.28 million, an increase of Baht 546.52 million, or 151.91%, mainly due to increased staff expenses from the business transfer. All 2019 staff expenses increased from 2018 by Baht 240.72 million. Premises and equipment costs for 2019 was Baht 151.78 million, an increase of Baht 41.34 million, or 37.43%, from the previous year. Nevertheless, to continue its insurance business, the subsidiary invested in information technology to increase efficiency and reduce redundancies, thereby saving time and money while supporting new product sales.

The ratio of insurance expenses for 2019 was 72.64% of premiums written as income, a decrease from the 2018 ratio of 78.16%. In 2019, the company's total underwriting expenses, including wages, commissions, other insurance expenses, and operating expenses, increased from the previous year by Baht 1,092.48 million, or 79.01%, but at the same time, insurance

premium income for 2019 increased from the previous year by Baht 1,638.48 million, or 92.61%. This indicates that the ratio of insurance expenses for 2019 decreased from the previous year.

Gross profit margin for 2019 was 14.57%, a decrease from 25.79% in the previous year. This resulted from underwriting gains before deducting operating expenses, which decreased from the previous year by Baht 0.49 million, or 0.10%, while net premiums written increased from the previous year by Baht 1,506.48 million, or 76.84%.

For 2019, the growth of the insurance sector has been forecasted in single digits. Economic conditions are still a major factor, although some positive signs can be detected when considering the entire industry. With support from the government's economic stimulus measures as well as public and private investment, the insurance sector may see growth as well. Data from the Insurance Premium Rating Bureau (IPRB), covering 54 insurance companies, representing 99.5% of the total market share (2018: 57 companies), revealed that in 2019, direct insurance premiums for all categories totaled approximately Baht 245,450.14 million, a 5.54% increase from 2018. Insurance businesses have developed a variety of products, using modern technology to support operations and to develop and expand distribution channels to reach their targets. There also has been progress in digital insurance systems to simplify procedures and keep up with today's digital society. Insurance companies must adjust and adapt to changing trends, focusing on innovations and on how to stand out among competitors. This includes improving products and services, as well as managing costs, expenses, and underwriting. They must pay greater attention to customer service rather than competitive pricing by focusing on innovating service systems, leveraging digital technology for sales and claims systems, and developing products that can



meet customer needs at every stage of life. These are all factors that can help insurance companies prevent or mitigate loss while supporting continuous and sustainable growth.

## 2019 UNDERWRITING RESULTS FOR SUBSIDIARY

### Fire Insurance

Fire insurance premiums for 2019 was Baht 663 million, representing 11.52% of total premiums and an increase from the previous year by Baht 43.32 million, or 6.99%. The entire fire insurance sector grew 1.01% from 2018, but the company maintained its industry market ranking of no. 6.

Net fire insurance premiums in 2019 were Baht 500.35 million, an increase of Baht 65.79 million, or 15.74%, from the previous year, with 75.47% retention, an increase from the 70.13% reported in the previous year.

In 2019, fire insurance premium reserves were Baht 27.50 million, an increase of Baht 24.28 million from the previous year, or 753.08%. Premiums earned from fire insurance for 2019 was Baht 472.85 million, an increase of Baht 41.51 million, or 9.62%, from the previous year. Commissions and broker income from fire insurance was Baht 48.99 million, a Baht 9.17 million decrease from the previous year, or 15.76%. This was due to the sliding scale calculations that links commissions to compensation rates for that year.

In 2019, net losses for fire insurance were Baht 20.13 million, a Baht 33.39 million decrease, or 62.39%, from the previous year. This resulted from this year's fire insurance compensation decreasing from the previous year of 12.41% to 4.26% of earned premiums.

Commissions and broker expenses in 2019 for fire insurance were Baht 145.07 million, an increase of Baht 9.89 million, or 7.32%, from the previous year. Also, in

2019, other fire insurance expenses were Baht 95.93 million, a Baht 2.20 million, or 2.34%, increase as the company moved to control expenses.

The total fire insurance operating costs for 2019 were Baht 261.12 million, a decrease of Baht 21.30 million, or 7.54%, from the previous year. As a result, the company's profit from fire insurance in 2019 was Baht 260.72 million, an increase of Baht 53.65 million, or 25.91%, from 2018.

The major source for fire insurance came from agents and brokers, as well as customers of Bank of Ayudhya PCL and other financial institutions.

