



ศรีอยุธยา แคปปิตอล
SRI AYUDHYA CAPITAL



Annual Report 2016

Future
Forward



งานนี้เพื่อน้อง จากตลิ่งที่ SAGI
ณ โรงเรียนวัด...
ชาวบ้านโป่งทะลุ...
28 พฤศจิกายน

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Message from the Chairman and President & CEO



2016 was the year that all Thai people suffered the greatest loss after the statement from the Bureau of The Royal Household on October 13 announced the passing of H.M. King Bhumibol Adulyadej. Sri Ayudhya Capital PCL pledges to follow the Royal Footsteps in continuing to apply the principles of Sufficiency Economy in operating our business and supporting our society for sustainable growth. The Board of Directors, the Management, and employees humbly offer our utmost respect and best wishes to His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun. Long live His Majesty the King.

According to the World Bank, global economic growth in 2016 was lackluster and estimated to have been at a lower than anticipated rate of 3.1 percent. The expected final growth rate for the economy of Thailand for the year 2016 is a lower than expected 3.2% (2015: 2.8%). The economy continued to recover with better than expected merchandise exports, private consumption compensating for weaker-than-expected private investments, gains from higher farm income, and Government stimulus measures as auto loans from First Car Scheme ended. Headline inflation rose to 0.2% while core inflation reduced to 0.7%. The tourism sector slowed down in Q4/2016 during the mourning period and the greater-than-expected effect from the Government measures to curb illegitimate tour operators. As economic recovery was not broad-based, overall private investment stayed at a low level. The unemployment rate slightly declined.

The liberalization of the Asean and the Asean Economic Community (AEC) is both a challenge and an opportunity for Thailand's insurance industry. While it represents a far broader customer base, Thai insurers will now have to compete with strong foreign insurers as well as domestic rivals. Meanwhile, the insurance market in Thailand continued to be soft, with a significant amount of capacity entering the market due to which pricing across all lines of business dropped sharply. Insurers with broad appetites encouraged underwriters to write new business in a competitive manner. Marine cargo witnessed an especially sharp drop in rates due to intense competition, higher capacity and small market premiums.



In 2016, Thailand's insurance regulator, the Office of the Insurance Commission, increased death benefits attached to compulsory insurance for motor vehicles from THB 200,000 to THB 300,000. Favorable loss ratios for motor insurance seem to have driven this change. However approximately 5,000 new motor vehicles are registered in Thailand every day, so the increase in premium volume more than offsets the higher payout.

For the year 2016, the Company's operating unit retained its market share while improving its market ranking. The main area of growth was the motor portfolio which grew for a second consecutive year with an acceptable 59% loss ratio. The combined ratio deteriorated to 96% as a result of the intense market competition due to the lack of market growth. Capital adequacy ratio remained at an acceptable 698% well above the 140% minimum requirement of the Office of the Insurance Commission.

Our 20% owned associate company, Allianz Ayudhya Assurance (AZAY), the "life" affiliate, again delivered a good result in 2016 with a profit contribution to AYUD of THB 388.5 million. At the same time it paid a dividend of THB 374.3 million (AYUD's share) which equated to an excellent 25.2% of original cost. AZAY is well positioned to continue with this performance.

The profit of AYUD consolidated in 2016 amounted to THB 615 million after tax in spite of the competitive insurance environment in both the life and the non-life markets. Earnings per share amounted to THB 2.46 (2015: THB 2.71) with a return on equity of 8.74%. In this connection the Board of Directors wishes to propose dividend payment for the year

2016 of THB 2.00 per share. The interim dividend of THB 1.00 per share has already been paid to shareholders on September 13, 2016; subject to the shareholder's approval today, the final THB 1.00 per share dividend payment will be effected in May 2017.

During 2017, the Bank of Thailand's Monetary Policy should remain conducive to economic recovery though more downside risks are foreseen. Headline inflation is expected to slowly rise to the target band while interest rates will rise slightly, monetary conditions remain accommodative and conducive to economic recovery. GDP is expected to grow at an unchanged 3.2% which will be driven by private investment confidence induced by a double digit rise in public investment. Progress is expected in infrastructure investments, industrial clusters, SEZ's and private take up of new growth engine industries.

The outlook for the insurance industry in 2017 will see the continuation of single digit growth rates in both the life and non-life sectors, although the non-life sector will be lower. The onset of the AEC remains unlikely to have a major effect on the industry during the year as many of the major international insurance groups have been operating in Thailand for many years. Companies with business interests in Thailand are likely to pay close attention to developments in the political arena and monitor ensuing risks accordingly.

For 2017 your company will continue to build further upon the solid base established over many years. The major focus remains the continued expansion of digital capabilities while seeking to respond the rapidly changing customers and market requirements.

On behalf of the Board of Directors, we wish to express our gratitude to the group's management and staff for their hard work and dedication throughout 2016. We would also like to thank customers, shareholders and stakeholders for their unfaltering support and trust in us always.

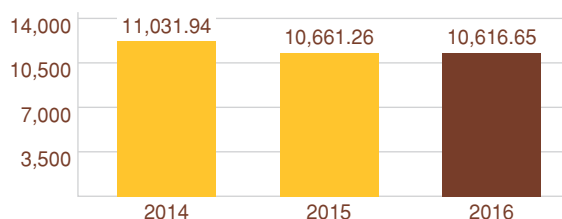
Mr. Veraphan Teepsuwan
Chairman

Mr. Rowan D'Arcy
President and CEO

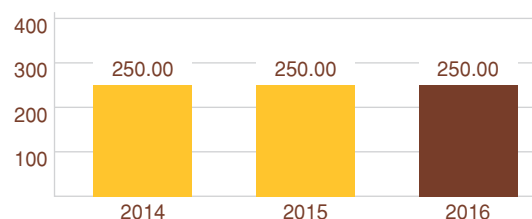
Financial Highlights

(Unit : Million Baht)

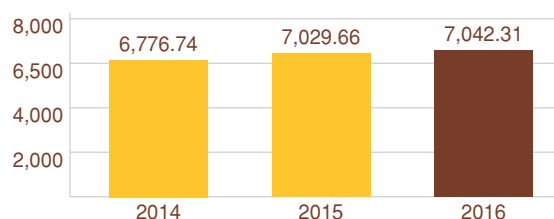
TOTAL ASSETS



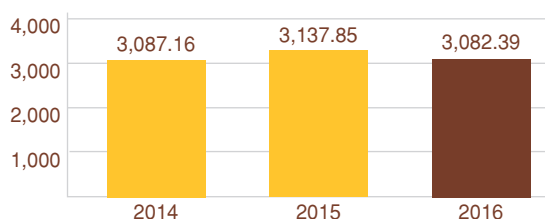
ISSUE AND PAID-UP SHARE CAPITAL



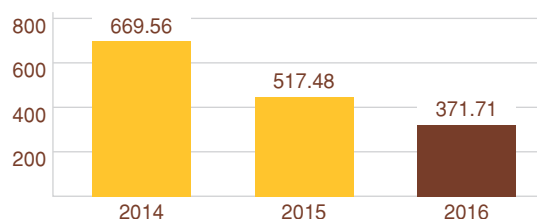
TOTAL SHAREHOLDERS' EQUITY



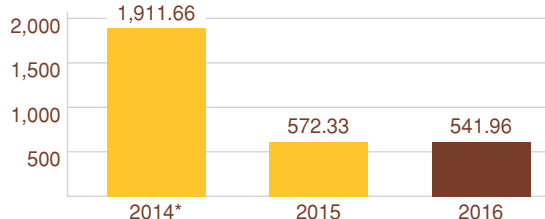
GROSS PREMIUM WRITTEN



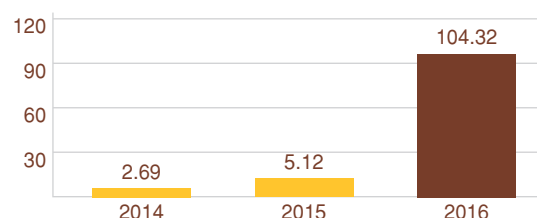
UNDERWRITING PROFIT BEFORE OPERATING EXPENSES



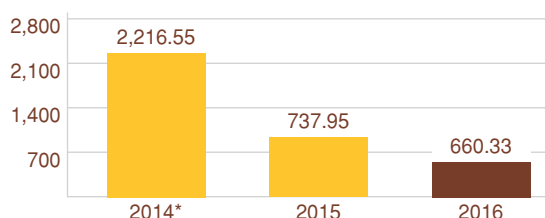
PROFIT ON INVESTMENT



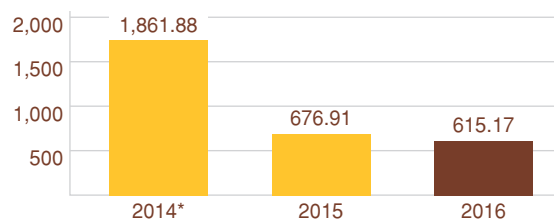
OTHER INCOME



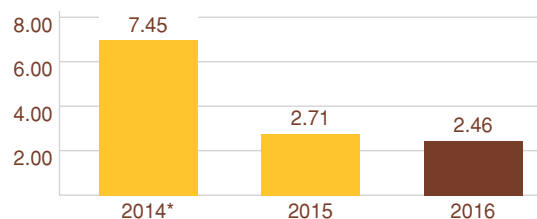
PROFIT BEFORE INCOME TAX



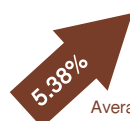
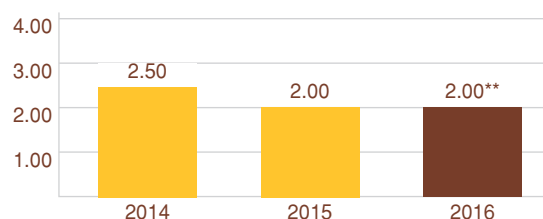
NET PROFIT



EARNINGS PER SHARE (BAHT)



DIVIDEND PER SHARE (BAHT)



Average Annual Dividend Yield over the 8-year period : 5.38%



Cumulative Annual Compound Growth Rate (%) in share price over the 8-year period : 13.33%

* The Company realized profit from investment in ordinary shares of Sunrise Equity Co., Ltd.

** Dividend per share for the operating result of 2016 is pending approval from the Shareholders' Meeting.

Vision and Mission

OUR BUSINESS

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

VISION

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

MISSION

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

VALUE

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

STRATEGY

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

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

Company Business

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

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

The Company has been serving customers for 66 years, principled on conducting business with prudence, in order to build financial stability while serving customers with efficiency, honesty and fairness.

HISTORY AND KEY DEVELOPMENT

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

MAJOR CHANGES FROM 2011

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

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

SUBSIDIARY COMPANY

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

On March 31, 2011, the subsidiary registered to change the company name from "BT Insurance Company Limited" to "Sri Ayudhya General Insurance Company Limited" with the Department of Business Development, Ministry of Commerce, and increased its registered capital from Baht 300 million to Baht 1,200 million. The difference of Baht 900 million in capital was registered.

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

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



ASSOCIATE COMPANY

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

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

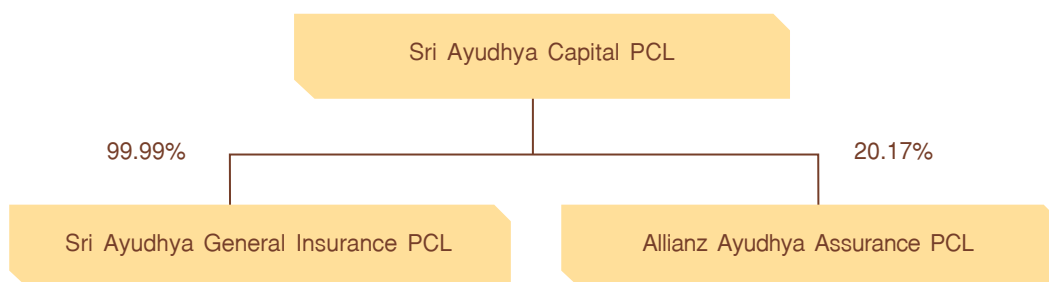
Allianz Ayudhya Assurance Public Company Limited (AZAY) is founded in Thailand on April 11, 1951 and was granted a life insurance license on April 20, 1951. Presently, the associate company is situated at 898 Ploenchit Tower, 1st floor Zone B, 2nd floor Zone B (Mezzanine), 5th floor Zone B2, 6th floor,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

STRUCTURE OF SHAREHOLDING IN SUBSIDIARY AND ASSOCIATE COMPANY

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

Name of Company	Type of Business	Shareholding	% of Holding
Subsidiary:			
Sri Ayudhya General Insurance PCL	Non-life insurance	99.99%	More than 25% of the Holding Company
Associate Company:			
Allianz Ayudhya Assurance PCL	Life Insurance	20.17%	Less than 25% of the Holding Company

SHAREHOLDING AND VOTING RIGHTS



General Information

OFFICE	Bangkok : 898 Ploenchit Tower 7 th Fl., Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330, Thailand. Tel. : +66-2657-2970 Fax : +66-2657-2971 Email : info@ayud.co.th Website : www.ayud.co.th
REGISTRATION AND SHAREHOLDING STRUCTURE	Type of registration : Public Company Limited Registration number : 0107537001391 Type of business : Investment holding company with investment focus in the insurance business
◆ AUTHORIZED SHARE CAPITAL	Ordinary shares : 500 million ordinary shares at Baht 1.00 per share Total : Baht 500 million
◆ ISSUED AND PAID-UP SHARE OF CAPITAL	Ordinary shares : 250 million ordinary shares at Baht 1.00 per share Total : Baht 250 million
◆ SUBSIDIARY	Sri Ayudhya General Insurance Public Company Limited 898 Ploenchit Tower 18 th Fl., Zone A, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330, Thailand. Tel. : +66-2657-2555 Fax : +66-2657-2500 Website : www.sagi.co.th
◆ ASSOCIATE COMPANY	Allianz Ayudhya Assurance Public Company Limited 898 Ploenchit Tower, 1 st Fl., Zone B, 2 nd Fl., Zone B-Mezzanine, 5 th Fl., Zone B-2, 6 th , 14 th and 17 th Fl., Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330 Thailand Tel. : +66-2305-7000 Fax : +66-2305-7011 Website : www.azay.co.th
◆ REFERENCE	Registrar Thailand Securities Depository Co., Ltd., 93, 14 Fl., Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400 Thailand Tel. : +66-2009-9000 Fax : +66-2009-9991
◆ DEBENTURE HOLDER'S REPRESENTATIVE	-None-
◆ AUDITOR	Dr. Suphamit Techamontrikul, - Certified Public Accountant Registration No. 3356 and/or Mr. Permsak Wongpatcharapakorn, - Certified Public Accountant Registration No. 3427 and/or Mr. Chavala Tienprasertkij, - Certified Public Accountant Registration No. 4301

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

AIA Sathorn Tower, 23rd-27th Floors, 11/1 South Sathorn Road,
Yannawa, Sathorn, Bangkok 10120 Thailand

Tel. : +66-2676-5700

Fax : +66-2676-5757

FINANCIAL INSTITUTIONS

◆ **Bank of Ayudhya Public Company Limited**

Head Office

1222 Rama III Road, Bangponpang, Yannawa,
Bangkok 10120 Thailand

Tel. : +66-2296-2000

Ploenchit Branch (Temporary Office)

900 Ploenchit Road, Lumpini, Pathumwan,
Bangkok, 10330 Thailand

Tel. : +66-2208-2000

◆ **Kasikorn Bank Public Company Limited**

Bureau of Ratburana

1 Rat Burana Road, Rat Burana, Bangkok 10140 Thailand

Tel. : +66-2871-3650

◆ **The Government Housing Bank**

Head Office

63 Rama 9 Road, Huai Khwang, Bangkok 10310 Thailand

Tel. : +66-2645-9000

◆ **Government Savings Bank**

Ratchaprasong Branch

492/1 Rama 1 Road, Wangmai, Pathumwan, Bangkok 10330 Thailand

Tel. : +66-2252-7319

Board of Directors

Mr. Veraphan Teepsuwan
Chairman



Mr. Vichit Kornvityakoon
Independent Director,
Member of Audit
Committee, and
Chairman of Corporate
Governance Committee



Mr. Virojn Srethapramotaya
Director



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



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

Mr. Rowan D’Arcy
President & CEO



Mr. Chusak Salee
Director



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



**Mr. Suwat
Suksongkroh**
Independent Director



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

**Mr. Laksna
Thongthai**
Director



Board of Directors Information



MR. VERAPHAN TEEPSUWAN

Chairman

(Appointed February 28, 2002)

Age 75 years

% Shareholding: None

Family Relationship with Directors and Executives: None

Education and Training

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

Work Experience in the Last 5 Years

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

Other Listed Companies

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

Other Companies/Organizations

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



MR. ROWAN D'ARCY

President & CEO

(Authorized Signatory)

(Appointed December 1, 2007)

Age 62 years

% Shareholding: None

Family Relationship with Directors and Executives: None

Education and Training

- ◆ University of Witwatersrand, Johannesburg, South Africa
- ◆ Ashridge Business School, UK
- ◆ Certificate of Training and Seminar, Thai Institute of Directors Association (IOD): Director Certificate Program (DCP 103/2008), Chartered Director Class (CDC) 10/2015

Work Experience in the Last 5 Years

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

Other Listed Companies

-None-

Other Companies/Organizations

◆ November, 2010-Present	President & CEO (Authorized Signatory)	Sri Ayudhya General Insurance PCL
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MR. CHUSAK SALEE

Director (Authorized Signatory)

(Appointed November 1, 1997)

Age 63 years

% Shareholding: 0.017% (43,000 shares)

Family Relationship with Directors and Executive: None

Education and Training

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

Work Experience in the Last 5 Years

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

Other Listed Companies

-None-

Other Companies/Organizations

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



MR. LAKSNA THONGTHAI

Director (Authorized Signatory)

(Appointed March 21, 1994)

Age 62 years

% Shareholding: None

Family Relationship with Directors and Executives: None

Education and Training

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

Work Experience in the Last 5 Years

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

Other Listed Companies

-None-

Other Companies/Organizations

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



MR. SURACHAI PRUKBAMROONG

Independent Director, and Chairman of Audit Committee
(Appointed October 12, 1999)

Age 78 years

% Shareholding: None

Family Relationship with Directors and Executives: None

Education and Training

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

Work Experience in the Last 5 Years

Period	Position	Name of Organization
◆ 1999-Present	Independent Director, and Chairman of Audit Committee	Sri Ayudhya Capital PCL

Other Listed Companies

◆ 1999-April 2012	Independent Director, and Chairman of Audit Committee	Bank of Ayudhya PCL
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Other Companies/Organizations

◆ November 2010-Present	Independent Director, and Chairman of Audit Committee	Sri Ayudhya General Insurance PCL
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MR. VIROJN SRETHAPRAMOTAYA

Director (Authorized Signatory)

(Appointed February 27, 1998)

Age 65 years

% Shareholding: None

Family Relationship with Directors and Executives: None

Education and Training

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

Work Experience in the Last 5 Years

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

Other Listed Companies

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

Other Companies/Organizations

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



MR. METHA SUVANASARN

Independent Director and Member of Audit Committee

(Appointed September 1, 2005)

Chairman of Nomination & Remuneration Committee

(Since January 19, 2007)

Age 76 years

% Shareholding: None

Family Relationship with Directors and Executives: None

Education and Training

- ◆ B.A. Accountancy, Thammasat University
- ◆ Certificate of Training and Seminar, Thai Institute of Directors Association (IOD): Director Certification Program (DCP12/2001), DCP Refresher Course 2/2006, Role of the Compensation Committee (RCC9/2009), Director Certification Program Update (DCPU 1/2014), Chartered Director Class (CDC) 9/2015
- ◆ Certified in the Governance of the Enterprise IT (CGEIT), USA
- ◆ CRISC Certified in Risk and Information System Controls, USA
- ◆ CRMA Certification in Risk Management Assurance, USA
- ◆ Certified Internal Audit (CIA), USA
- ◆ Certified Public Accountant (CPA), Thailand
- ◆ Computer Audit Certificate, Federal Deposit Insurance Corporation (FDIC), USA
- ◆ Management Certificate, University of California at Berkeley, USA
- ◆ Advanced Management Certificate, Harvard University Graduate School of Business Administration, USA
- ◆ New Era Governance Certificate, Harvard Business School, USA

Work Experience in the Last 5 Years

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

Other Listed Companies

-None-

Other Companies/Organizations

◆ 2016-Present	Consultant	Make A Wish
◆ 2015-Present	Audit Committee	Prostheses Foundation of Her Royal Highness the Princess Mother
◆ 2015-Present	Chairman of Audit Committee	Faculty of Economics, Chiang Mai University
◆ November 2010-Present	Independent Director and Member of Audit Committee, and Chairman of Nomination & Remuneration Committee	Sri Ayudhya General Insurance PCL
◆ 2013-Present	Vice President	Audit Chairman of ISACA (Information Systems Audit and Control Association), Bangkok Chapter
◆ 2013-Present	Vice President	Vice Chairman of Thailand Information Security Association (TISA)
◆ Present	Specialist	IT Examination Specialist of Bank of Thailand
◆ 2012-2014	Risk Management Committee	Thai Chamber of Commerce and Board of Trade of Thailand
◆ 2011-2014	Director	Director, Information Security, National Electronics and Computer Technology Center (NECTEC)
◆ 2012- 2014	Sub-Committee	Standard Development of Electronics Transaction, Ministry of Information and Communication Technology



MR. VICHIT KORNVITYAKOON

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

Age 66 years

% Shareholding: None

Family Relationship with Directors and Executives: None

Education and Training

- ◆ Master of Business Administration Program, Thammasat University
- ◆ Bachelor of Accountant, Chulalongkorn University
- ◆ Bachelor of Laws, Thammasat University
- ◆ Certificate of Training and Seminar, Thai Institute of Directors Association (IOD): Director Certification Program (DCP 172/2013), Advanced Audit Committee Program (AACP 14/2014), Anti-Corruption for Executive Program (ACEP14/2015), Role of the Nomination & Governance (RNG) 7/2015, Risk Management Program for Corporate Leaders (RCL) 2/2015, Boards that Make a Difference (BMD) 1/2016

Work Experience in the Last 5 Years

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

Other Listed Companies

-None-

Other Companies/Organizations

◆ 2013-Present	Independent Director, Member of Audit Committee, and Chairman of Compliance Committee	Sri Ayudhya General Insurance PCL
◆ 2013-Present	Member of IT and Systems Development Supervisory Sub-Committee	Deposit Protection Agency
◆ 2012-Present	Member of Executive Credit Committee	Sukhumvit Asset Management Co., Ltd.
◆ 2016-Present	Member of Professional Ethics Committee	Federation of Accounting Professions, Under the Royal Patronage of his Majesty the King



MR. SUWAT SUKSONGKROH

Independent Director
(Appointed March 21, 1994)
Age 70 years

% Shareholding: 0.013% (32,500 shares)

Family Relationship with Directors and Executives: None

Education and Training

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

Work Experience in the Last 5 Years

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

Other Listed Companies

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

Other Companies/Organizations

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



MISS NOPPORN TIRAWATTANAGOOL

Director

(Appointed April 22, 2013)

Nomination & Remuneration Committee Member

(Appointed May 14, 2013)

Age 62 years

% Shareholding: None

Family Relationship with Directors and Executives: None

Education and Training

- ◆ Master of Accounting, Faculty of Commerce and Accountant, Thammasat University
- ◆ Bachelor of Business Administration (in Accounting), Thammasat University
- ◆ Training on International Financial Reporting Standard 9 (IFRS9) PwC Thailand, Year 2016
- ◆ CG Forum 2/2016 “Honest, Cautions, Protective for the director”, Year 2016
- ◆ Seminar on “Cyber Security Awareness Training for Senior Executive”, Year 2016
- ◆ Certificate of Training and Seminar, Thai Institute of Directors Association (IOD): Director Accreditation Program (DAP) Year 2003, Role of the Compensation Committee (RCC) Year 2009, Audit Committee Program (ACP) Year 2010, Director Certification Program (DCP) Year 2010, Financial Institutions Governance Program (FGP) Year 2011, Anti-Corruption for Executive Program (ACEP) Year 2013, Risk Management Program for Corporate Leaders (RCL) Year 2015.

Work Experience in the Last 5 Years

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

Other Listed Companies

◆ January 1, 2015-Present	Risk and Compliance Committee Member	} Bank of Ayudhya PCL
◆ January 2, 2014-Present	Director (Authorized Signatory)	
◆ April 28, 2010-Present	Nomination and Remuneration Committee Member	
◆ April 8, 2010-January 1, 2014	Director	} Grand Canal Land PCL
◆ April 20, 2016-Present	Director	
◆ May 6, 2015-April 19, 2016	Director (Authorized Signatory)	} Srivichaivejvivat PCL
◆ October 17, 2014-Present	Director	
◆ April 2012-Present	Director	} Siam City Cement PCL
◆ July 22, 2014-Present	Director of Nomination and Compensation Committee, Director of Governance, Risk and Compliance Committee	

Other Companies/Organizations

◆ May 8, 2015-Present	Director (Authorized Signatory)	CKS Co., Ltd.
◆ May 8, 2015-Present	Director (Authorized Signatory)	Super Assets Co., Ltd.
◆ May 8, 2015-Present	Director (Authorized Signatory)	C.K.R. Co., Ltd.
◆ May 8, 2015-Present	Director (Authorized Signatory)	The Bangkok Lighters Co., Ltd.
◆ May 8, 2015-Present	Director (Authorized Signatory)	The Thai Tapioca Flour Produce Co., Ltd.
◆ May 8, 2015-Present	Director (Authorized Signatory)	Cyber Venture Co., Ltd.
◆ April 9, 2015-Present	Director (Authorized Signatory)	Khao Kheow Country Club Co., Ltd.
◆ April 9, 2015-Present	Director (Authorized Signatory)	Siam Puri Engineering Co., Ltd.
◆ April 9, 2015-Present	Director (Authorized Signatory)	Siam Purimongkol Co., Ltd.
◆ December 15, 2014-Present	Director	Belle Development Co., Ltd.
◆ December 1, 2014-Present	Director (Authorized Signatory)	Grand Fortune Co., Ltd.
◆ April 21, 2014-Present	Director	Bangkok Broadcasting & TV Co., Ltd.
◆ April 21, 2014-Present	Director (Authorized Signatory)	BBTV Satelvision Co., Ltd.
◆ April 21, 2014-Present	Director (Authorized Signatory)	GL Asset Co., Ltd.
◆ April 21, 2014-Present	Director (Authorized Signatory)	Mahakij Holdings Co., Ltd.
◆ April 21, 2014-Present	Director (Authorized Signatory)	BBTV Production Co., Ltd.
◆ January 10, 2014-Present	Director (Authorized Signatory)	BBTV Alliance Ltd.
◆ January 10, 2014-Present	Director (Authorized Signatory)	BBTV Bond Street Building Ltd.
◆ August 2012-Present	Director (Authorized Signatory)	ITBC Business Consultant Group Co., Ltd.
◆ April 2011-Present	Director (Authorized Signatory)	Exclusive Senior Care International Co., Ltd.
◆ September 2010-Present	Director (Authorized Signatory)	BBTV International Holdings Co., Ltd.
◆ September 2010-Present	Director (Authorized Signatory)	Sunrise Equity Co., Ltd.
◆ September 2010-Present	Director (Authorized Signatory)	BBTV Equity Co., Ltd.



MR. BRYAN JAMES SMITH

Director and Nomination & Remuneration Committee Member

(Appointed November 4, 2014)

(Authorized Signatory)

Age 58 years

% Shareholding: None

Family Relationship with Directors and Executives: None

Education and Training

- ◆ Master of Business Administration, Australian Graduate School of Management, The University of New South Wales, Sydney, Australia
- ◆ Bachelor of Commerce / Bachelor of Laws, The University of New South Wales, Sydney, Australia
- ◆ Certificate of Training and Seminar, Thai Institute of Directors Association (IOD) : Director Certification Program (DCP) Class 207/2015, Diploma Examination Program — Fellow Member 2015

Work Experience in the Last 5 Years

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

Other Listed Companies

-None-

Other Companies/Organizations

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

Other Information

MS. JIRATCHA RUPLEK

Company Secretary (Appointed August 15, 2008)
 Senior Vice President, Company Secretary (Appointed June 19, 2013)
Age 48 Years
 % Shareholding : None
 Family Relationship with Directors and Executive : None



Education and Training

- ◆ Bachelor of Laws, Ramkhamhaeng University
- ◆ Certificate of Training and Seminar, Thai Institute of Directors Association (IOD): Company Secretary Program (CSP 28/2008), Effective Minute Taking (EMT 12/2008), Board Reporting Program (BRP 12/2013), Company Reporting Program (CRP 7/2013), Corporate Governance for Executive - CGE 7/2016

Work Experience in the Last 5 Years

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

Other Listed Companies

-None-

Other Companies/Organizations

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

Senior Vice President, Internal Audit Department
 Head of Internal Audit
Age 49 years



Education

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

Training

- ◆ Auditing Information System, Operational Auditing, Tools and Techniques for The Audit Manager: The Institute of Internal Auditors of Thailand
- ◆ Fraud Risk Management, Working Paper for Measures to Anti-Corruption in Organization, Internal Audit Certificate Program (IACP): Federation of Accounting Professions
- ◆ IT Audit For Non-IT Auditor Masterclass 2013, IT Audit Workshop for Non-IT Auditor : NSTDA Academy
- ◆ Certificate in Insurance (Associate Level), Certificate in Non-Life Insurance Claim : Thailand Insurance Institute

Other Companies

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

Work Experience in the Last 5 Years

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

Nature of Business

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

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

COMPANY REVENUE STRUCTURE BASED ON CONSOLIDATED FINANCIAL STATEMENTS

The main income of the Company as per the consolidated financial statements can be divided into two parts: underwriting income from the subsidiary and the investment income. Details of the income as of December 31, 2016, 2015 and 2014 are shown as follows:

(Unit in Baht)

	2016		2015		2014	
	Amount	%	Amount	%	Amount	%
Underwriting Income*						
Fire	454,714,970	20.5	482,640,310	21.4	421,708,452	19.2
Marine and transportation	172,949,269	7.8	179,239,144	7.9	190,827,734	8.7
Miscellaneous	791,935,432	35.8	847,547,848	37.5	677,379,964	30.9
Motor	796,204,961	35.9	751,529,183	33.2	901,999,040	41.2
Total	2,215,804,632	100.0	2,260,956,485	100.0	2,191,915,190	100.0

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

(Unit in Baht)

	2016		2015		2014	
	Amount	%	Amount	%	Amount	%
Net Earned Income						
Fire	425,169,252	22.5	421,893,295	22.5	360,777,581	19.8
Marine and transportation	107,729,040	5.7	110,789,398	5.9	114,097,024	6.2
Miscellaneous	681,164,983	36.0	725,275,303	38.8	565,957,707	31.1
Motor	678,422,105	35.8	614,717,773	32.8	780,861,183	42.9
Total	1,892,485,380	100.0	1,872,675,769	100.0	1,821,693,495	100.0

(Unit in Baht)

	2016		2015		2014	
	Amount	%	Amount	%	Amount	%
1 Underwriting income	2,215,804,632	77.4	2,260,956,485	79.7	2,191,915,190	53.4
2 Investment income	541,962,648	18.9	572,328,785	20.1	1,911,658,546	46.5
3 Other income	104,321,506	3.7	5,123,063	0.2	2,689,254	0.1
Total income	2,862,088,786	100.0	2,838,408,333	100.0	4,106,262,990	100.0

In 2016, the composition of the Company's income structure changed from 2015, with the proportion of insurance income reducing from 79.7% in 2015 to 77.4%.

The proportion of investment income in 2016 decreased from 20.1% in 2015 to 18.9% resulting from a reduction of profit from investment in securities in the amount of Baht 10.17 million or 17.28% while net investments made during 2016 was also reduced by Baht 15.92 million or 13.19% due to lower interest rates which continued on a downward trend. In 2016, the Company also earned a profit from the investment in Allianz Ayudhya Assurance Public Company Limited in the amount of Baht 388.47 million, a decrease of Baht 4.28 million or 1.09% from previous year.

The proportion of other income during 2016 increased from 0.2% in 2015 to 3.7% as in 2016 the Company profited from other income in the amount of 104.32 million, versus Baht 5.12 million last year, an increase of Baht 99.20 million or 1,936.31% resulting from a reversed record in an insurance contract of Baht 97.87 million based on a lawsuit for a claim settlement by an insured on September 24, 1997; on March 15, 2016, the Supreme Court dismissed the case thus the Company was able to reverse the record into other income for 2016.

1. NATURE OF PRODUCT OR SERVICE

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

- Fire Insurance:** The nationwide coverage includes structure, buildings, properties, commercial buildings, industrial plants including assets, inventory, machines and equipment, and raw materials.
- Marine and transportation:** The insurance ranges coverage on goods transported by ship at sea and/or by river both internationally and within Thailand. There is also coverage for marine hull. The coverage is provided on goods transported over land by truck or train, as well as by air and parcel post.



- c) **Miscellaneous:** These include personal and group accident, travel, money, burglary, machinery and erection, construction, workman compensation, electronics and computers, public liability, all risks, business interruption, credit card, plate glass, contractors' plant and machinery, and leasehold.
- d) **Motor:** Covers are for automobiles and motorcycles. Choices range from compulsory to voluntary with various options.

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

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

Critical Factors Affecting Opportunities or Limitations in Business Operations

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

2) MARKET AND COMPETITION

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

In 2016 direct premiums of non-life insurance industry amounted to Baht 211,813.38 million, a growth of 1.21% from 2015, divided into fire insurance at Baht 10,233.27 million, down by 2.40%, marine and shipping insurance at Baht 5,267.90 million, down 1.41%, miscellaneous insurance at Baht 74,124.31 million, up 1.50%, and motor insurance at Baht 122,187.91 million, up 1.46%. (Source of Data: Business Intelligence and Statistics, Office of the Insurance Commission).

