



ศรีอยุธยา แคปปิตอล
SRI AYUDHYA CAPITAL



**Annual
Report
2015**



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Message from the Chairman and President & CEO

During the year 2015 global economic growth continued its sluggish path. Thailand's economy remained fragile as reflected by contractions in consumption and investment, falling agricultural prices, weak manufacturing output and export.

Fortunately, Thailand's strong fiscal position and prudent monetary policy offered effective protection against more severe downside conditions. Also the government launched timely stimulus packages that provided short-term results and offered great benefits derived from a resultant injection of much needed confidence for businesses and the private sector.

Under this macro overview, growth of the insurance sector was 5.46% being 6.91% for life insurance and 1.90% for the non-life insurance market. The non-life sector sluggishness for a second consecutive year was due to the continuing softening of rates in the commercial sector, the subdued motor vehicle sales and low domestic demand. The insurance penetration rate was 7.84% made up of 5.63% for life insurance and 2.21% for non-life insurance.

For the year 2015, the company's operating unit retained its market share by matching the growth rate of the industry. The main area of growth was the motor portfolio that grew at 8% with a loss ratio of 56% before expense allocations. The combined ratio was a satisfactory 88% while the capital adequacy ratio improved to 772% (493% in 2014).

Our 20% owned associate company, Allianz Ayudhya Assurance (AZAY), the "life" affiliate, matched the performance of 2014 with a profit contribution to AYUD of THB 392.7 million. At the same time it paid a dividend of THB 518.2 million (AYUD's share) that equated to an excellent 34.8% of original cost. AZAY is well positioned to continue with this performance.

The profit of AYUD consolidated, excluding the one off items in 2014 that included the windfall sale of the investment in Sunrise and additional reinsurance recoveries from the flood, improved by 5.9% after tax.

For the year 2016, the Thai GDP is expected to grow between 2.8% and 3.8% that will be driven by private investment induced by a rise in public investment. Progress is expected in infrastructure investments, industrial clusters, Special Economic Zone (SEZ) and private take up of new growth engine industries. Therefore the insurance industry should see the continuation of single digit growth rates.



On the overall development in the Insurance Industry, 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. The Office of the Insurance Commission (OIC) aims to bring the Thai Insurance market in line with international standards. In order to raise awareness about the benefits of insurance, the OIC has introduced the Third Insurance Development Plan which comes into effect from 2016 to 2020. The plan involves enhancing industry standards, enforcing greater corporate governance and increasing transparency. Making the qualifications needed for an insurer to operate more stringent is another important step in the plan, which entails increasing the minimum capital levels and foreign ownership participation.

Your company realizes the importance of anti-corruption collective action as part of our social responsibility. As such we at AYUD, our subsidiary SAGI and our associate AZAY have all met the commitments to the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) declaration on anti-corruption by putting in place good business principles and controls against bribery. We are all full members of the CAC.