### Marine and Transportation Insurance

Marine and transportation insurance premiums in 2019 totaled Baht 322.21 million, which were 5.60% the company's total premiums. This is a decrease from the previous year by Baht 0.71 million, or 0.22%, while overall marine and transportation insurance premiums of the industry decreased by 0.58%.

In 2019, the company had a market ranking of no. 7, but insurance premiums decreased due to the Baht's appreciation that year. Furthermore, the company became more selective, screening for higher quality opportunities while maintaining current customers as well as expanding its broker and agent network.

Net marine and transportation insurance premiums for 2019 were Baht 106.63 million, an increase of Baht 5.84 million, or 5.80%, from the previous year due to a Baht 6.55 million, or 2.95%, decrease in insurance premiums in 2019. Retention was at 33.09%, increased from 31.21% in the previous year. The marine and transportation insurance reserve in 2019 decreased from last year by Baht 4.72 million, or 266.24%, resulting in earned income from marine and transportation insurance for 2019 being Baht 113.11 million, an increase of Baht 10.56 million, or 10.30%, from 2018.

Commissions and broker income for marine and transportation insurance in 2019 totaled Baht 58.53 million, down by Baht 2.21 million, or 3.63%, from the previous year.

Net losses for marine and transportation insurance were Baht 32.42 million, a Baht 1.19 million, or 3.54%, decrease, with a 28.66 % loss ratio, decreased from last year's 32.77%.

The total marine and transportation insurance operating costs for 2019 were Baht 99.01 million, a decrease of Baht 8.79 million from the previous year, or 8.15%. This resulted from the company's 2019 profits from marine and transportation insurance of Baht 72.64 million, an increase of Baht 17.14 million, or 30.88%, from the previous year.

In 2019, the main source for marine and transportation insurance continued to come from agents that the company developed good relationships with by providing fast and efficient services.

### Automobile Insurance

In 2019, automobile insurance premiums totaled Baht 2,797.40 million, accounting for 48.59% of total insurance premiums. This is a Baht 1,440.38 million, or 106.14%, increase from the previous year, while the entire industry grew by 5.93%. This increase resulted from the purchase and entire business transfer from Allianz Insurance Public Company Limited on April 30, 2019.

The company reinsured automobile insurance policies for certain foreign insurance companies under certain business terms and conditions. Reinsurance premiums for automobile insurance in 2019 represented 23.75% of gross written premiums, retaining Baht 2,133.08 million. Net premium written of this year increased of Baht 1,258.63 million, or 143.93% from the previous

year. Net earned premiums for 2019 were Baht 2,105.10 million, an increase of Baht 1,376.72 million, or 189.01%. This was due to the reduction of unearned premium reserve from the previous year of Baht 118.10 million, or 80.85%.

Commission and broker income for automobile insurance in 2019 was Baht 230.53 million, an increase of Baht 11.07 million, or 5.05%, due to the sliding scale calculations that link commissions to compensation rates for that year.

Net losses for automobile insurance for 2019 were Baht 1,507.40 million, an increase of Baht 1,052.22 million, or 231.17%. The loss ratio was 71.61% of earned premiums, an increase from last year's ratio of 62.49%.

Total automobile insurance operating costs for 2019 were Baht 2,301.03 million, an increase of Baht 1,434.65 million, or 165.59%, from the previous year. This resulted from the company's 2019 automobile insurance profits of Baht 34.60 million being down from the previous year by Baht 46.85 million, or 57.52%.

The main sources for automobile insurance were brokers, agents, car dealers, and financial institutions that provide automobile loans. The subsidiary focused on providing efficient and effective services quickly to clients as well as ensuring efficient administration in upcountry branches for insurance sales and claim services.

### Miscellaneous Insurance

Miscellaneous insurance premiums consist of personal accident insurance and other miscellaneous coverage. In 2019, this totaled Baht 1,974.70 million, or 34.30% of total premiums, which was an increase from the previous year by Baht 877.94 million, or 80.05%, while the whole sector grew 5.94%. This increase was mainly due to the purchase and entire business transfer from Allianz

Insurance Public Company Limited on April 30, 2019.

Net miscellaneous insurance premiums for 2019 were Baht 726.86 million, an increase of Baht 176.22 million, or 32%, from the previous year. The company retained 36.81% in 2019, a decrease from the previous year which was 50.21%.

Miscellaneous insurance premium reserve for 2019 decreased from Baht 33.47 million, or 76.53%, from the previous year, resulting in earned premiums from miscellaneous insurance for 2019 being Baht 716.59 million, an increase of Baht 209.69 million, or 41.37%, from the previous year.