(Unit in Baht '000)

Type of Insurance	Direct Premiums of Non-Life Insurance Business		
	2016	2015	% Increase (decrease)
Fire	10,233,267	10,484,614	(2.40)
Marine and transportation	5,267,903	5,342,974	(1.41)
Miscellaneous	74,124,306	73,027,073	1.50
Motor	122,187,906	120,423,870	1.46
Total	211,813,382	209,278,531	1.21

Competitive Strategy

The Company competes using the following strategies:

1. Build quality employees by developing their capabilities in using technology for work, and thereby improve the response rate as well as the accuracy and speedier service.

2. Develop operational processes to ensure on time service delivery for customers.
3. Systematically and continuously upgrade technology used in work processes, and thereby increase efficiency and accuracy of services to support expansion in insurance work in areas of underwriting and claims to satisfy customers.
4. Develop new products and services to fit with customers' lifestyle.
5. Promote quality agents and brokers through training, and online connectivity to link data for faster, more accurate and efficient services.
6. Continue to build Bancassurance distribution channel by developing new products and services to meet with customers' needs.
7. The online distribution channel has been growing continuously and the opportunity in expanding this channel is promising. The Company plans to join hands with similar businesses and sell 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 already understand the importance of having insurance. They are experienced with insurance products having purchased insurance such as property, motor, personal accident, and travel insurance for themselves and families. Bank loan customers are required to have insurance in accordance to loan agreement made to prevent possible loss.

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

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



Distribution Channels

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

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

Distribution breakdowns in the past three years:

	2016	2015	2014
1. Brokers and agents	39.80%	43.08%	42.15%
2. Financial institutions and affiliated companies	56.63%	49.10%	48.95%
3. Direct sales	6.56%	7.82%	8.907%

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

2016 market share of the subsidiary as provided by Statistics Division, Examination Planning and Development, Office of Insurance Commission is shown as follows:

(Unit in Baht 000)

Type of Insurance	Direct Premiums of the Subsidiary	Direct Premiums of 61 Insurance	Market Share (%)	Ranking
Fire	601,818	10,233,267	5.88	6
Marine and transportation	333,378	5,267,903	6.33	6
Miscellaneous	1,061,613	74,124,306	1.43	19
Motor	1,053,084	122,187,906	0.86	28
Total	3,049,893	211,813,382	1.44	19

As of December 31, 2016, there are 61 operating insurance companies within the country, split into 52 Thai insurance companies, 5 defined as branches of foreign insurance companies and 4 group health insurance companies.

The subsidiary has the advantage over competition on strong financial strength and number of years in business enabling it to operate efficiently over the years. The capital adequacy ratio (CAR) is at 698%. 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 2016, the Subsidiary has 14 provincial branches and four sub-branches dedicated to servicing claims, spanning the northern, central, eastern, north eastern and southern regions. All branches are on-line to provide convenience and speedy service.

(c) Provision of Products and Services

Source of Funds

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

Loans

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

The Ability to Maintain Loss Ratio

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

Liquidity

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

(d) Work-in-process

None.



Following the passing of His Majesty King Bhumibol Adulyadej on October 13, 2016, the management team and employees of the Company gathered to pay heartfelt respect and condolences in remembrance of his gracious kindness. We pledge to continue to follow his Majesty's Royal Footsteps with all that we do.



Important Events



JANUARY 22, 2016

The Company was certified by Thailand's Private Sector Collective Action Coalition or CAC and was awarded with a three-year membership.



JULY 27, 2016

The Company received an Investors' Choice Award 2016 from Thai Investors Association (TIA) for having achieved a full rating of 100%, or 'Excellent' on all criteria as evaluated by the Stock Exchange of Thailand and the Securities and Exchange Commission for six consecutive years.



NOVEMBER 2016

The Thai Institute of Directors (IOD) recognized the Company with a 4-star rating for its corporate governance performance based on the results of the Corporate Governance Report of Thai Listed Companies (CGR) assessment.



STRATEGIC RISK

The strategic risk covers policy setting, strategy, plan, and implementation that may not fit with the internal structure i.e. the Company organization or objectives, or external environment i.e. economic situation or consumer income.

RISK MANAGEMENT GUIDELINE

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

◆ Product Design and Development, and Price Structure

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

◆ Risk from Investment Fluctuations

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

In 2016, Thai economy continued to face all around challenges while the government investment could not bring about private sector's confidence in the economic recovery. The contraction of exports, a continuing economic impact from last year, mirrored trade partners' slowing economy.

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

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

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

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

LIQUIDITY RISK

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

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

OPERATIONAL RISK

Operational risk means any risk arising from operational errors which could cause disruption in business to the point where it results in financial loss and/or damage to its reputation.

MANAGING OPERATIONAL RISKS

The Risk Management Committee is authorized to oversee the operation and to ensure that the operation and procedures are in compliance with policies, rules, regulations, and resolutions of shareholders' meeting. In addition to providing training on risk management to employees, the Company has set the policy in managing operational risks with emphasis on internal, financial as well as operational controls as well as compliance to good corporate governance practices. The Internal Audit Department is in charge of reviewing and monitoring the internal control systems as set forth.

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

The Company has established a guideline to manage operational risks by setting procedures to assess risks using CRSA: Control and Risk Self-Assessment as a tool in the operation of the Company and subsidiary under the supervision of the Risk Management Committee. The Committee regularly monitors the key risk management plan together with responsive measures against the specified risks. If faced with an operational risk that is considered to be at the organizational level, a working committee will be appointed to manage the risks raised, and take corrective actions for successful implementation.

◆ Risk of IT System Interruption

The Company is committed to develop communication and information technology system to increase effectiveness in providing continuous support and services to management. In the past year, the Company invested in equipment and software, and developed employee competencies by raising the level of know-how and expertise in operating IT systems especially with systems developed for use with business partners i.e. Bank of Ayudhya PCL, and CIMB Thai Bank PCL. Although the Company places utmost importance to managing the business with continuity, important equipment and IT systems may run into problem due to factors beyond control. The potential damage is the risk that could critically impact the Company's operation or continuity plan.

◆ Risk of Corruption

The Company and subsidiary is committed to operate under anti-corruption policy to build confidence and to reduce damage, whether financial or reputation, from such risks. Employees are expected to adhere to Code of Ethics and Conduct that is published with penalties specified. Training is also provided covering this subject and related matters. In 2016, the Company and subsidiary conducted risk assessments covering all aspects of fraud and corruption, and made improvements to the policy and approach in managing this risk, resulting in a more stringent operational standards that is fitting to the intention expressed in countering corruption.

◆ Business Continuity Plan (BCP)

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

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

INSURANCE RISK

Insurance risk means the fluctuation of the frequency, extent of damage, and number of events that is out of the standard assumption used in establishing rate of insurance, calculations for reserve, and underwriting considerations. The Company examines thoroughly the level of risks that is acceptable to take by referring to the insurance underwriting manual, evaluating insurance rates, risk spreads, and other relevant considerations to ensure that there is no concentrated risk by way of geography or by type of risks. If the risks exceed the defined level, the Company extends the risks to reinsurers by proportional reinsurance, and/or non-proportional reinsurance which means that the reinsurer will take the responsibility for claim payments on extensive damage as per agreed terms.

CREDIT RISK

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

As of December 31, 2016 loans were made to employees with guarantors in the amount of Baht 0.13 million, with interest charged to employees in accordance with the rules on the employee welfare policy. Loans and investments of the subsidiary, an insurance company, fall under the regulations of the Office of Insurance Commission, the Announcement on Investment by Insurance Companies in Other Businesses, B.E. 2556 (2013).

RISK FROM DEPENDENCE ON MAJOR CUSTOMERS

The subsidiary receives a majority of fire and miscellaneous insurance premiums from Bank of Ayudhya PCL customers, and its savings and loan customers. If factors exist for the bank to stop expanding insurance sales, it will unavoidably impact the revenue of the subsidiary. Therefore, the Company manages this relationship by increasing competitiveness and consistently collaborating in planning at the operational level, with the bank currently acting as a broker for the subsidiary.

RISK FROM OVERDUE PREMIUM COLLECTION

For the subsidiary, one of the distribution channels for the non-life insurance business is through agents and brokers. Insurance policies are issued and forwarded to agents and brokers, and premiums are to be collected at a later date under a specified term, risking uncollectible premiums.

If agents and brokers face cash flow or financial problems, it is considered as a risk that is significant. In managing premium collection, the subsidiary has developed a clear and strict guideline to follow. A monthly meeting with the management is held to monitor overdue accounts by adhering to announcements and regulations of the Office of Insurance Commission (OIC) specifying premiums payment period. If outstanding premiums cannot be collected in due time and/or exceed the terms given, the collection department then takes over the debt-collection process. The subsidiary has a higher-than-standard rating on the appraised outstanding premiums as set by the OIC which is at 80% minimum.

◆ Managing Risks based on RBC

As of December 31, 2016, the Company and its subsidiary have assets in cash and deposits in the amount of Baht 1,417.05 million, investment in securities available-for-sale in the amount of Baht 2,620.35 million, and bank deposits held-to-maturity exceeding 3 months of Baht 197.90 million. Investments stated are shown in fair value. Short-long term investments are securities that are in market demand, with secondary market to support selling and buying. In addition, the subsidiary maintains a CAR ratio that is higher than required by the Office of Insurance Commission (OIC).

Major Shareholders

Top ten major shareholders as at August 31, 2016

No	Name of Shareholders	No. of Shares	Percentage
1	DEUTSCHE BANK AG, FRANKFURT A/C CLIENTS ACCOUNT-DCS	42,104,000	16.842
2	Bangkok Broadcasting & Television Company Limited	28,802,500	11.521
3	TRIPLE PRIME TEAM HOLDINGS COMPANY LIMITED	25,238,750	10.096
4	BBTV Equity Company Limited	21,946,000	8.778
5	Bank of Ayudhya Public Company Limited	21,250,800	8.500
6	Thongthai (1956) Company Limited	9,610,000	3.844
7	CITIBANK NOMINEES SINGAPORE PTE LTD-UBS AG LND BRANCH A/C CLIENT NRBS	7,380,500	2.952
8	Great Fortune Equity Company Limited	7,045,250	2.818
9	Ms. Sudthida Ratanarak	6,454,870	2.582
10	Krungthai Panich Insurance Public Company Limited	3,938,400	1.575

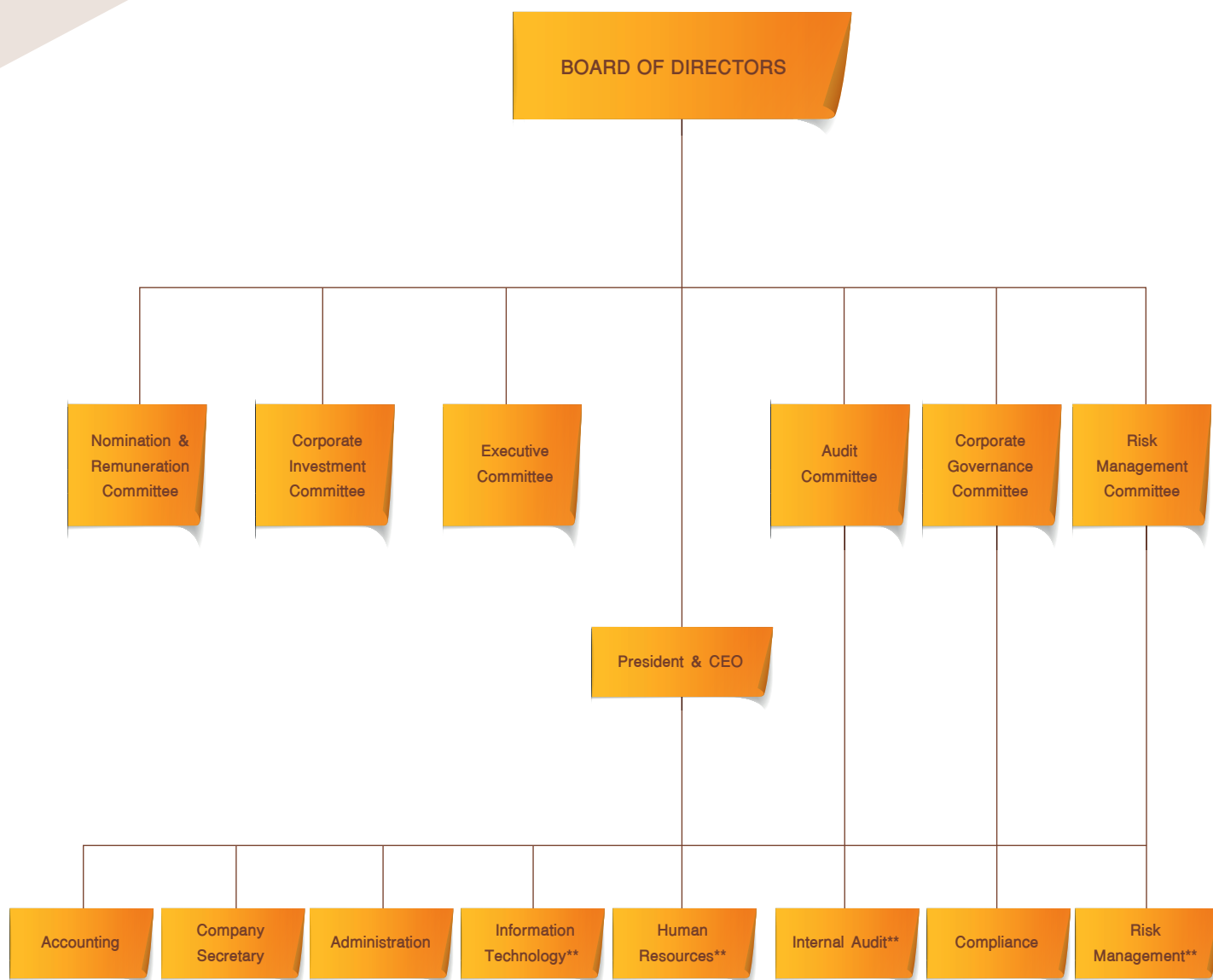
Shares Held by Members of the Board of Directors

As at December 31, 2016

No	Board of Directors	Designation	31 December 2016		31 December 2015	
			Shares	Proportion (%)	Shares	Proportion (%)
1	Mr. Veraphan Teepsuwan	Chairman	-	-	-	-
2	Mr. Surachai Prukbamroong	Director	-	-	-	-
3	Mr. Metha Suvanasarn	Director	-	-	-	-
4	Mr. Vichit Kornvityakoon	Director	-	-	-	-
5	Mr. Suwat Suksongkroh	Director	32,500	0.013	32,500	0.013
6	Ms. Nopporn Tirawattanagool	Director	-	-	-	-
7	Mr. Virojn Srethapramotaya	Director	-	-	-	-
8	Mr. Bryan James Smith	Director	-	-	-	-
9	Mr. Rowan D'Arcy	Director	-	-	-	-
10	Mr. Chusak Salee	Director	*43,000	0.017	*43,000	0.017
11	Mr. Laksna Thongthai	Director	-	-	-	-

Remarks: * Including spouse

Organizational Structure



** Outsourcing Company

Management Structure

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



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

1. BOARD OF DIRECTORS

In accordance with the Articles of Association, the Company shall have a Board of Directors comprised of at least five members to conduct the business of the Company, not less than half of whom shall reside within the country. As of December 31, 2016, the Board of Directors consists of 11 members, with six non-executive directors, four independent directors, and one executive director.

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

Company Directors

As of December 31, 2016 the following are members of the Board of Directors as registered with the Ministry of Commerce

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

Remark: * Mr. Chusak Salee retired on April 30, 2016.

COMPANY SIGNATORIES

The Articles of Association stipulate that the Board has the authority to assign a director, or a number of directors, to sign or act on behalf of the Company, with criteria stipulated by the Board as per company registration details. The certified registration specifies five authorized directors, namely Mr. Rowan D'Arcy, Mr. Chusak Salee, Mr. Laksna Thongthai, Mr. Virojn Srethapramotaya, and Mr. Bryan James Smith with any two of the five directors may sign with the Company seal.

Charter of the Board of Directors

1. Achieving the Vision

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

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

2. Functions and Responsibilities

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

- 2.1 Directing the policies, strategies and financial objectives of the Company and monitoring the implementation of these policies, strategies and financial objectives, with an aim to maximizing economic value and shareholder wealth;
- 2.2 Creating structures and procedures designed to ensure compliance with regulatory requirements, the Articles of Association, resolutions of shareholders’ meetings and ethical standards in good faith and with care;
- 2.3 Creating structures and procedures designed to ensure that there are appropriate systems of risk management, internal compliance and control;
- 2.4 Monitoring and assessing management performance in achieving strategies and budgets approved by the Board (at least semi-annually);
- 2.5 Setting criteria for, and evaluating, the performance of the President & CEO, and other senior management, (at least annually);
- 2.6 Overseeing and reviewing the succession planning processes for the positions of President and senior management personnel, who are fully responsible for the management of the Company, under regular and continuing guidance of the Board of Directors;
- 2.7 Observing and ensuring that the management team and employees are communicated fully on expected compliance with the Company’s Code of Conduct.

3. Authority

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

- 3.1 Appointing and determining the remuneration and conditions of service of the President & CEO;
- 3.2 Appointing the Managing Director;
- 3.3 Approving:
 - 3.3.1 The strategic plan (reviewed regularly throughout the year);
 - 3.3.2 The annual business plan;
 - 3.3.3 The annual budget;
 - 3.3.4 The quarterly, semi-annual and annual financial reports;
 - 3.3.5 The remuneration of members of Board Committees (not exceeding the overall amount approved by shareholders);
 - 3.3.6 The remuneration and conditions of service for the President, following annual review;
 - 3.3.7 Changes to organizational structure at the group level and other significant organizational changes;
 - 3.3.8 The acquisition, establishment, disposal or cessation of any significant asset or business of the Company;
 - 3.3.9 Any changes to the authority delegated by the Board; and
- 3.4 All matters not otherwise delegated to the Executive Committee, the President or management.

4. Composition

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

5. Criteria for Board Membership

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

2. THE EXECUTIVE COMMITTEE

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

As of December 31, 2016, the Executive Committee is comprised of the following:

No.	Name	Designation	Attendance
1	Mr. Rowan D'Arcy	Chairman	12/12
2	Mr. Chusak Salee*	Member	4/4
3	Ms. Orathai Rongthongaram	Member	5/5
4	Mrs. Apiradee Kanjanarat	Member	5/5
5	Mr. Issra Choovisit	Member	5/5

Remark: By Order 12/2016 Re: Appointment of Members of the Executive Committee, in effect on August 15, 2016 - December 31, 2017.

* Mr. Chusak Salee retired on April 30, 2016.

Scope and Authority of the Executive Committee

1. Composition and Qualifications of the Executive Committee Members

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

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

2. Term

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

3. Duties and Responsibilities

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

4. Authority

- 4.1. To determine the investment policy and the management of these risks.
- 4.2. To determine the management structure, organization chart for consideration by the Nomination & Remuneration Committee.
- 4.3. To determine human resources management, i.e. the Company's regulations, employment benefits, and provident funds. Any change that might cause significant impact to the operation must be approved by the Board.
- 4.4. To consider revisions to the annual plan.
- 4.5. To appoint executives, from the assistant managing director to senior vice president levels.
- 4.6. To determine and propose to the Nomination & Remuneration Committee for consideration the salary, wage, living cost adjustment, annual bonus, and raise adjustment for management level employees, from the assistant managing director to senior vice president levels.
- 4.7. To determine the level of approval authority on the Company's documents.
- 4.8. To control and manage the expenses of the Company to be within the approved budget by the Board and set chart of accounts in advance.
- 4.9. To have the authority to approve purchase of assets necessary to operate the business outside of the annual budget approved by the Board in the amount not exceeding Baht 1.5 million per transaction and not exceeding Baht 5 million in total per annum.
- 4.10. To have the authority to approve expenses outside of the budget and annual plan approved by the Board in the amount not exceeding 5% of the budget of each category and for other expenses not indicated in the budget and annual plan approved by the Board in the amount of Baht 500,000.00 per category, and not exceeding Baht 2 million in total per annum.
- 4.11. Anything outside and/or beyond the authority designated to the Executive Committee but is considered as an emergency, and that immediate action must be taken to prevent the Company from potential damage or from receiving appropriate benefits, a unanimous resolution shall be used to proceed as appropriate. Such a proceeding shall be reported as soon as practicable at the next Board meeting.
- 4.12. The Executive Committee shall appoint a working committee and/or an individual to assess work and/or any work that is deemed beneficial to the performance of the Committee or delegate work assigned to the Committee within the scope of responsibilities of the Committee.

5. Meeting and Resolution

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

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

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

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

6. Reporting

6.1. The Executive Committee shall report to the Board the following

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

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

COMPANY SECRETARY

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

3. REMUNERATION FOR DIRECTORS AND EXECUTIVE MANAGEMENT

Cash Remuneration

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

In 2015, Board Members received in total the sum of Baht 23,693,715 and in 2016, a total sum of Baht 17,764,940 was paid which included annual remuneration and bonus, with details as per the following comparison.

Comparison of Board Remuneration 2016 and 2015

No.	Name	2016			2015		
		Salary	Bonus	Total	Salary	Bonus	Total
1	Mr. Veraphan Teepsuwan	480,000	628,470	1,108,470	480,000	1,516,500	1,996,500
2	Mr. Surachai Prukbamroong	684,000	1,397,493	2,081,493	684,000	2,078,387	2,762,387
3	Mr. Metha Suvanasarn	684,000	1,332,056	2,016,056	684,000	1,981,671	2,665,671
4	Mr. Vichit Kornvityakoon	684,000	1,332,056	2,016,056	684,000	1,981,671	2,665,671
5	Ms. Nopporn Tirawattanagool	420,000	602,000	1,022,000	420,000	1,227,950	1,647,950
6	Mr. Virojn Srethapramotaya	840,000	1,262,160	2,102,160	840,000	1,783,106	2,623,106
7	Mr. Suwat Suksongkroh	570,000	1,131,243	1,701,243	570,000	1,659,484	2,229,484
8	Dr. Ulf Lange	-	-	-	-	585,774	585,774
9	Mr. Bryan James Smith	630,000	1,159,443	1,789,443	630,000	996,430	1,626,430
10	Mr. Rowan D'Arcy	630,000	835,939	1,465,939	630,000	1,249,329	1,879,329
11	Mr. Chusak Salee	540,000	970,280	1,510,280	540,000	1,152,563	1,692,563
12	Mr. Laksna Thongthai	360,000	573,800	933,800	360,000	958,850	1,318,850
Total		6,522,000	11,224,940	17,746,940	6,522,000	17,171,715	23,693,715

Remuneration for the Management Team

In 2016, the total remuneration for the five members of the management team of the Company as defined by the Securities and Exchange Commission was Baht 42.70 million which comprised salaries, bonus, and other benefits. The total remuneration of the 12 members of the management team of the subsidiary in 2016 was Baht 36.48 million.

Other Remunerations for the Management Team

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

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

In 2016, the Company contributed Baht 0.65 million into the provident fund for the management executives, and Baht 1.48 million for management executives of the subsidiary

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

4. PERSONNEL

The total number of employees as of December 31, 2016 was 407. The Company has paid remuneration to employees in the form of salary, bonuses, the employer's portion of social security contributions, a provident fund and retirement compensation, totalling amount Baht 299.77 million.

Type of Company	Number of Employees	% of Sick Days	Total Remuneration (Baht Million)
Parent company	8	1.03	47.39
Subsidiary	399	1.00	252.38
Total	407	1.00	299.77

Human Resources Policy

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

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

2016 Employee Competencies Development for the Digital Age

Subsequent to the digital push policy of 2015, with the objective of increasing digital capability for borderless and fast connectivity to create new modern products and services for customers, HR worked across departments to create an information system that matches the needs of customers, partners, and employees.

As the Company's vision is to move fully into the digital platform with products and services that meet the modern needs of our customers, employee skills and competencies must align with this vision. HR focused training and development efforts in providing knowledge, understanding and competencies in the digital and IT areas as well as practical skills to increase job effectiveness. In 2016, the Company provided 2,940 hours of continuous training to increase their skill levels to meet with the Company's vision and the business units' mission.

Vision

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

Mission

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

Compliance with Human Rights Principles

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

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

Employee Development

In 2016, the Company renewed the three-year plan (2017-2019) and HR restructured employees' scope of work to be more aligned with continuous changes in business development and technology. This had a positive impact on customer services and business partners, and increased the Company's competitiveness. In addition, employee skills were assessed to ensure that they have the knowledge required to perform their work. Remuneration is based on individual and team performance to ensure the best possible efficiency. In this regard, initiatives that have been implemented and/or completed within this year are as follows:

- ◆ Succession planning for key positions (Succession Planning): To ensure smooth transition and prevent business interruptions, risk levels for each position are analyzed and career plans for persons designated as successors are

further developed with a clear structure and timeframe. In 2016, additional training was provided to successors of every level, for the head office as well branch employees, 14 branches and 4 sub-branches, thus reducing risks in succession for key positions.

- ◆ HR introduced Human Resources Information System (HRIS) and Employee Self Service system (ESS) to support online learning and testing and the system was put to use for anti-corruption policy learning. Additionally, English Online Self Learning was offered to 20 targeted employees, and employees who expressed their interest in learning English.
- ◆ A training program for anti-corruption policy was implemented in accordance with the Code of Ethics and Conduct principles to develop employees' knowledge and understanding. Assessments and monitoring tools were used in achieving the awareness of corporate responsibilities and in being good corporate citizens. In 2016, 401 employees were tested and passed on this subject.
- ◆ An employee training facility was built on the 7th floor of the main office.
- ◆ Training courses were planned as a part of a training roadmap to increase core competencies (12 courses), and general competencies (36 courses).
- ◆ In 2016, 12 core competencies courses were implemented to develop and align the understanding of each competency for long term strategic development of the Company.
- ◆ Four job families were defined for competency evaluations: 1. Sales & Customer Functional Competencies; 2. Claims Functional Competencies; 3. Risks & Compliance Functional Competencies; and 4. Risk Engineer Functional Competencies.
- ◆ HR created individual employee development plans to consider the capabilities of employees at vice president and assistant vice president levels on core, general and functional competencies. The assessments were also conducted on the capabilities of sales and customer service groups of employees for sales & customer service functional competencies.
- ◆ Training programs in cooperation with leading insurance institutes and management continued from last year. Employees identified as 'high potentials', 'talents' and 'successors' were put into fast track training programs to develop their skills in modern management in the areas of, 'out-of-the-box' thinking, visioning, change management, competitive spirit, and leadership.
- ◆ Ten work safety training courses were organized for the subsidiary's management and staff levels at the head office. A Quality, Safety, Health, and Environment (QSHE) Committee was also formed at the work place in accordance to the Ministry of Labor regulations.
- ◆ HR went on a road show to provide knowledge about HR functions, the Company's rules and regulations, changes in employee benefits, training programs, including succession planning for 14 branches and 4 sub-branches nationwide.
- ◆ HR's 'Business Partner' module was introduced at all business units to engage HR in all areas of business, i.e. setting objectives, strategy, risks, solutions, etc. so as to provide counsel on all types of business activities. This is to help create better view of each business unit. HR's participation can help improve or develop work processes by providing consultation and support rather than being critical of the processes.
- ◆ Employment benefits handbooks were produced to promote the understanding of these benefits to all employees.

Workforce Development

In 2016, 402 employees of the Company and our subsidiaries participated in 57 internal training courses and 80 external training courses. Expenses totalled Baht 4.72 million.

Number of Employees in 2016	Number of Trained Employees in 2016	% of Trained Employees	Internal Training	External Training
407	402	98.77	57	113

Fostering Relationship between Employees and the Company

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

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

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

The Company respects employees' opinion and allows department representatives to participate in meetings to organize activities and the provision of benefits, including the planning of New Year's party, and the renovations of the 7th floor training room.

Activities Organized in 2016

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

February:

- ◆ Founded QSHE Committee, and appointed Committee members for the work place.
- ◆ The first Manager Conference for the year was held for executives and employees of all levels to declare the year's objectives, clarify policies, guidelines, and exchanged ideas and opinions.
- ◆ The Company held an annual party to celebrate achievements and foster relationship with employees.

April:

- ◆ A Songkran Festival was held to preserve Thai tradition and culture, the Company organized a water-blessing ceremony wishing for prosperity and happiness with employees receiving blessings from senior management.

June:

- ◆ The first Staff Meeting of the year was held at the head office to share the Company's policies. For the first half-year meeting, the Company invited a speaker from a 'start up' company to provide knowledge and challenges in setting up a new business and to build entrepreneurial spirit among employees.

July:

- ◆ The Company provided vaccination to employees and their families to protect them from catching a new strain of a cold virus that was spreading during the year.

August:

- ◆ The Company provided healthcare that is specific to employees' age group with regular follow ups to improve their health.

- ◆ Mother's Day: The Company organized a 'Dine with Mom' program. Employees were asked to send in photos taken with their moms via Yammer. All employees are encouraged to vote for their favourite photos and ten employees with most votes received special dining vouchers from the Company to promote family relationships.

September:

- ◆ The second Manager Conference of the year was held for all executives and employees to update performance and achievements, clarify policies, guidelines, and exchange ideas, i.e. brainstorming for new product development.

October:

- ◆ For the 66th anniversary of the Company's foundation, the Company organized a religious ceremony and a cake-cutting celebration to strengthen the team spirit.



November:

- ◆ The second Staff Meeting of the year was held at the head office to update employees on the Company's business performance and policies. The meeting included an invited guest from Allianz Ayudhya Assurance PCL to provide knowledge on 'Standards of Customer Service: Customer-Centric Approach'.

December:

- ◆ Father's Day: In remembrance of King Rama 9, the Company organized a photo contest 'Do Good Deeds for Our Father - King Rama 9' by encouraging employees to capture their good deeds in photos and send them in via Yammer. Nine employees with most votes from other employees received special gifts from the Company.
- ◆ The Company joined hands with Allianz Ayudhya Assurance PCL on the campaign 'Do Good Deeds for Our Father - King Rama 9' by selling goods. Proceeds from the sales, Baht 15,500.00, was donated to The Chaipattana Foundation.

Report on Good Corporate Governance Practices

POLICY ON CORPORATE GOVERNANCE

The Board of Directors has placed utmost importance on the creation of a good system of corporate governance. It is envisioned that business operations be carried out efficiently, with stability and sustainable growth while adding value to the economy. The Company strives toward business prosperity and pays due regard to the interests of stakeholders. The Company bases its operation on the principles of a sufficiency economy, through reason, loyalty, honesty and fairness to all stakeholders with respect to human rights while adhering to the principles of good corporate governance as stipulated by the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC).

In 2016, the Company strictly followed the good corporate governance policy covering these areas:


RIGHTS OF SHAREHOLDERS

The Company places emphasis on the rights of shareholders. Guidelines have been laid down for the preservation of rights and equitable treatment of all shareholders as prescribed by the articles and the Company's Code of Ethics and Conduct in order to engender the confidence of shareholders that they are receiving ample protection, and fundamental rights, ie. the right to receive adequate information disclosed on public domain, the right to attend shareholders' meeting without distributing significant information during the meeting, adding or changing meeting agenda without prior notice, the right to question the Board during the meeting, and the right to attend the meeting late. Such rights consist of the right to trade or transfer shares, to have the benefit of profits or dividends, to receive adequate news and information on the business, to attend shareholders' meetings and express opinions and cast votes on such matters as electing and removing directors, determining directors' remuneration, and approving the appointment of auditors and transactions that affect the Company. These rights are detailed as follows:

1. **The right to disclosure of information:** The Company has provided for the extensive disclosure of information and performance, as well as related party transactions, and essential information for shareholders to make decisions, in addition to resolutions of the Board of Directors on dividend payments and information about ordinary shareholders' meetings approximately two months in advance. The information is disseminated in both Thai and English as well as through the SCP system of the Stock Exchange of Thailand and the Company's website: www.ayud.co.th under 'Investor Relations' section.

The notices of ordinary shareholders' meetings and supporting documents, in Thai and English, are made available on the Company's website 30 days in advance of the ordinary shareholders' meeting date, and before shareholders receive actual meeting documents to allow for ample time to review the materials.

- 1.1. **The right to attend shareholders meeting:** Shareholders have the right to attend the ordinary shareholders' meeting held annually within 120 days of the closing date of the Company's fiscal year at December 31. The meeting is set with adherence to the laws and regulations as applicable, with the use of AGM Checklist and good governance practices. The date, time and venue are scheduled appropriately for the convenience of shareholders, with the meeting date and time set on a business day between 08.00 and 16.00 hours. The meeting venue is in Bangkok or a metropolitan area with convenient transportation; and the Company uses a barcode system and employs officials for convenience of registration, as well as the provision of duty stamps in the case of proxies.
- 1.2. **Agenda for Appointing/Nominating Director Candidates:** This covers preliminary information of proposed candidates such as title, name, age, type of director, education, and experience. Potential conflict of interests is disclosed. Criteria of appointment of new director and/or reappointment of existing directors must be reviewed by the Nomination & Remuneration Committee with a clear recommendation for shareholders to make a decision.

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- 1.3. Agenda for considering directors' remuneration:** This covers the amount and type of remuneration as defined by role or responsibilities of directors. The policy, criteria and methodology in calculating for compensation and other benefits must pass through the Nomination & Remuneration Committee with a clear recommendation for shareholders to make a decision.
- 1.4. Agenda to appoint the auditor and auditing fees:** This covers the name of auditors, and auditing firms, the independence of the auditors, number of employment by the auditing firms (in case of reappointment) or rationale for changing auditors (in case of appointing new auditors), and the justification for the auditing fee — all of which must be reviewed by the Audit Committee with a clear recommendation for shareholders to make a decision.
- 1.5. Agenda to pay dividend:** This covers the dividend policy, the amount of payment versus the policy, the rationale for not paying dividend as per policy, and a clear recommendation of the Board for shareholders to make a decision.
- 1.6. Other agendas for consideration (if any):** For example — increase/decrease of capital, change of regulations which must accompany by details such as objectives, rationale, or necessity, impact on the Company or shareholders and a clear recommendation by the Board for shareholders to make a decision.