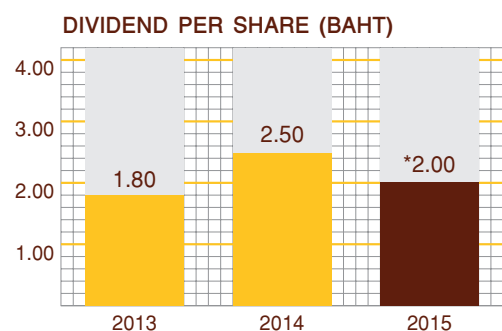
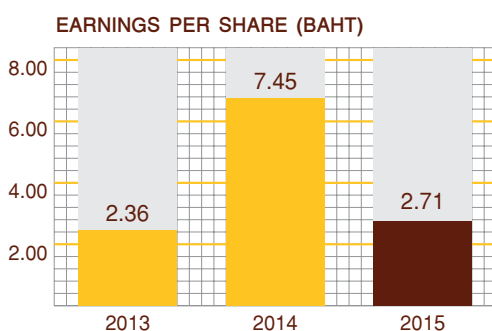
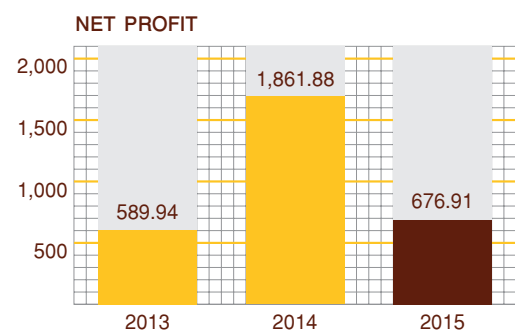
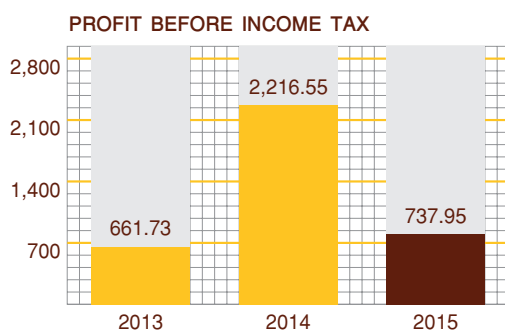
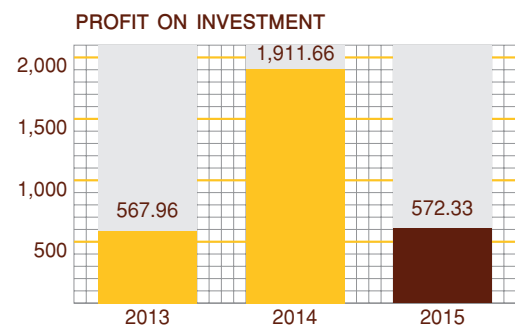
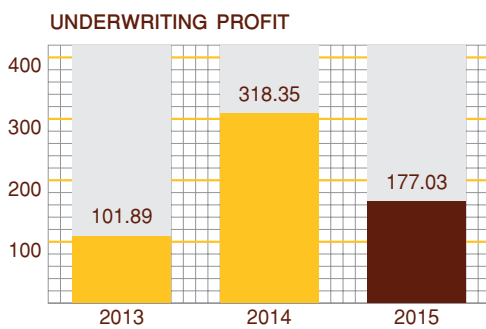
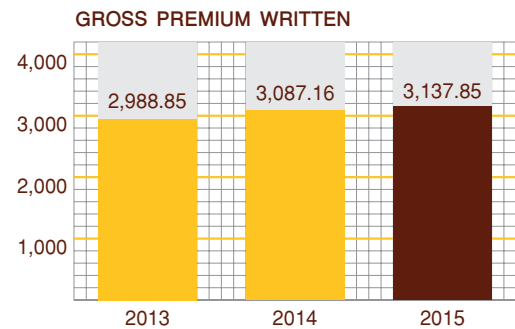
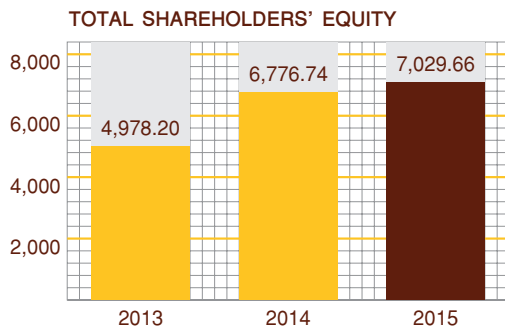
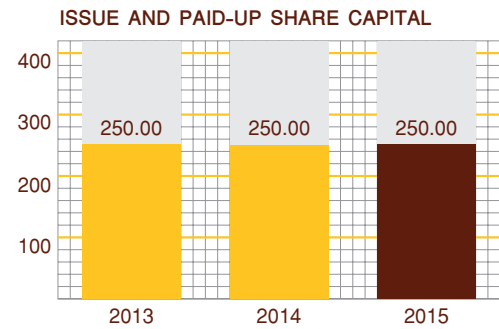
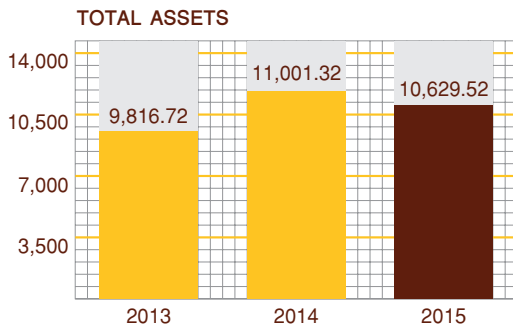
Finally, in the midst of economic uncertainty, we look toward Thailand being back on an inspiring growth journey when global economic conditions return to normal. Notwithstanding in 2016, your company will continue to build further upon the solid base established over many years. The major focus remains the continued expansion of digital capabilities while seeking to respond to 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 2015. 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



* Dividend per share from the operating result of 2015 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
- Respect
- Integrity
- Transparency
- Fairness
- 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



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 65 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”.

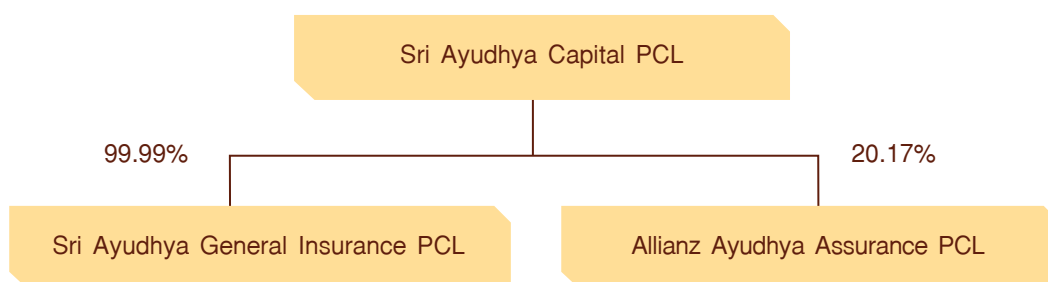
Allianz Ayudhya Assurance Public Company Limited (AZAY) is founded in Thailand on April 11, 1951 and was granted a life insurance license on April 20, 1951. Presently, the associate company is situated at 898 Ploenchit Tower, 1st floor Zone B, 2nd floor Zone B (Mezzanine), 5th floor Zone B2, 6th floor, 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 7th 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 18th 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, 1st Fl., Zone B, 2nd Fl., Zone B-Mezzanine, 5th Fl., Zone B-2, 6th, 14th and 17th 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.**