Commission and broker income from miscellaneous insurance in 2019 was Baht 267.12 million, an increase of Baht 115.39 million, or 76.05%, from the previous year. This was due to the sliding scale calculations that linked commissions to compensation rates for that year.

In 2019, the net losses for miscellaneous insurance were Baht 378.79 million, an increase of Baht 190.46 million, or 101.13%, from the previous year. The loss ratio was 52.86% of earned premiums, up from last year's figure of 37.15%.

Miscellaneous insurance operating costs for 2019 were Baht 846.53 million, an increase of Baht 349.50 million, or 70.32%, from the previous year. This was due to an increase in net claims. As a result, the company's 2019 miscellaneous insurance profit was Baht 137.18 million, a decrease of Baht 24.43 million, or 15.11%, from the previous year.

The main sources for miscellaneous insurance included Bank of Ayudhya PCL, financial institutions, agents, brokers, and direct accounts.

## Investments

In 2019, the Thai economy grew well in the first half of the year, driven both by overseas and domestic demands. But in the second half of the year, the foreign demand clearly decreased, especially in the Thai export sector. The trade war between the United States and China, the economic slowdown, and other factors impacted trading partners, with the full effects to become clearer over time. By the end of 2019, the Stock Exchange of Thailand's index closed at 1,579.84, up by 1.02% from last year's end of 1,563.88. The Thai stock market is likely to move according to foreign investment flows and other external factors, such as the trade war between China, the European Union, and the United States, as well as certain central banks' monetary policies, and the direction of the US Federal Reserve's interest rates. The company maintains a positive outlook on long-term equity investments supported by stable, low interest rates that tend to be stable at a low level. This informs the company's outside investment decisions. The company carefully weighs potential returns against possible risks, placing utmost emphasis on cautious, prudent, and stable investments with the shareholders' greatest benefit at the forefront.

Net earned investment income, consisting of interest and dividends, for 2019 was Baht 118.92 million, an increase of Baht 10.65 million, or 9.84%, from the previous year due to increased interest income from increased investment in bonds and debt securities.

In 2019, the company changed investment strategy, resulting in a loss from securities investment of Baht 98.10 million, while the previous year saw a gain of Baht 62.18 million. The loss from fair value adjustment of investment in trading securities was Baht 29.49 million, and the company adjusted its investment portfolios in 2019 as quickly as possible in order to improve investment income in 2020.

The company invests in life insurance business through Allianz Ayudhya Life Assurance Public Company Limited. In 2019, the company issued additional shares to Allianz SE and CPRN (Thailand) Co., Ltd. in exchange for ordinary shares of Allianz. Allianz SE and CPRN (Thailand) Co., Ltd., increased their proportion of ordinary shares of Allianz Ayudhya Life Assurance Public Company Limited from 20.17% to 31.97%. The company has classified this investment as an associate company and so has shown such in the consolidated financial statements by using the equity calculation method. The share of profit on investment in an associate was Baht 553.25 million, up by Baht 45.57 million, or 8.98%, from the previous year.

At the end of 2019, investment assets totaled Baht 22,564.74 million, an increase of Baht 11,349.62 million, or 101.20%, from the previous year. The return on investment for 2019 was 3.87%, compared to 5.6% last year.

In addition, other income for 2019 was Baht 32.40 million, up from 2018's Baht 2.86 million, an increase of Baht 29.54 million or 10.33 times.

### Summary of 2019 Operating Results

The performance declines mentioned above mainly came from higher compensation and operating expenses compared to the previous year as well as investment losses. These were partially offset by higher profits from investments in associate companies. As a result, profits before tax for 2019 were Baht 205.32 million, down 74.25% from the previous year. Income tax expenses for 2019 then decreased by Baht 31.42 million, or 66.69%. Therefore, the consolidated financial statements for 2019 show a net profit after tax of Baht 189.63 million, or an earnings per share of Baht 0.53. Net profit decreased from last year's amount of Baht 750.25 million by Baht 560.62 million, or 74.72%.

## **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 of December 31, 2019, the company had total assets of Baht 27,816.48 million, an increase of Baht 14,670.89 million, or 111.60%.