The rights of shareholders were exercised with full support from the Board of Directors as evidenced by the Shareholders' Meeting No. 67 held on April 26, 2016 at The Grand Ballroom 3, The Okura Prestige Bangkok, 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 ordinary shareholders' meetings and supporting documents including the Annual Report in CD format, containing adequate and complete information, together with the facts and opinions of the Board of Directors on every item on the agenda. The Company also provided proxy forms, downloadable via www.ayud.co.th in accordance with the regulations of the Ministry of Commerce. Shareholders who were unable to attend the meeting in person was able to grant proxies to others, or independent directors specified by the Company to attend the meeting on his/her behalf, and cast votes on resolutions. A map of the meeting venue was also provided. These documents allowed shareholders to consider their votes on any item on the agenda within 7 days, or at least 14 days in advance. Furthermore, the Company made an announcement of the same in a daily newspaper for three consecutive days - at least three days before the meeting date. As the result, shareholders attended the meeting and registration of attendance was carried out smoothly and at least two hours prior to the meeting. An appropriate reception was also provided.
2. Minority shareholders were provided with the opportunity of proposing agenda to nominate candidates with appropriate qualifications for the Board of Directors as well as submitting their inquiries to the Company prior to the meeting. At the Shareholders' Meeting No. 67, the Company provided for this additional agenda calling for nomination of candidates for the Board of Directors with specific qualifications as announced via www.ayud.co.th and the SCP system of the Stock Exchange of Thailand.
3. The Company provided for shareholders who attended the meeting after its commencement, to be entitled to cast votes on the agenda under consideration and not yet decided, and be counted as part of the quorum on the agenda under consideration unless shareholders had a difference in opinion.

4. At the meeting of shareholders, prior to proceeding to the agenda, the Chairman announced the following:
 - 4.1. The number and proportions of shareholders present at the meeting and the number of proxies granted.
 - 4.2. Introduced Board members, senior management and auditors in attendance.
 - 4.3. Provided an explanation on voting and vote-counting procedures. Voting counting for each agenda item was disclosed.
 - 4.4. Allocated adequate time for the meeting and allowed shareholders equal opportunity to propose, and inquire fully. The Chairman answered all questions clearly and direct to the point throughout the meeting. The minutes of the meeting were recorded with resolutions and votes of all stakeholders summarized transparently and fairly.
 - 4.5. For the agenda on electing Board members, qualifications of the candidates to replace Board members whose tenure were up, were summarized and recorded.
 - 4.6. Disclosed the structure of shareholding and the 10 major shareholders of the Company as at the latest closing date of the Company's Registrar. This information is also available for viewing on the Company's website.
 - 4.7. All directors placed utmost importance on attending the annual shareholders' meeting and fully attended the meeting to provide information to shareholders and answered all inquiries directed by shareholders.
 - 4.8. In 2016, the Company set the Shareholders' Meeting No. 67 on April 26, 2016 with all supporting documents sent 14 days in advance to provide shareholders with adequate information on all items of the agenda for voting. Altogether, 11 Directors attended the meeting including the Chairman of the Board, Chairman of the Audit Committee, President & CEO, Managing Director, Sub-Committee Members, and the Company's independent auditors. The barcode system was used to register attendance and votes. The entire Meeting was also video-recorded and may be viewed via www.ayud.co.th.

For 2017, The Board of Directors set the date for the next Shareholders' Meeting No. 68 for April 24, 2017, 14.00 hours, at The Grand Ballroom, The Okura Prestige Bangkok, 57 Wireless Road, Lumpini, Pathumwan, Bangkok 10330. The notice calling the meeting and relevant documents were disseminated through the Company's website, www.ayud.co.th where shareholders could obtain the information a month in advance. Again, the barcode system for registration of attendance and votes will be used as well as the video-recording of the entire meeting.

EQUITABLE TREATMENT OF SHAREHOLDERS

The Company believes in equitable treatment of shareholders, whether Thais or foreigners. The Company sends notice calling the meeting and support documents, and proxy forms in Thai and English. Shareholders are enabled to participate in the deliberations and cast their votes in accordance with the Company agenda. The right to vote at the meeting is in accordance with the number of shares held, with one share equalling one vote.

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

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

Votes are cast openly, and ballot papers are provided for every item on the agenda. Shareholders have the opportunity to vote as they see fit. Ballots are collected in cases of disapprovals or abstentions for each item. The results are then aggregated and processed with the total number of votes in attendance at the meeting. Before announcing the final votes at the resolution of the meeting, the Company summarizes the results and displays them on a screen for all shareholders to acknowledge simultaneously at the meeting. In addition, for transparency, the ballots are kept at the head office in Bangkok, and are open to inspection after the conclusion of the meeting. Minutes of the meeting are recorded accurately and comprehensively and signed by the Chairman who presides over the meeting. Such minutes are sent to the Stock Exchange of Thailand within 14 days of the date of the General Shareholders Meeting. Publication is also made on the Company's website in both Thai and English to provide a channel for shareholders to acknowledge and examine information without having to wait for the next meeting. The documents are sent to the Ministry of Commerce within the deadline prescribed by law. All private data is internally controlled as stipulated in writing in the Company's handbook on Code of Ethics and Conduct. Directors, executives, and other employees involved with internal data, are forbidden to trade the Company's securities within one month prior to the disclosure of the Company's financial statements to the public. If a trade occurs, it must be reported to the Company and the Securities and Exchange Commission within three business days of the date of the trade. The updated information of securities held by Directors, executives and external auditors will be reported to executives at the board meeting.

The Company discloses information on shareholding structure and shares held by the Board in the annual report. Company by-laws allow the right to vote at the meeting on the election of directors in accordance with the number of shares held, with one share equalling one vote. A resolution of the Board of Directors must be passed by majority vote. In casting votes at a general meeting, if number of votes are even, the Chairman of the meeting retains the right to one additional vote as the decisive vote.

Prevention of the misuse of insider information: The Company sets a policy for the directors of the Company to disclose shareholding and comply with the announcements of Securities & Exchange Commission (SEC), Section 59 of the Securities & Exchange Act B.E. 2535 (1992) requiring directors of the Company, including their spouses and minor children, to report any change in their securities holding within 3 business days from the date of such change, and send copies of these reports to the Company Secretary to submit to the Board of Directors. The Board is also aware of the penalties for violations of the regulations. Complete information on the shareholding of the Company's directors is also disclosed in the Company annual report.

In addition, the Company prohibits directors, executives, staff, related persons including minor children, and related parties having the access to the Company's information from using inside information or non-public information that may have impact on the change in securities value from trading one month before disclosing the financials to the public; and in the event of buying, selling, and/or transfer (to-and-from) of the Company's securities, persons involved must report the transaction to the Securities & Exchange Commission (SEC) within 3 business days from the date of such change, and send copies of these reports to the Company Secretary to submit to the Board of Directors. New directors of the Company are required to declare securities holding to the SEC as well. For the past year, the Company declares no insider trading by directors, executives, and staff.

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

ROLE OF STAKEHOLDERS

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

the rights of the aforementioned stakeholders are rigorously followed in order to bring about sustainable growth in business as well as social benefits and value.

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

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

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

Employees: The Company considers human resources to be the core asset essential in driving the Company toward its business targets. Human resource policies, together with the Code of Conduct guideline specifically provide guidance on fair treatment, in terms of opportunity, remuneration, appointments and transfers, as well as the importance of supporting the development of the potential and competence of employees at all levels. The working knowledge and skills of employees are enhanced through continuous training and potential is developed toward leadership. Employees are also encouraged to participate in determining the direction of operations so as to reach a unified vision. The working culture and environment are consistently maintained in a manner that is safe for life, health and property of employees. Health, hygiene, and safety measures have been implemented along with sufficient and appropriate vocational health and environmental measures to prevent loss of life from accidents, injuries, and illnesses. Welfare benefits such as annual health check-ups, a provident fund and an old-age retirement pension are provided. Appropriate remuneration is provided based on individual achievement as well as the Company's results. And, in order to ensure that all employees adhere to good corporate governance, the Company has set a policy for this important foundation in The Code of Ethics and Conduct which clearly stipulates the expected behaviour and penalties for non-compliance.

Furthermore, sub-committees are set up with employee participation involving them in internal matters to ensure that appropriate steps are taken to benefit both the employees and the Company, i.e. risk management, compliance, welfare and provident funds.

Partners: All partners receive equitable treatment. Partnerships are based on integrity, mutual benefits and prevention of possible conflicts with respect to trade contracts and agreements made. Additionally, the Company has a clear policy specified in writing in the Code of Ethics and Conduct on dealing with entertainment and gifts, participation in activities and/or events; and the manner in which supplier/customer relationship should be handled. The policy is described in detail to ensure a clear understanding among the management and employees on rules, regulations, and expected behaviour to be strictly followed.

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

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

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

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

ANTI-CORRUPTION PRACTICES

Subsequent to receiving the three-year membership certification from Thailand Private Sector Collective Action Coalition or CAC on January 22, 2016, as a part of ongoing practice, the Company regularly reviews, considers, and improves anti-corruption measures to keep current appropriate guidelines and strict adherence.

On the side of risk management from corruption, the Company evaluated possible risks in all procedures and has made improvements to the policy and strategy in managing and preventing corruption risks, with directions on how to prevent, reduce, monitor suspicious activities in the Company and subsidiary to ensure and protect from possible damage that may arise.

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

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

The Company communicates information and provides training on anti-corruption, prevention, and suppression of internet money laundering as follows:

- ◆ AML/CFT compliance preparations and readiness
- ◆ Policy and compliance on anti-corruption and prevention, and suppression of money laundering (AML/CFT) for new employees
- ◆ Laws on prevention and suppression of money laundering and terrorism financial support

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

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

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

Any employee with information on suspicious business activities may report directly to the Chairman of Audit Committee, via Internal Audit Department, Sri Ayudhya Capital PCL, 7th floor, Ploenchit Tower, 898 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330. The policy specifies procedures to handle complaints which may be considered illegal. The Chairman of the Audit Committee shall investigate each complaint and make a recommendation to the President & CEO to take disciplinary actions as appropriate. An investigative committee may be formed to review the case based on the criteria specified by the Company. The anti-corruption policy also protects any employee with information and/or clue and extends to any employee who refuses to accept any bribe even if it means that the Company loses the business opportunity as the result.

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

In 2016, the Company held 14 anti-corruption training sessions for employees at the head office. Additional online materials were produced and then disseminated to the subsidiary company and its branches. All 411 employees* took the tests on anti-corruption to check on their knowledge and understanding. New employee orientations also include training on anti-corruption policy and expected conduct. In addition, the Company promotes the understanding of proper conduct via company cultural programs to emphasize proper behaviour.

* Number of employees included replacements.

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

DISCLOSURE AND TRANSPARENCY

The Board of Directors is responsible for financial statements and financials on electronic means as specified in the annual report. The financial statements have been prepared in conformity with the generally accepted Thai accounting standards and practices, and the appropriate accounting policy is used regularly. Also, significant disclosure has been revealed in a section of Notes to the Financial Statements herein. The Board of Directors appointed an Audit Committee comprised of Non-Executive Directors and Independent Directors to be responsible for the quality of financial statements and the internal control system.

The Company gives importance to internal control including financials, operational procedures, and compliance. The Internal Audit Department is responsible for maintaining that systems and standard procedures are followed as detailed in the Internal Control Section.

The Board of Directors is satisfied that internal controls are sufficient to provide confidence in the reliability of the financial statements as of December 31, 2016.

The Company has set clear policies on risk management assessing major risk factors such as strategic/operational risks, investment risks, liquidity risks, financial risks, fraud and corruption risks, laws and regulations risks, credit term risks, and dependency on volume customer risks – details of which are explained in the Risk Factors Section.

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

The Company upholds a policy that stipulates for directors and executives to acknowledge in the writing the notification of the Securities Exchange Commission (SEC) requiring directors and executives of the Company to report any change in their securities holding to the Office of the Securities Exchange Commission within 3 days from the date of such change and penalties for failure to comply. This is in compliance with Section 59 of the Securities Exchange Commission Act 1992. In addition, a copy of such report must be provided to the Company Secretary to consolidate and summarize to the Board of Directors; and disclose in the annual report.

REPORT ON THE CHANGE IN SECURITIES HOLDING OF DIRECTORS AND EXECUTIVES OF THE COMPANY

The Company discloses the change in securities holding, both direct and indirect, of directors and executives of the Company as defined by the Securities Exchange Commission (SEC) including the amount of securities holding by related persons under Section 59 and 258 of the Securities Exchange Commission Act. Details of securities holding as of December 31, 2016 compared with 2015 are as follows:

No.	Directors and Executives	Position	Number of Shares Held as of December 31, 2016	% of Holding	Number of Shares Held as of December 31, 2015	% of Holding	Change +/- in 2016
1.	Mr. Veraphan Teepsuwan	Chairman	-	-	-	-	-
	Spouse and children under legal age		-	-	-	-	-
2.	Mr. Surachai Prukbamroong	Chairman of the Audit Committee	-	-	-	-	-
	Spouse and children under legal age		-	-	-	-	-
3.	Mr. Metha Suvanasarn	Member of Audit Committee, Chairman of Nomination and Remuneration Committee	-	-	-	-	-
	Spouse and children under legal age		-	-	-	-	-
4.	Mr. Vichit Kornvityakoon	Member of Audit Committee, Chairman of Corporate Governance Committee	-	-	-	-	-
	Spouse and children under legal age		-	-	-	-	-
5.	Mr. Suwat Suksongkroh	Independent Director	32,500	0.013	32,500	0.013	-
	Spouse and children under legal age		-	-	-	-	-
6.	Ms. Nopporn Tirawattanagool	Director, member of Nomination and Remuneration Committee	-	-	-	-	-
	Spouse and children under legal age		-	-	-	-	-
7.	Mr. Virojn Srethapramotaya	Director	-	-	-	-	-
	Spouse and children under legal age		-	-	-	-	-
8.	Mr. Bryan James Smith	Director, member of Nomination and Remuneration Committee	-	-	-	-	-
	Spouse and children under legal age		-	-	-	-	-
9.	Mr. Laksna Thongthai	Director	-	-	-	-	-
	Spouse and children under legal age		-	-	-	-	-
10.	Mr. Rowan D'Arcy	President & CEO	-	-	-	-	-
	Spouse and children under legal age		-	-	-	-	-
11.	Mr. Chusak Salee	Director	6,000	0.002	6,000	0.002	-
	Spouse and children under legal age		37,000	0.015	37,000	0.015	-
12.	Ms. Orathai Rongthongaram	Executive Vice President, Accounting Department	10,000	0.004	10,000	0.004	-
	Spouse and children under legal age		-	-	-	-	-
13.	Ms. Jiratcha Ruplek	Senior Vice President, Company Secretary	-	-	-	-	-
14.	* Ms. Anyamanee Jotikasthira	Senior Vice President, Administration	-	-	-	-	-
	Spouse and children under legal age		-	-	-	-	-

*Appointed on March 28, 2016

Significant information for investors and the public may also be found on the Company website: www.ayud.co.th, for investment - under Investor Relations section. Inquiries may be directed to the Company Secretary, Mrs. Jiratcha Ruplek, at 02-657-2970 or jiratcha@ayud.co.th.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

1. STRUCTURE OF THE COMPANY'S BOARD OF DIRECTORS

The Board of Directors functions responsibly based on the Company's objectives and by-laws, with participation in setting the policies for directors of the Company, disclosing securities in holding, considering and approving vision, goal, business plan and budget as well as monitoring business performance to ensure effectiveness and alignment with plan in the best interests of the Company and its shareholders annually. The appointment of directors are made in accordance to the Company's regulations and resolutions of the shareholders meeting. Additionally, the Company sets the management structure with clear division of responsibility between the Board of Directors and the management with details as follows:

- 1.1. The Chairman of the Board is not the same person as the President & CEO and the managing director. The division of authority and power is clearly set in accordance with the corporate governance and Company management structure. As of December 31, 2016, the Company has 11 members on the Board of Directors: 1 executive director, 6 non-executive directors, and 4 independent directors, or 36.36% of the Board of Directors. The Company is confident that the executive directors, non-executive directors and independent directors will independently perform and approve policies in the best interests of the Company. Moreover, each of the directors was trained and passed courses held by the Institution of Directors (IOD).
- 1.2. The Company appoints the Nomination & Remuneration Committee which is responsible for recruiting qualified directors in accordance with the laws and related regulations, by-laws, and good corporate governance practices. Qualifications of directors include experience and competence in diversified fields that may benefit the Company, possess vision, ethics and transparency, good work record and able to express opinion independently. The Board considers candidates without discrimination on gender as defined in the policies on diversity of the Board. The role and responsibilities of appointed committee members and sub-committee members are clearly defined, with the President & CEO as the head of the executive team responsible to the Board of Directors for the business operations and performance in accordance with the Board of Directors charter.
- 1.3. Terms of Directors: The term of office of the Board of Directors is specified in the by-laws of the Company and adheres to the Public Limited Company Act 1992. When a term expires, the Board member may be re-elected by the shareholders meeting resolution and/or the resolution of the Board of Directors. The Company does not restrict the age of its Board of Directors as it believes that the expertise and experience in business overrides the age factor.
- 1.4. Definition & Qualifications of Independent Directors: In compliance with the minimum requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand, an Independent Director is a director who can express his/her opinions freely with an aim to improving the management of the organization and leading it toward progress, transparency and good governance. The qualifications of an Independent Director are as follows:
 - 1.4.1. Holding shares not exceeding 0.5 percent of the total number of voting rights of the company, its parent company, subsidiary, affiliate, principal shareholder or controlling person of the company, including the shares held by related persons of the independent director.
 - 1.4.2. Neither being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the company, its parent company, subsidiary, affiliate, same-level subsidiary, principal shareholder or controlling person of the company, unless the foregoing status has ended not less than two years prior to the date of company filing with the Securities and Exchange Commission and the Stock Exchange of Thailand; however, the prohibition excludes independent director who was government officer or adviser of the government agencies that are major shareholder or controlling person of the company.
 - 1.4.3. Not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children to executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the company or its subsidiary.

- 1.4.4. Not having a business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, in the manner which may interfere with his independent judgment, and neither being nor having been a principal shareholder or controlling person with any business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the Company unless the foregoing relationship has ended not less than two years prior to the date of company filing with the Securities and Exchange Commission and the Stock Exchange of Thailand. The term business relationship aforementioned under paragraph one includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the Company or his counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the Company or Baht 20 million or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of Capital Market Supervisory Board concerning rules on connected transactions mutatis mutandis. The combination of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences.
- 1.4.5. Neither being nor having been an auditor of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, and not being a principal shareholder or controlling person, or partner of an audit firm which employs audits of the Company, its parent Company, subsidiary, affiliate, major shareholders or controlling person of the Company unless the foregoing relationship has ended not less than two years from the date of the Company on filing with the Securities and Exchange Commission and the Stock Exchange of Thailand.
- 1.4.6. Neither being nor having been any professional adviser including legal adviser or financial adviser who receives an annual service fee exceeding Baht two million from the Company, its parent Company, subsidiary, affiliate, major shareholders or controlling person of the Company, and neither being nor having been a principal shareholder, controlling person or partner of the professional adviser unless the foregoing relationship has ended not less than two years from the date of the Company filing with the Securities and Exchange Commission and the Stock Exchange of Thailand.
- 1.4.7. Not being a director who has been appointed as a representative of the Company's director. Major shareholder or shareholders who are related to the major shareholder.
- 1.4.8. Not operating any business which has the same nature as and is in significant competition with the business of the Company or subsidiary, or not being a principal competition in any partnership, or not being an executive director, employee, staff, or adviser who receives salary; or holding shares not exceeding 0.5 percent of the total number of voting rights of any other company operating business which has the same nature as and is in significant competition with the business of the Company or subsidiary.
- 1.4.9. Not having any characteristics which make him incapable of expressing independent opinions 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 benefit of the Company. The Company sets a limit on directors holding up to 5 positions in other listed companies.
- 1.6. Aggregation and Delegation of Authority: The Chairman of the Board is not the same person as the President & CEO or managing director, with no relation to anyone on the executive team. Although the Chairman of the Board is not an independent director, the person is a non-executive director and performs duties with independence; the same goes for all directors in the committees in that everyone functions with independence. The Board meets for annual assessment of the CEO referencing Target Letter Result which is disclosed in the annual report.

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

- 1.7. Company Secretary: According to The Securities and Exchange Act of 2008 Section 89/15, a resolution was passed at Board of Directors Meeting No. 4/2008 held on 15 August 2008 to appoint Ms. Jiratcha Ruplek as Company Secretary. Appropriate training courses such as Company Secretary Program (CSP), Effective Minute Taking (EMT), Board Reporting Program (BRP), and Company Reporting Program (CRP) were undertaken. Qualifications are:

Qualifications:

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

Scope and responsibilities:

- 1.7.6. To arrange the Annual Shareholders Meeting and Board of Directors Meeting and be in compliance with the rules and regulations of the Company.
- 1.7.7. To serve the Board of Directors in providing legal advice, taking care of the activities, and monitoring compliance with resolutions. To advise on rules, regulations and guidelines that should be acknowledged and complied with by the Board of Directors. To prepare minutes of the meeting, and follow up on Board resolutions.
- 1.7.8. To prepare minutes of the meeting, and follow up on Board resolutions in compliance with the rules and regulations of the Company.
- 1.7.9. To produce and keep safe the annual reports, letters to shareholders to attend shareholders meeting, and letters to Board of Directors, and resolutions.
- 1.7.10. Keep safe the stakeholders transaction reports by Directors and management, and make copies to Chairman and Audit Committee Chairman within 7 days from the date of the report.
- 1.7.11. Manage the disclosure of information and information technology as related to the regulating agencies and in accordance to their terms.
- 1.7.12. Communicate with shareholders to inform rights and updates.
- 1.7.13. Oversee the activities of the Board of Directors.
- 1.7.14. Any other work as regulated by the SEC.

2. ROLES, CHARTERS AND RESPONSIBILITIES OF COMMITTEES

- 2.1. The Board of Directors is comprised of members with knowledge, expertise and experience in the core business of the Company. The Board sets the vision, mission, strategies, goals, annual operating plan and budget for the utmost efficiency of operations and to achieve Company targets. The Board monitors the performance of the executives to assure compliance with operating plans, and stipulates and separates roles, duties and responsibilities among its members, the executives, employees and relevant persons. The Board entrusts the Audit Committee to supervise the performance of the Internal Control Department and sets the internal control system to assure

that it is sufficient. In addition, the Board monitors risk management and applies the principles of good corporate governance to add value to the business and shareholders. In order to achieve the leadership and vision of the Board in terms of knowledge, competence and capabilities, the Company encourages the Board to participate in seminars and training programs that are useful in the performance of its duties.

- 2.2. Corporate Governance: The Board of Directors appreciates the importance of corporate governance and best practices of listed company directors, and continually undertakes measures to enhance the efficiency, effectiveness and transparency of the organization's operating systems. The Company seeks to engender the trust and confidence of shareholders, investors and the general public, which in turn will promote the advancement and stability of the business and consequently confer benefits upon shareholders, interested persons and the society as a whole as well as enhance the prospects of the Company's employees. Hence, the Company has issued the revised **Code of Ethics and Conduct** handbooks to all directors, executives and employees which has been approved by the Board of Directors. Details of the handbook are disclosed fully on the Company website.

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

- 2.2.1. Procedures should be implemented to ensure that the Company's management structure has a clear scope of the mandates, functions and responsibilities of each committee and executive.
 - 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 legitimate interests of the Company.
 - 2.2.6. The Company's objective is business excellence on the basis of customer satisfaction by having an open mind to suggestions and performing self-assessments to ensure continued exciting innovations.
 - 2.2.7. Employees are trained in ethics and morals along with the development of their career potential.
 - 2.2.8. The ownership status of the shareholder is appreciated and respected along with the rights of every interested person. Treatment of such persons is equitable.
 - 2.2.9. Business is undertaken with the awareness of accountability to shareholders, interested persons and society as a whole.
 - 2.2.10. Business is undertaken with an appreciation of environmental responsibility.
 - 2.2.11. Related party transactions must be conducted in compliance with good corporate governance practices as well as the laws, regulations and other applied restrictions. These transactions are reviewed and approved by the Board of Directors or through the shareholders meeting.
- 2.3. The Company issues the Code of Ethics and Conduct handbook for the Board of Directors, executives and employees to adhere to as a guideline in dealing with all stakeholders such as shareholders, customers, employees, creditors, society and the environment, and competitors for the purpose of attaining the utmost good faith, honesty and fairness in its operations. This handbook is also made available on the Company's intranet and website.
- 2.4. The Board of Directors has a clear guideline in managing conflicts of interest for the maximum benefit of the Company and shareholders. In entering into such a transaction, at the meeting, the Company must disclose the transaction, value, parties concerned, the reasons for such a transaction, in accordance with the regulations of the Stock Exchange of Thailand. Directors with conflicts of interest are not allowed to participate or vote on the particular agenda for impartiality and the information must be disclosed promptly for transparency.

- 2.5. The Board of Directors places the importance on the internal control of financial operations, business performance and corporate governance, including the computer system. Accordingly, an internal audit Department was established to monitor these controls and provide recommendations directly to the Audit Committee, as well as report annually to assure confidence that these controls follow the stipulated guidelines, are effective and independent, and fulfil the functions of monitoring and balancing. Both the Board of Directors and the Audit Committee concur that the Company has a proper and adequate internal control system, as shown in the Audit Committee Report included in the annual report and Form 56-1.
- 2.6. The Board of Directors recognizes the importance of managing risk factors in the organization and has designated the Executive Committee to establish a risk management committee to manage these factors by overseeing business activities including processes to reduce and minimize potential damages that could arise to an acceptable level; and to have in place sustainable measures to control, assess, and review systems and procedures as per the Company's objectives. Scope of risks covers the following:
- 2.6.1. Strategic risks;
 - 2.6.2. Financial risks, classified into market fluctuation risks, corruption and credit control risks;
 - 2.6.3. Operational risks: The management assesses risk and regularly reviews any significant risk mitigation to ensure that the Company can prevent and handle incidents in a timely manner. The Risk Management Committee continually raises the issue of risk awareness and provides reports to management and employees.
 - 2.6.4. The Company has a Business Continuity Plan and conducts annual virtual tests with staff members to minimize any disruption to its operations.
 - 2.6.5. The Risk Management Committee consists of executives of each department and division. The scope of its functions has been prescribed with a view to jointly implementing a more systematic and efficient risk management system. These operations commenced in 2008.

3. BOARD MEETINGS

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

Board of Directors Meetings are scheduled five times annually. If there is an emergency, additional meetings may be called.

The Audit Committee, President, Managing Director, Accounting Department Manager and internal audit units schedule regular joint meetings with the Company auditor quarterly.

In a meeting of the Board of Directors, if there is query, or additional information is required from relevant persons, the President/Managing Director will invite the appropriate high-level executive officers to give explanations if applicable. Moreover, the Board of Directors has delegated to the President the task of scheduling meetings of the Executive Committee at least once a month. Additional meetings may, however, be called in cases of emergency.

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

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

4. SUB-COMMITTEES

The Board of Directors has appointed six sub-committees: Audit Committee, Nomination & Remuneration Committee, Executive Management Committee, Corporate Investment Committee, Corporate Governance Committee, and Risk Management Committee. Certain sub-committees are not comprised entirely of independent members, but of non-executive directors, executive directors and independent directors. All members are qualified persons who possess an understanding of the roles and charters of Company Directors and sub-committee members. Charters are discharged responsibly, loyalty, honestly, fairly, prudently, diligently and independently. It is believed that all committee members understand and strictly adhere to these principles and the structures of each committee are accepted by shareholders.



Sub-committees Meeting Attendance during 2016-2015

Name of Sub-committee *	Name	Attendance 2016	Attendance 2015
Audit Committee*	1. Mr. Surachai Prukbamroong	7/7	6/7
	2. Mr. Metha Suvanasarn	7/7	7/7
	3. Mr. Vichit Kornvitayakoon	7/7	7/7
Nomination & Remuneration Committee*	1. Mr. Metha Suvanasarn	6/6	5/5
	2. Ms. Nopporn Tirawattanagool	6/6	5/5
	3. Mr. Bryan James Smith	6/6	5/5
Executive Committee*	1. Mr. Rowan D'Arcy	12/12	9/12
	2. Mr. Chusak Salee**	4/4	11/12
	3. Ms. Orathai Rongthongaram***	5/5	-
	4. Mrs. Apiradee Kanjanarat***	5/5	-
	5. Mr. Issra Choovisit***	5/5	-
Corporate Investment Committee*	1. Mr. Rowan D'Arcy	5/5	4/4
	2. Mr. Bryan James Smith	5/5	4/4
	3. Mr. Chusak Salee**	2/2	4/4
	4. Mr. Surajak Kotikula	4/5	3/4
	5. Ms. Orathai Rongthongaram****	1/1	-
Corporate Governance Committee*	1. Mr. Vichit Kornvitayakoon	4/4	4/4
	2. Mr. Chusak Salee**	0/1	4/4
	3. Ms. Orathai Rongthongaram	4/4	4/4
	4. Mrs. Apiradee Kanjanarat	4/4	4/4
	5. Mrs. Paporn Piyayodilokchai	4/4	4/4
	6. Ms. Jiratcha Ruplek	4/4	4/4
Risk Management Committee*	1. Mr. Rowan D'Arcy	11/12	9/12
	2. Mr. Chusak Salee**	2/4	9/12
	3. Ms. Orathai Rongthongaram	12/12	11/12
	4. Mr. Satja Jungnitnirandr	10/12	12/12
	5. Mr. Sakrapee Sungkhapun	8/12	8/12
	6. Mr. Virat Luangaram	10/12	8/12
	7. Mr. Pirat Wongsaisuwan	7/12	5/12
	8. Mrs. Paporn Piyayodilokchai	11/12	11/12
	9. Ms. Jiratcha Ruplek	11/12	10/12
	10. Mr. Supakij Sookpong	9/12	12/12
	11. Ms. Siriwan Wangwilai	9/12	10/12
	12. Ms. Krisna Phoonsiri	11/12	10/12
	13. Mrs. Apiradee Kanjanarat	11/12	11/12
	14. Mr. Rakchart Smitinandana	12/12	12/12
	15. Mrs. Marin Saengsint	10/12	11/12
	16. Mr. Tivakorn Kanjanakit	11/12	8/12
	17. Mr. Pramote Wattanateerakul	11/12	12/12
	18. Mr. Issra Choovisit	12/12	12/12

- Remarks: 1. * Additional details are provided in each Committee Section.
2. ** Mr. Chusak Salee retired on April 30, 2016.
3. *** Mrs. Orathai Rongthongaram, Mrs. Apiradee Kanjanarat, and Mr. Issra Choovisit were appointed as members of the Executive Committee as per the resolution of the Committee Meeting Departments No. 5/2016 on August 15, 2016.
4. **** Mrs. Orathai Rongthongaram was appointed as a member of the Corporate Investment Committee as per the resolution of the Committee Meeting No. 5/2016 on August 15, 2016.

AUDIT COMMITTEE

The Company established the Audit Committee on October 12, 1999 comprising three independent directors, with a three-year term. At Board of Directors Meeting No. 5/2016 held on August 15, 2016, a resolution was passed to re-elect an Audit Committee member, Mr. Metha Suvanasarn, whose tenure was up on October 12, 2016 for another term. The Audit Committee comprised the following members:

No.	Name	Designation	Status	Attendance
1	Mr. Surachai Prukbamroong	Chairman	1 years	7/7
2	Mr. Metha Suvanasarn	Member	3 years	7/7
3	Mr. Vichit Kornvityakoon	Member	2 years	7/7
	Mrs. Paporn Piyayodilokchai	Secretary		

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

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

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

CHARTER

Objectives

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

Authority

The Audit Committee will carry out the following duties:

1. Consider, select and propose for appointment, capable persons with the independence to perform the duties of auditors of the Company for the Board of Directors, together with the annual audit fee, for approval at the Shareholders' Meeting.
2. Review the work of the auditors or external audit offices and determine the remuneration for external auditors.
3. Consider and resolve any disagreements between management and the auditor regarding financial reporting.
4. The Audit Committee is entitled to audit and investigate persons and related matters within the scope of its authority and duties; the Audit Committee must have the authority to employ specialists to help audit and investigate as it deems suitable at the expense of the Company.
5. The Audit Committee is entitled to audit if informed by the auditors that dubious behaviour has been discovered on the part of directors, managers or persons in charge of the operations of the Company, or that an offense has been committed.
6. The Audit Committee is entitled to meet with company officers, or outside counsel, as necessary.
7. The role and duties of members of the Audit Committee must be secondary to those of the Company's Board of Directors.
8. The Audit Committee shall not perform any role or duty other than those specified in this Charter unless the Company's Board of Directors specifies otherwise with the consent of the Audit Committee.

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

Meetings

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

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

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

Responsibilities

The Audit Committee will carry out the following responsibilities:

Financial Reports

1. Review the Company's financial reports correctly and sufficiently.
2. Consider the following factors with Management and the auditor upon completion of quarterly and annual audits:
 - 2.1 Financial statement for the quarter and year;
 - 2.2 Audit report;
 - 2.3 Observations and additional suggestions regarding the auditor's plans;
 - 2.4 Troubles and conflicts that are significant to Management regarding the work of the Auditor; and
 - 2.5 Other matters relating to the auditing standards that the Audit Committee should understand or communicate to the auditor.

3. Review the accuracy and completeness of the information in the Annual Report.
4. Understand how Management develops interim financial information, and the nature and extent of internal and external auditor involvement.

Internal Control

1. Review the Company's internal control, internal audit systems and risk management system to assure that they are appropriate, concise, and reliable meeting with the global standards of practice. Review authority, role and responsibilities of the Internal Audit Department and assess its independence.
2. Review and consider with the auditor and the Internal Audit Department Manager the adequacy of:
 - 2.1 The internal control system, including information technology security and control; and
 - 2.2 Significant carelessness about which the auditor, the Internal Audit Department Manager and Management are in agreement.
3. Review and assess significant risks as well as the method of risk reduction from executives, senior department managers, Internal Audit Department and auditor.