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

FINANCIAL INSTITUTIONS

- ◆ **Bank of Ayudhya Public Company Limited**
Head Office
1222 Rama III Road, Bangponpang, Yannawa,
Bangkok 10120 Thailand
Tel. : +66-2296-2000
Ploenchit Branch (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. Rowan D'Arcy
President & CEO



Mr. Virojn Srethapramotaya
Director



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



Mr. Chusak Salee
Managing Director



Mr. Laksna Thongthai
Director



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



Mr. Suwat Suksongkroh
Independent Director



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



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



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



Board of Directors Information



MR. VERAPHAN TEEPSUWAN

Chairman

(Appointed February 28, 2002)

Age 74 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 61 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

Managing Director (Authorized Signatory)

(Appointed November 1, 1997)

Age 62 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-Present	Managing Director (Authorized Signatory)	Sri Ayudhya Capital PCL

Other Listed Companies

-None-

Other Companies/Organizations

◆ November 2010-Present	Managing Director (Authorized Signatory)	Sri Ayudhya General Insurance PCL
◆ December 8, 2015-Present	Independent Director and Member of Audit Committee	Government Savings Bank



MR. LAKSNA THONGTHAI

Director (Authorized Signatory)

(Appointed March 21,1994)

Age 61 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 77 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 64 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)	

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	Globex 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 75 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

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



MR. VICHIT KORNVITYAKOON

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

Age 65 years

% Shareholding: None

Family Relationship with Directors and Executives: None

Education and Training

- ◆ Master of Business Administration Program, Thammasat University
- ◆ Bachelor of Accountancy, 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

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 Corporate Governance Committee	Sri Ayudhya General Insurance PCL
◆ Present	Director in Sub-Committee	Director in Sub-Committee of Developed Supervision in Deposit Protection System, Deposit Protection Agency
◆ Present	Director	Director in Ex.Com Group of Sukhumvit Asset Management Co., Ltd.
◆ July 2014-April 2015	Director / Executive Director	Small and Medium Enterprise Development Bank of Thailand
◆ April 2015-December 2015	Executive Director	Small and Medium Enterprise Development Bank of Thailand
◆ 2009-2010	Director	Financial Institutions Policy Group, Bank of Thailand (BOT)
◆ 2010	Director	Planning and Development Department, Bank of Thailand (BOT)



MR. SUWAT SUKSONGKROH

Independent Director
(Appointed March 21, 1994)

Age 69 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 61 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
- ◆ 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

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

Other Companies/Organizations

◆ December 15, 2014-Present	Director	Belle Development Co., Ltd
◆ December 1, 2014-Present	Director (Authorized Signatory)	Grand Fortune Co., Ltd.
◆ April 21, 2014-Present	Director	Bangkok Broadcasting & TV Co., Ltd.
◆ April 21, 2014-Present	Director (Authorized Signatory)	BBTV Satelvision Co., Ltd.

◆ April 21, 2014-Present	Director (Authorized Signatory)	GL Asset Co., Ltd.
◆ April 21, 2014-Present	Director (Authorized Signatory)	Mahakij Holdings Co., Ltd.
◆ April 21, 2014-Present	Director (Authorized Signatory)	BBTV Production Co., Ltd.
◆ January 10, 2014-Present	Director (Authorized Signatory)	BBTV Alliance Ltd.
◆ January 10, 2014-Present	Director (Authorized Signatory)	BBTV Bond Street Building Ltd.
◆ August 2012-Present	Director (Authorized Signatory)	ITBC Business Consultant Group Co., Ltd.
◆ April 2011-Present	Director (Authorized Signatory)	Exclusive Senior Care International Co., Ltd.
◆ September 2010-Present	Director (Authorized Signatory)	BBTV International Holdings Co.,Ltd.
◆ September 2010-Present	Director (Authorized Signatory)	Sunrise Equity Co., Ltd.
◆ September 2010-Present	Director (Authorized Signatory)	BBTV Equity Co., Ltd.
◆ 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
◆ May 8, 2015-Present	Director (Authorized Signatory)	CKS Holding Co., Ltd
◆ May 8, 2015-Present	Director (Authorized Signatory)	Super Assets Co., Ltd.
◆ May 8, 2015-Present	Director (Authorized Signatory)	C.K.R Co., Ltd.
◆ May 8, 2015-Present	Director (Authorized Signatory)	The Bangkok Lighters Co., Ltd.
◆ May 8, 2015-Present	Director (Authorized Signatory)	The Thai Tapioca Flour Produce Co., Ltd.
◆ May 8, 2015-Present	Director (Authorized Signatory)	Cyber Venture Co., Ltd.