Investments in securities as of December 31, 2019, were Baht 7,352.46 million, an increase of Baht 456.08 million from the previous year's amount of Baht 6,896.38 million. In 2019, investments in available-for-sale securities were Baht 6,616.03 million, an increase of Baht 2,099.90 million from Baht 4,516.13 million in 2018. These available-for-sale securities included government bonds, Bank of Thailand bonds, treasury bills, stocks, and mutual funds. Investments in held-to-maturity securities for 2019 was Baht 716.36 million, a Baht 1,487.55 million decrease from the previous year's Baht 2,203.91 million.

At the end of 2019, the company had an unrealized loss from investments in available-for-sale securities of

Baht 113.64 million, while at the end of 2018, this loss was Baht 207.77 million, as the SET index decreased at the end of 2018. In addition, in 2019, the company still had profits from the associate company of Baht 4,439.43 million, up by Baht 3,765.36 million from the Baht 674.07 million in the previous year due to the increase in unrealized profit from investments in available-for-sale securities at the end of 2019.

Loans are loans to employees with guarantors in compliance to the company's policy on employee loan. At the end of 2019, these loans totaled Baht 0.01 million, a decrease of Baht 0.02 million from Baht 0.03 million last year.

Cash and cash equivalents at the end of 2019 were Baht 4,497.25 million, a Baht 3,155.91 million increase from Baht 1,341.34 million last year.

Property, plant, and equipment at the end of 2019 were Baht 208.32 million, up Baht 46.77 million from Baht 161.55 million last year. This includes transfers from Allianz Insurance Public Company Limited of Baht 72.78 million as well as office improvements and additional office equipment purchases totaling Baht 7.82 million. Meanwhile, used vehicles, office supplies, equipment, and computers were sold, with some valued for a total cost of Baht 33.83 million.

Premiums due and uncollected at the end of 2019 were Baht 771 million, compared to the Baht 271.75 million from the previous year, an increase of Baht 499.25 million, or 183.72%. The increase was due to the purchase and entire business transfer from Allianz Insurance Public Company Limited on 30 April 2019. In this regard, the company has focused on improving efficiencies in tracking and collecting outstanding premiums. There is a strict policy on monitoring collections. The company also complies with the law as it takes legal action against agents, brokers, and clients who are in default. In addition, the company's internal audit department regularly reviews and follows up on outstanding premiums, collections, and payments, as well as all related accounting records.

To manage the handling of outstanding premiums, the company has set clear and concise collection policies. Executives meet regularly to monitor overdue premiums on a monthly basis. The company has implemented strict monitoring of premiums in accordance with the announcements and regulations of the Office of Insurance Commission (OIC) to oversee collecting insurance premiums. If outstanding insurance premiums remain unpaid and have exceeded the payment period, the collection unit will follow the procedures as set by the Company.

## (2) Asset Quality

### (a) Assets

At the end of 2019, investments in securities, including bonds, treasury bills, stocks, investment units, and deposits at financial institutions with a maturity over three months, totaled Baht 7,352.46 million, shown at fair value. Unrealized losses from changes in fair value of investments, net deferred income taxes in shareholders' equity, were Baht 113.64 million.

In 2019, the company increased investment in the associate company from 20.17% to 31.97%. Therefore, the investment in the associate company at the end of 2019 was Baht 10,715.02 million, compared to Baht 2,977.37 million at the end of 2018. This was an increase of Baht 7,737.65 million. This investment is presented in the consolidated financial statements using the equity method.

#### (b) Debtors

The company's outstanding premium turnover rate for 2019 was 34 days. The company's policy is to give credit terms for customers to pay premiums of approximately 30 days for all insurance other than automobile insurance. For automobile insurance, the customer must comply with the "Cash Before Cover" policy, meaning the insured must pay the premium before the coverage takes effect.

At the end of 2019, the allowance for doubtful accounts totaled Baht 33.10 million. The year-end estimate of the doubtful accounts was based on the company's debt collection experience that management believes adequate. The basis for calculating reserves for doubtful accounts are 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) Cashflow

At the end of 2019, the company had cash and cash equivalents of Baht 4,497.25 million, an increase from last year's Baht 1,341.34 million by Baht 3,155.91 million, or 2.35 times. Net cash received were provided by and used in the following activities:

	Unit: Baht million(s)	
	2019	2018
Net cash provided by (used in) operating activities	2,501.19	(1,644.96)
Net cash provided by (used in) investing activities	(855.71)	(5.42)
Net cash provided by (used in) financing activities	463.03	1,589.83
Net increase (decrease) in cash and cash equivalents	2,108.51	(60.55)

For 2019, cash flows from operating activities were Baht 2,501.19 million, from cash flows received of Baht 7,970.90 million and cash flows paid of Baht 5,469.71 million. Cash received was from insurance premiums, interest income, dividends received from bank deposits, bonds, treasury bills, ordinary shares, and mutual funds. Cash flow paid went to reinsurance creditors, underwriting expenses, operating expenses, corporate income taxes. There were also net investments used to invest in bank deposits, treasury bonds, ordinary shares, and mutual funds.