Internal Audit

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

External Audit

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

Compliance with Laws and Regulations

1. Review the effectiveness of the system for compliance with laws, regulations, and notifications of the Company. Monitor the result of the management's investigations, and follow up on any instances of non-compliance, including taking disciplinary action.
2. Review the findings of any examinations by regulatory agencies, and any auditor observations.
3. Review the communications and compliance process on the Code of Ethics and Conduct to employees, and monitor compliance therewith.

4. Ensure the availability of current and up-to-date information from the management and the Company's legal counsel regarding compliance matters.
5. Review to assure company compliance with the regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), and laws relating to the Company's business.
6. Review related items and items that may be in conflict of interest to ensure that these adhere to the laws and regulations of the Stock Exchange of Thailand (SET) and that such items are reasonable and provide maximum benefit to the Company.

Reporting Responsibilities

1. Prepare the Audit Committee Meeting minutes to be proposed to the Company's Board of Directors.
2. Prepare the Report of the Audit Committee detailing the responsibilities and performance of the Audit Committee to be proposed to the Company's Board of Directors and included in the Company's Annual Report. The Report of the Audit Committee must at least consist of the information required by the Stock Exchange of Thailand (SET).
3. Provide a recommendation to the management on effective corporate governance and in the event that the Audit Committee finds any suspicious transaction and/or action which may have significant impact on the financial position and performance of the Company, the Audit Committee shall report to the Board of Directors to rectify the situation within the appropriate time period:
 - 3.1. Transactions that may be conflict of interest;
 - 3.2. Fraud or any significant irregularity within the internal control system or any action that may cause serious impact to the financial position and performance of the Company;
 - 3.3. Breach of the Securities and Exchange Commission law and regulations or any law relating to the Company's business — if found that the Board of Directors and the management take corrective actions within the time period specified by the Audit Committee, the Committee or any member of the Committee shall make a report to the Securities Exchange Commission or the Stock Exchange of Thailand immediately.

Other Responsibilities

1. Review the internal control measures as well as assess risks as related to the anti-corruption policy via obtaining reports from the senior management of the Company or internal audit, or reports from external sources with regards to the Company's anti-corruption measures
2. Develop to have a consistent understanding among the Board of Directors, the Auditor and the Internal Audit Department and provide confidence and confirmation of the independence of the Internal Auditor and the Auditor.
3. Review and amend the Audit Committee Charter to be consistent with the environment of the organization and propose amendments to the Company's Board of Directors for approval.
4. Review the Company's good corporate governance to assure that they are appropriate and in line with the policies specified.
5. The Chairman of the Audit Committee acknowledges the related interests of the Directors and the management or associated persons according to copy of the report on the related interests received from the Secretary of the Company.
6. Evaluate the performance of the Committee or individual members on a regular basis.

NOMINATION & REMUNERATION COMMITTEE

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

As of December 31, 2016, the Nomination & Remuneration Committee was comprised of the following directors:

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

CHARTER

Objectives

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

Composition

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

Qualifications

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

Term

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

Scope of Responsibilities

1. Identify and nominate candidates for all of the Committees and Sub-Committees with direct reporting line to the Board including senior executives, and executives with management authority, at least at the level of Executive Vice President, for the approval of the Board.
2. Consider and propose overall nomination and remuneration policies and other benefits for directors, members of Sub-Committees, senior executives, and other executives with management authority, officers, and staff to the Board of Directors to consider for approval.
3. Consider and review regularly the structure of the Company and its subsidiary from the level of department and up to ensure appropriateness and efficiency.

4. Consider and select the methodology for director's self-assessment process that is in line with the SEC regulations and make a recommendation to the Board.
5. Prepare the annual nomination & remuneration report to be disclosed in the Company's annual report and sign by the Chairman of Nomination & Remuneration Committee.
6. Perform other duties as assigned by the Board.
7. As deemed appropriate, the Committee may request to employ external consultancies by obtaining approval from the Board.

Responsibilities

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

Meetings

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

Reporting

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

CORPORATE INVESTMENT COMMITTEE

Corporate Investment Committee, formerly named Investment Committee, was established on May 9, 1996. Members hold a one-year tenure. As of December 31, 2016, the Corporate Investment Committee comprised the following members:

No.	Name	Status	Attendance
1	Mr. Rowan D'Arcy	Chairman	5/5
2	Mr. Bryan James Smith	Director	5/5
3	Mr. Chusak Salee*	Director	2/2
4	Mr. Surajak Kotikula	Consultant	4/5
5	Mrs. Orathai Rongthongaram**	Director	1/1

Remarks: 1.* Mr. Chusak Salee retired on April 30, 2016.
2.** Mrs. Orathai Rongthongaram was appointed as member of the Investment Committee as per the resolution of the Board Meeting No. 5/016, August 15, 2016.

Scope of Authority of the Corporate Investment Committee

1. Composition and Qualifications

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

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

2. Term

Executive members have a one-year term ending on December 31 of each year with the exception of this Committee which will end on December 31, 2017. The Nomination & Remuneration Committee will nominate qualified persons to propose to the Board for voting one month before the term ends.

3. Meetings and Vote Casting

- 3.1. In holding a meeting, executive members of the Committee must be present, to form a quorum.
- 3.2. In case the Chairman of the Corporate Investment Committee is not in the meeting, or cannot perform duties, executive members shall nominate a Committee member to be the Chairman of the meeting.
- 3.3. The Committee shall set a meeting schedule for every quarter and/or as deemed appropriate.
- 3.4. The Chairman of the Committee or the majority of the members of the Committee may hold special meetings.
- 3.5. All actions of the Committee require a quorum with majority votes of its members; resolutions are considered complete with all members present at the meeting.
- 3.6. For every meeting, the secretary of the Committee must take minutes of the meeting and report it to the Board.
- 3.7. The Committee shall have access to any of the books and records of the Company that the Committee shall consider relevant to carrying out its duties and may require any officer or employee of the Company to attend meetings of the Committee to provide financial information and any related information that is relevant to the Committee's activities, except as the Board may otherwise direct.

4. Responsibilities

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

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

5. Investigations, Studies and Outside Advisers

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

6. Evaluation of the Committee's Performance

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

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

- a) The adequacy, appropriateness and quality of the information received by the Committee and presented by the Committee to the Board; and
- b) The adequacy of the Committee's deliberations regarding the matters reported to and acted upon by the Committee and of the deliberations of the Board regarding the matters reported to and recommended to the Board by the Committee.

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

CORPORATE GOVERNANCE COMMITTEE

The Company established a Corporate Governance Committee, formerly named Compliance Committee, on February 28, 2012. As of December 31, 2016, the Corporate Governance Committee comprised of the following members:

No.	Name	Status	Attendance in 2016
1	Mr. Vichit Kornvityakoon	Chairman	4/4
2	Mr. Chusak Salee*	Member	0/1
3	Ms. Orathai Rongthongaram	Member	4/4
4	Mrs. Apiradee Kanjanarat	Member	4/4
5	Ms. Paporn Piyayodilokchai	Member	4/4
6	Ms. Jiratcha Ruplek	Member and Secretary	4/4

Remarks: 1.* Mr. Chusak Salee retired on April 30, 2016.

General

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

Purpose

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

Composition

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

The Committee members shall comprise the following: Executive Vice President of Accounting and Finance, Senior Vice President - Company Secretary, Senior Vice President of Human Resources, and Senior Vice President of Internal Audit. The Secretary of the Committee shall be appointed by the Board of Directors. The Committee may invite other individuals to attend meetings of the Committee as appropriate.

Term

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

Meetings

The Committee shall meet as frequently as required but not less than three times a year. Any Committee member may call for a meeting of the Committee. Members of the Committee must be notified at least three days in advance. At least half of the Committee members constitutes a quorum.

Responsibilities

The Committee's responsibilities include the following:

◆ Good Corporate Governance Practices

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

◆ Adherence to Compliance

1. Supervise and monitor risks resulting from unlawful conduct.
2. Regularly review and assess the effectiveness of risk management policies and compliance thereof; and ensure that these are appropriate for the Company.
3. Oversee adherence to other laws and regulations as applied to stakeholders, such as shareholders, suppliers, customers and employees.

Annual Review

The Committee shall review its performance on an annual basis and improve assessment criteria. In addition, the Committee shall review the Charter criteria at least once a year. Proposed changes shall be submitted to the Board for review and approval.

The Company's Senior Management, as stipulated by the Securities and Exchange Commission (SEC), is defined as follows:

The top 4 executives starting from the President & CEO, and executives with positions equivalent to the 4th ranked executive are:

- | | | |
|----|------------------------------|---|
| 1. | Mr. Rowan D'Arcy | President & CEO |
| 2. | Mr. Chusak Salee | Managing Director (Retired on April 30, 2017) |
| 3. | Ms. Orathai Rongthongaram | Executive Vice President, Accounting Department |
| 4. | Mrs. Jiratcha Ruplek | Senior Vice President, Company Secretary Department and Company Secretary |
| 5. | Mrs. Anyamanee Jotikasathira | Senior Vice President, Administration Department |

Company Secretary

- | | | |
|----|----------------------|---|
| 6. | Mrs. Jiratcha Ruplek | Senior Vice President, Company Secretary Department and Secretary of the Board of Directors |
|----|----------------------|---|

At the Board of Directors Meeting No.4/2008, a resolution was passed to appoint Mrs. Jiratcha Ruplek to the position of Secretary to the Board in compliance with SEC Act (No.4) B.E. 2551 in effect 15 August 2008.

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 of the expenses borne by the Company. Additionally, for any newly appointed director, 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 the duties. In 2015, directors participated in the following programs organized by the IOD:

Summary of Directors Enrolled in IOD Programs 2016

Name	Position	Program Name
1 Mr. Vichit Kornvityakoon	Independent Director, and member of Audit Committee	Board that Makes a Difference (BMD)
2 Mr. Laksna Thongthai	Director	Board that Makes a Difference (BMD)

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

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

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

Succession Planning

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

Use of Insider Information

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

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

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

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

- ◆ Any direct and/or indirect involvement or undertaking of consultation for businesses that may be of similar nature to the Company's business.
- ◆ Any direct and/or indirect use of position to acquire personal benefits and/or others' benefits by illegal means.
- ◆ Any disclosure of confidential policy or business performance for own and/or others' benefits, or disclosure of confidential information that could be damaging to the Company.
- ◆ Taking photocopies or have in possession significant documents without permission and/or revealing confidential information about the Company performance and its operation to others or employees whose jobs are not pertinent to the information.

Subsidiary and Associate Company Oversight

The Company oversees the operations of its subsidiary, Sri Ayudhya General Insurance Public Company Limited, using regulatory mechanisms as follows:

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

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

Good governance practices in other aspects:

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



- **Internal controls policy:** Monitoring of operational processes of executives and employees to have reasonable assurance that operational objectives are met, in terms of financial reporting, and compliance with applicable laws and regulations as well as anti-corruption measures.
- **Good Corporate Governance Practices:** The principles and standards are strictly applied in the Company's operations covering rules and regulations as well as risks in managing the Company.
- **Environment, Health and Safety Policy:** The policy is established to cover the areas of environment, health and safety in conducting business with the standards applied and strictly adhered to at every operational level.
- **Related-Party Transactions Policy:** This policy is used as a guideline in conducting transactions with related parties to ensure that regulations and related laws as specified by the Stock Exchange of Thailand, and Securities Exchange Commission are strictly followed.

Principles of good corporate governance

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

RISK MANAGEMENT COMMITTEE

The Company established the Risk Management Committee on September 1, 2012 comprised of executives from various departments of the Company and subsidiary. As of December 31, 2016, the composition of the Committee included the following:

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

Remark: * Mr. Chusak Salee retired on April 30, 2016.

Objectives

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

Composition

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

Term

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

Meetings

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

Responsibilities

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

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

Annual Review

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

Sustainable Business Development

SUSTAINABLE BUSINESS DEVELOPMENT

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

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

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

STAKEHOLDERS

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

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

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

FAIR BUSINESS AND GOOD CORPORATE GOVERNANCE

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

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

ANTI-CORRUPTION

As a result of the Executive Committee Meeting No. 1/2015 dated January 16, 2015, the Committee appointed a working committee to self-assess the Company using the self-evaluation tool provided by Thailand's Private Sector Collective Action Coalition or CAC. The self-evaluation was conducted during May 16 to October 31, 2015 and the results were submitted to the CAC for consideration. It is with honour to announce that the Company has received the Certification from the CAC on January 22, 2016. The Certification has a three-year membership period from the date of certification.

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

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

Furthermore, the Whistle Blower Policy, as explained in the Handbook requires directors, managers, and all employees to report any suspicious activities regarding corruption, rule violations, unethical behavior, actions against Company rules or actions considered sensitive to the Company's reputation. If an employee becomes aware of any suspicious activity as mentioned above, the person can report it to Chairman of the Audit Committee via the Internal Audit department.

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

RESPECTING HUMAN RIGHTS

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

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

FAIR LABOR PRACTICES

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

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

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

RESPONSIBILITY TOWARDS CONSUMERS

Sri Ayudhya Capital Public Company Limited is an investment holding company with a subsidiary, Sri Ayudhya General Insurance Public Company Limited, providing general insurance products and services, and advising our customers on risk management and impact on financials should unforeseen events occur. The Company has provided policy guidelines for the subsidiary company to develop and maintain efficient operational standards, including financial and administrative processes to create consumer confidence and satisfaction in case assistance is required by customers encountering accidents. The Company is well-prepared in the areas of financials, technology and staff to provide a 24-hour service through a hotline called "One Number Call Center", a one-stop call center that customers can call for assistance. They can also contact the Company through the responsive and mobile websites for prompt assistance and crucial information in the case of any emergency.

CONSUMER RIGHTS

1. Right to receive accurate information: The subsidiary company creates supplemental brochures to provide detailed information on insurance products, conditions of coverage and benefits per the laws enacted by the Office of Insurance Commission (OIC).
2. Right to confidentiality: The Company keeps customer information confidential and will not distribute and/or exchange information for other benefits, except in cases dictated by law.
3. Right to complain: Convenient communication channels are provided for customers to make complaints regarding customer service at tel. 02-657-2999, which is a 24-hour service line; or email to Customer Service at info@sagi.co.th. A tracking system is in place to monitor corrective actions and feedback to customers.

COMMUNITY AND SOCIAL DEVELOPMENT

Sri Ayudhya Capital Public Company Limited (AYUD) recognizes the importance of “CSR-After-Process” and considers its mission as a part of Thai society to set a good example through the development of programs, and activities that benefits the overall society.

MANAGEMENT OF ENVIRONMENT IN BUSINESS OPERATIONS

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

◆ Paperless Office

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

◆ Energy Savings

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

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

CSR ACTIVITY PROCESSES

Currently, the Company is involved in multiple social and environmental CSR projects, and encourages employees to initiate potential future projects. The Company emphasizes engagement and responsibility resulting from collaborative efforts from all parties to ensure the activities we create are meaningful to all involved parties.

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

Insight

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

Localization

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

Involvement

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

Sustainable Transformation

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

In 2016, the Company developed a CSR framework named “Stability in Life” to guide our actions, emphasizing the balance in life and the quality of life for the business, employees, stakeholders, society, people and environment so that all can grow in parallel with sustainability.

CSR | Framework



► Employee, People

WELL-BEING | HUMAN RIGHTS | HAPPINESS



Well-being

- ◆ Offer a wellness program for maintaining good health
- ◆ Add in prolonged illness leave policy
- ◆ Offer ex-gratia payment for critical illnesses
- ◆ Contribute to disabled, poverty stricken, and minority groups

Human Rights

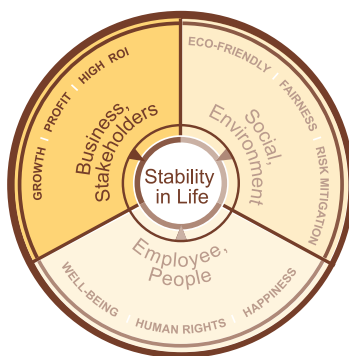
- ◆ Comply with labor practice standards
- ◆ Maintain a culture of accountability and integrity
- ◆ Enforce anti-corruption policy

Happiness

- ◆ Implement the employee engagement model

► Business, Stakeholders

GROWTH | PROFIT | HIGH ROI



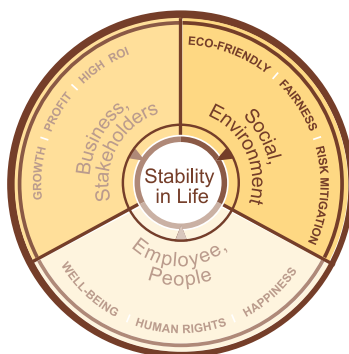
Company Strategy

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

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

► Social, Environment

ECO-FRIENDLY | FAIRNESS | RISK MITIGATION



Eco-friendly

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

Fairness

- ◆ Offer products with fair coverage and claims

Risk Mitigation

- ◆ All policies are focused on risk mitigation for customers

ANALYSIS OF STAKEHOLDERS

In 2016, 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"> - Satisfied ROI - Sufficient disclosure of information. Transparency - Equitable treatment of shareholders - Channels to express opinion - Good corporate governance practices - Operate under the laws 	<ul style="list-style-type: none"> - Annual shareholders' meeting - Annual report - The Company's website, emails - Provide answers to investment questions 	<ul style="list-style-type: none"> - Showed business performance results and aimed for consistent growth - Conducted AGM according to standards set by SET and SEC. - Provided opportunity to shareholders to express opinion via the Company's communication channels - Ensured that good corporate governance practices were followed - Operated strictly under the laws and relevant regulations - Certified by Thailand's Private Sector Collective Action Coalition (CAC)
Customers	<ul style="list-style-type: none"> - Provide investment information that is complete, accurate, and transparent - Provide prompt service - Employees who conduct themselves with honesty and ethics - Protect customer confidentiality 	<ul style="list-style-type: none"> - Provide information via documents, leaflets, and website - Provide communication channel to express opinion and complaints via email 	<ul style="list-style-type: none"> - Able to provide clear and accurate information - Reviewed regularly the operational and servicing processes to ensure effective customer response - Developed IT capabilities to respond to customers' needs - Code of Ethics and Conduct were followed - Protected customer information
Employees	<ul style="list-style-type: none"> - Have clear business objectives - Position, role and responsibilities - Competitive compensation, benefits and welfare in accordance with the labor laws - Opportunity to grow - Opportunity to develop knowledge for use in business - Equitable treatment - Access to information and updates on the Company 	<ul style="list-style-type: none"> - Use HR intranet to provide communication updates and exchange of opinion - Foster good relationship via activities - Provide training - Use KPI index as a tool to measure and assess performance 	<ul style="list-style-type: none"> - Held two employee conferences to provide updates and progress of the Company - Organized events and activities for employees to participate throughout the year - Conducted joint compensation surveys with companies within the same industry - Held training regularly to increase employee competencies - Evaluated employee performance through KPI index for appropriate adjustments in compensation - Treated employees fairly
Partners	<ul style="list-style-type: none"> - Have clear business objectives - Clear systems and procedures in operation. No monopoly - Effective collaboration, fast to respond - Fair and equitable treatment - Protect confidential information - Provide a channel of communication to express opinion - Have anti-corruption policy 	<ul style="list-style-type: none"> - Use IT to support communication channel for more effective collaboration - Provide for a channel of communication in case of unfair treatment 	<ul style="list-style-type: none"> - Fostered good relationship to build confidence and trust - Protected confidential information and kept records in accordance with the laws, rules and regulations as applied to the business needs - Protected privacy of information - Made known the Code of Ethics and Conduct including the anti-corruption policy and monitored adherence
Competitors	<ul style="list-style-type: none"> - Conduct the business with honesty and respect governing laws and regulations 	<ul style="list-style-type: none"> - Provide correct information on the Company's website to show transparency 	<ul style="list-style-type: none"> - Upheld the policy on competition, and conducted business fairly - Followed the guidelines on good corporate governance in business operation
Creditors	<ul style="list-style-type: none"> - Honor and follow the conditions of purchasing and procurement 	<ul style="list-style-type: none"> - Establish and communicate criteria and procedures clearly 	<ul style="list-style-type: none"> - Disclosed the purchasing and procurement policy - Strictly followed the commitment made to creditors - Fostered good relationship to build confidence and trust
Society, community, and environment	<ul style="list-style-type: none"> - Not only focus on conducting business but be involved in giving back to the society and community, and helping to improve the environment 	<ul style="list-style-type: none"> - Organized CSR at least 4 activities, giving employees a chance to propose and participate in projects of choice - Promote activities internally via intranet to gain employee support and participation - Promote CSR activities via calendars for public exposure for more impact in promoting giving back to the society 	<ul style="list-style-type: none"> - Committed to the CSR policy in giving back to the society and community and helping to improve the environment - Promoted CSR through conscience building activities - Promoted CSR through training and participation in various activities - Joined efforts in creating innovation for sustainable business
Government	<ul style="list-style-type: none"> - Conduct the business under the laws and regulations - Establish good corporate governance practices - Communicate to employees on compliance of these laws and regulations 	<ul style="list-style-type: none"> - Communicate laws and regulations to employees via specified communication channel - Organize employee training on laws, rules, and regulations as applied to their work. Test employees to ensure understanding and compliance 	<ul style="list-style-type: none"> - Strictly followed the laws and regulations - Published policies, rules, regulations and Code of Ethics and Conduct for acknowledgement and compliance by employees - Systematically monitored adherence to rules and regulations

SOCIAL CONTRIBUTION

Bike to School Project

- ◆ The 'Bike to School' project was proposed by our employee, Mr. Kittirut Thumpad, Branch Operations Manager - Head Office. In up country areas, far too often, children have no means of getting to school. There are no funds for paid transportation. There is no public transportation service. School children must make that extra effort daily to walk the long distance just to be able to learn. As a result, the Company donated 150 bicycles to these children in need at three schools in Chanthaburi. A wonderful bonus of the project was to see the children getting healthier, and so much more from having bicycles. To raise the awareness on the importance of making social contribution among wider audience, the Company produced 2017 calendars capturing the joy of these children for distribution to customers.



◆ Year 13: Insurance Family and Friends for the Society

Employees volunteered to participate in this joint community program focusing on developing upcountry schools and communities by donating sports equipment to schools under this program.



◆ **Group PA Insurance Coverage at Baht 8 million for Staff at Narenthorn Emergency Medical Services (EMS) Center, Rajavithi Hospital**

To help volunteers at the Narenthorn EMS Center who work tirelessly to help accident victims, the Company donated a group PA insurance with a total coverage of Baht 8 million to protect them during working hours.



EDUCATION DEVELOPMENT PROJECT

◆ **Baan Khunsamutra School, Samutprakarn**

Each year, the Company makes contributions to schools and students needing funds for various purposes. This year, Mr. Rowan D'Arcy, President & CEO, together with 25 staff volunteers donated Baht 30,000.00 to help Baan Khunsamutra School, Samutprakarn with the cost of renovating the school's building. Additional donations included consumables for students.



INNOVATION AND PROMULGATION OF INNOVATION DERIVED FROM CSR OPERATIONS

Digital Transformation

Subsequent to getting Salesforce, Claim Di, Anywhere to Claim, and e-claim projects completed, SAGI moved totally into the digital platform by including cloud computing technology with 'Cloud First, Mobile First' enabling employees to work 'anytime, anywhere, and anyplace' with agents, brokers, business partners, and to assist customers, and perform self-service functions. Microsoft Office 365 (complete system with Business Continuity, Email, Collaboration, Communications, VDO Conferencing, Online Training, and Corporate Social Media — yammer) was introduced to employees with continuous training throughout the year raising their digital competencies. As a result, the Company was able to improve productivity, efficiency, and service improvements to customers.

Anti-Corruption

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

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

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

Additionally, the Company reviewed the decision-making process that may involve risks in corruption and put in place additional regulations which may be found in the Code of Ethics and Conduct, which was published, distributed, and acknowledged by all employees. Within the Handbook, clear policies, examples, and penalties are provided so that employees can use it as a reference for own conduct. The Company places the importance on implementation and monitoring and have assigned the Audit Committee and Corporate Governance Committee to oversee, monitor and evaluate performance in this area.

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

- ◆ **Fraud Prevention Guidelines:** As a part of good corporate governance practice, the Company communicates to employees the importance of proper conduct to ensure the Company's stability, and acceptance from all stakeholders.
- ◆ **Whistle Blower Policy:** The management and employees are responsible to report any suspicious activity or any non-compliance to laws, regulations, ethics, and Company's regulations which may be sensitive to the Company's reputation. Measures to protect any employee or public with sensitive information or concerns are in practice. A reporting channel is available for contact as follows: Chairman of the Audit Committee, Sri Ayudhya Capital PCL, 7th floor, Ploenchit Tower, 898 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330



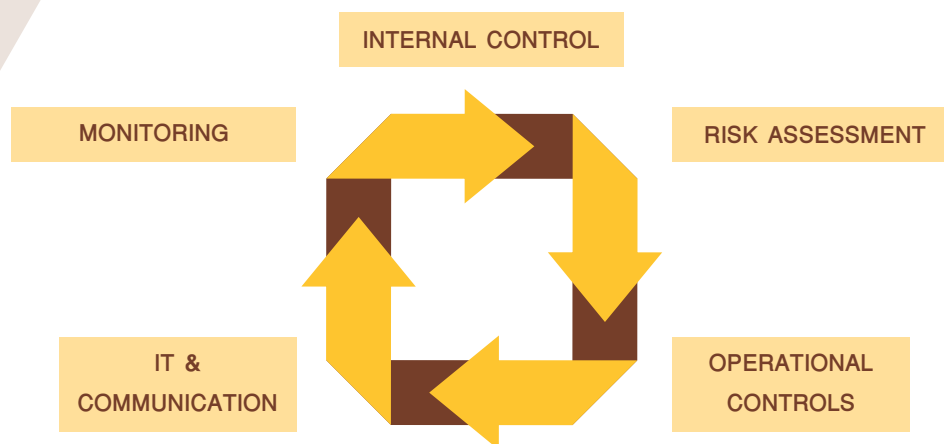
In addition, the Company has established other policies as related to anti-corruption such as corporate governance, fair employment practices, working with the government, working with non-profit organizations and social contributions, competition, insider trading, conflict of interest, privacy, supplier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



To ensure sustainable business performance and build confidence, the Company holds employee tests on anti-corruption twice a year, including new employees to ensure that they understand this policy. Additional efforts include activities to promote ethical culture and conduct.



Internal Control and Risk Management



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

The appointment of the Corporate Governance Committee formerly named Compliance Committee and the Head of Internal Audit

At meeting No. 2/2012, held on February 28, 2012, the Board of Directors approved the appointment of the Corporate Governance Committee (formerly named Compliance Committee), in accordance with the law as well as in recognition of the principles of good corporate governance and the regulations of the Securities and Exchange Commission (SEC).

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

◆ DELEGATION OF INTERNAL AUDIT PERSONNEL

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

The Board of Directors realizes the importance of having sufficient and suitable internal control system with specifics in control of finance, operation, accounting process and data records, supervision of operation including other processes in the Company as related to anti-corruption measures with appropriate risk management procedures. Financial reports are reliable and up-to-date so that they can be used to support business decisions. Compliance in all areas are aligned with the laws and regulations of the Company. Accounting of funds are approved in accordance with the line of authority; and proper division of duties is executed. The Board of Directors is ultimately responsible for the Company's

internal control. The audit of the internal system is conducted once a year with results reported and disclosed in the annual report for acknowledgement by stakeholders.

At the Meeting No. 2/2017, on February 27, 2017, the Board of Directors with three Independent Directors on the Audit Committee in attendance reviewed the adequacy of the internal control system through surveys and inquiries directed to the Company's executive directors and the report of the Audit Committee. The Board of Directors was of the opinion that the Company's internal control was sufficient and appropriate, and contributed to its efficient and effective operation. Financial reports were reliable and timely, and provided valuable data for the consideration of business decisions. The Company's operation was in line with the law, as well as the regulations and policies of the Company. The Company also established a system of internal control that effectively monitors and controls the operation of its subsidiaries, which can be summarized as follows:

1. Internal Control

The Company adheres to integrity and ethics. Internal controls are developed to align with these principles. An organizational structure with line of command and responsibility is created appropriately to complement the Company's business objectives with the oversight of the Board. The Company is committed to motivating, developing and retaining talented employees as well as determining scope and responsibilities for employees with internal control accountability. The Company establishes an environment for internal control as follows:

- ◆ The business operates on the principle of integrity and ethics, and based on the principles of good corporate governance, laws and regulations as related to the business. Clear business objectives and measurements are set.
- ◆ The annual budget passes through rigorous evaluation from the management and approves by the Board's meeting. Additionally, in setting policies and implementations, stakeholders are considered and covered in accordance to the principles of good corporate governance of the Stock Exchange of Thailand for sustainable growth.
- ◆ An organizational structure shows clearly defined responsibilities for each division within the Company.
- ◆ Operational rules and manuals for each division are disseminated through the Company's intranet.
- ◆ Rules and regulations of the Company is guided by Code of Ethics and Conduct with clear directives prohibiting employees from actions that may cause conflict of interests with penalties specified in event of violation. Additionally, a monitoring system by the Audit Committee of the subsidiary is in place to track compliance as well as adequacy of internal controls for each division.

2. Risk Management

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

- ◆ The Company established a Risk Management Committee to be responsible for the risk management procedures and mitigate significant risks to the extent possible. Such risks include strategic risks, operational risks, investment risks, market risks, liquidity risks, financials risks and reporting risks, compliance to laws and regulations risks and

corruption and bribery risks. Details may be found in the Risk Factors section of this report. The Committee reviews and evaluates the standards and sufficiency of the system and the effectiveness of the procedures at least once a year or as necessary.

- ◆ Financial reports are reliable and sufficient with appropriate and effective internal controls and audits in place, and in compliance with the laws and regulations of Securities and Exchange Commission, Stock Exchange of Thailand, and other related laws and regulations. Related party transactions are conducted using the same principles.
- ◆ The Company recognizes and gives importance to early warning signs and to prevent any misconduct, the Risk Management Committee has set up and communicated Fraud Prevention Guidelines and Whistle Blower Policy via the Company's intranet. The information is also available in the Code of Ethics and Conduct handbook given to all employees who are expected to comply with the guidelines given.

3. Operational Controls

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

- ◆ Authorization and approval power of each management level is clearly defined in writing.
- ◆ Delegation of authority is clearly separated, i.e. recording of accounting transactions, IT, and asset management for proper check-and-balance in the system.
- ◆ The Company operates in compliance with the Announcements and Regulations of the Stock Exchange of Thailand, as prescribed by the Securities and Exchange Commission regarding transactions involving major shareholders, the Board of Directors, senior executives, and other related parties.
- ◆ Monitoring measures, including preventive, corrective measures and penalties, are in place to ensure that the business operates in compliance with the laws.
- ◆ Anti-corruption policy is established with measures and procedures, and compliance review process in place for both the Company and subsidiary.

4. Information Technology and Communications

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

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

- ◆ Providing an efficient internal and external online communications system so that employees can obtain data necessary to be completely functional in their roles.

5. Monitoring System

Internal controls are monitored and evaluated to ensure proper implementation. Oversights are communicated promptly to persons in charge, including senior executives and the Board of Directors, as appropriate. Measures put in place are:

- ◆ The management makes comparison of actual performance versus target and presents to the Board of Directors for review. In case of variation from the target, causes are determined and corrective actions are taken in a timely manner. In case of fraud, corruption, or any suspicion on any violation of the laws which could have significant impact on the Company's reputation and financial standing, the management must report to the Board immediately.
- ◆ The Audit Committee is established to oversee the financial report procedures, the internal control system, the internal audits, and compliance of related laws and regulations; and anti-corruption measures and compliance reviews. The Committee is also responsible for review and selection of external auditors, and the remuneration.
- ◆ The Corporate Governance Committee has been established to provide assistance and support to the Board of Directors to oversee the performance of the Company and its subsidiary to ensure compliance with the Company's policies, rules, regulations, and governing laws as related to the Company's business and to ensure that employees perform duties responsibly and efficiently for the stability and sustainability of the Company.
- ◆ The Internal Audit Department is established to regularly monitor internal control systems and review the compliance of anti-corruption measures. The internal auditor may work independently and submit reports in a frank manner. If any significant error is detected, it will be reported to the Board and the Audit Committee to determine corrective measures within an appropriate time frame.
- ◆ Since the size of business is not very big, the Company uses the services of the Internal Audit Department of Sri Ayudhya General Insurance PCL (its subsidiary) to conduct the auditing work.

Related-Parties Transactions

Related-party transactions for the Company, subsidiary and related-companies are disclosed herein expressing the relationships by shareholding, common directors or shareholders. Details of the transactions are shown in note of the Financial Statements for the year ending December 31, 2016. The transactions which occurred between the subsidiary and the related-party were conducted based on agreements made and were based on normal course of business conditions.

The Company's Auditor has reviewed the related-party transactions between the subsidiary and the related-party for the fiscal year ending December 31, 2016 and is in the opinion that the transactions were conducted based on the ordinary course of business and that the completed transactions were not done any differently from the ones completed for outside parties; and no stakeholders were involved in the related-party approval process. The Company does not have a policy to support any stakeholder in conducting related-party transactions, however, if such transactions do occur, these will follow the ordinary course of business, with no difference in offers on pricing and/or terms.

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

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

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

Report of the Nomination & Remuneration Committee

Dear Shareholders,

The Nomination & Remuneration Committee comprises three members who are non-executive directors. Mr. Metha Suvanasarn serves as Chairman of the Nomination & Remuneration Committee, Ms. Nopporn Tirawattanagool serves as a member of the Nomination & Remuneration Committee, and Mr. Bryan James Smith serves as a member of the Nomination & Remuneration Committee.

The Nomination & Remuneration Committee has performed its duties as assigned by the Board of Directors. In 2016, the Committee held six meetings. Joint meetings were held with the President & CEO, Managing Director and senior management 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 2016 are summarized as follows:

Nomination

- ◆ Re-elected directors in compliance with the Public Limited Companies Act, B.E. 2535 (1992) and other related regulations.
- ◆ Reviewed the Nomination & Remuneration Committee Charter and set remuneration structure for executives of the Company.
- ◆ Considered the allocation of responsibilities between Chairman and President & CEO.
- ◆ Considered the policy on diversity in the structure of the Board of Directors.
- ◆ Proceeded with the search for qualified candidates to hold the positions of President & CEO and Managing Director who have already served full terms with the Company and the subsidiary.
- ◆ Conducted the performance evaluation of the Board of Directors as a group.