MR. BRYAN JAMES SMITH

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

Age 57 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

Senior Vice President,
Company Secretary
Age 47 years



Education and Training

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

Other Companies

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

Work Experience in the Last 5 Years

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

MRS. PAPORN PIYAYODILOKCHAI

Senior Vice President, Internal Audit Department
Head of Internal Audit
Age 48 years



Education and Training

- ◆ Bachelor of Science (Accounting), Bangkok University
- ◆ Bachelor of Business Administration (Business Computer), Siam University
- ◆ Bachelor of Laws, Sukhothai Thammathirat Open University
- ◆ Bachelor of Public Health (Occupational Health and Safety), Sukhothai Thammathirat Open University
- ◆ Master of Accountancy (Financial Accounting), Chulalongkorn University
- ◆ Master of Laws (Private and Business Law), Dhurakit Pundit University
- ◆ Master of Science (Computer and Communication Technology), Dhurakij Pundit University
- ◆ Certified Public Accountant (Thailand)
- ◆ Attorney and Notarial Services Attorney
- ◆ Auditing Information Systems, Operational Auditing, Tools and Techniques for The Audit Manager: The Institute of Internal Auditors of Thailand
- ◆ Fraud Risk Management: Federation of Accounting Professions
- ◆ IT Audit For Non-IT Auditor Masterclass 2013, IT Audit Workshop for Non-IT Auditor: NSTDA Academy

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, 2015, 2014 and 2013 are shown as follows:

(Unit in Baht)

	2015		2014		2013	
	Amount	%	Amount	%	Amount	%
Underwriting Income*						
Fire	482,640,310	21.4	421,708,452	19.2	373,343,636	17.4
Marine and transportation	179,239,144	7.9	190,827,734	8.7	185,758,315	8.7
Miscellaneous	847,547,848	37.5	677,379,964	30.9	673,724,926	31.5
Motor	751,529,183	33.2	901,999,040	41.2	906,304,879	42.4
Total	2,260,956,485	100.0	2,191,915,190	100.0	2,139,131,756	100.0

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

(Unit in Baht)

	2015		2014		2013	
	Amount	%	Amount	%	Amount	%
Net Earned Income						
Fire	421,893,295	22.5	360,777,581	19.8	314,578,414	16.5
Marine and transportation	110,789,398	5.9	114,097,024	6.2	112,676,553	5.9
Miscellaneous	725,275,303	38.8	565,957,707	31.1	575,091,530	30.1
Motor	614,717,773	32.8	780,861,183	42.9	906,304,872	47.5
Total	1,872,675,769	100.0	1,821,693,495	100.0	1,908,651,369	100.0

(Unit in Baht)

	2015		2014		2013	
	Amount	%	Amount	%	Amount	%
1 Underwriting income	2,260,956,485	79.7	2,191,915,190	53.4	2,139,131,756	78.8
2 Investment income	572,328,785	20.1	1,911,658,546	46.5	567,962,149	20.9
3 Other income	5,123,063	0.2	2,689,254	0.1	7,497,340	0.3
Total income	2,838,408,333	100.0	4,106,262,990	100.0	2,714,591,245	100.0

In 2015, the composition of the Company's income structure changed from 2014, with the proportion of insurance income increasing from 53.4% in 2014 to 79.7% in 2015.

The proportion of investment income in 2015 decreased from 46.5% in 2014 to 20.1%, as the Company profit dropped by Baht 1,337.35 million or 95.78% due to the sale of shares held in Sunrise Equity Company Limited in 2014, and profited Baht 1,348.01 million. Net investments made during 2015 was also reduced by Baht 7.71 million or 5.78% due to lower interest rates which continued on a downward trend. In 2015, the Company also earned a profit from the investment in Allianz Ayudhya Assurance Public Company Limited in the amount of Baht 392.75 million, an increase of Baht 5.43 million or 1.40% from previous year.

The proportion of other income during 2015 increased from 0.1% in 2014 to 0.2% as the Company profited from the sale of some assets.

1. NATURE OF PRODUCT OR SERVICE

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

1. **Fire Insurance:** The nationwide coverage includes structure, buildings, properties, commercial buildings, industrial plants including assets, inventory, machines and equipment, and raw materials.
2. **Marine and transportation:** The insurance ranges coverage on goods transported by ship at sea and/or by river both internationally and within Thailand. There is also coverage for marine hull. The coverage is provided on goods transported over land by truck or train, as well as by air and parcel post.
3. **Miscellaneous:** 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.
4. **Motor:** Covers are for automobiles and motorcycles. Choices range from compulsory to voluntary with various options.

In operating the non-life insurance business, aside from accepting risks directly, the Company accepts reinsurance from local and international 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

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

2. MARKET AND COMPETITION

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

In 2015 direct premiums of non-life insurance industry amounted to Baht 209,278.53 million, a growth of 1.90% from 2014, divided into fire insurance at Baht 10,484.61million, down by 5.21%, marine and shipping insurance at Baht 5,342.97 million, up 0.74%, miscellaneous insurance at Baht 73,027.07 million, up 2.74%, and motor insurance at Baht 120,423.871 million, up 2.12%. (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		
	2015	2014	% Increase (decrease)
Fire	10,484,614	11,060,725	(5.21)
Marine and transportation	5,342,974	5,303,973	0.74
Miscellaneous	73,027,073	71,076,083	2.74
Motor	120,423,870	117,926,955	2.12
Total	209,278,531	205,367,736	1.90

Competitive Strategy

To remain competitive, the Company uses the following strategies:

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

Types of Customers

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

In 2015, 53.47% of fire insurance business came from customers of Bank of Ayudhya PCL covering their bank loans for property and homes.