Cash flows for investing activities totaled Baht 855.71 million, which included buying and receiving the subsidiary business for Baht 848.80 million as well as for buying furniture, office equipment, and software.

Cash flow for financing activities in 2019 was Baht 463.03 million, including from the capital increase and the exercise of warrant rights to purchase ordinary shares (AYUD-W1) totaling Baht 751.71 million and the interim dividend payment for the first half 2019's performance at the rate of 0.75 baht per share totaling Baht 288.68 million.

The cash flows provided by and used in the above activities at the end of 2019 shows increased cash and cash equivalents of Baht 2,108.51 million. Cash received from the business transfer was Baht 1,047.40 million. At the end of 2019, this all totaled Baht 4,497.25 million, an increase of Baht 3,155.91 million from Baht 1,341.34 million the previous year.

## (2) Liquidity Ratio

As at December 31, 2019, the company recognized an excellent liquidity ratio of 1.47 times, indicating that current assets were adequate to pay current liabilities.

## 2.3 Source of Funds

### (1) Capital Structure Appropriateness

The company did not change capital structure during the past year. At the end of 2019, the company's debt-to-equity ratio was 0.57, up from the previous year's ratio of 0.42.

### (2) Shareholders' Equity

Total shareholders' equity at the end of 2019 totaled Baht 17,745.34 million, an increase of Baht 8,477.39 million from the Baht 9,267.95 million of the previous year. In 2019, the company had a net profit of Baht 189.63 million with an unrealized loss from change in available-for-sale securities value of Baht 113.64 million, and the share of other comprehensive income in the associate company was Baht 4,439.43 million, which increased by Baht 3,765.36 million from Baht 674.07 million in 2018, as well as an interim dividend payment of Baht 288.68 million in 2019.

### (3) Liabilities

The company had liabilities at the end of 2019 of Baht 10,171.14 million, an increase of Baht 6,293.50 million from the previous year's Baht 3,877.64 million. This mainly resulted from the subsidiary's acquisition and transfer of the entire business from Allianz Insurance Public Company Limited on April 30, 2019, the increased liability of the insurance reserve and unearned premium reserves of Baht 375.78 million, income tax payable increased by Baht 50.05 million, increased accrued expenses of Baht 24.76 million, increased advance received insurance premiums of Baht 21.87 million, and increased reinsurance payable of Baht 10.47 million. The company's liabilities mainly came from operations, including unearned premium reserves, accrued outstanding claims, reinsurers advance premiums, commission fees payable, employee benefit obligations, accrued operating expenses, and corporate income tax payable.

### 3. MAJOR FACTORS AND INFLUENCES THAT COULD AFFECT THE COMPANY'S FUTURE OPERATIONS AND FINANCIAL STATUS

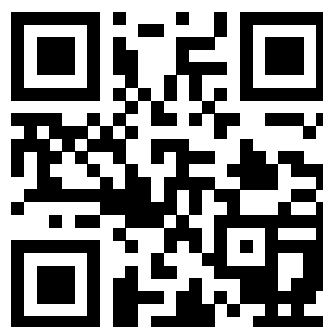
The company's policy on risk management is discussed in the Risk Factors section below.

### 4. MAINTAINING VARIOUS RATIOS ACCORDING TO REGULATORY REQUIREMENTS AND KEY INDUSTRY RATIOS

1. The company maintains legal reserves of Baht 50 million, equivalent to 10% of its registered 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 registered capital. This reserve fund is not available for dividend distribution.
2. The subsidiary has allocated unearned premium reserves of Baht 3,337.24 million in 2019 according to the rules announced by the OIC regarding the allocation of such reserves.
3. The loss ratio of 2019 was equal to 56.89% of earned premiums, an increase from last year's ratio of 41.30%
4. The OIC issued regulations concerning capital funds that insurance companies must maintain using capital adequacy ratios (CARs) for insurance risk, market risk, credit risk, and concentration risk.

Capital Adequacy Ratios (CARs) from January 1, 2013, onwards, must not be less than 140%. As of September 30, 2019, the subsidiary's capital adequacy ratio was equal to 677.38%.

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