Remuneration

- ◆ Considered annual salary adjustments to be in line with the insurance industry for employees of the Company and the subsidiary.
- ◆ Considered appropriate improvements to the medical benefits of the Company and its subsidiary.
- ◆ Considered appropriate compensation for IT employees on call outside of regular working hours of both the Company and its subsidiary.
- ◆ Considered a more appropriate remuneration policy for the Company and its subsidiary.
- ◆ Considered improvements to the conditions of Provident Fund subsidies.
- ◆ Considered and proposed to the Board of Directors the target letter for President & CEO and Managing Director.
- ◆ Considered and proposed to the Board of Directors the remuneration scheme for President & CEO and Managing Director.
- ◆ Considered and proposed to the Board of Directors the remuneration for the Company directors.

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

- ◆ Considered the framework for corporate social responsibilities for sustainability of the Company.
- ◆ Considered the policy on related party transactions.
- ◆ Considered the approval process for training programs, seminars, and continued education.
- ◆ Considered the asset sales policy.
- ◆ Considered the policy for purchasing and procurement.

In 2016, the Nomination & Remuneration Committee duly performed its duties as assigned by the Board of Directors with caution, competence, and independence for the overall benefits to the Company and its shareholders.



Mr. Metha Suvanasarn
Independent Director
Chairman of the Nomination & Remuneration Committee

Report of the Audit Committee

To the shareholders of Sri Ayudhya Capital Public Company Limited,

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

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

In 2016, the Audit Committee held seven meetings, two with the auditors to acknowledge and consider matters which can be summarized as follows:

FINANCIAL REPORTS

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

INTERNAL CONTROL AND COMPLIANCE WITH THE LAWS

Conducted reviews of the Company's internal control system to ensure efficiency and compliance with governing laws and regulations including those of the Securities and Exchange Commission, and the Stock Exchange of Thailand. Meetings were held to exchange views and comments with auditors, internal auditors, and the Company's executives in making amends on significant findings to ensure sound internal controls, compliance with the laws, rules, and relevant regulations.

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

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

TRANSACTIONS WITH POSSIBLE CONFLICT OF INTEREST

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

COMPLIANCE OF INTERNAL AUDIT DEPARTMENT

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

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

AUDIT COMMITTEE CHARTER

The Audit Committee performed duties and responsibilities as stipulated in the charter of the Audit Committee independently, cautiously and transparently, in order to promote good corporate governance practices effectively.

COMPLIANCE WITH ANTI-CORRUPTION POLICY AND MEASURES

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

THE COMPANY'S AUDITOR

The Audit Committee proposed for approval at the ordinary General Shareholders' Meeting the appointment of Deloitte Touche Tohmatsu Jaiyos Audit Company Limited, with Dr. Suphamit Techamontrikul, and/or Mr. Permsak Wongpatcharapakorn, and/or Mr. Chavala Tienprasertkij as the Company's auditors for fiscal year 2017.

The selection of the auditors shall be made from qualifications and independence of the auditors, quality of work produced in the past year, and suitability of remuneration.

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



(Mr. Surachai Prukbamroong)
Chairman of the Audit Committee
February 27, 2017

Opinion on Related Transactions

February 27, 2017

Subject : Opinion on Related Transactions

To : The Shareholders of Sri Ayudhya Capital Public Company Limited

We, as Members of the Audit Committee of Sri Ayudhya Capital Public Company Limited is of the opinion that related transactions between Sri Ayudhya Capital Public Company Limited and related companies for the fiscal year ended December 31, 2016 were conducted in the Company's normal course of business.

For your acknowledgement.

Respectfully,



(Mr. Surachai Prukbamroong) (Mr. Metha Suvanasarn) (Mr. Vichit Kornvityakoon)

Members of the Audit Committee

Sri Ayudhya Capital Public Company Limited

Financial Report

Report on the Board of Directors' Responsibility towards the Financial Statements

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

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

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

The Board of Directors is of the opinion that the Company and its subsidiary's internal controls are satisfactory and allow for reasonable confidence in the reliability of the financial statements, the consolidated financial statements of the Company and its subsidiary as of 31 December 2016.



Mr. Veraphan Teepsuwan
Chairman



Mr. Rowan D'Arcy
President & CEO

Report of the Independent Certified Public Accountants

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

OPINION

We have audited the consolidated financial statements of Sri Ayudhya Capital Public Company Limited and its subsidiary (the “Group”) and the separate financial statements of Sri Ayudhya Capital Public Company Limited (the “Company”), which comprise the consolidated and separate statements of financial position as at December 31, 2016, and the related consolidated and separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of Sri Ayudhya Capital Public Company Limited and its subsidiary and of Sri Ayudhya Capital Public Company Limited as at December 31, 2016, 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 under the Royal Patronage of His Majesty the King’s 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 the Code of Ethics. 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
<p>Recognition of gross premiums written and Unearned premium reserve</p> <p>Recognition of gross premiums written and Unearned premium reserve are a significant risk of material misstatement because the Company had a large number of policies which were derived from direct, insurance brokers and reinsurers caused a variety of supporting documents. Audit procedures are focus on occurrence and cutoff for recognition of gross premiums written and unearned premium reserve to consider whether the revenue is recognized appropriately by the Group in accordance with TFRSs.</p> <p>The accounting policy for revenue recognition is disclosed in note no. 4.2 to financial statements.</p>	<p>Key audit procedures included;</p> <ul style="list-style-type: none"> ◆ Understood operating procedures and internal control related to recognition of gross premiums written and unearned premium reserve ◆ Tested the design and implementation of internal controls ◆ Tested the operating effectiveness around the recognition of gross premiums written and unearned premium reserve ◆ Performed substantive audit procedures consisted of: <ul style="list-style-type: none"> - Tested recognition of policy and endorsement policy by consider the process of approval and significant supporting documents to determine whether gross premiums written and unearned premium reserve are recognized for transactions occurring in the correct period - Reperformed calculation of unearned premium reserve and examining supporting evidence for journal entries posted to identify any usual items where further investigation may be required - Performed substantive analytical procedures related to financial information of gross premiums written and unearned premium reserve.
<p>Loss reserves</p> <p>Recognition of loss reserves are a significant risk of material misstatement because the Group requires certified actuary to assess the liability by use actuarial method, to determine the competency and independence of specialist and evaluated the appropriateness of key assumptions are needed to consider. Audit procedures are focus on completeness and cutoff for recognition loss reserves and outstanding claims to consider whether the liability is recognized appropriately by the Group in accordance with TFRSs.</p> <p>Loss reserves consists of loss incurred and agreed and loss incurred but not reported ("IBNR").</p> <p>The accounting policy for loss reserves and outstanding claims is disclosed in note no. 4.13.2 to financial statements.</p>	<p>Key audit procedures included;</p> <ul style="list-style-type: none"> ◆ Understood operating procedures and internal control related to recognition of loss reserves and outstanding claims ◆ Tested the design and implementation of internal controls ◆ Tested the operating effectiveness around the recognition of loss reserves and outstanding claims ◆ Performed substantive audit procedures consisted of: <ul style="list-style-type: none"> - Tested loss reserves and outstanding claims report by consider the process of approval and significant supporting documents to determine whether loss reserves and outstanding claims were recognized completely and in the correct period - Assessed the methodology applied and the key assumptions utilized in the estimated provision for losses incurred but not yet reported, including determining the competency and independence of specialist and evaluated the appropriateness of key assumption - Performed substantive analytical procedures related to financial information of loss reserves.

Key Audit Matters	Audit Responses
<p>Investment in an associated company</p> <p>Investment in an associated company represent 26.7 % of the total amount of its asset and is considered to be the key driver of operations and performance results of the Group.</p> <p>We consider the investment in an associated company is a key audit matter due to its materiality in the context of the financial statements as a whole, it is considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.</p> <p>The accounting policy for investment in an associated company is disclosed in note no. 4.8 to financial statements.</p>	<p>Our audit procedures including a collaboration in performing the audit work with the component auditor. Key audit procedures included;</p> <ul style="list-style-type: none"> ◆ Understood the financial information compilation process and related internal control procedures ◆ Collaboratively perform the work in accordance with Thai Standard on Auditing on the work performed from the planning through the conclusion process ◆ Performed substantive audit procedures related to the share of profit of investment in an associate.

EMPHASIS OF MATTER

Without modifying our opinion, as discussed in Note 3 to the financial statements, from January 1, 2016, the Company has adopted Thai Financial Reporting Standard 4 (revised 2015) Insurance Contracts and prepared the new presentation of the financial statements to comply with the Notification of the Office of Insurance Commission regarding the Rules, Procedures, Conditions and Periods for the Preparing and Submitting Financial Statements and Reports on the Operations of the Non-Life Insurance Business B.E. 2559 dated March 4, 2016 which has become effective as from January 1, 2016. The consolidated and separate financial statements as at December 31, 2015 and for the year then ended and the consolidated and separate statements of financial positions as at January 1, 2015, presented herein for comparison, have been retrospectively reclassified, as if the classifications had always been prepared.

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 Group.

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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 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 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.



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

BANGKOK

February 27, 2017

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

Statements of Financial Position

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

BAHT

	Notes	CONSOLIDATED			SEPARATE		
		FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
		As at	As at	As at	As at	As at	As at
		December 31,	December 31,	January 1,	December 31,	December 31,	January 1,
		2016	2015	2015	2016	2015	2015
ASSETS							
Cash and cash equivalents	6	1,417,050,104	1,065,246,654	1,368,953,462	68,444,715	74,212,187	37,540,186
Premium due and uncollected - net	7	217,433,184	287,006,106	292,974,816	-	-	-
Accrued investment income		10,048,246	13,632,688	15,071,761	2,661,357	2,579,154	4,771,687
Reinsurance assets	8	1,050,275,918	992,159,725	1,089,420,137	-	-	-
Due from reinsurers	9	58,568,876	193,115,187	394,577,504	-	-	-
Investments							
Investments in securities	10	4,594,202,619	4,655,982,039	4,691,756,883	2,319,176,240	2,332,148,116	2,843,555,740
Loans	11	129,317	578,950	1,377,588	7,327	29,024	50,285
Investment in an associate	12	2,830,474,645	2,944,763,813	2,717,156,173	1,487,263,618	1,487,263,618	1,487,263,618
Investment in a subsidiary	12	-	-	-	1,823,578,981	1,823,578,981	1,823,578,981
Premises and equipment	13	60,533,749	75,310,578	55,125,177	2,616,582	11,396,700	10,126,123
Intangible assets	14	75,159,081	83,673,860	88,236,871	24	24	24
Deferred tax assets	15	185,959,305	225,920,527	211,228,008	19,451,317	47,145,138	9,418,071
Deferred commissions expenses		63,404,173	55,617,612	59,835,673	-	-	-
Other assets	16	53,411,348	68,251,468	46,230,301	20,181,254	25,135,229	19,266,553
TOTAL ASSETS		10,616,650,565	10,661,259,207	11,031,944,354	5,743,381,415	5,803,488,171	6,235,571,268

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

Statements of Financial Position (Continued)

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2016

BAHT

	Notes	CONSOLIDATED			SEPARATE		
		FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
		As at	As at	As at	As at	As at	As at
		December 31,	December 31,	January 1,	December 31,	December 31,	January 1,
		2016	2015	2015	2016	2015	2015
LIABILITIES AND EQUITY							
Insurance contract liabilities	17	2,249,888,625	2,401,124,113	2,586,859,379	-	97,874,811	94,778,223
Due to reinsurers	19	705,692,485	633,352,069	795,480,417	-	-	-
Income tax payable		688,099	20,061,141	268,870,380	688,099	3,136,496	262,718,459
Employee benefit obligations	20	79,070,596	72,833,452	60,974,363	7,057,680	9,787,112	4,599,701
Premium written received in advance		337,983,016	305,256,265	334,883,105	-	-	-
Commissions and brokerages payables		50,978,828	61,587,286	62,710,173	-	-	-
Accrued expenses		62,103,825	66,405,303	85,376,901	28,921,161	20,255,413	22,389,998
Other liabilities	21	87,932,079	70,980,819	60,049,814	1,443,917	3,156,840	4,175,104
TOTAL LIABILITIES		3,574,337,553	3,631,600,448	4,255,204,532	38,110,857	134,210,672	388,661,485
EQUITY							
Share capital							
Authorized share capital							
500,000,000 ordinary shares of							
Baht 1.00 each		500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Issued and paid-up share capital							
250,000,000 ordinary shares of							
Baht 1.00 each		250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000
Premium on share capital		3,512,183,950	3,512,183,950	3,512,183,950	3,512,183,950	3,512,183,950	3,512,183,950
Retained earnings							
Appropriated							
Legal reserve	22	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Unappropriated		2,630,187,905	2,519,162,651	2,466,340,393	1,983,796,130	1,978,319,759	2,011,670,976
Other components of equity							
Changes in fair value of available-							
for-sale securities		(87,984,993)	(115,308,475)	36,793,867	(90,709,522)	(121,226,210)	23,054,857
Share of other comprehensive income							
of an associate		687,926,150	813,620,633	461,421,612	-	-	-
TOTAL EQUITY		7,042,313,012	7,029,658,759	6,776,739,822	5,705,270,558	5,669,277,499	5,846,909,783
TOTAL LIABILITIES AND EQUITY		10,616,650,565	10,661,259,207	11,031,944,354	5,743,381,415	5,803,488,171	6,235,571,268

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

Statements of Profit or Loss and Other Comprehensive Income

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2016

BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2016	2015	2016	2015
Revenues					
Gross premium written		3,082,391,856	3,137,849,154	-	-
<u>Less</u> Premium ceded		1,286,529,458	1,239,518,400	-	-
Net premium written		1,795,862,398	1,898,330,754	-	-
<u>Less</u> Unearned premium reserve increase (decrease)					
from previous year		(96,622,982)	25,654,985	-	-
Net premium earned		1,892,485,380	1,872,675,769	-	-
Fee and commission income		323,319,252	388,280,716	-	-
Net investment income	12.2	104,804,190	120,723,338	431,732,574	584,219,241
Gain on investment in securities	26	48,689,209	58,858,355	48,689,209	69,397,162
Share of profit of investment in an associate	12.1	388,469,249	392,747,092	-	-
Other income		104,321,506	5,123,063	130,691,784	37,021,115
Total revenues		2,862,088,786	2,838,408,333	611,113,567	690,637,518
Expenses					
Loss incurred		1,413,350,138	1,433,001,713	-	-
<u>Less</u> Loss refundable from reinsurers		498,263,026	580,183,201	-	-
Commissions and brokerages expenses		455,696,848	466,289,931	-	-
Other underwriting expenses		473,318,278	424,369,684	-	-
Operating expenses	23	357,657,579	356,978,068	83,230,243	94,072,121
Total underwriting expenses		2,201,759,817	2,100,456,195	83,230,243	94,072,121
Income before income tax expense		660,328,969	737,952,138	527,883,324	596,565,397
Income tax expense	15	45,163,965	61,038,846	21,858,303	4,916,614
Net income		615,165,004	676,913,292	506,025,021	591,648,783

Statements of Profit or Loss and Other Comprehensive Income (Continued)

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016

BAHT

	Notes		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
			2016	2015	2016	2015
Other comprehensive income (loss)						
Items that will not be reclassified subsequently to profit or loss						
Actuarial loss on defined employee benefit plans			(1,665,722)	-	(685,813)	-
Share of other comprehensive income (loss) of an associate			(3,508,966)	1,136,207	-	-
Income tax relating to items that will not be reclassified subsequently			1,034,938	(227,241)	137,163	-
			(4,139,750)	908,966	(548,650)	-
Items that will be reclassified subsequently to profit or loss						
Changes in fair value of available-for-sale securities			34,154,353	(190,127,928)	38,145,860	(180,351,334)
Share of other comprehensive income (loss) of an associate	12.1		(157,629,211)	440,248,776	-	-
Income tax relating to items that will be reclassified subsequently			25,103,857	(50,024,169)	(7,629,172)	36,070,267
			(98,371,001)	200,096,679	30,516,688	(144,281,067)
Other comprehensive income (loss) for the years, net of income tax			(102,510,751)	201,005,645	29,968,038	(144,281,067)
Total comprehensive income for the years			512,654,253	877,918,937	535,993,059	447,367,716
Earnings per share						
Basic earnings per share	27	Baht	2.46	2.71	2.02	2.37

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

Statements of Changes in Equity

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

BAHT

	CONSOLIDATED FINANCIAL STATEMENTS							
	Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings		Other components of equity		Total equity
				Appropriated	Unappropriated	Changes in fair	Share of other	
				Legal reserve		value of available-for-sale securities	comprehensive income of an associate	
Beginning balance as at January 1, 2015		250,000,000	3,512,183,950	50,000,000	2,466,340,393	36,793,867	461,421,612	6,776,739,822
Comprehensive income (loss)		-	-	-	677,822,258	(152,102,342)	352,199,021	877,918,937
Dividends paid	30.1	-	-	-	(375,000,000)	-	-	(375,000,000)
Interim dividends	30.2	-	-	-	(250,000,000)	-	-	(250,000,000)
Ending balance as at December 31, 2015		<u>250,000,000</u>	<u>3,512,183,950</u>	<u>50,000,000</u>	<u>2,519,162,651</u>	<u>(115,308,475)</u>	<u>813,620,633</u>	<u>7,029,658,759</u>
Beginning balance as at January 1, 2016		250,000,000	3,512,183,950	50,000,000	2,519,162,651	(115,308,475)	813,620,633	7,029,658,759
Comprehensive income (loss)		-	-	-	611,025,254	27,323,482	(125,694,483)	512,654,253
Dividends paid	30.3	-	-	-	(250,000,000)	-	-	(250,000,000)
Interim dividends	30.4	-	-	-	(250,000,000)	-	-	(250,000,000)
Ending balance as at December 31, 2016		<u>250,000,000</u>	<u>3,512,183,950</u>	<u>50,000,000</u>	<u>2,630,187,905</u>	<u>(87,984,993)</u>	<u>687,926,150</u>	<u>7,042,313,012</u>

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

Statements of Changes in Equity

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

BAHT

	Notes	SEPARATE FINANCIAL STATEMENTS					
		Issued and paid-up share capital	Premium on share capital	Retained earnings		Other components of equity - Changes in fair value of available-for-sale securities	Total equity
				Appropriated Legal reserve	Unappropriated		
Beginning balance as at January 1, 2015		250,000,000	3,512,183,950	50,000,000	2,011,670,976	23,054,857	5,846,909,783
Comprehensive income (loss)		-	-	-	591,648,783	(144,281,067)	447,367,716
Dividends paid	30.1	-	-	-	(375,000,000)	-	(375,000,000)
Interim dividends	30.2	-	-	-	(250,000,000)	-	(250,000,000)
Ending balance as at December 31, 2015		250,000,000	3,512,183,950	50,000,000	1,978,319,759	(121,226,210)	5,669,277,499
Beginning balance as at January 1, 2016		250,000,000	3,512,183,950	50,000,000	1,978,319,759	(121,226,210)	5,669,277,499
Comprehensive income		-	-	-	505,476,371	30,516,688	535,993,059
Dividends paid	30.3	-	-	-	(250,000,000)	-	(250,000,000)
Interim dividends	30.4	-	-	-	(250,000,000)	-	(250,000,000)
Ending balance as at December 31, 2016		250,000,000	3,512,183,950	50,000,000	1,983,796,130	(90,709,522)	5,705,270,558

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

Statements of Cash Flows

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2016	2015	2016	2015
CASH FLOWS PROVIDED BY (USED IN)					
OPERATING ACTIVITIES					
Direct premium received		3,152,635,138	3,092,014,940	-	-
Cash paid from reinsurance		(326,319,361)	(447,222,720)	-	-
Interest income		54,675,187	60,853,371	6,974,089	10,170,066
Dividend income		52,643,409	60,989,955	52,627,329	60,124,352
Other income		3,571,293	2,627,213	29,701,608	38,036,350
Loss incurred from direct insurance		(1,334,064,725)	(1,307,674,683)	-	-
Commission and brokerage paid from direct insurance		(467,473,558)	(457,452,526)	-	-
Other underwriting expenses		(455,345,812)	(408,883,518)	-	-
Operating expenses		(303,713,726)	(343,877,145)	(77,181,513)	(86,222,976)
Income tax expense		(42,514,796)	(286,515,018)	(4,104,888)	(266,155,377)
Investment in securities		109,464,542	(249,890,326)	96,167,711	251,182,369
Deposits at financial institutions with maturity					
over 3 months and deposits used as collateral		34,436,722	135,688,497	(360,329)	139,864,815
Loans		449,633	798,638	21,697	21,261
Cash received from subscriptions receivable		9,267,941	1,569,833	9,267,941	1,569,833
Dividend received from an associate	12.2	374,256,761	518,247,439	374,256,761	518,247,439
Net cash provided by operating activities		861,968,648	371,273,950	487,370,406	666,838,132
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES					
CASH FLOWS PROVIDED BY					
Premises and equipment		12,450,947	6,789,678	6,862,673	1,119,589
Cash provided by investing activities		12,450,947	6,789,678	6,862,673	1,119,589
CASH FLOWS USED IN					
Premises and equipment		(17,130,865)	(47,256,245)	(551)	(6,285,720)
Intangible assets		(5,485,280)	(9,514,191)	-	-
Cash used in investing activities		(22,616,145)	(56,770,436)	(551)	(6,285,720)
Net cash provided by (used in) investing activities		(10,165,198)	(49,980,758)	6,862,122	(5,166,131)
CASH FLOWS USED IN FINANCING ACTIVITIES					
Dividends paid		(500,000,000)	(625,000,000)	(500,000,000)	(625,000,000)
Net cash used in financing activities		(500,000,000)	(625,000,000)	(500,000,000)	(625,000,000)
Net increase (decrease) in cash and cash equivalents		351,803,450	(303,706,808)	(5,767,472)	36,672,001
Cash and cash equivalents as at January 1,		1,065,246,654	1,368,953,462	74,212,187	37,540,186
Cash and cash equivalents as at December 31,	6	1,417,050,104	1,065,246,654	68,444,715	74,212,187

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

Notes to the Consolidated and Separate Financial Statements

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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

1.1 The Company

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

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

1.2 The Subsidiary

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

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

2.1 The Company and its subsidiary ("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 2015) "Presentation of Financial Statements", which was effective for financial periods beginning on or after January 1, 2016 onward, and the Regulation of The Stock Exchange of Thailand (SET) dated January 22, 2001, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2544 and the Notification of the Office of Insurance Commission regarding the Rules, Procedures, Conditions and Periods for Preparing and Submitting Financial Statements and Reports on the Operations of the Non-Life Insurance Business B.E. 2559 dated March 4, 2016.

2.3 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies.

2.4 These consolidated financial statements include the financial statements of Sri Ayudhya Capital Public Company Limited and Sri Ayudhya General Insurance Public Company Limited which 99.99% owned by the Company (see Note 12). 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 announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRSs) which are effective for the financial statements for the period beginning on or after January 1, 2017 onwards, as follows:

Thai Accounting Standards (TAS)

TAS 1 (Revised 2016)	Presentation of Financial Statements
TAS 2 (Revised 2016)	Inventories
TAS 7 (Revised 2016)	Statement of Cash Flows
TAS 8 (Revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2016)	Events after the Reporting Period
TAS 11 (Revised 2016)	Construction Contracts
TAS 12 (Revised 2016)	Income taxes
TAS 16 (Revised 2016)	Property, Plant and Equipment
TAS 17 (Revised 2016)	Leases
TAS 18 (Revised 2016)	Revenue
TAS 19 (Revised 2016)	Employee Benefits
TAS 20 (Revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (Revised 2016)	Borrowing Costs
TAS 24 (Revised 2016)	Related Party Disclosures
TAS 26 (Revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2016)	Separate Financial Statements
TAS 28 (Revised 2016)	Investment in Associates and Joint Ventures
TAS 29 (Revised 2016)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2016)	Earnings Per Share
TAS 34 (Revised 2016)	Interim Financial Reporting
TAS 36 (Revised 2016)	Impairment of Assets
TAS 37 (Revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2016)	Intangible Assets
TAS 40 (Revised 2016)	Investment Property
TAS 41 (Revised 2016)	Agriculture
TAS 104 (Revised 2016)	Accounting for Troubled Debt Restructuring
TAS 105 (Revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (Revised 2016)	Financial Instruments Disclosure and Presentation

Thai Financial Reporting Standards (TFRS)

TFRS 2 (Revised 2016)	Share-based Payment
TFRS 3 (Revised 2016)	Business Combinations
TFRS 4 (Revised 2016)	Insurance Contracts
TFRS 5 (Revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2016)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (Revised 2016)	Operating Segments
TFRS 10 (Revised 2016)	Consolidated Financial Statements
TFRS 11 (Revised 2016)	Joint Arrangements
TFRS 12 (Revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2016)	Fair Value Measurement

Thai Accounting Standard Interpretations (TSIC)

TSIC 10 (Revised 2016)	Government Assistance-No Specific Relation to Operating Activities
TSIC 15 (Revised 2016)	Operating Leases-Incentives
TSIC 25 (Revised 2016)	Income Taxes -Changes in the Tax Status of and Enterprise or its Shareholders
TSIC 27 (Revised 2016)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (Revised 2016)	Service Concession Arrangements: Disclosures
TSIC 31 (Revised 2016)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2016)	Intangible Assets-Web Site Costs

Thai Financial Reporting Standard Interpretations (TFRIC)

TFRIC 1 (Revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2016)	Applying the Restatement Approach under TAS 29 (Revised 2016) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2016)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2016)	Service Concession Arrangements
TFRIC 13 (Revised 2016)	Customer Loyalty Programmes
TFRIC 14 (Revised 2016)	TAS 19 (Revised 2016) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2016)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2016)	Transfers of Assets from Customers
TFRIC 20 (Revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (Revised 2016)	Levies

Guideline on Accounting

Guideline on Accounting regarding Derecognition of Financial Assets and Liabilities

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 believes that they will not have material impact on the financial statements for the period in which they are initially applied.

3. ADOPTION OF NEW AND REVISED THAI FINANCIAL REPORT STANDARDS

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRSs) (Revised 2015) which are effective for the financial statements for the periods beginning on or after January 1, 2016. The Company and its subsidiary has adopted such TFRSs from January 1, 2016 which have no material impact on these financial statements, except for TFRS No. 4 (Revised 2015) "Insurance Contracts".

The objective of TFRS No. 4 (Revised 2015) is to specify the financial reporting for insurance contracts issued by any entity until the second phase of its project on insurance contracts is completed. However, such TFRS has limitations as follows;

- (a) prohibits provision for possible claims under contracts that are not in existence at the end of the reporting period;
- (b) requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets; and
- (c) requires an insurer to keep insurance liabilities in its statement of financial position until they are discharged or cancelled, or expired, and
- (d) to present insurance liabilities without offsetting them against related reinsurance assets.

In applying TFRS No. 4, the subsidiary considered classification of insurance contracts including performing the liability adequacy test of recognised insurance liabilities and the impairment test for reinsurance assets. However, the adoption of this standard does not result in an impact on the Company and its subsidiary's financial statements since the subsidiary's management already considered and performed a test on its reinsurance contracts and can be concluded that all of its reinsurance contracts met definition of being insurance contracts under this standard. Furthermore, the subsidiary has always performed the liability adequacy test of its recognised insurance liabilities and the impairment test for reinsurance assets before this standard became effective.

As a result, the Company and its subsidiary has retrospectively reclassified the financial statements, presented herein for comparison, to conform to the presentation in current period in accordance with the Notification of the Office of Insurance Commission regarding "Rules, Procedures, Conditions and Timing for the Preparation and Submission of the Financial Statements and Reporting of the Operations of Non-Life Insurance Companies B.E. 2559", dated March 4, 2016 (see Note 2.2), as if the reclassifications had always been prepared. Effects to the consolidated and separate financial statements are summarized as follows:

	As at December 31, 2015		As at January 1, 2015	
	As reclassified	As previous reported	As reclassified	As previous reported
	Baht	Baht	Baht	Baht

Consolidated statements of financial position

Assets:

Premium due and uncollected	287,006,106	293,825,093	292,974,816	305,664,100
Reinsurance assets	992,159,725	1,140,298,468	1,089,420,137	1,426,546,757
Due from reinsurers	193,115,187	-	394,577,504	-
Investment in securities	4,655,982,039	4,642,732,039	4,691,756,883	4,666,756,883
Deferred tax assets	225,920,527	232,338,985	211,228,008	225,365,499
Other assets	68,251,468	81,501,468	46,230,301	71,230,301

Liabilities:

Insurance contract liabilities	(2,401,124,113)	(2,362,966,656)	(2,586,859,379)	(2,542,097,779)
Deferred tax liabilities	-	(6,418,458)	-	(14,137,491)
	<u>4,021,310,939</u>	<u>4,021,310,939</u>	<u>4,139,328,270</u>	<u>4,139,328,270</u>

	As at December 31, 2015		As at January 1, 2015	
	As reclassified	As previous reported	As reclassified	As previous reported
	Baht	Baht	Baht	Baht

Separate statements of financial position

Assets:

Deferred tax assets	47,145,138	52,084,162	9,418,071	20,120,809
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Liabilities:

Deferred tax liabilities	-	(4,939,024)	-	(10,702,738)
	<u>47,145,138</u>	<u>47,145,138</u>	<u>9,418,071</u>	<u>9,418,071</u>

	For the year ended Decemer 31, 2015	
	As reclassified	As previous reported
	Baht	Baht

Consolidated statements of profit or loss

and other comprehensive income

Contribution to the Office of Insurance Commission	-	8,277,476
Contribution to Non-life Guarantee Fund	-	7,777,476
Contribution to Road Victims Protection Fund	-	474,194
Other underwriting expenses	<u>424,369,684</u>	<u>407,840,538</u>
	<u>424,369,684</u>	<u>424,369,684</u>

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 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 contract are reclassified as investment contract (if any).

4.2 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.

Commissions and brokerages and other expenses

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

4.3 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.

4.4 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.

4.5 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.

4.6 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.

4.7 Investment in securities

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

Securities classified as general investments are stated at cost.

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

In case of impairment in value of investment has occurred, the resultant loss for all classification of investments is recognized in the statement of profit or loss and other comprehensive income.

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

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

Fair value of marketable securities are based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. Fair value of debt instruments is determined based on the price quoted by the Thai Bond Market Association. Fair value of unit trusts is determined from their net asset value.

4.8 Investments in a subsidiary and an associate

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

4.9 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.

4.10 Premises and equipment

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

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

Building	5 years
Office equipment, furniture and fixtures	5 years
Vehicles	5 years

4.11 Intangible assets

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

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

Computer software	5 years
Bancassurance agreement	10 years

4.12 Impairment of assets

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

4.13 Insurance liabilities

4.13.1 Unearned premium reserve

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

Fire, Marine (Hull), Motor and Miscellaneous	- Monthly average basis (the one- twenty fourth basis)
Transportation (Cargo), travelling accident	- 100% of premiums as from the effective date of the
with coverage periods of not over	inforce policies over the insurance coverage period
six-months	

4.13.2 Loss reserve and outstanding claims

Loss reserve and outstanding claims have been provided upon receipt of claim advices from the insured and recorded at the amount appraised by an independent appraiser or by the Group's appraiser. In addition, the Group records a provision for losses incurred but not yet reported (IBNR) which assessed by certified actuary.

4.13.3 Unexpired risks reserve

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

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

4.14 Foreign currency transactions

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

4.15 Employee benefits

4.15.1 Provident fund

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

4.15.2 Employee benefit obligations

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

4.16 Long-term leases

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

4.17 Income tax expense

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

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

4.18 Basic earnings per share

Basic earnings per share are calculated by dividing net income by the number of weighted average ordinary shares outstanding at the end of the year. In the case of a capital increase, the number of shares is equal to the weighted average according to the time of the subscription received for the increase in issued and paid-up share capital. As at December 31, 2016 and 2015, the Group does not have any common share equivalents outstanding which would have had a dilutive effect on earnings per share.

4.19 Use of management's judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with Thai Financial Reporting Standards (TFRSs) requires the Company's management to exercise various judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the year. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

Key sources of estimation uncertainty

4.19.1 Loss reserves

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

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

4.19.2 Fair value measurement and valuation processes

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

Information about valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 37.2.6.1.

4.20 Fair value measurements

In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if a producer or supplier of a marketable good would take those characteristics into the consideration the price that would be received to sell an asset or paid to transfer a liability at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Fair value for disclosure

in the financial statements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

5. ADDITIONAL INFORMATION FOR CASH FLOWS

5.1 Non-cash items of premises and equipment for the years ended December 31, 2016 and 2015 consisted of the following:

	Consolidated financial statements	
	2016 Baht	2015 Baht
Other payable - fixed assets as at January 1,	800,681	897,439
<u>Add</u> Purchases of fixed assets	16,330,184	47,159,487
<u>Less</u> Cash paid for purchase of fixed assets	(17,130,865)	(47,256,245)
Other payable - fixed assets as at December 31,	-	800,681

5.2 Non-cash items of intangible assets for the years ended December 31, 2016 and 2015 consisted of the following:

	Consolidated financial statements	
	2016 Baht	2015 Baht
Other payable - fixed assets as at January 1,	-	-
<u>Add</u> Purchases of fixed assets	5,505,280	9,514,191
<u>Less</u> Cash paid for purchase of fixed assets	(5,485,280)	(9,514,191)
Other payable - fixed assets as at December 31,	20,000	-

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2016 and 2015 consisted of the following:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Cash	270,000	295,000	10,000	30,000
Cheque on hand	5,928,705	4,884,216	-	-
Deposits at bank - at call	198,555,378	360,179,376	33,439,013	74,182,187
Deposits at bank - maturity not over 3 months	28,214,757	-	-	-
Short-term investments	1,184,081,264	699,888,062	34,995,702	-
Cash and cash equivalents	1,417,050,104	1,065,246,654	68,444,715	74,212,187

7. PREMIUM DUE AND UNCOLLECTED - NET

Premium due and uncollected - net as at December 31, 2016 and 2015 consisted of the following:

	Consolidated financial statements	
	2016 Baht	2015 Baht
Within credit terms	175,614,323	229,214,731
Less than 30 days	20,840,414	35,144,688
31 - 60 days	6,780,953	8,812,930
61 - 90 days	5,808,252	6,370,698
Over 90 days	12,840,486	12,356,616
Total premium due and uncollected	221,884,428	291,899,663
<u>Less</u> Allowance for doubtful accounts	<u>(4,451,244)</u>	<u>(4,893,557)</u>
Premium due and uncollected - net	<u>217,433,184</u>	<u>287,006,106</u>

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.