Customers

Customers are divided into three major groups:

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

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

Distribution Channels

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

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

Distribution breakdowns in the past three years:

	2015	2014	2013
1 Brokers and agents	47.01%	47.93%	48.78%
2 Financial institutions and affiliated companies	49.76%	48.94%	47.25%
3 Direct sales	3.23%	3.13%	3.97%

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

New innovative products based on consumer insight which were developed with Bank of Ayudhya PCL include PA Prompt, PA Super Prompt, Cancer Prompt Plus, Home Prompt and Mobile Prompt. In addition, for motor insurance, Auto Prompt 3 Plus Flooding is one of the leading auto insurances products - all are well-received by customers.



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

Criteria for Licensing Agents and Brokers

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

(b) Industry Competition

2015 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 62 Insurance Companies	Market Share (%)	Ranking
Fire	622,617	10,484,614	5.94	6
Marine and transportation	354,163	5,342,974	6.63	4
Miscellaneous	1,131,567	73,027,073	1.55	18
Motor	1,002,643	120,423,870	0.83	26
Total	3,110,990	209,278,531	1.49	20

As of December 31, 2015, there are 62 operating insurance companies within the country, split into 53 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. 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 2015, 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.



Important Events

JULY 13, 2015

Thai Investors Association (TIA) awards Sri Ayudhya Capital PCL with its Investors' Choice Award for having achieved a full rating of 100%, a '5 TIA' level for running a quality AGM with complete information and transparency. This is AYUD's fifth consecutive award from the Thai Investors Association from 2011-2015.



MAY 6, 2015

Claim Di is a system that the subsidiary, Sri Ayudhya General Insurance PCL, employs for car inspection, thus saving time for customers who are interested in getting our auto insurance. The full system is planned for implementation by 2016 which will cover non-accident claims. Policyholders may take pictures of the damage to the vehicle and send it to the Company for immediate claim approval. Similarly for Knock-for-Knock, policyholders with same insurance companies and/or pacts with the Company can go through the same process.

JULY 29, 2015

The Company invested in the Salesforce CRM applications to link all sales, marketing, and customer service to the backend database resulting in improved relational data, faster response time for recalling, processing, and analyzing information with improved accuracy for our customers.

SEPTEMBER 7, 2015

The resolution of the Board on August 11, 2015 approved the interim dividend for the period of January 1 - June 30, 2015, at Baht 1.00 per share, altogether 250 million shares, totaling Baht 250 million paid to shareholders on September 7, 2015.

SEPTEMBER 9, 2015

The Company started using EDRMS (Electronic Document and Records Management System), Alfresco system to help organize and consolidate workflow to control the process of work flow, from processing, tracking, reporting status, recalling information, and assessing information in real time.

OCTOBER — DECEMBER 2015

Branch Speed Improvement — MPLS (Multi-Protocol Label Switching) Program was implemented to increase speed, security, and stability of packet information routing, resulting in more intelligence and savings on the overall system.

NOVEMBER 23, 2015

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 CAC 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.

NOVEMBER 24, 2015

Anywhere to Claim system allows Sri Ayudhya General Insurance PCL to increase its response speed to assist policyholders involved in accidents. After reporting the accident with another party, the claim can be set up immediately.



Risk Factors

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

STRATEGIC RISK

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

◆ Risk Management

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

◆ Product Design and Development, and Price Structure

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

RISK FROM INVESTMENT FLUCTUATIONS

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

In 2015, Thai economy continued to face challenges and risk factors as the government investment could not bring about the recovery in the economy and therefore the confidence from the private sector. Exports shrank matching trade partners' slowing economy, a continuation of the challenge encountered in 2014 which impacted the rate of Thailand's economic growth. As a result, the growth rate in 2015 was adjusted down between 2.8 - 3.8% as the volatility hit the capital market, money market and global economy from the US Federal Reserve's interest rates adjustments. 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 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.

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

◆ **Managing Risks based on RBC**

As of December 31, 2015, the Company and its subsidiary have assets in cash and deposits in the amount of Baht 1,065.25 million, investment in securities available-for-sale in the amount of Baht 2,745.34 million, and bank deposits with maturity over 3 months of Baht 174.95 million. Investments stated are shown in fair value. Short-long term investments are securities that are in market demand, with secondary market to support selling and buying. In addition, the subsidiary maintains RBC higher than required by the Office of Insurance Commission (OIC).

OPERATIONAL RISK

Operational risk mean 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 Board of Directors is empowered with authority to oversee the operation to be in compliance of the 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 emphasis on internal, financial as well as operational controls with compliance to good corporate governance practices with the Audit Department in charge of checking and monitoring the internal control systems.

- **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.

- **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

CORRUPTION RISK

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 2015, 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.

INSURANCE RISK

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

CREDIT RISK

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

As of December 31, 2015 the Company and the subsidiary has a loan to employees in the amount of Baht 0.58 million. The loan is made with interest charged to its employees who has guarantors in accordance with the rules on the employee welfare policy. Loans and investments of the subsidiary which is an insurance company falls under the regulations of the Office of Insurance Commission, the Announcement on Investment by Insurance Companies in Other Businesses, B.E. 2556 (2013).

RISK FROM DEPENDENCE ON MAJOR CUSTOMERS

Presently, the subsidiary receives fire and miscellaneous insurance premiums from Bank of Ayudhya PCL customers, and its saving and loan customers. In 2015, premiums from this source amounted to 53.47% of all fire premiums, with the bank acting as the broker sending in policies to the subsidiary.