8. REINSURANCE ASSETS

Reinsurance assets as at December 31, 2016 and 2015 consisted of the following:

	Consolidated financial statements	
	2016 Baht	2015 Baht
Insurance reserve refundable from reinsurers		
Loss reserves	454,209,715	451,220,018
Unearned premium reserve		
- Unearned reinsurance premium reserve	596,066,203	540,939,707
Total reinsurance assets (see Note 17)	<u>1,050,275,918</u>	<u>992,159,725</u>

9. DUE FROM REINSURERS

Due from reinsurers as at December 31, 2016 and 2015 consisted of the following:

	Consolidated financial statements	
	2016 Baht	2015 Baht
Deposit on reinsurance	103	129
Due from reinsurers	58,568,773	193,115,058
Total	<u>58,568,876</u>	<u>193,115,187</u>

Aging analyzes for due from reinsurers as at December 31, 2016 and 2015 were as follows:

	Consolidated financial statements	
	2016 Baht	2015 Baht
Within credit terms	46,192,562	181,634,518
Not over 12 months	10,536,556	9,855,214
Over 1 year to 2 years	1,837,675	848,189
Over 2 years	1,980	777,137
Total due from reinsures	58,568,773	193,115,058

10. INVESTMENTS IN SECURITIES

Investment in securities as at December 31, 2016 and 2015 consisted of the following:

	Consolidated financial statements			
	As at December 31, 2016		As at December 31, 2015	
	Cost/ Amortized cost Baht	Fair value Baht	Cost/ Amortized cost Baht	Fair value Baht
Available-for-sale securities				
Government and state enterprise securities	488,902,498	494,225,155	595,767,086	607,540,558
Private enterprise debt securities	-	-	3,009,172	3,092,929
Equity securities	2,241,424,775	2,126,120,877	2,290,695,029	2,134,702,206
Total	2,730,327,273	2,620,346,032	2,889,471,287	2,745,335,693
Less Unrealized losses	(109,981,241)	-	(144,135,594)	-
Total available-for-sale securities	2,620,346,032	2,620,346,032	2,745,335,693	2,745,335,693
Held-to-maturity securities				
Government securities used as collateral	1,497,711,448		1,399,664,483	
Deposits at bank with maturity over 3 months	197,902,544		174,951,292	
Deposits at bank used as collateral	245,902,763		303,290,739	
Premium saving certificates used as collateral	12,850,000		13,250,000	
Total held-to-maturity securities	1,954,366,755		1,891,156,514	
General investment				
Equity securities	20,996,951		20,996,951	
Less Allowance for impairment	(1,507,119)		(1,507,119)	
Total general investment	19,489,832		19,489,832	
Total investment in securities - net	4,594,202,619		4,655,982,039	

	Separate financial statements			
	As at December 31, 2016		As at December 31, 2015	
	Cost/ Amortized cost	Fair value	Cost/ Amortized cost	Fair value
	Baht	Baht	Baht	Baht
Available-for-sale securities				
Government and state enterprise securities	132,277,540	134,604,175	134,485,350	139,031,945
Equity securities	2,216,048,042	2,100,334,504	2,265,318,296	2,109,238,938
Total	2,348,325,582	2,234,938,679	2,399,803,646	2,248,270,883
<u>Less</u> Unrealized losses	(113,386,903)	-	(151,532,763)	-
Total available-for-sale securities	2,234,938,679	2,234,938,679	2,248,270,883	2,248,270,883
Held-to-maturity securities				
Deposits at bank with maturity over 3 months	22,239,399		21,879,071	
Deposits at bank used as collateral	44,000,000		44,000,000	
Total held-to-maturity securities	66,239,399		65,879,071	
General investment				
Equity securities	19,505,281		19,505,281	
<u>Less</u> Allowance for impairment	(1,507,119)		(1,507,119)	
Total general investment	17,998,162		17,998,162	
Total investment in securities - net	2,319,176,240		2,332,148,116	

Debt securities classified by the remaining maturity as at December 31, 2016 were as follows:

	Consolidated financial statements			
	Maturities			Total
	Within 1 year	1 - 5 years	Over 5 years	
	Baht	Baht	Baht	
Available-for-sale debt securities				
Government and state enterprise securities	201,306,056	287,596,442	-	488,902,498
<u>Add</u> Unrealized gains	647,980	4,674,677	-	5,322,657
Total	201,954,036	292,271,119	-	494,225,155
Total available-for-sale debt securities	201,954,036	292,271,119	-	494,225,155
Held-to-maturity debt securities				
Government and state enterprise securities				
used as collateral	1,497,711,448	-	-	1,497,711,448
Total held-to-maturity debt securities	1,497,711,448	-	-	1,497,711,448
Total debt securities - net	1,699,665,484	292,271,119	-	1,991,936,603

Debt securities classified by the remaining maturity as at December 31, 2015 were as follows:

	Consolidated financial statements			
	Maturities			Total
	Within 1 year	1 - 5 years	Over 5 years	
	Baht	Baht	Baht	Baht
Available-for-sale debt securities				
Government and state enterprise securities	201,183,805	394,583,281	-	595,767,086
<u>Add</u> Unrealized gains	3,009,172	-	-	3,009,172
Total	1,116,514	10,740,715	-	11,857,229
Total available-for-sale debt securities	205,309,491	405,323,996	-	610,633,487
	205,309,491	405,323,996	-	610,633,487
Held-to-maturity debt securities				
Government and state enterprise securities				
used as collateral	1,399,664,483	-	-	1,399,664,483
Total held-to-maturity debt securities	1,399,664,483	-	-	1,399,664,483
Total debt securities - net	1,604,973,974	405,323,996	-	2,010,297,970

Debt securities classified by the remaining maturity as at December 31, 2016 were as follows:

	Separate financial statements			
	Maturities			Total
	Within 1 year	1 - 5 years	Over 5 years	
	Baht	Baht	Baht	Baht
Available-for-sale debt securities				
Government and state enterprise securities	30,218,691	102,058,849	-	132,277,540
<u>Add</u> Unrealized gains	188,283	2,138,352	-	2,326,635
Total	30,406,974	104,197,201	-	134,604,175
Total debt securities - net	30,406,974	104,197,201	-	134,604,175

Debt securities classified by the remaining maturity as at December 31, 2015 were as follows:

	Separate financial statements			
	Maturities			Total
	Within 1 year	1 - 5 years	Over 5 years	
	Baht	Baht	Baht	Baht
Available-for-sale debt securities				
Government and state enterprise securities	-	134,485,350	-	134,485,350
<u>Add</u> Unrealized gains	-	4,546,595	-	4,546,595
Total	-	139,031,945	-	139,031,945
Total debt securities - net	-	139,031,945	-	139,031,945

As at December 31, 2016 and 2015, certain deposits at bank of the Company and its subsidiary are pledged as collateral for credit facilities for bank overdrafts and loans in the form of promissory notes (see Note 18).

As at December 31, 2016 and 2015, certain investment in securities of the Company and its subsidiary are pledged and used for assets reserved with the Registrar (see Note 32).

As at December 31, 2016 and 2015, certain investment in securities of subsidiary are deposited at bank as collateral with subsidiary's backup assets of Baht 1,794.99 million and Baht 1,862.76 million, respectively.

11. LOANS

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

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

12. INVESTMENT IN A SUBSIDIARY AND AN ASSOCIATE

12.1 Investment in an associate in the consolidated financial statements

As at December 31, 2016 and 2015, the Company had investment in an associated company accounted for under equity method in the consolidated financial statements as follows:

Company name	Nature of business	Consolidated financial statements					
		Percentage of shareholding		Cost		Carrying value under equity method	
		2016	2015	2016	2015	2016	2015
		percent	percent	Baht	Baht	Baht	Baht
Associated company							
Allianz Ayudhya Assurance							
Public Company Limited	Life Insurance	20.17	20.17	1,487,263,618	1,487,263,618	2,830,474,645	2,944,763,813

As at December 31, 2016 and 2015, an associate had total assets and total liabilities as follows:

Baht: million

	As at December 31, 2016	As at December 31, 2015
Total assets	161,095.54	145,153.90
Total liabilities	147,302.10	130,793.83

For the years ended December 31, 2016 and 2015, an associate had total revenues, net income and net of other comprehensive income as follows:

Baht: million

	For the years ended December 31,	
	2016	2015
Total revenues	36,611.15	34,321.16
Net income	1,926.01	1,947.22
Items that will not be reclassified subsequently to profit or loss		
Defined benefit plan actuarial gain (loss)	(17.40)	5.64
Income tax relating to items that will not be reclassified subsequently	3.48	(1.13)
Other comprehensive income (loss) - net of income tax	(13.92)	4.51
Items that will be reclassified subsequently to profit or loss		
Net change in fair value of derivative instruments	(271.62)	212.00
Net change in fair value of available-for-sale securities	(509.90)	1,970.74
Income tax relating to items that will be reclassified subsequently	158.33	(436.55)
Other comprehensive income (loss) - net of income tax	(623.19)	1,746.19

The consolidated statement of profit or loss and other comprehensive income for the years ended December 31, 2016 and 2015 recognized share of profit, resulting from portion of holding of investment in an associate as follows:

Baht: million

	For the years ended December 31,	
	2016	2015
Share of profit of investment in an associate	388.47	392.74
Items that will not be reclassified subsequently to profit or loss		
Share of other comprehensive income (loss) of an associate	(3.51)	1.14
Income tax relating to items that will not be reclassified subsequently	0.70	(0.23)
Share of other comprehensive income (loss) of an associate - net of income tax	(2.81)	0.91
Items that will be reclassified subsequently to profit or loss		
Share of other comprehensive income (loss) of an associate	(157.63)	440.26
Income tax relating to items that will be reclassified subsequently	31.94	(88.05)
Share of other comprehensive income (loss) of an associate - net of income tax	(125.69)	352.21

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

Baht: million

	As at December 31,	
	2016	2015
Net assets of an associate	13,793.44	14,360.07
Proportion of the Group's ownership interest in an associate (%)	20.17	20.17
	2,782.07	2,896.36
Investment amount over net assets at investment date	48.40	48.40
Carrying amount of the Group's interest in an associate	2,830.47	2,944.76

12.2 Investments in a subsidiary and an associate in the separate financial statements

As at December 31, 2016 and 2015, investments in a subsidiary and an associate were as follows:

Company's name	Paid-up capital		Separate financial statements					
			Shareholding percentage		Cost		Dividend	
	2016 Baht	2015 Baht	2016 percent	2015 percent	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Associated company								
Allianz Ayudhya								
Assurance Public Company Limited	2,950,000,000	2,950,000,000	20.17	20.17	1,487,263,618	1,487,263,618	374,256,761	518,247,439
Subsidiary company								
Sri Ayudhya General								
Insurance Public Company Limited	1,800,000,000	1,800,000,000	99.99	99.99	1,823,578,981	1,823,578,981	-	-

13. PREMISES AND EQUIPMENT

Premises and equipment as at December 31, 2016 and 2015 consisted of the following:

	Consolidated financial statements										
	Cost					Accumulated depreciation				Beginning	Ending
	As at	Increase	Disposal /	Transfer in/	As at	As at	Depreciation	Disposal /	As at	balance of	Ending
	January 1, 2016		Write off	(transfer out)	December 31, 2016	January 1, 2016		Write off	December 31, 2016	premises and equipment - net as at January 1, 2016	balance of premises and equipment - net as at December 31, 2016
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Land	1,610,500	-	-	-	1,610,500	-	-	-	-	1,610,500	1,610,500
Building	773,500	-	-	-	773,500	(773,498)	-	-	(773,498)	2	2
Office equipment	67,652,309	3,036,029	(1,568,696)	-	69,119,642	(51,159,200)	(6,163,191)	1,538,388	(55,784,003)	16,493,109	13,335,639
Furniture and fixtures	44,626,477	1,165,654	(2,302,642)	9,485,633	52,975,122	(19,513,099)	(8,146,089)	2,005,175	(25,654,013)	25,113,378	27,321,109
Vehicles	65,314,632	6,475,000	(31,006,701)	-	40,782,931	(37,053,175)	(7,237,189)	21,773,932	(22,516,432)	28,261,457	18,266,499
Office equipment and furniture and fixtures - under installation	3,832,132	5,653,501	-	(9,485,633)	-	-	-	-	-	3,832,132	-
Total	183,809,550	16,330,184	(34,878,039)	-	165,261,695	(108,498,972)	(21,546,469)	25,317,495	(104,727,946)	75,310,578	60,533,749

	Consolidated financial statements										
	Cost					Accumulated depreciation				Beginning	Ending
	As at	Increase	Disposal /	Transfer in/	As at	As at	Depreciation	Disposal /	As at	balance of	balance of
	January 1, 2015		Write off	(transfer out)	December 31, 2015	January 1, 2015		Write off	December 31, 2015	premises and equipment - net as at January 1, 2015	premises and equipment - net as at December 31, 2015
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Land	1,610,500	-	-	-	1,610,500	-	-	-	-	1,610,500	1,610,500
Building	773,500	-	-	-	773,500	(773,498)	-	-	(773,498)	2	2
Office equipment	71,743,750	3,787,794	(7,879,235)	-	67,652,309	(50,835,453)	(7,790,638)	7,466,891	(51,159,200)	20,908,297	16,493,109
Furniture and fixtures	32,215,415	3,100,949	(5,912,124)	15,222,237	44,626,477	(20,196,299)	(5,228,901)	5,912,101	(19,513,099)	12,019,116	25,113,378
Vehicles	65,308,799	21,216,375	(21,210,542)	-	65,314,632	(44,721,537)	(9,861,247)	17,529,609	(37,053,175)	20,587,262	28,261,457
Office equipment and furniture and fixtures - under installation	-	19,054,369	-	(15,222,237)	3,832,132	-	-	-	-	-	3,832,132
Total	171,651,964	47,159,487	(35,001,901)	-	183,809,550	(116,526,787)	(22,880,786)	30,908,601	(108,498,972)	55,125,177	75,310,578

	Separate financial statements									
	Cost					Accumulated depreciation			Beginning	Beginning
	As at	Increase	Disposal /	As at	As at	Depreciation	Disposal /	As at	balance of	balance of
	January 1, 2016		Write off	December 31, 2016	January 1, 2016		Write off	December 31, 2016	premises and equipment - net as at January 1, 2016	premises and equipment - net as at December 31, 2016
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Land	1,610,500	-	-	1,610,500	-	-	-	-	1,610,500	1,610,500
Building	773,500	-	-	773,500	(773,498)	-	-	(773,498)	2	2
Office equipment	3,091,091	-	(196,883)	2,894,208	(2,442,677)	(230,873)	178,980	(2,494,570)	648,414	399,638
Furniture and fixtures	4,459,777	551	(4,381)	4,455,947	(3,608,311)	(334,776)	4,380	(3,938,707)	851,466	517,240
Vehicles	24,014,602	-	(15,306,777)	8,707,825	(15,728,284)	(993,562)	8,103,223	(8,618,623)	8,286,318	89,202
Total	33,949,470	551	(15,508,041)	18,441,980	(22,552,770)	(1,559,211)	8,286,583	(15,825,398)	11,396,700	2,616,582

	Separate financial statements									
	Cost					Accumulated depreciation			Beginning	Beginning
	As at	Increase	Disposal /	As at	As at	Depreciation	Disposal /	As at	balance of	balance of
	January 1, 2015		Write off	December 31, 2015	January 1, 2015		Write off	December 31, 2015	premises and equipment - net as at January 1, 2015	premises and equipment - net as at December 31, 2015
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Land	1,610,500	-	-	1,610,500	-	-	-	-	1,610,500	1,610,500
Building	773,500	-	-	773,500	(773,498)	-	-	(773,498)	2	2
Office equipment	3,874,656	-	(783,565)	3,091,091	(2,820,370)	(308,585)	686,278	(2,442,677)	1,054,286	648,414
Furniture and fixtures	4,524,009	4,450	(68,682)	4,459,777	(3,120,804)	(556,183)	68,676	(3,608,311)	1,403,205	851,466
Vehicles	23,958,840	6,281,270	(6,225,508)	24,014,602	(17,900,710)	(3,118,916)	5,291,342	(15,728,284)	6,058,130	8,286,318
Total	34,741,505	6,285,720	(7,077,755)	33,949,470	(24,615,382)	(3,983,684)	6,046,296	(22,552,770)	10,126,123	11,396,700

As at December 31, 2016 and 2015, certain premises and equipment of the Company and its subsidiary at cost of Baht 62.16 million and Baht 61.58 million, respectively, were fully depreciated but still in use (Company: Baht 14.07 million and Baht 13.67 million, respectively).

14. INTANGIBLE ASSETS

Intangible assets as at December 31, 2016 and 2015 consisted of the following:

	Consolidated financial statements										
	Cost					Accumulated depreciation				Beginning balance of intangible assets - net as at January 1, 2016	Ending balance of intangible assets - net as at December 31, 2016
	As at January 1, 2016	Increase	Disposal / Write off	Transfer in/ (transfer out)	As at December 31, 2016	As at January 1, 2016	Amortization	Write off	As at December 31, 2016		
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht

Purchase/subsequently

acquire

Computer software	70,876,094	1,077,298	-	2,756,550	74,709,942	(61,223,661)	(4,000,897)	-	(65,224,558)	9,652,433	9,485,384
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Computer software

in process	25,595,473	4,427,982	-	(2,756,550)	27,266,905	-	-	-	-	25,595,473	27,266,905
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Bancassurance

agreement	100,000,000	-	-	-	100,000,000	(51,574,046)	(10,019,162)	-	(61,593,208)	48,425,954	38,406,792
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Total	196,471,567	5,505,280	-	-	201,976,847	(112,797,707)	(14,020,059)	-	(126,817,766)	83,673,860	75,159,081
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	Consolidated financial statements										
	Cost					Accumulated depreciation				Beginning balance of intangible assets - net as at January 1, 2015	Ending balance of intangible assets - net as at December 31, 2015
	As at January 1, 2015	Increase	Disposal / Write off	Transfer in/ (transfer out)	As at December 31, 2015	As at January 1, 2015	Amortization	Write off	As at December 31, 2015		
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht

Purchase/subsequently

acquire

Computer software	63,984,040	1,275,672	-	5,616,382	70,876,094	(57,138,246)	(4,085,415)	-	(61,223,661)	6,845,794	9,652,433
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Computer software

in process	22,973,336	8,238,519	-	(5,616,382)	25,595,473	-	-	-	-	22,973,336	25,595,473
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Bancassurance

agreement	1,000,000,000	-	-	-	100,000,000	(41,582,259)	(9,991,787)	-	(51,574,046)	58,417,741	48,425,954
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Total	186,957,376	9,514,191	-	-	196,471,567	(98,720,505)	(14,077,202)	-	(112,797,707)	88,236,871	83,673,860
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	Separate financial statements								
	Cost				Accumulated depreciation			Beginning	Ending
	As at	Increase	Transfer in/	As at	As at	Amortization	As at	balance	balance
	January 1, 2016		(transfer out)	December 31, 2016	January 1, 2016		December 31, 2016	of intangible assets - net as at January 1, 2016	of intangible assets - net as at December 31, 2016
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Purchase/subsequently acquire									
Computer software	40,800	-	-	40,800	(40,776)	-	(40,776)	24	24
Total	40,800	-	-	40,800	(40,776)	-	(40,776)	24	24

	Separate financial statements								
	Cost				Accumulated depreciation			Beginning	Ending
	As at	Increase	Transfer in/	As at	As at	Amortization	As at	balance	balance
	January 1, 2015		(transfer out)	December 31, 2015	January 1, 2015		December 31, 2015	of intangible assets - net as at January 1, 2015	of intangible assets - net as at December 31, 2015
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Purchase/subsequently acquire									
Computer software	40,800	-	-	40,800	(40,776)	-	(40,776)	24	24
Total	40,800	-	-	40,800	(40,776)	-	(40,776)	24	24

As at December 31, 2016 and 2015, certain intangible assets of the Company and its subsidiary at cost of Baht 59.70 million and Baht 48.05 million, respectively, were fully amortized but still in use (Company : Baht 0.04 million).

15. DEFERRED TAX ASSETS

Deferred tax assets as at December 31, 2016 and 2015 were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Deferred tax assets	185,959,305	225,920,527	19,451,317	47,145,138

Movements of deferred tax assets for the years ended December 31, 2016 and 2015 consisted of tax effects from the following items:

	Consolidated financial statements			
	As at January 1, 2016	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	As at December 31, 2016
	Baht	Baht	Baht	Baht
Deferred tax assets				
Allowance for doubtful accounts				
- premium due and uncollected	978,711	(88,462)	-	890,249
Allowance for doubtful accounts				
- Other receivable	256,500	310,223	-	566,723
Unearned premium reserve	93,809,945	(14,193,599)	-	79,616,346
Unrealized loss on the change in fair value of investment in available-for-sale securities	30,306,553	-	(7,629,172)	22,677,381
Loss reserve - net	79,390,874	(22,692,106)	-	56,698,768
Incurred but not reported claims	14,942,828	875,109	-	15,817,937
Employee benefit obligations	9,615,681	995,280	333,145	10,944,106
Allowance for impairment of general investment	301,424	-	-	301,424
Premium ceded payables - Excess of loss	2,736,469	1,330,059	-	4,066,528
Total	<u>232,338,985</u>	<u>(33,463,496)</u>	<u>(7,296,027)</u>	<u>191,579,462</u>
Deferred tax liabilities				
Unrealized gain on the change in value of investment in available-for-sale securities	(1,479,434)	-	798,301	(681,133)
Unrealized gain on transfer of investments	(4,939,024)	-	-	(4,939,024)
	<u>(6,418,458)</u>	<u>-</u>	<u>798,301</u>	<u>(5,620,157)</u>
Deferred tax assets	<u>225,920,527</u>	<u>(33,463,496)</u>	<u>(6,497,726)</u>	<u>185,959,305</u>

	Consolidated financial statements			
	As at	Transactions	Transaction	As at
	January 1, 2015	recognized in profit or loss	recognized in other comprehensive income or loss	December 31, 2015
	Baht	Baht	Baht	Baht

Deferred tax assets

Allowance for doubtful accounts

- premium due and uncollected	1,915,251	(936,540)	-	978,711
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Unearned premium reserve	93,809,945	-	-	93,809,945
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Unrealized loss on the change in fair value of

investment in available-for-sale securities	-	-	30,306,553	30,306,553
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Loss reserve - net	103,365,608	(23,974,734)	-	79,390,874
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Incurred but not reported claims	13,219,562	1,723,266	-	14,942,828
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Employee benefit obligations	6,997,680	2,618,001	-	9,615,681
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Allowance for impairment of general

investment	301,424	-	-	301,424
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Premium ceded payables - Excess of loss	5,499,529	(2,763,060)	-	2,736,469
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Others	256,500	-	-	256,500
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Total	225,365,499	(23,333,067)	30,306,553	232,338,985
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Deferred tax liabilities

Unrealized gain on the change in value of

investment in available-for-sale securities	(9,198,467)	-	7,719,033	(1,479,434)
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Unrealized gain on transfer of investments	(4,939,024)	-	-	(4,939,024)
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	(14,137,491)	-	7,719,033	(6,418,458)
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Deferred tax assets	211,228,008	(23,333,067)	38,025,586	225,920,527
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	Separate financial statements			
	As at January 1, 2016	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	As at December 31, 2016
	Baht	Baht	Baht	Baht

Deferred tax assets

Unrealized loss on the change in fair value of

investment in available-for-sale securities	30,306,553	-	(7,629,172)	22,677,381
Loss reserve - net	19,574,963	(19,574,963)	-	-
Employee benefit obligations	1,901,222	(626,849)	137,163	1,411,536
Allowance for impairment of general investment	301,424	-	-	301,424
Total	52,084,162	(20,201,812)	(7,492,009)	24,390,341

Deferred tax liabilities

Unrealized gain on transfer of investments	(4,939,024)	-	-	(4,939,024)
	(4,939,024)	-	-	(4,939,024)

Deferred tax assets	47,145,138	(20,201,812)	(7,492,009)	19,451,317
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	Separate financial statements			
	As at January 1, 2015	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income or loss	As at December 31, 2015
	Baht	Baht	Baht	Baht

Deferred tax assets

Unrealized loss on the change in fair value of

investment in available-for-sale securities	-	-	30,306,553	30,306,553
Loss reserve - net	18,955,645	619,318	-	19,574,963
Employee benefit obligations	863,740	1,037,482	-	1,901,222
Allowance for impairment of general investment	301,424	-	-	301,424
Total	20,120,809	1,656,800	30,306,553	52,084,162

Deferred tax liabilities

Unrealized gain on the change in value of

investment in available-for-sale securities	(5,763,714)	-	5,763,714	-
Unrealized gain on transfer of investments	(4,939,024)	-	-	(4,939,024)
	(10,702,738)	-	5,763,714	(4,939,024)
Deferred tax assets	9,418,071	1,656,800	36,070,267	47,145,138

Income tax expense for the years ended December 31, 2016 and 2015 consisted of the following:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Income tax expense from taxable income per income tax return	11,700,469	37,705,779	1,656,491	6,573,414
Deferred tax expenses relating to the origination and reversal of temporary differences	33,463,496	23,333,067	20,201,812	(1,656,800)
Income tax expense per the statements of profit or loss and other comprehensive income	45,163,965	61,038,846	21,858,303	4,916,614

Reconciliation of effective tax rate for the years ended December 31, 2016 and 2015 are as follows:

	Consolidated financial statements			
	2016		2015	
	Tax Rate (%)	Amount (Baht)	Tax Rate (%)	Amount (Baht)
Profit before income tax expense		660,328,969		737,952,138
Income tax using the corporation tax rate	20.00	132,065,794	20.00	147,590,428
Tax effect of non-deductible expenses (benefits)	(13.16)	(86,901,829)	(11.73)	(86,551,582)
Income tax expense per the statements of profit or loss and other comprehensive income	6.84	45,163,965	8.27	61,038,846

	Separate financial statements			
	2016		2015	
	Tax Rate (%)	Amount (Baht)	Tax Rate (%)	Amount (Baht)
Profit before income tax expense		527,883,324		596,565,397
Income tax using the corporation tax rate	20.00	105,576,665	20.00	119,313,079
Tax effect of non-deductible expenses (benefits)	(15.86)	(83,718,362)	(19.18)	(114,396,465)
Income tax expense per the statements of profit or loss and other comprehensive income	4.14	21,858,303	0.82	4,916,614

16. OTHER ASSETS

Other assets as at December 31, 2016 and 2015 consisted of the following:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Other receivables	16,230,246	10,120,137	-	-
Allowance for doubtful accounts	(2,833,615)	(1,282,500)	-	-
	<u>13,396,631</u>	<u>8,837,637</u>	<u>-</u>	<u>-</u>
Receivable from sale of securities	-	9,267,940	-	9,267,940
Revenue Department receivable	120,675	22,518,275	120,675	-
Refundable corporate income tax	13,097,739	1,656,457	-	-
Premium saving certificates used as collateral	-	200,000	-	200,000
Prepaid expenses	18,164,774	15,570,951	1,267,369	480,596
Others	<u>8,631,529</u>	<u>10,200,208</u>	<u>18,793,210</u>	<u>15,186,693</u>
Total other assets	<u>53,411,348</u>	<u>68,251,468</u>	<u>20,181,254</u>	<u>25,135,229</u>

17. INSURANCE CONTRACT LIABILITIES

Insurance contract liabilities as at December 31, 2016 and 2015 consisted of the following:

	Consolidated financial statements		
	As at December 31, 2016		
	Insurance contract liabilities	Reinsurance liabilities	Net
	Baht	Baht	Baht
Loss reserves			
Loss incurred and reported	694,871,314	(409,067,995)	285,803,319
Loss incurred but not reported	124,231,405	(45,141,720)	79,089,685
Premium reserve			
Unearned Premium reserve	<u>1,430,785,906</u>	<u>(596,066,203)</u>	<u>834,719,703</u>
Total	<u>2,249,888,625</u>	<u>(1,050,275,918)</u>	<u>1,199,612,707</u>

	Consolidated financial statements		
	As at December 31, 2015		
	Insurance contract liabilities Baht	Reinsurance liabilities (see Note 8) Baht	Net Baht
Loss reserves			
Loss incurred and reported	815,970,117	(413,062,561)	402,907,556
Loss incurred but not reported	112,871,603	(38,157,457)	74,714,146
Premium reserve			
Unearned Premium reserve	1,472,282,393	(540,939,707)	931,342,686
Total	<u>2,401,124,113</u>	<u>(992,159,725)</u>	<u>1,408,964,388</u>

	Separate financial statements		
	As at December 31, 2015		
	Insurance contract liabilities Baht	Reinsurance liabilities Baht	Net Baht
Loss reserves			
Loss incurred and reported	97,874,811	-	97,874,811
Total	<u>97,874,811</u>	<u>-</u>	<u>97,874,811</u>

17.1 Insurance reserve for short term insurance contract

17.1.1 Loss reserves

Loss reserves as at December 31, 2016 and 2015 consisted of the following:

	Consolidated financial statements		
	2016		
	Gross Baht	Reinsurance Baht	Net Baht
Balance as at beginning year	928,841,720	(451,220,018)	477,621,702
Loss incurred and loss adjustment expenses during the year	1,577,788,345	(640,149,912)	937,638,433
Changing on estimated loss and assumptions used in calculating loss reserve	(262,313,018)	141,886,886	(120,426,132)
Loss paid during the year	<u>(1,425,214,328)</u>	<u>495,273,329</u>	<u>(929,940,999)</u>
Balance as at ending year	<u>819,102,719</u>	<u>(454,209,715)</u>	<u>364,893,004</u>

	Consolidated financial statements		
	2015		
	Gross Baht	Reinsurance Baht	Net Baht
Balance as at beginning year	1,134,917,281	(543,165,740)	591,751,541
Loss incurred and loss adjustment expenses during the year	1,254,927,855	(478,102,912)	776,824,943
Changing on estimated loss and assumptions used in calculating loss reserve	181,170,446	(102,080,289)	79,090,157
Loss paid during the year	(1,642,173,862)	672,128,923	(970,044,939)
Balance as at ending year	<u>928,841,720</u>	<u>(451,220,018)</u>	<u>477,621,702</u>

	Separate financial statements		
	2016		
	Gross Baht	Reinsurance Baht	Net Baht
Balance as at beginning year	97,874,811	-	97,874,811
Changing on estimated loss and assumptions used in calculating loss reserve	(97,874,811)	-	(97,874,811)
Balance as at ending year	<u>-</u>	<u>-</u>	<u>-</u>

	Separate financial statements		
	2015		
	Gross Baht	Reinsurance Baht	Net Baht
Balance as at beginning year	94,778,223	-	94,778,223
Changing on estimated loss and assumptions used in calculating loss reserve	3,096,588	-	3,096,588
Balance as at ending year	<u>97,874,811</u>	<u>-</u>	<u>97,874,811</u>

As at December 31, 2015, the insurance contract liabilities account in the separate financial statements are included outstanding claims and accrued interest of Baht 97.87 million, caused by a loss claim incurred by an insured company on September 24, 1997. On March 15, 2016, the supreme court had passed a verdict to dismissal for this case. Therefore, the Company reversed such insurance contract liabilities to be an other income in the statement of profit or loss and other comprehensive income for the years ended December 31, 2016 of Baht 97.87 million.

17.1.2 Unearned premium reserve

	Consolidated financial statements		
	2016		
	Gross Baht	Reinsurance Baht	Net Baht
As at January 1,	1,472,282,393	(540,939,707)	931,342,686
Premium written for the year	3,082,391,856	(1,286,529,458)	1,795,862,398
Earned premium for the year	(3,123,888,343)	1,231,402,962	(1,892,485,381)
As at December 31,	<u>1,430,785,906</u>	<u>(596,066,203)</u>	<u>834,719,703</u>

	Consolidated financial statements		
	2015		
	Gross Baht	Reinsurance Baht	Net Baht
As at January 1,	1,451,942,098	(546,254,397)	905,687,701
Premium written for the year	3,137,849,154	(1,239,518,400)	1,898,330,754
Earned premium for the year	(3,117,508,859)	1,244,833,090	(1,872,675,769)
As at December 31,	<u>1,472,282,393</u>	<u>(540,939,707)</u>	<u>931,342,686</u>

17.1.3 Unexpired risk reserve

As at December 31, 2016 and 2015, no additional reserve for unexpired risk reserve has been established as the unexpired risk reserve estimated by the subsidiary amounting to Baht 816.17 million gross and Baht 549.26 million net of reinsurance (As at December 31, 2015 : amounting to Baht 743.54 million and Baht 578.60 million, respectively), is lower than the unearned premium reserve.

17.2 Claims development tables

17.2.1 Analysis of claims development — gross

Unit: Baht

	2012	2013	2014	2015	2016	Total
Estimate of ultimates :						
- End of accident year	1,204,292,382	1,416,734,959	1,212,296,655	1,254,927,855	1,577,788,345	
- One year later	1,153,078,733	1,497,057,339	1,348,431,604	1,354,581,249		
- Two year later	1,114,151,515	1,462,331,512	1,297,549,606			
- Three year later	1,119,195,998	1,385,429,508				
- Four year later	1,112,106,240					
Absolute estimated loss						
reserve and outstanding claim	1,112,106,240	1,385,429,508	1,297,549,606	1,354,581,249	1,577,788,345	6,727,454,948
Accumulative claim paid	(1,104,732,463)	(1,371,250,805)	(1,243,398,193)	(1,224,925,754)	(993,772,560)	(5,938,079,775)
Total Loss reserves	<u>7,373,777</u>	<u>14,178,703</u>	<u>54,151,413</u>	<u>129,655,495</u>	<u>584,015,785</u>	<u>789,375,173</u>
Loss reserves before year 2012						<u>29,727,546</u>
Total Loss reserves						<u>819,102,719</u>

17.2.2 Analysis of claims development - net

Unit: Baht

	2012	2013	2014	2015	2016	Total
Estimate of ultimates :						
- End of accident year	807,818,286	831,008,228	768,730,145	776,824,943	937,638,433	
- One year later	725,600,791	915,914,174	827,187,455	843,096,103		
- Two year later	720,391,059	887,549,891	802,549,106			
- Three year later	728,685,312	885,718,931				
- Four year later	727,808,322					
Absolute estimated loss						
reserve and outstanding claim	727,808,322	885,718,931	802,549,106	843,096,103	937,638,433	4,196,810,895
Accumulative claim paid	(726,611,623)	(883,050,019)	(799,440,519)	(797,154,420)	(639,482,604)	(3,845,739,185)
Total Loss reserves	1,196,699	2,668,912	3,108,587	45,941,683	298,155,829	351,071,710
Loss reserves before year 2012						13,821,294
Total Loss reserves						364,893,004

18. BANK OVERDRAFTS

As at December 31, 2016 and 2015, the Company and its subsidiary had credit lines for bank overdrafts and loans in the form of promissory notes which were guaranteed by deposits at bank of the Company and its subsidiary in the same amount of credit limit. The interest rate was as follows (see Note 10):

Baht: million

	Interest rate (% per annum)	Collateral	The Company		The subsidiary	
			As at December 31,		As at December 31,	
			2016	2015	2016	2015
			Credit Limit		Credit Limit	
Bank overdrafts	Fixed deposit rate of plus 2%	Deposits at bank	20	20	20	20
Loans in the form of						
promissory notes	Fixed deposit rate of plus 2%	Deposits at bank	10	10	-	-

19. DUE TO REINSURERS

Due to reinsurers as at December 31, 2016 and 2015 consisted of the following:

	Consolidated	
	financial statements	
	2016	2015
	Baht	Baht
Premium ceded payables	402,551,575	401,914,568
Amount withheld on reinsurance	303,140,910	231,437,501
Total due to reinsurers	705,692,485	633,352,069

20. EMPLOYEE BENEFIT OBLIGATIONS

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

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, 2016 and 2015 consisted of the following:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Current service cost	8,472,072	11,442,545	613,604	5,042,587
Interest cost	1,543,920	2,089,544	92,664	144,824
Actuarial (gain) loss				
- From financial assumptions changes	3,041,239	-	123,820	-
- From demographic assumptions changes	(196,884)	-	(1,232)	-
- From experience adjustments	(1,178,633)	-	563,225	-
Total employee benefit expenses	11,681,714	13,532,089	1,392,081	5,187,411

For the years ended December 31, 2016 and 2015, the Company and its subsidiary recognized actuarial loss in the consolidated statement of profit or loss and other comprehensive income as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Actuarial loss	1,665,722	-	685,813	-
Deferred tax	(333,145)	-	(137,163)	-
Actuarial loss on defined employee benefit plans				
- net of income tax	1,332,577	-	548,650	-

Movements in the present value of the employee benefit obligations as at December 31, 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Present value of obligation at the beginning of the years	72,833,452	60,974,363	9,787,112	4,599,701
Current service cost of the years	8,472,072	11,442,545	613,604	5,042,587
Interest cost	1,543,920	2,089,544	92,664	144,824
Actuarial loss	1,665,722	-	685,813	-
Benefit paid during the years	(5,444,570)	(1,673,000)	(3,794,820)	-
Transfer benefit to subsidiary company	-	-	(326,693)	-
Present value of obligation at the ending of the years	79,070,596	72,833,452	7,057,680	9,787,112

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

	The Company		The subsidiary	
Financial assumptions				
Discount rate (%)	2.19	3.38	2.27	3.59
Expected rate of salary increase (%)	5	6	5	6
Demographic assumptions				
Turnover rate (%) subject to range of age of employees	4, 10, 17	4, 9, 21	4, 10, 17	4, 9, 21
Retirement age (years)	60	60	60	60

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

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Financial assumptions				
Discount rate - 1 % increase	(7,250,918)	(6,802,958)	(380,685)	(391,624)
Discount rate - 1 % decrease	8,376,955	7,318,554	421,074	414,452
Expected rate of salary - 1% increase	8,060,423	7,061,158	405,184	401,974
Expected rate of salary - 1% decrease	(7,138,214)	(6,636,880)	(374,378)	(383,970)
Demographic assumptions				
Turnover rate - 1% increase	(7,614,713)	(7,174,748)	(396,072)	(393,269)
Turnover rate - 1% decrease	2,402,944	2,382,818	31,381	41,130
Life expectancy - 1 year increase	603,620	576,740	28,012	53,710
Life expectancy - 1 year decrease	(598,127)	(571,431)	(27,855)	(53,370)

21. OTHER LIABILITIES

Other liabilities as at December 31, 2016 and 2015 consisted of the following:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Other payables - promotion expense	25,632,769	16,881,679	-	-
Amount received in advance - premium	29,334,767	20,527,439	-	-
Payable from purchase of securities	-	1,991,755	-	1,991,755
Revenue Department payable	17,068,162	5,708,139	1,443,917	1,165,085
Undue output VAT	2,782,325	3,159,336	-	-
Others	13,114,056	22,712,471	-	-
Total other liabilities	87,932,079	70,980,819	1,443,917	3,156,840

22. LEGAL RESERVE

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

As at December 31, 2016 and 2015, the Company has legal reserve by 10% of the authorized capital.

23. FINANCIAL INFORMATION BY SEGMENT

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

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

For the years ended December 31, 2016 and 2015, there was no revenue from a single external customer contributed 10% or more to the Company and its subsidiary's total revenue.

The financial information of the Company and its subsidiary for the years ended December 31, 2016 and 2015 were presented by business segment as follows:

Unit: Baht

	Consolidated financial statements							
	For the years ended December 31,							
	Non-life insurance business		Investment business		Elimination of inter-segment		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenue from external	2,263,133,009	2,324,498,786	480,421,783	653,616,403	(374,256,761)	(537,577,011)	2,369,298,031	2,440,538,178
Share of profit of investment in an associate	-	-	388,469,249	392,747,092	-	-	388,469,249	392,747,092
Other income	7,281,461	6,270,325	130,691,784	37,021,115	(33,651,739)	(38,168,377)	104,321,506	5,123,063
Total revenues	2,270,414,470	2,330,769,111	999,582,816	1,083,384,610	(407,908,500)	(575,745,388)	2,862,088,786	2,838,408,333
Insurance business expenses	1,844,102,238	1,743,478,127	-	-	-	-	1,844,102,238	1,743,478,127
Directors and key management personnel's remuneration	37,497,086	32,608,982	44,436,231	49,264,949	-	-	81,933,317	81,873,931
Other expenses	270,581,989	268,445,657	38,794,012	44,807,172	(33,651,739)	(38,148,692)	275,724,262	275,104,137
Income tax expense	23,305,662	56,122,232	21,858,303	4,916,614	-	-	45,163,965	61,038,846
Net income	94,927,495	230,114,113	894,494,270	984,395,875	(374,256,761)	(537,596,696)	615,165,004	676,913,292

Assets and liabilities of the Company and its subsidiary as at December 31, 2016 and 2015 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	
	2016	2015	2016	2015	2016	2015	2016	2015
Total Assets	5,389,205,370	5,255,943,939	5,263,013,461	5,437,409,385	(35,568,266)	(32,094,117)	10,616,650,565	10,661,259,207
Total Liabilities	3,552,445,705	3,510,134,636	38,110,857	134,210,672	(16,219,009)	(12,744,860)	3,574,337,553	3,631,600,448

24. OPERATING EXPENSES

Operating expenses for the years ended December 31, 2016 and 2015 consisted of the following:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Employee benefit expenses, excluded underwriting and loss adjustment expenses	147,624,282	150,441,750	47,388,198	53,840,538
Premises and equipment expense, excluded underwriting expenses	117,951,048	116,627,007	9,132,255	11,808,822
Taxes and duties	1,449,131	1,284,902	35,171	78,554
Bad debt and allowance for doubtful accounts (reverse)	1,108,802	(10,532,430)	-	-
Directors' remuneration	17,746,940	23,693,765	11,162,900	17,725,737
Marketing and promotion expenses	13,446,342	17,572,650	-	-
Other operating expense	58,331,034	57,890,424	15,511,719	10,618,470
Total operating expenses	357,657,579	356,978,068	83,230,243	94,072,121

25. EMPLOYEE EXPENSES

Employee expenses for the years ended December 31, 2016 and 2015 consisted of the following:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Salary and wage	197,206,124	196,425,938	22,498,625	28,383,983
Social fund expenses	3,754,094	3,817,230	83,250	101,040
Employee benefit expenses	10,015,992	13,532,089	706,268	5,187,411
Provident fund (see Note 31)	10,703,158	11,347,602	845,620	1,269,462
Other benefits	78,087,921	73,684,421	23,254,435	18,898,642
Total employee expenses	299,767,289	298,807,280	47,388,198	53,840,538

26. GAIN ON INVESTMENT IN SECURITIES

Gain on investment in securities for the years ended December 31, 2016 and 2015 consisted of the following:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Gain on sale of investment in available-for-sale securities				
- ordinary shares	16,081,794	3,949,865	16,081,794	3,949,865
- unit trusts	32,607,415	54,908,490	32,607,415	46,117,725
Gain on sale of general investment - ordinary shares	-	-	-	19,329,572
Total gain on investment in securities	<u>48,689,209</u>	<u>58,858,355</u>	<u>48,689,209</u>	<u>69,397,162</u>

27. BASIC EARNINGS PER SHARE

Basic earnings per share for the years ended December 31, 2016 and 2015 were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Net profit (Baht)	615,165,004	676,913,292	506,025,021	591,648,783
Issued and paid-up share capital (shares)	<u>250,000,000</u>	<u>250,000,000</u>	<u>250,000,000</u>	<u>250,000,000</u>
Basic earnings per share (Baht)	<u>2.46</u>	<u>2.71</u>	<u>2.02</u>	<u>2.37</u>

28. TRANSACTIONS WITH RELATED PARTIES

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

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

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

28.1 Investments

As at December 31, 2016

Companies	Consolidated and Separate financial statements			
	Paid-up share capital	Shareholding	Investment	Dividend
	Baht	%	Baht	Baht
Investment - ordinary shares				
Siam City Cement Plc.	2,300,000,000	0.003	1,904,000	105,000
			<u>1,904,000</u>	<u>105,000</u>

Companies	Consolidated and Separate financial statements	
	Investment Baht	Dividend Baht

Investment - unit trusts

Unit trusts managed by

Krungsri Asset Management Co., Ltd.

- Krungsri Star Plus Fund	511,520,668	-
- Krungsri Cash Management Fund	677,114,671	-
- Krungsri Star Equity Dividend Fund	26,576,560	2,996,967
- Krungsri Dividend Stock Fund	139,310,514	14,358,666
- Krungsri Dynamic Dividend Fund	12,663,000	312,000
- Krungsri Flexible Dividend Fund	67,801,669	11,601,381
- Krungsri Financial Focus Dividend Fund	7,342,790	644,029
- Krungsri Global High Payout Fund	21,792,512	-
- Krungsri Europe Equity Fund	15,593,618	-
- Krungsri Global Small-Mid Cap Equity Dividend Fund	9,314,483	295,567
- Krungsri Global Healthcare Equity Dividend Fund	36,792,276	1,154,608
	<u>1,525,822,761</u>	<u>31,363,218</u>

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	December 31,		December 31,	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht

Gain on sale of general investment in securities -

ordinary shares

Sri Ayudhya General Insurance Plc. ⁽¹⁾	-	-	-	19,329,572
	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,329,572</u>

(1) On September 23, 2015, the Company entered into share purchase agreement of all investment in ordinary shares of Road Accident Victims Protection Co., Ltd. and full amount from sale of investments was paid to the Company on the same date.

The selling price of investment in ordinary shares has been determined by the independent appraisal value in compliance with the opinion of independent financial advisor of the Company or the specified rate between the Company and such related company.

As at December 31, 2015

Companies	Consolidated and Separate financial statements			
	Paid-up share capital	Shareholding	Investment	Dividend
	Baht	%	Baht	Baht
Investment - ordinary shares				
Siam City Cement Plc.	2,300,000,000	0.003	2,226,000	105,000
			<u>2,226,000</u>	<u>105,000</u>

Companies	Consolidated and Separate financial statements	
	Investment	Dividend
	Baht	Baht
Investment - unit trusts		
Unit trusts managed by		
Krungsri Asset Management Co., Ltd.		
- Krungsri Star Plus Fund	601,218,270	-
- Krungsri Cash Management Fund	598,198,079	-
- Krungsri Star Equity Dividend Fund	25,080,256	215,237
- Krungsri Dividend Stock Fund	136,297,929	16,409,904
- Krungsri Dynamic Dividend Fund	10,080,600	-
- Krungsri Flexible Dividend Fund	68,127,308	10,881,295
- Krungsri Financial Focus Dividend Fund	6,160,281	-
- Krungsri Global High Payout Fund	21,122,759	-
- Krungsri Europe Equity Fund	16,919,426	-
- Krungsri Global Small-Mid Cap Equity Dividend Fund	10,311,034	778,325
- Krungsri Global Healthcare Equity Dividend Fund	45,248,163	11,084,237
	<u>1,538,764,105</u>	<u>39,368,998</u>

28.2 Significant balances and transactions were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	As at December 31		As at December 31	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Deposits at financial institution				
Bank of Ayudhya Plc.	379,947,661	596,449,560	53,496,254	117,368,096
Premium due and uncollected				
Bank of Ayudhya Plc.	542,014	255,180	-	-
Ayudhya Development Leasing Co., Ltd.	7,607	-	-	-
Siam City Cement Plc.	1,949,465	2,426,843	-	-
Bangkok Broadcasting & T.V. Co., Ltd.	205,804	198,894	-	-
CKS Holding Co., Ltd.	53,407	63,136	-	-
Allianz Ayudhya Assurance Plc.	33,851	18,193	-	-
Grand Canal Land Plc.	263,199	279,313	-	-
Siam Realty and Services Security Co., Ltd.	93,955	75,743	-	-
Ayudhya Capital Auto Lease Plc.	500	-	-	-
Eastern Star Real Estate Plc.	362,886	794,075	-	-
	<u>3,512,688</u>	<u>4,111,377</u>	<u>-</u>	<u>-</u>
Accrued interest income				
Bank of Ayudhya Plc.	1,339,551	1,846,482	245,203	258,148
Accrued income				
Sri Ayudhya General Insurance Plc.	-	-	16,219,009	12,744,860
Rental and facilities deposits				
BBTV Equity Co., Ltd.	5,718,926	5,718,926	1,303,093	1,303,093
Bank of Ayudhya Plc.	6,000	6,000	6,000	6,000
	<u>5,724,926</u>	<u>5,724,926</u>	<u>1,309,093</u>	<u>1,309,093</u>
Premium written received in advance				
Bank of Ayudhya Plc.	10,425,587	11,914,957	-	-
Payable from purchase of securities				
Krungsri Securities Plc.	-	1,991,755	-	1,991,755
Accrued expense - management fee				
Krungsri Securities Plc.	-	48,011	-	48,011
Accrued expense - custodian fee				
Bank of Ayudhya Plc.	16,065	18,060	-	1,402
Accrued expense - commissions and brokerages				
Bank of Ayudhya Plc.	13,700,281	15,836,066	-	-
Accrued expense - other underwriting expenses				
Bank of Ayudhya Plc.	20,279,107	15,674,545	-	-

	Consolidated financial statements	
	For the years ended December 31,	
	2016 Baht	2015 Baht
Premium written		
Bank of Ayudhya Plc.	12,531,774	18,798,639
Krungsri Securities Plc.	50,918	32,889
Krungsri Asset Management Co., Ltd.	1,230,034	1,303,348
Ayudhya Development Leasing Co., Ltd.	95,568	93,745
Siam City Cement Plc.	48,619,416	72,653,635
Bangkok Broadcasting & T.V. Co., Ltd.	10,679,051	11,133,917
Great Luck Equity Co., Ltd.	47,458	86,023
Super Assets Co., Ltd.	74,509	79,422
BBTV Equity Co., Ltd.	902,683	902,489
CKS Holding Co., Ltd.	144,519	58,770
Allianz Ayudhya Assurance Plc.	451,478	539,248
Grand Canal Land Plc.	245,000	260,000
Ayudhya Asset Management Co., Ltd.	477,838	451,669
Siam Realty and Services Security Co., Ltd.	1,838,218	1,782,478
Ayudhya Capital Auto Lease Plc.	109,162	147,592
Krungsriayudhya Card Co., Ltd.	165,891	766,458
Eastern Star Real Estate Plc.	745,500	1,693,314
	<u>78,409,017</u>	<u>110,783,636</u>

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

	Consolidated financial statements	
	For the years ended December 31,	
	2016 Baht	2015 Baht
Commissions and brokerages		
Bank of Ayudhya Plc.	183,999,834	173,893,999
Other underwriting expenses		
Bank of Ayudhya Plc.	122,493,991	104,771,096

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

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended December 31,		For the years ended December 31,	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Interest income				
Bank of Ayudhya Plc.	3,753,874	4,876,637	694,694	933,800
Management fees				
Sri Ayudhya General Insurance Plc.	-	-	33,171,739	37,688,377

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

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

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended December 31,		For the years ended December 31,	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Commission paid				
Krungsri Securities Plc.	467,199	525,523	467,199	525,523
Management fees				
Krungsri Securities Plc	438,566	630,661	438,566	630,661
Custodian fees				
Bank of Ayudhya Plc.	188,984	198,955	13,380	18,756

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

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended December 31,		For the years ended December 31,	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Rental and service fees				
BBTV Equity Co., Ltd.	22,945,037	22,945,037	5,299,200	5,299,200
Other expense				
Sri Ayudhya General Insurance Plc.	-	-	480,000	480,000

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

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

29. DIRECTORS AND KEY MANAGEMENT PERSONNEL'S REMUNERATION

The Company and its subsidiary had salaries, bonuses, directors allowances and other benefits of its directors and key management personnel recognized as expenses for the years ended December 31, 2016 and 2015, as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Directors and key management personnel's remuneration				
Short-term benefits	77,114,928	72,159,852	41,971,850	41,913,475
Post-employment benefits	2,065,943	6,142,187	732,851	4,864,974
Directors' remuneration	2,976,219	3,571,892	1,731,530	2,486,500
	<u>82,157,090</u>	<u>81,873,931</u>	<u>44,436,231</u>	<u>49,264,949</u>

Directors' remuneration for the years ended December 31, 2016 and 2015 were approved by the ordinary shareholders' meeting of the Company held on April 26, 2016 and April 21, 2015, respectively.

Furthermore, directors' remuneration of the subsidiary for the years ended December 31, 2016 and 2015 were approved by the ordinary shareholders' meeting of the subsidiary held on April 25, 2016 and April 9, 2015, respectively.

30. DIVIDENDS

30.1 On April 21, 2015, the ordinary shareholders' meeting of the Company passed a resolution to pay the dividend of Baht 1.50 per share from the second half of 2014 operating result and unappropriated retained earnings for 250 million shares, totaling Baht 375 million which was paid on May 6, 2015.

30.2 On August 11, 2015, the Board of Directors' meeting passed a resolution to pay an interim dividend for the operation result from January 1, to June 30, 2015 of Baht 1.00 per share for 250 million shares, totaling Baht 250 million. Such dividend was paid on September 7, 2015.

30.3 On April 26, 2016, the ordinary shareholders' meeting of the Company passed a resolution to pay the dividend of Baht 2.00 per share from the operating result of 2015 for 250 million shares, totaling Baht 500 million, of which Baht 1.00 per share totalling Baht 250 million was paid as an interim dividend for the first half year of 2015 on September 7, 2015. Consequently, the dividend remained of Baht 1.00 per share, totalling Baht 250 million was paid on May 9, 2016.

30.4 On August 15, 2016, the Board of Directors' meeting passed a resolution to pay an interim dividend for the operation result from January 1, to June 30, 2016 of Baht 1.00 per share for 250 million shares, totaling Baht 250 million. Such dividend was paid on September 13, 2016

31. PROVIDENT FUND

The Company and its subsidiary have established a contributory registered provident fund, in accordance with the Provident Fund Act B.E. 2530. Under the plan, employees must contribute their basic salaries, with the Company 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, 2016 and 2015, the Company's and its subsidiary's contributions recorded as expenses were Baht 10.70 million and Baht 11.35 million, respectively (Company: Baht 0.85 million and Baht 1.27 million, respectively) (see Note 25).

32. SECURITIES PLEDGED AND ASSETS RESERVED WITH THE REGISTRAR

As at December 31, 2016 and 2015, certain investment in securities of the Company and its subsidiary were pledged and used for assets reserved with the Registrar (see Note 10) in accordance with the Insurance Act and the Notification of the Office of Insurance Commission regarding "Rates, Rules and Procedures for pledge of unearned premium reserve of Non-Life Insurance Company B.E. 2552", respectively as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht

Investment in securities used to secure the facilities

collateral with the Office of Insurance Commission

Securities pledged with the registrar

Deposits at banks	28,000,000	28,000,000	14,000,000	14,000,000
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Assets reserved with the registrar

Government and state enterprise securities	385,690,150	393,672,620	134,604,175	139,031,945
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Total investment in securities of pledged	413,690,150	421,672,620	148,604,175	153,031,945
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On January 13, 2012, the Company requested to return deposits with the Registrar from the Notification of the Office of Insurance Commission. According to, the Company returned insurance license on October 17, 2011 and this license had been terminated since December 20, 2011. Subsequently on November 1, 2012, the Notification of the Office of Insurance Commission refused the appeal because the Company has contingent liabilities about insurance policies under considering by court. Such creditors of insurance policies have a preferential right on unearned premium reserve of the Company which deposit placed with the Office of Insurance Commission according to section 26 of Non-life Insurance Act B.E. 2535. Therefore, the Office of Insurance Commission has not yet returned such securities to the Company.

33. 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, 2016 and 2015, are as follows:

	Consolidated financial statements					
	2016			2015		
	Before tax	Income tax	Net of tax	Before tax	Income tax	Net of tax
	- surplus (deficit)	- surplus (deficit)		- surplus (deficit)	- surplus (deficit)	
	Baht	Baht	Baht	Baht	Baht	Baht

Item that will not be reclassified subsequently

to profit or loss

Actuarial loss on deficit employee benefit plans	(1,665,722)	333,145	(1,332,577)	-	-	-
Share of other comprehensive income (loss) of an associate	(3,508,966)	701,793	(2,807,173)	1,136,207	(227,241)	908,966

Item that will be reclassified subsequently to

profit or loss

Change in fair value of available-for-sale securities	34,154,353	(6,830,871)	27,323,482	(190,127,928)	38,025,586	(152,102,342)
Share of other comprehensive income (loss) of an associate	(157,629,211)	31,934,728	(125,694,483)	440,248,776	(88,049,755)	352,199,021
Total	(128,649,546)	26,138,795	(102,510,751)	251,257,055	(50,251,410)	201,005,645

	Seperate financial statements					
	2016			2015		
	Before tax	Income tax	Net of tax	Before tax	Income tax	Net of tax
	- surplus (deficit)	- surplus (deficit)		- surplus (deficit)	- surplus (deficit)	
	Baht	Baht	Baht	Baht	Baht	Baht

Item that will not be reclassified subsequently

to profit or loss

Actuarial loss on deficit employee benefit plans	(685,813)	137,163	(548,650)	-	-	-
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Item that will be reclassified subsequently to

profit or loss

Change in fair value of available-for-sale securities	38,145,860	(7,629,172)	30,516,688	(180,351,334)	36,070,267	(144,281,067)
Total	37,460,047	(7,492,009)	29,968,038	(180,351,334)	36,070,267	(144,281,067)

34. 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, 2016 and 2015 amounting to Baht 40.71 million and Baht 33.00 million, respectively.

35. CONTINGENT LIABILITIES AND COMMITMENT

35.1 As at December 31, 2016 and 2015, lawsuits have been brought against the Company and its subsidiary, as insurer, from which the Company and its subsidiary estimate losses totaling Baht 22.31 million and Baht 150.99 million, respectively, (Company: Nil and Baht 97.87 million, respectively). The Company and its subsidiary's management believes that such estimation is adequate to losses and do not expect the outcome of the litigation to result in losses that differ from the recorded liability by amounts that would be material to the Company and its subsidiary's operating results.

35.2 As at December 31, 2016 and 2015, the subsidiary had a capital commitment to pay computer program development expenses in amount of approximately Baht 14.03 million and Baht 11.84 million, respectively

36. LONG-TERM LEASES AND SERVICE AGREEMENTS

Long-term leases and service agreements as at December 31, 2016 and 2015 consisted of the following:

Type of leases	Consolidated financial statements		
	As at December 31, 2016		
	Remaining periods		Total rental payments for the remaining periods
	Within 1 year Baht	Over 1 year to 5 years Baht	

Building

- related company	5,266,240	-	5,266,240
- others	2,824,576	3,350,124	6,174,700

Service - related company	4,222,070	-	4,222,070
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Equipment - related company	4,490,640	-	4,490,640
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	16,803,526	3,350,124	20,153,650
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Type of leases	Consolidated financial statements		
	As at December 31, 2015		
	Remaining periods		Total rental payments for the remaining periods
	Within 1 year Baht	Over 1 year to 5 years Baht	

Building

- related company	6,914,477	4,222,070	11,136,547
- others	4,066,088	5,262,812	9,328,900

Service - related company	6,870,240	4,181,520	11,051,760
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Equipment - related company	9,160,320	5,575,360	14,735,680
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	27,011,125	19,241,762	46,252,887
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Type of leases	Separate financial statements As at December 31, 2016		
	Remaining periods		Total rental payments for the remaining periods Baht
	Within 1 year Baht	Over 1 year to 5 years Baht	
Building - related company	927,360	-	927,360
Service - related company	927,360	-	927,360
Equipment - related company	1,236,480	-	1,236,480
	<u>3,091,200</u>	<u>-</u>	<u>3,091,200</u>

Type of leases	Separate financial statements As at December 31, 2015		
	Remaining periods		Total rental payments for the remaining periods Baht
	Within 1 year Baht	Over 1 year to 5 years Baht	
Building - related company	1,589,760	927,360	2,517,120
Service - related company	1,589,760	927,360	2,517,120
Equipment - related company	2,119,680	1,236,480	3,356,160
	<u>5,299,200</u>	<u>3,091,200</u>	<u>8,390,400</u>

For the years ended December 31, 2016 and 2015, the Company and its subsidiary recorded the rental and service fees under operating agreements as expense in statement of profit or loss and other comprehensive income as follow:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Rental and service fees	30,717,247	30,981,047	5,299,200	5,299,200

37. INSURANCE AND FINANCIAL RISK MANAGEMENT

37.1 Insurance risk

37.1.1 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.

37.1.2 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, 2016 and 2015 are as follows:

	Consolidated financial statements	
	2016	
	Increase (decrease) in insurance contract liabilities	Increase (decrease) in profit and equity
	Baht	Baht
Gross		
Loss ratio - 10% increase	177,471,690	(177,471,690)
Loss ratio - 10% decrease	(171,630,557)	171,630,557
Net of reinsurance		
Loss ratio - 10% increase	105,996,227	(105,996,227)
Loss ratio - 10% decrease	(100,155,093)	100,155,093

37.1.3 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 Baht	Marine Baht	Motor Baht	Miscellaneous Baht	Total Baht
31 December 2016					
Gross	167,827,247	135,773,421	201,831,592	313,670,459	819,102,719
Net of reinsurance	54,416,186	27,617,674	131,269,639	151,589,505	364,893,004
31 December 2015					
Gross	88,235,952	176,252,716	190,852,344	375,625,897	830,966,909
Net of reinsurance	43,644,571	34,111,786	130,002,069	171,988,465	379,746,891

37.2 Financial risk

37.2.1 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 4.

37.2.2 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.

Unit: Baht

	Consolidated financial statements			
	Payment periods			
	Less than 1 year	1 - 5 years	5 - 10 years	Total
31 December 2016				
Insurance contract liabilities				
Loss reserves and outstanding claims	507,843,686	294,876,979	16,382,054	819,102,719
31 December 2015				
Insurance contract liabilities				
Loss reserves and outstanding claims	515,199,484	299,148,087	16,619,338	830,966,909

37.2.3 Credit risk

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

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

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

As at December 31, 2016, the Group has receivable from reinsurance contracts of Baht 58.57 million, consists of local reinsurers in amount of Baht 31.98 million which maintain Capital Adequacy Ratio according to Office of Insurance Commission criteria. In addition, the 90.97% of Foreign reinsurers in amount of Baht 26.59 million have financial rating not lower than A.

37.2.4 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, 2016 and 2015, significant financial assets classified by type of interest rate were as follows:

	Consolidated financial statements			
	Balance as at			
	December 31, 2016		December 31, 2015	
	Variable interest rate Baht	Fixed interest rate Baht	Variable interest rate Baht	Fixed interest rate Baht
Cash and cash equivalents				
Saving accounts	192,335,146	-	290,360,526	-
Deposits at bank with maturity not over 3 months	-	28,214,757	-	-
Short-term investments	-	1,184,081,264	-	699,888,062
Investment in securities				
Available-for-sale securities				
Government and state enterprise securities	-	494,225,155	-	607,540,558
Private enterprise debt securities	-	-	-	3,092,929
Held-to-maturity investment				
Government and state enterprise securities used as collateral	-	1,497,711,448	-	1,399,664,483
Deposits at bank with maturity over 3 months	197,902,544	-	174,951,292	-
Deposits at bank used as collateral	-	245,902,763	-	303,290,739
Total	<u>390,237,690</u>	<u>3,450,135,387</u>	<u>465,311,818</u>	<u>3,013,476,771</u>

	Separate financial statements			
	Balance as at			
	December 31, 2016		December 31, 2015	
	Variable interest rate Baht	Fixed interest rate Baht	Variable interest rate Baht	Fixed interest rate Baht
Cash and cash equivalents				
Saving accounts	33,567,087	-	74,369,791	-
Short-term investments	-	34,995,702	-	-
Investment in securities				
Available-for-sale securities				
Government and state enterprise securities	-	134,604,175	-	139,031,945
Held-to-maturity investment				
Deposits at bank with maturity over 3 months	22,239,399	-	21,879,071	-
Deposits at bank used as collateral	-	44,000,000	-	44,000,000
Total	55,806,486	213,599,877	96,248,862	183,031,945

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

	Consolidated financial statements				
	As at December 31, 2016				Average interest rate %
	Period specified for fixing new interest rate				
	Within 1 year Baht	1-5 years Baht	Over 5 years Baht	Total Baht	
Cash and cash equivalents					
Deposits at bank with maturity not					
over 3 months	28,214,757	-	-	28,214,757	1.30
Short-term investments	1,184,081,264	-	-	1,184,081,264	1.50
Investment in securities					
Available-for-sale securities					
Government and state enterprise securities	201,954,036	292,271,119	-	494,225,155	2.65
Held-to-maturity securities					
Government and state enterprise securities					
used as collateral	1,497,711,448	-	-	1,497,711,448	1.43
Deposits at bank used as collateral	231,902,763	14,000,000	-	245,902,763	1.48
Total	3,143,864,268	306,271,119	-	3,450,135,387	

	Consolidated financial statements				
	As at December 31, 2015				Average interest rate %
	Period specified for fixing new interest rate				
	Within 1 year Baht	1-5 years Baht	Over 5 years Baht	Total Baht	
Cash and cash equivalents					
Short-term investments	699,888,062	-	-	699,888,062	1.46
Investment in securities					
Available-for-sale securities					
Government and state enterprise securities	202,216,562	405,323,996	-	607,540,558	2.91
Private enterprise debt securities	3,092,929	-	-	3,092,929	5.39
Held-to-maturity securities					
Government and state enterprise securities					
used as collateral	1,399,664,483	-	-	1,399,664,483	1.46
Deposits at bank used as collateral	289,290,739	14,000,000	-	303,290,739	1.91
Total	2,594,152,775	419,323,996	-	3,013,476,771	

	Separate financial statements				
	As at December 31, 2016				Average interest rate %
	Period specified for fixing new interest rate				
	Within 1 year Baht	1-5 years Baht	Over 5 years Baht	Total Baht	
Cash and cash equivalents					
Short-term investment	34,995,702	-	-	34,995,702	1.50
Investment in securities					
Available-for-sale securities					
Government and state enterprise securities	30,406,974	104,197,201	-	134,604,175	3.31
Held-to-maturity securities					
Deposits at bank used as collateral	44,000,000	-	-	44,000,000	0.90
Total	109,402,676	104,197,201	-	213,599,877	

	Separate financial statements				
	As at December 31, 2015				Average interest rate %
	Period specified for fixing new interest rate				
	Within 1 year Baht	1-5 years Baht	Over 5 years Baht	Total Baht	
Investment in securities					
Available-for-sale securities					
Government and state enterprise securities	-	139,031,945	-	139,031,945	3.31
Held-to-maturity securities					
Deposits at bank used as collateral	44,000,000	-	-	44,000,000	1.02
Total	44,000,000	139,031,945	-	183,031,945	

37.2.5 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.

37.2.6 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.