RISK FROM OVERDUE PREMIUM COLLECTION

For the subsidiary, 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 exceeds the terms given, the collection department then takes over the debt-collection process. The subsidiary has a higher-than-standard rating on the appraised outstanding premiums as set by the OIC which is at 80% minimum.

Major Shareholders

Top ten major shareholders as at August 27, 2015

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 LONDON 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	6,344,870	2.538
10	Krungthai Panich Insurance Public Company Limited	3,938,400	1.575

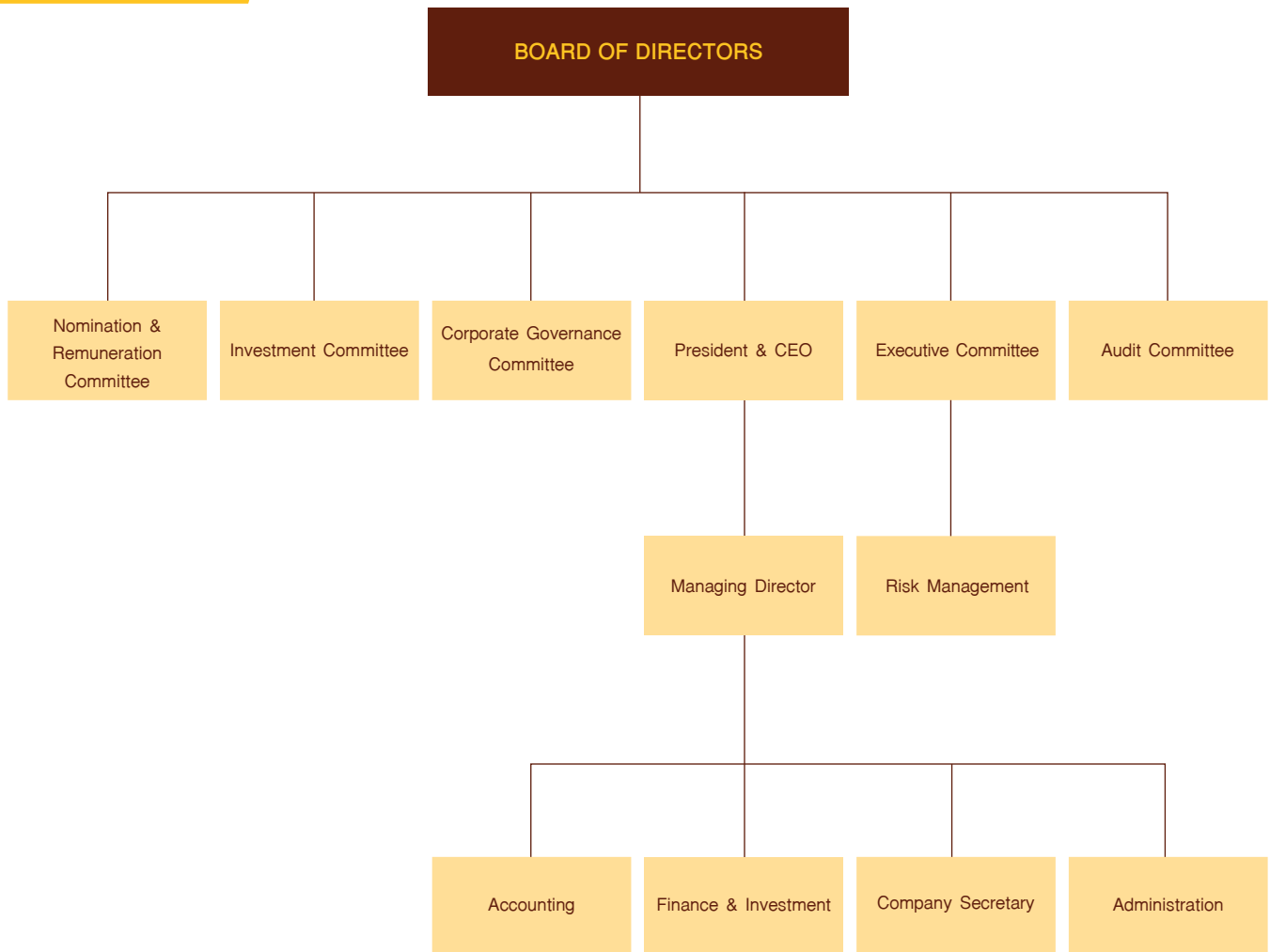
Shares Held by Members of the Board of Directors

As at December 31, 2015

No	Board of Directors	Designation	31 December 2015		31 December 2014	
			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



Management Structure

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

1. EXECUTIVE COMMITTEE

2. INVESTMENT COMMITTEE

3. AUDIT COMMITTEE

4. NOMINATION & REMUNERATION COMMITTEE

5. CORPORATE GOVERNANCE COMMITTEE

6. RISK MANAGEMENT COMMITTEE

Details of each of the above committees are provided in the Report on Corporate Governance Practices 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, 2015, the Board of Directors consists of 11 members, with five non-executive directors, four independent directors, and two executive directors.