37.2.6.1 Financial assets or financial liabilities measured at fair value

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

	Consolidated financial statements			
	Fair Value		Fair value hierarchy	Valuation techniques and key inputs
	As at December 31,			
	2016	2015		
	Baht	Baht		

Financial assets

Government and state enterprise securities

Thai government

bonds	293,817,470	405,767,892	Level 2	Discounted cash flow using yield rates of the last working day of the reporting period as quoted by the Thai Bond Market Associate
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State enterprise

bonds	200,407,685	201,772,666	Level 2	Discounted cash flow using yield rates of the last working day of the reporting period as quoted by the Thai Bond Market Associate
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Debentures	-	3,092,929	Level 2	Discounted cash flow using yield rates of the last working day of the reporting period as quoted by the Thai Bond Market Associate
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Equity securities	73,606,040	76,665,567	Level 1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand
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Equity securities	-	55,035,727	Level 2	The unit trust's net asset value of the last working day of the reporting period
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Private enterprises securities

Equity securities	213,782,945	299,485,227	Level 1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand
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Equity securities	1,838,731,892	1,703,515,685	Level 2	The unit trust's net asset value of the last working day of the reporting period
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	Separate financial statements			
	Fair Value		Fair value hierarchy	Valuation techniques and key inputs
	As at December 31,			
	2016	2015		
	Baht	Baht		

Financial assets

Government and state enterprise securities

Thai government

bonds	134,604,175	139,031,945	Level 2	Discounted cash flow using yield rates of the last working day of the reporting period as quoted by the Thai Bond Market Associate
Equity securities	73,606,040	76,665,567	Level 1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand
Equity securities	-	55,035,727	Level 2	The unit trust's net asset value of the last working day of the reporting period

Private enterprises securities

Equity securities	213,782,945	299,485,227	Level 1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand
Equity securities	1,812,945,519	1,678,052,417	Level 2	The unit trust's net asset value of the last working day of the reporting period

37.2.6.2 Financial assets or financial liabilities not measured at fair value

Cash and cash equivalents, Accrued investment income, Premium due and uncollected, Reinsurance assets, Loans, Insurance contract liabilities and Due to reinsurers; 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 follow:

	Fair value hierarchy	Consolidated financial statements			
		As at December 31, 2016		As at December 31, 2015	
		Carrying amount	Fair value	Carrying amount	Fair value
		Baht	Baht	Baht	Baht

Financial assets

Held-to-maturity securities	Level 2	1,954,366,755	1,954,728,250	1,891,156,514	1,891,575,387
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	Fair value hierarchy	Separate financial statements			
		As at December 31, 2016		As at December 31, 2015	
		Carrying amount	Fair value	Carrying amount	Fair value
		Baht	Baht	Baht	Baht
Financial assets					
Held-to-maturity securities	Level 2	66,239,399	66,239,399	65,879,071	65,879,071

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

37.3 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, 2016 and 2015, the Company's capital level is maintained according such notifications.

38. EVENTS AFTER THE REPORTING PERIOD

38.1 At the meeting of the Board of Director of the associate held on 16 February 2017, the board of Directors agreed to propose a dividend payment of Baht 6.52 per share on 295 million shares amounting to Baht 1,923.40 million, to the 2017 annual general meeting of the shareholders of the Company and subject to the Office of Insurance commission's endorsement.

38.2 At the meeting of the Board of Directors held on February 27, 2017 agreed to propose a dividend payment of Baht 2 per share on 250 million shares amounting to Baht 500 million, to the 2017 annual general meeting of the shareholders of the Company which was allocated from the operating result of 2016. The Company has already paid for the interim dividend of Baht 1.00 per share for 250 million shares, totaling Baht 250 million on September 13, 2016. The remaining dividend of Baht 1.00 per share for 250 million shares, totaling Baht 250 million will be paid to shareholders on May 8, 2017.

39. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved for issuance by the Company's authorized executive director on February 27, 2017.

Financial Statements

AUDITOR'S REMUNERATION

In 2016, the Company and its subsidiary paid Baht 4,225,000 in audit fees to the office where the auditor was employed as the following details:

	Unit : Baht	
	Company	Subsidiary
Annual audit fee for the year 2016	530,000	1,400,000
Annual audit fee for 2016 consolidated financial statements	320,000	-
Quarterly fee for reviewing consolidated financial statements for 3 quarters	480,000	-
Quarterly fee for reviewing financial statements for 3 quarters	390,000	540,000
Annual fee for assessment of general computer security	-	180,000
Fee for auditing the risk-based capital report of the year 2016	-	200,000
Fee for reviewing the risk-based capital report of half year 2016	-	185,000
Total	1,720,000	2,505,000

LEGAL DISPUTES

As at December 31, 2016, the Company and its subsidiary did not engage in any legal disputes against the risks of assets of more than 5% of Total Equity.

Analysis of Financial Ratio

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

Financial Ratio		Consolidated Financial Statements		
		2016	2015	2014
Liquidity Ratio				
Current Ratio	(Times)	1.54	1.49	1.48
Premium Due and Uncollected Turnover	(Days)	30	34	33
Profitability Ratio				
Retention Rate	(%)	58.26	60.50	58.86
Loss Incurred Per Earned Premium	(%)	48.35	45.54	37.83
Underwriting Profit Per Net Premium Written	(%)	6.23	9.33	17.52
Underwriting Expense Per Earned Premium	(%)	67.99	66.62	65.02
Return on Investment	(%)	6.05	6.78	24.09
Net Premium Written Per Equity	(Times)	0.26	0.27	0.31
Net Profit Per Total Income	(%)	21.49	23.85	45.34
Return on Equity	(%)	8.74	9.81	31.68
Efficiency Ratio				
Return on Assets	(%)	5.78	6.24	17.89
Assets Turnover	(Times)	0.27	0.26	0.39
Financial Ratio				
Debt to Equity Ratio	(Times)	0.51	0.52	0.62
POLICY LIABILITY TO CAPITAL FUND	(Times)	0.31	0.33	0.37
Unearned Premium Reserve Per Equity	(Times)	0.20	0.21	0.21
Unearned Premium Reserve Per Total Assets	(%)	13.48	13.81	13.20
Payout Ratio	(%)	81.30	73.80	35.56
Data Per Share				
Per Value	Baht	1.00	1.00	1.00
Book Value	Baht	28.17	28.12	27.11
Net Profit	Baht	2.46	2.71	7.45
Dividend	Baht	2.00*	2.00	2.50

* Dividend per share for the operating result of 2016 is pending approval from the Shareholders' Meeting.

Financial Records

(Unit : Million Baht)

	2016	2015	2014
Statement of Profit or Loss			
Gross premium written	3,082.39	3,137.85	3,087.16
Premium ceded	1,286.53	1,239.52	1,269.96
Net premium written	1,795.86	1,898.33	1,817.20
Unearned premium reserve	(96.62)	25.65	(4.49)
Earned premium	1,892.48	1,872.68	1,821.69
Revenues from underwriting	2,215.81	2,260.96	2,191.92
Underwriting expenses	1,844.10	1,743.48	1,522.36
Profit on underwriting before operating expenses	371.71	517.48	669.56
Profit on investment	541.96	572.33	1,911.66
Other income	104.32	5.12	2.69
Profit on underwriting and investment	1,017.99	1,094.93	2,583.91
Operating expenses	357.66	356.98	367.36
Profit before income taxes	660.33	737.95	2,216.55
Corporate income taxes	45.16	61.04	354.66
Net profit	615.17	676.91	1,861.88
Earnings per share (Baht)	2.46	2.71	7.45
Statement of Financial Position			
Total assets	10,616.65	10,661.26	11,031.94
Premises and equipment	60.53	75.31	55.13
Total Liabilities	3,574.34	3,631.60	4,255.20
Total Shareholders' Equity	7,042.31	7,029.66	6,776.74
Book Value (Baht)	28.17	28.12	27.11
Dividend per share (Baht)	2.00*	2.00	2.50
Return on Equity (%)	8.74	9.81	31.68

* Dividend per share for the operating result of 2016 is pending approval from the Shareholders' Meeting.

Dividend Policy

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

SUBSIDIARIES' DIVIDEND PAYOUT POLICY

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

In each case, the subsidiary must allocate to a reserve fund from the annual net profit for the year, not less than 5% of the annual net profit deducted by the total accumulated loss brought forward (if any) until the reserve fund reaches an amount of not less than 10% of the authorized capital.

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

None

- **Debenture and Promissory Notes:**

The Company has never issued debentures or promissory notes.

Operating Results

OPERATING RESULTS

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

1. 2016 CONSOLIDATED OPERATING RESULTS

The consolidated income for 2016 was recorded at Baht 2,862.09 million, an increase of Baht 23.68 million or 0.83%, from Baht 2,838.41 million last year.

Revenues from underwriting for 2016 comprising net earned premiums and commissions and brokerages totalled Baht 2,215.80 million, a decrease of Baht 45.15 million or 2.00% from last year.

Gross premiums written for 2016 were Baht 3,082.39 million, decreased by Baht 55.46 million, or 1.77% from the previous year. Motor insurance segment showed 5.03% growth due to expansion of number of agents and brokers who brought in additional business. For fire, marine & transportation, and miscellaneous insurance segments, premiums were down from last year. Commissions and brokerages income for 2016 were Baht 323.32 million, down by Baht 64.96 million or 16.73%. This is due to the sliding scale calculation method bringing the rate of commissions for reinsurance within these segments down with commission rates that were also tied to the claim ratio for each year.

Reinsurance premiums for 2016 amounted to Baht 1,286.53 million, up by Baht 47.01 million, or 3.79% versus previous year, and 41.74% of total direct premiums. Retention was Baht 1,795.86 million. The net written premium ratio per equity dropped slightly in 2016 to 0.26 times of shareholders equity compared to previous year at 0.27 times. Net premiums written in 2016 totaled Baht 1,795.86 million, down by Baht 102.47 million, or 5.40% versus last year, resulting in a decrease in the retention rate to 58.26% versus 60.50% last year. Net earned premium for 2016 was recorded at Baht 1,892.49 million, an increase of Baht 19.81 million, or 1.06% over last year.

In terms of net investment profit, in 2016 the Company and its subsidiary earned Baht 104.80 million comprising interest and dividends, a reduction of Baht 15.92 million, or 13.19% due to the reduction in the interest rate and its continuing downward trend.

The total net profit generated from investments in securities was Baht 48.69 million, versus Baht 58.86 million last year, a reduction of Baht 10.17 million, or 17.28% due to the volatility of the Thai stock market throughout the year.

The investment in Allianz Ayudhya Assurance Public Company Limited in which the Company owns 20.17% of equity is categorized as an investment in an associate company and accounted for by using the equity method in the consolidated financial statements earned a profit sharing of Baht 388.47 million, a decrease of Baht 4.28 million, or 0.83%, from last year.

Other income in 2016 totalled Baht 104.32 million, versus Baht 5.12 million last year, an increase of Baht 99.20 million or 1,936.31% as a result from a reversed record in an insurance contract of Baht 97.87 million which was a lawsuit for a claim by an insured on September 24, 1997; on March 15, 2016, the Supreme Court dismissed the case and the amount was recorded into other income for 2016.

Overall expenses

Overall expenses in the consolidated statements comprised of losses incurred, loss refundable from reinsurers, commissions and brokerages, and other underwriting expenses on which the commissions and brokerages and other related expenses were variable costs associated directly to revenues from underwriting. Loss incurred was based on losses incurred by policyholders during the year. In 2016, total expenses were Baht 2,201.76 million versus Baht 2,100.46 million last year, an increase of Baht 101.30 million or an increase of 4.82%. The increase in expenses is due to net loss incurred which amounted to Baht 915.09 million versus Baht 861.43 million, an increase of Baht 53.65 million, or 6.24% while commissions and brokerages expenses dropped Baht 10.59 million, or 2.27% due to the reduction in premiums. Other underwriting expenses increased by Baht 57.56 million or 13.85% to due fierce competition in the lackluster market that showed no sign of growth. Operating expenses were Baht 357.66 million, an increase of Baht 0.68 million, or 0.19% from last year. Personnel expenses increased from last year by Baht 0.96 million, or 0.32%. Premises and equipment expenses were Baht 117.95 million, an increase of Baht 1.32 million, or 1.14%. In carrying out the insurance business, the subsidiary continued to invest in IT to increase the speed and level of service, reduce redundancy in processes, save on expenses and time, as well as support new product launches.

The ratio of underwriting expenses in 2016 equaled 67.99% of earned premiums, a slight increase over last year of 66.62% due to higher underwriting expenses in commissions and brokerages; other underwriting expenses were higher than last year by 3.13% while premiums earned increased by Baht 19.81 million, or 1.06% resulting in the increased ratio as shown.

Underwriting profit ratio for 2016 was 6.23%, a reduction from last year's rate at 9.33% of net written premiums, resulting from increases in losses incurred and other underwriting expenses.

2016 consolidated financial statements showed a profit before tax from the operation in the amount of Baht 660.33 million, down from Baht 737.95 million last year, a reduction of Baht 77.62 million, or 10.52% resulting in the income tax expense of Baht 45.16 million, versus Baht 61.04 million, a reduction of Baht 15.88 million, or 26.01%. Net income after tax based on 2016 consolidated financial statements showed a profit of Baht 615.17 million, and earnings per share of Baht 2.46. Net profit from last year was Baht 676.91 million, a reduction of Baht 61.74 million or 9.12%.

For the first time, the insurance sector grew one digit in 2016 due to erratic economic recovery. Based on the data from the Business Intelligence and Statistics, Office of the Insurance Commission (OIC), direct premiums for all types of insurance were Baht 211,813.38 million, or 1.21% in growth versus last year's 1.90%. The growth slowed due to worrying economic risks in Thailand, lackluster global economy, and stagnated spending power of Thais. The OIC continued to focus on its new third strategic development plan, paving ways to drive targeted and sustainable growth for the industry through the next five years, and to be trusted by consumers. The plan is to promote the financial stability of insurance companies, increase their capabilities to compete domestically and support AEC expansion, provide knowledge to consumers, and develop more effective channels of communications to consumers. New micro-insurance products to penetrate grassroots Thais will be launched in addition to Insurance 200, Insurance 100, and Sukjai insurance which were launched last year during the festive season. At the same time, it plans to promote insurance for digital platform to improve consumer penetration, i.e. a 'cyber attack' insurance policy which is already being sold by several insurers. More importantly, the OIC wants to implement a market conduct policy to monitor insurers and sales through distribution channels.

The OIC policies also cover promoting Thai insurers to invest and expand insurance businesses to CLMV countries. The government's mega-projects such as Infrastructure for expressways, monorails, and mobile networks will also require insurance coverage.

Moreover, the digital trend plays a more important role in the insurance business, helping to provide convenience for the insureds. Many insurers are engaging in the digital platform by penetrating consumers through various communication channels. It plays a more active role in marketing as Thailand is one of the top-ranked Asean countries with the most social network users in the world. Insurers should start developing their online community or social network, with applications to communicate with consumers via smart phones, and tablets. It is expected that in the next couple of years, the digital channel will be developed to another level, and there will be more insurers selling online. There are some companies that are selling online already with simple processes, and not as sophisticated as selling on TV or via websites. Some insurers are developing applications to quote insurance products on mobiles to help agents sell faster, and more conveniently.

The competition in the insurance industry will continue to increase. Insurers with digital capabilities will have the advantage in leading and differentiating service formats to match with consumers' lifestyle that moves increasingly online. Although the insurance industry is moving more toward digital platform, consumers are still looking for more personal service and customization for their individual needs. Insurers are able to foster their relationships with customers via chat, synchronized data view, and VDO chat lines.

Today, more than ever, customers have more information at hand and therefore more power to negotiate. The digital environment influences the way consumers access the information to compare prices, policies, as well as sharing claim experiences. Insurers must be able to adjust and adapt to these trends by creating innovation and differentiation, set themselves apart from competitors as well as improving quality of products and services to be in line with the consumer behavior and answer to the lifestyle of the new generation.

As seen recently, more insurers are using digital access to strategically develop their communication channels, providing innovative services that are not just for buying insurance but for reaching out to them as well. The 24-hour service to provide convenience, search engine, responsive websites designed for various mobile devices, and the latest being Line — Official Account. More developments in the area of digital are still to be launched to service digital customers on both IOS, and Android platforms.

There are advantages and disadvantages of using modern technology, if used properly, benefits are abound. It is expected that the move into the digital realm will fully assist both insurers and consumers, bringing utmost benefits to all.

As seen in the past several years, the insurance business continues to expand through social development and changes. There is more concern on providing stability to family through insurance as it is seen as a tool to help reduce risks, and financial burden resulting from unforeseen events, the economic slowdown and other crises; and it is becoming the fifth basic necessity in life. Once this belief is realized, the insurance business will continue to grow with little impact from the state of the economy. With the current economic uncertainties, the fluctuation in crude oil prices, droughts, floods, earthquakes, and disturbances in the three southern provinces, it is ever more important to raise the public awareness of these risks and the importance of having insurance.

2016 UNDERWRITING RESULTS

Fire Insurance

Gross premiums written in 2016 were Baht 604.71 million, represented 19.62% of total premiums. The decrease over last year was Baht 20.27 million, or 3.24%. The overall premiums for the fire insurance sector dropped 2.40% from last year as some customers moved to hold all risks insurance instead. In 2016, the Company's market ranking remained at no. 6.

Net premiums written in 2016 were Baht 427.72 million, increased by Baht 0.18 million or 0.04% with the Company retaining 70.73% versus 68.41% last year.

Premium reserves for fire insurance in 2016 were Baht 2.55 million, down from last year by Baht 3.09 million or 54.78% resulting in earned premiums of Baht 425.17 million, increased from last year by Baht 3.28 million, or 0.78%.

Commissions and brokerages income for 2016 were Baht 29.55 million, down from last year by Baht 31.20 million or 51.36%. This is due to the decreasing reinsurance premiums and commissions which were based on the sliding scale calculation method with commission rates that were also tied to the claim ratio for each year.

2016 Loss incurred for fire amounted to Baht 54.60 million, down from last year by Baht 49.24 million, or 47.24%. The loss ratio for fire this year is equivalent to 12.84% of earned premiums, a drop from last year which stood at 24.61%.

Commissions and brokerages expenses for fire totaled Baht 134.60 million in 2016, down by Baht 4.11 million or 2.96% due to reduction in premiums.

Other underwriting expenses in 2016 were Baht 99.38 million, an increase of Baht 15.84 million, or 18.97% to due fierce competition in the lackluster market that showed no sign of growth.

Total combined expenses in 2016 were Baht 288.58 million, down by Baht 37.50 million, or 11.50% from last year due to reduction in both net loss incurred, and commission and brokerages expenses, resulting in a profit from underwriting of Baht 166.14 million, an increase of Baht 9.58 million or 6.12%.

A major source of insurance comes from agents and brokers, and loan customers of Bank of Ayudhya PCL and other financial institutions.

Marine and Transportation Insurance

Marine and Transportation gross premiums written in 2016 were Baht 349.57 million, and 11.34% share of the Company's total premiums, down by Baht 17.32 million, or 4.72% while the overall premiums in the marine and transportation sector dropped by 1.41% .

The Company has a market share ranked at no. 6 in the industry, split into marine hull, with premiums down by 13.51%, and marine cargo, down by 2.34% due to slower economic growth and impact from lower than expected exports growth. The Company tried to keep the current customer base and at the same time expanded the broker/agent base.

Net premiums written for marine and transportation insurance in 2016 were Baht 104.52 million, fell by Baht 5.75 million, or 5.21% with the Company retaining 29.90% versus 30.05% last year.

Premium reserves in 2016 dropped Baht 2.69 million, or 514.94% due to the reduction in premiums.

Commissions and brokerages income for marine and transportation totaled Baht 65.22 million in 2016, down by Baht 3.23 million or 4.72% due to reduction in reinsurance premiums.

Net loss incurred in 2016 were Baht 30.22 million, a reduction of Baht 13 million from last year or 30.08% and the loss ratio was 28.06% of earned premiums, decreased from previous year of 39.02%.

Total combined expenses in 2016 for marine and transportation in 2016 were Baht 106.38 million, down by Baht 15.53 million, or 12.74% from last year due to reduction in both net loss incurred, commission and brokerages, and other underwriting expenses, resulting in a profit from underwriting of Baht 66.57 million, an increase of Baht 9.24 million or 16.12%.

The primary source of business for Marine and Transportation insurance in 2016 came from agents who continued to send premiums resulting from speed and efficiency of services.

Motor Insurance

Motor gross premiums written in 2016 were Baht 1,053.08 million, representing 34.16% of total premiums, increased from last year by Baht 50.44 million, or 5.03% while the segment grew 1.46%.

Since 2014, the Company used treaty reinsurance when reinsuring with overseas reinsurers. The cost of reinsurance was 36.01% of written premiums, retaining Baht 673.92 million, resulting in the increase of business by Baht 28.17 million or 4.36%. Net earned premiums for 2016 was Baht 678.42 million, an increase of Baht 63.70 million, or 10.36% due to a decrease in unearned premium reserve of Baht 35.54 million, or 114.51%.

Commissions and brokerage income in 2016 for motor insurance was Baht 117.78 million, a reduction of Baht 19.03 million, or 13.91%. This is due to the decreasing reinsurance premiums and commissions which were based on the sliding scale calculation method with commission rates that were also tied to the claim ratio for each year.

Net loss incurred for 2016 for motor insurance was Baht 442.83 million, an increase of Baht 57.67 million over last year, or 14.97%. The loss ratio equaled 65.27% of earned premiums while last year's was 62.66%.

Total combined expenses in 2016 for motor insurance in 2016 were Baht 753.41 million, up by Baht 86.21 million, or 12.92% from last year due to increases in net loss incurred, commission and brokerages, and other underwriting expenses, resulting in a profit from underwriting of Baht 42.79 million, reduced by Baht 41.54 million or 49.25%.

The primary source of business came from agents, brokers, dealers and financial institutions providing motor leasing. The Company focused on providing efficient and enhanced services for getting insurance and claims at all branches.

Miscellaneous Insurance

In 2016, written miscellaneous premiums totalled Baht 1,075.03 million, a decrease over last year of Baht 68.30 million, or 5.97% while the industry grew 1.50%. This segment represented 34.88% of overall written premiums.

Net premium written for 2016 totalled Baht 589.70 million, a reduction of Baht 125.07 million from last year, or 17.50%, with the Company retaining 54.85% down from 62.52% last year.

Premium reserves in 2016 reduced by Baht 80.96 million, or 770.84% resulting in earned premiums of Baht 681.16 million, down by Baht 44.11 million, or 6.08%.

Commissions and brokerages income for miscellaneous insurance in 2016 amounted to Baht 110.77 million, reduced by Baht 11.50 million, or 9.41%, over last year. This is due to the decreasing reinsurance premiums and commissions which were based on the sliding scale calculation method with commission rates that were also tied to the claim ratio for each year.

Net loss incurred for miscellaneous insurance in 2016 amounted to Baht 387.43 million, increased by Baht 66.83 million, or 20.85%. The loss ratio was 56.88% of earned premiums, versus 44.20% last year, due to an increase in claims this year.

Total combined expenses in 2016 for miscellaneous insurance in 2016 were Baht 695.74 million, up by Baht 67.44 million, or 10.73% from last year due to increases in net loss incurred, commission and brokerages, and other underwriting expenses, resulting in a profit from underwriting of Baht 96.20 million, reduced by Baht 123.05 million or 56.12%.

The primary sources of business for miscellaneous insurance included Bank of Ayudhya PCL, financial institutions, agents, brokers, and direct accounts. Bancassurance channel, and partnerships with many financial institutions continue to be an important distribution channel for the Company.

Investment

Throughout 2016, the Stock Exchange of Thailand continued to be volatile, and at the end of 2016, the market closed at 1,542.94 points, up by 19.79% over last year. It was a difficult year for investments as the world market was hit hard twice: In January when China devalued its yuan, and in June, after Britain voted for BREXIT - these unexpected events caused a major stir in the money market around the world. As for Thailand, the factors affecting the investment in the stock market were the slowing economy and exports with lower-than-expected growth; external causes included worries over the Chinese economy and the increase of interest rates in the US, and lower crude oil prices. Nevertheless the Thai stock market provided good returns with outstanding recovery of consumer prices and the political stability which paved way for increased investment in infrastructure mega-projects which in turn will provide positive impact on the performance of companies in the market, and giving more positive returns.

Net income earned from investment which consisted of interests and dividends during 2016 was Baht 104.80 million, down by Baht 15.92 million, or 13.19% due to lower interest rates, and the downward trend of the interest rate.

Total profit generated from investments in securities in 2016 was Baht 48.69 million versus Baht 58.86 million last year, a reduction of Baht 10.17 million, or 17.28% resulting from the volatility of the Thai stock market throughout the year.

The investment in Allianz Ayudhya Assurance Public Company Limited of 20.17%, categorized as an investment in an associate company and used the equity method in the consolidated financial statements, showed a profit sharing in 2016 at Baht 388.47 million, a decrease of Baht 4.28 million, or 0.83%, from last year.

It is the Company's opinion that the profit growth for listed companies will continue solidly. The market value of Thailand Stock Exchange is still attractive and with low interest rates makes it an attractive investment alternative. The investment strategy continues to focus on choosing individual stocks, with analysis conducted on the listed companies to invest, both in quality and quantity terms, as well as monitoring performance regularly. The Company believes that this strategy can generate good returns from investment in the market, medium-to-long term. In addition to considering the satisfactory return on investment under acceptable risks, the Company emphasizes on the investment stability, with cautiousness and prudence, for utmost benefit to shareholders.

At the end of 2016, total Baht 8,841.86 million was invested, up Baht 175.29 million or 2.02% with return on investment at 6.05% versus 6.78% last year.

2. FINANCIAL STATUS

2.1 Assets

(1) Components of assets

The assets of the Company and its subsidiary are comprised investments in securities, loans, cash and cash equivalents, premises and equipment, intangible assets, premiums due and uncollected, accrued investment income, reinsurance assets, and other assets.

As at December 31, 2016, the Company and its subsidiary had total assets of Baht 10,616.65 million, a decrease from last year of Baht 44.61 million, or 0.42%.

Investment in securities as at December 31, 2016, was Baht 4,594.20 million, down by Baht 61.78 million from last year's Baht 4,655.98 million. In 2016, the Company and its subsidiary had investments in available-for-sale securities totalling Baht 2,620.35 million, down by Baht 124.99 million from last year's Baht 2,745.34 million. These available-for-sale securities were comprised of government bonds, Bank of Thailand bonds, treasury bills, stocks, debentures, and unit trusts while the investments in held-to-maturity securities in 2016 amounted to Baht 1,954.37 million, an increase of Baht 63.21 million versus Baht 1,891.16 million last year.

At the end of 2016, the Company had an unrealized loss on investments in available-for-sale securities of Baht 87.98 million, while at the end of 2015, the Company had an unrealized gain on investment in available-for-sale securities of Baht 115.31 million. In addition, the Company had a share of other comprehensive income in the associate company of Baht 687.93 million versus Baht 813.62 million last year due to the reduction of unrealized profit of available-for-sale securities in 2016.

The Company made loans to employees with guarantors in compliance with the Company's staff welfare policy, at the end of 2016, totalling Baht 0.13 million, down by Baht 0.45 million, versus Baht 0.58 million last year.

Cash and cash equivalents at year end 2016 amounted to Baht 1,417.05 million, up by Baht 351.80 million versus Baht 1,065.25 million last year.

Premises and equipment at cost as at the end of 2016 totalled Baht 165.26 million, down by Baht 18.55 million from the previous year's Baht 183.81 million, due to additional investment in IT, office renovation, and purchase of new vehicles to replace the old ones which totalled Baht 16.33 million. Meanwhile, held-for-sale items such as old cars, office equipment, and computers that needed to be replaced were sold, with the original costs referenced at Baht 34.88 million.

Premiums due and uncollected at the end of 2016 amounted to Baht 217.43 million, versus Baht 287.01 million, a decrease of Baht 69.58 million, or 24.24%. The Company's emphasis on improving the efficiency in following up on outstanding premiums and concentrating on collection, is reflected in its strict policy on managing collections. The Company and its subsidiary have also taken stringent legal action against defaulting agents, brokers and clients. Additionally, the Company's internal audit department reviewed outstanding premiums, followed up on collections, payments, and recorded all related items.

In managing outstanding premiums, the Company premium has a clear collection policy that indicates the credit terms for long-outstanding overdue premiums. A monthly meeting on credit control is held regularly to follow up on long-overdue accounts in order to comply with the regulations stipulated by the Office of Insurance Commission (OIC). Once an outstanding account exceeds the specific term of payment, the collection unit will follow up with the appropriate collection procedures as specified by the Company.

(2) Asset Quality

a. Assets

As at December 31, 2016, the investments in securities, including bonds, treasury bills, stocks, debentures, unit trusts, and deposits at financial institutions with a maturity of over three months totalled Baht 4,594.20 million, which was presented at fair value. Unrealized loss from revaluation of net investment from the income tax pending transaction on the part of shareholders equity were Baht 87.98 million.

The Company has investment in the associate company at the end of 2016 in the amount of Baht 2,830.47 million as presented in the consolidated financial statements under the equity method.

b. Debtors

In 2016, the Company's turnover rate on outstanding premiums was 30 days. A credit term of 30 days is given to insurance customers other than motor. For motor insurance, customers must comply with the 'Cash before Cover' policy, in which, the premium must be paid prior to the effective date of cover.

At the end of 2016, the allowance for doubtful accounts totalled Baht 4.45 million. This estimate of doubtful debt as at year-end was based on the Company's experience in debt collection that the management believed adequate. The basis for calculating the reserve for doubtful accounts is as follows:

Outstanding premiums 6 months to 1 year:	The reserve is set for doubtful accounts at 50%
Outstanding premiums over 1 year:	The reserve is set for doubtful accounts at 100%

2.2 Liquidity

(1) Cash Flow

At the end of 2016, the Company had net cash for operations totalling Baht 1,417.05 million, up from last year's Baht 1,065.25 million by Baht 351.80 million, or 33.03%, with cash received and paid for the following activities:

Unit in: Baht Million

Description	2016	2015
Net cash provided by (used in) operating activities	861.97	371.27
Net cash provided by (used in) investment activities	(10.17)	(49.98)
Net cash provided by (used in) financing activities	(500.00)	(625.00)
Cash and cash equivalent, increase (decrease), net	351.80	(303.71)

In 2016, cash flows were used in the operating activities in the amount of Baht 861.97 million, from cash flows received, and Baht 3,791.40 million and used in the amount of Baht 2,929.43 million. Cash received were from premiums, interests received from cash deposits in financial institutions, bonds, debentures, stocks, unit trusts, treasury bills, and mature deposits at financial institutions. Cash flows paid for expenses included reinsurer debts, claim settlements, expenses in premiums, and corporate taxes.

Cash flow used for investment activities recorded Baht 10.17 million which included payments for office equipment, office renovations, computer software, and vehicles.

As for cash flows used in financing activities, in 2016, the Company paid dividends totalling Baht 500 million, split into a dividend payment of Baht 1.00 per share in the second half of 2015 which totalled Baht 250 million. For the interim dividend payment for 2016, the Company paid Baht 1.00 per share, in the amount of Baht 250 million.

The cash flows received and used in these activities as at end of 2016 showed Baht 1,417.05 million in cash and cash equivalents, an increase of Baht 351.80 million, from last year's Baht 1,065.25 million.

(2) Liquidity Ratio

As at December 31, 2016, the Company recognized an outstanding liquidity ratio of 1.54 times, indicating that the Company and its subsidiary's backup assets were sufficient to pay its current liabilities.

2.3 Sources of Funds

(1) Appropriation of Capital Structure

The Company had no change of capital structure during the past year. At the end of 2016, the Company's debt-to-equity ratio was 0.51 times, slightly down from 0.52 times last year.

(2) Shareholders' Equity

The Company's shareholders' equity as at December 31, 2016 was Baht 7,042.31 million, an increase of Baht 12.65 million over last year's Baht 7,029.66 million. Net profit in 2016 amounted to 615.17 million. In addition, the Company had an unrealized loss from a change in valuation of investment-available-for sale of Baht 87.98 million, and share of other comprehensive income in the associate company of Baht 687.93 million, a decrease of Baht 125.69 million versus Baht 813.62 million last year.

In 2016, the Company paid dividends and interim dividends to shareholders in the amount of Baht 500 million.

(3) Liabilities

The Company had liabilities as at December 31, 2016 were Baht 3,574.34 million, a decrease of Baht 57.26 million from the previous year's Baht 3,631.60 million due to the reduction of loss reserves, and unearned premium reserves totalling Baht 151.24 million; and accrued corporate income tax reduced by Baht 19.37 million. Premium ceded payables to reinsurers increased to Baht 72.32 million. Advanced premium received increased Baht 32.73 million. The liabilities of the Company and its subsidiary largely arose from its operations comprising of unearned premium reserves, loss reserves, outstanding claim reserves, due to reinsurers, premiums received in advance, accrued commissions, employee benefit obligations, accrued operating expenses, and accrued corporate income tax.

3. MAJOR FACTORS AND INFLUENCES THAT COULD AFFECT THE COMPANY'S OPERATIONS AND FINANCIAL STATUS IN THE FUTURE

The Company and its subsidiary's policy on risk management is discussed in the Risk Factors section herein.

4. MAINTAINING VARIOUS RATIOS IN ACCORDANCE WITH REGULATORY AGENCIES AND KEY RATIOS THAT ARE CHARACTERISTIC OF THE INDUSTRY

4.1 The Company had statutory reserves of Baht 50 million, equivalent to 10% of its authorized capital, in accordance with the Public Limited Company Act, B.E. 2535, stipulating that the Company must allocate a reserve fund from annual net profits of not less than 5%. This is calculated by the total accumulated loss brought forward (if any) until the reserve fund reaches an amount of not less than 10% of the authorized capital. Such reserve fund is not available for dividend distribution.

4.2 The subsidiary had an allocation of unearned premium reserves in the amount of Baht 1,430.79 million at the end of 2016 in accordance with the announcement of the Office of Insurance Commission (OIC) concerning the allocation of such reserves.

4.3 The loss ratio from regular operations in 2016 was equalled to 48.35% of earned premiums, an increase from last year of 45.54%.

4.4 The Office of Insurance Commission (OIC) issued a regulation concerning funds of non-life insurance companies that use capital adequacy ratios (CAR) for insurance risk, market risk, credit risk, and concentration risk.

CAR from January 1, 2013 onward shall not be less than 140%.

At the end of 2016, the subsidiary had a Capital Adequacy Ratio (CAR) of 698%.

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Investors can obtain more information on the issuing Company's annual statement (Form 56-1) displayed in www.sec.or.th or on the Company's website: www.ayud.co.th





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