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

Company Directors

As of December 31, 2015 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	5/6	2014
5	Mr. Laksna Thongthai	Non-Executive Director	5/6	1994
6	Mr. Surachai Prukbamroong	Independent Director	6/6	1999
7	Mr. Metha Suvanasarn	Independent Director	6/6	2005
8	Mr. Vichit Kornvityakoon	Independent Director	6/6	2013
9	Mr. Suwat Suksongkroh	Independent Director	5/6	1994
10	Mr. Rowan D'Arcy	Executive Director	5/6	2007
11	Mr. Chusak Salee	Executive Director	6/6	1997
	Ms. Jiratcha Ruplek	Secretary to the Board	-	2008

Company Signatories

The Articles of Association stipulate that the Board has the authority to assign a director, or a number of directors, to sign or act on behalf of the Company, 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, 2015, the Executive Committee is comprised of the following:

No.	Name	Designation	Attendance
1	Mr. Rowan D'Arcy	Chairman	9/12
2	Mr. Chusak Salee	Member and Secretary	11/12

Roles and Duties of the Executive Committee

1. Responsibilities

- 1.1 Assure that the Company's operations are in line with the provisions of the Civil and Commercial Code on Limited Companies, the Public Company Limited Act, the Securities and Exchange Act and other pertinent laws that are pending and will be enforced in the future.
- 1.2 Assure that the Company's operations are conducted with fidelity, justice and morals, and that the Executive Committee continues to rigorously adhere to its underlying philosophy of operating the business with caution to achieve the Company's objectives.
- 1.3 Prepare and submit monthly financial balance sheets and profit and loss accounts to the Executive Committee within the twentieth of the month to be compared with last month, and the same month of the previous year.
- 1.4 Prepare and propose the budget and forecast plan for the following year at the first Board of Directors meeting of the year, and at the same time, consider for resolution the financial reports for the year.

2. Authority

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

2.11 Anything outside and/or beyond the authority designated to the Executive Committee but is considered as an emergency, and that immediate action must be taken to prevent the Company from potential damage or from receiving appropriate benefits, a unanimous resolution may be used to proceed as appropriate. Such a proceeding shall be reported first at the next Board of Directors meeting.

3. COMPANY SECRETARY

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

4. REMUNERATION FOR DIRECTORS AND EXECUTIVE MANAGEMENT

Cash Remuneration

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

In 2014, Board Members received in total the sum of Baht 16,948,814 and in 2015, a total sum of Baht 23,693,715 was paid which included annual remuneration and bonus, with details as per the following comparison.

Comparison of Board Remuneration 2015 and 2014

No.	Name	2015			2014		
		Salary	Bonus	Total	Salary	Bonus	Total
1	Mr. Veraphan Teepsuwan	480,000	1,516,500	1,996,500	480,000	773,100	1,253,100
2	Mr. Surachai Prukbamroong	684,000	2,078,387	2,762,387	684,000	1,358,304	2,042,304
3	Mr. Metha Suvanasarn	684,000	1,981,671	2,665,671	684,000	1,295,128	1,979,128
4	Mr. Vichit Kornvityakoon	684,000	1,981,671	2,665,671	684,000	1,271,145	1,955,145
5	Mr. Andreas J. Wilhelm	-	-	-	-	252,692	252,692
6	Ms. Nopporn Tirawattanagool	420,000	1,227,950	1,647,950	420,000	625,950	1,045,950
7	Mr. Virojn Srethapramotaya	840,000	1,783,106	2,623,106	840,000	1,215,060	2,055,060
8	Mr. Suwat Suksongkroh	570,000	1,659,484	2,229,484	545,000	1,076,348	1,621,348
9	Dr. Ulf Lange	-	585,774	585,774	420,000	585,774	1,005,774
10	Mr. Bryan James Smith	630,000	996,430	1,626,430	105,000	146,440	251,440
11	Mr. Rowan D'Arcy	630,000	1,249,329	1,879,329	630,000	817,525	1,447,525
12	Mr. Chusak Salee	540,000	1,152,563	1,692,563	540,000	754,298	1,294,298
13	Mr. Laksna Thongthai	360,000	958,850	1,318,850	360,000	385,050	745,050
Total		6,522,000	17,171,715	23,693,715	6,392,000	10,556,814	16,948,814

Remuneration for the Management Team

In 2015, the total remuneration for the four members of the management team of the Company as defined by the Securities and Exchange Commission was Baht 49.26 million which comprised salaries, bonus, and other benefits. The total remuneration of the 12 members of the management team of the subsidiary in 2015 was Baht 32.61 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 2015, the Company contributed Baht 0.98 million into the provident fund for the management executives, and Baht 1.39 million for management executives of the subsidiary.

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

5. PERSONNEL

The total number of employees as of December 31, 2015 was 424. The Company has paid remuneration to employees in the form of salary, bonuses, the employer's portion of social security contributions, a provident fund and retirement compensation, totaling Baht 298.81 million.

Type of Company	Number of Employees	Total Remuneration (Baht Million)
Parent company	12	53.84
Subsidiary	412	244.97
Total	424	298.81

Human Resources Policy

Today, in managing any leading organization, it is undeniable that Human Resources (HR) plays a very important role in driving growth and the development of the organization. The role of HR has evolved to include business planning, and HR has become an integral business partner in driving growth. Both the Company and subsidiary believe that employees are at the heart of the organization in driving success and HR has thus become increasingly focused on developing employees to their fullest potential as a foundation for driving sustainable business growth.

Employee Competencies in the Digital Age 2015

It is the Company's vision to move fully into the digital age with products and services offers that are more in line with the modern needs of our customers. In doing so, the Company must have employees with matching competencies, Human Resources therefore focuses its training and development efforts in providing knowledge, understanding and competencies in the digital and IT as well as practical skills to increase job effectiveness with the following vision and mission:

Vision

We will introduce new modern human resources principles by providing 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 to appropriately apply 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, all employees may report incidents to their direct supervisors and/or the Human Resources Department immediately.

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

Management and Development of Personnel

In 2015, the Company drew up a three-year plan to restructure the foundation of Human Resources in order to refine employees' scope of work as required by continuous changes in business development and technology. This positively affected customer services and business partners, and increased the Company's competitiveness. In addition, the Company assessed personnel development to ensure they possessed knowledge more directly related to their work. Remuneration is also based according to individual and team performance to guarantee they deliver the best possible efficiency. In this regard, the details of the initiatives that have been implemented and/or completed within this year are as follows:

- ◆ Succession planning for important roles (Succession Planning) — To ensure smooth transition and prevent business interruptions, risk levels for each position are analyzed to further develop career plans which are set with a clear structure and timeframe for persons designated as successors. Specifically, the search for two key executive positions were conducted for both the head office as well as for key positions for 14 branches, and 5 sub-branches nationwide. The development plan covers employees who are identified as successors for key positions in 2016.
- ◆ A competency analysis is conducted for each business unit with the objective of identifying development plan for employees in the areas of procedures, partnership management, presentations of products and services, and IT. In doing so, the management team of each business unit is also involved in making these learnings possible.
- ◆ Human Resources set the framework to apply IT in the department by introducing Human Resources Information System (HRIS) and Employee Self Service system (ESS) to increase efficiency in 2016.
- ◆ A training plan is set to build knowledge, assess, and follow-up to measure the employees' understanding and applications of the anti-corruption policies in line with the Code of Ethics and Conduct.
- ◆ The office renovation was completed for the 8th floor for the subsidiary which included the reception area to make the overall improvement of working atmosphere and increase office safety standards.

- ◆ An English study program has been set up for launch in 2016 to targeted employees to improve their competencies and understanding of the language. Interested employees may also attend.
- ◆ Defined core and general competencies for employee development and align employee understanding of the Company's long-term strategy.
- ◆ Developed a roadmap for training in 2016 as a result from the analysis of core competencies.
- ◆ Developed a roadmap for sales development and customer service development by defining each competency in detail and ensuring alignment with the Company's strategy.
- ◆ For the talent pool, and successor pool, set up a fast track program in people management training and technical training with leading insurance institutions and management institutions to provide competencies in the areas of modern management, thinking out of the box, vision and willingness to face competition and leadership.
- ◆ For senior managers, provided a leadership program to increase success rate and effective personal productivity.
- ◆ Planed and promoted HR roadshows 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 5 sub-branches nationwide.
- ◆ Introduced HR business partner model in all business units to ensure HR participation in all areas of business, ie. Objectives, strategy, risks, solutions, etc. HR must be able to provide consultation for all types of activities, and to help create better brand imagery for each business unit.

Human Resources Development

In 2015, 377 employees of the Company and our subsidiary participated in 34 internal training courses and 80 external training courses. Expenses totalled Baht 5,312,350.22.

Number of Employees in 2015	Number of Trained Employees in 2015	% of Trained Employees	Internal Training	External Training
424	377	88.9%	34	80

Fostering Relationship between Employees and the Company

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

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

Moreover, the Company appointed subcommittees for employees to engage in addressing internal matters in a proper and suitable manner, benefitting employees and the Company as a whole, e.g. the risk management committee, corporate governance, employee welfare committee, and provident fund committee. Employee meetings: The Company respects employees' opinions and allows department representatives to participate in meetings

on Company activities and the provision of benefits, such as the New Year's party, uniform design, workplace improvement and renovations, etc.

Activities Organized in 2015

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

February:

- ◆ An annual company trip, with team-building activities and a workshop designed to build relationships among employees of the entire organization, for better mutual understanding and to set mutually agreed guidelines for working together effectively and happily.
- ◆ The 1st Manager Conference of the year, the Company's executives and employees of all levels met to clarify policies and guidelines of business execution, declare objectives, and exchange ideas and opinions for the development of the Company.

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 1st Staff Meeting of the year, held at the head office to share the Company's policies. This year, the Company invited a speaker from The Securities and Exchange Commission (SEC) to talk about investments and savings providing information on how to save money properly.

July:

- ◆ To ensure that employees stay healthy, the Company provides regular health checks. Employee health is also tracked based on the number of years with the Company.

August:

- ◆ Mother's Day: The Company created special Mother's Day pins to give to all employees and at the same time, received optional and voluntary donations from employees. The money donated was given to Children's Hospital in the amount of Baht 23,546.50.

September:

- ◆ The 2nd Manager Conference of the year, the Company's executives and employees met in order to clarify policies and guidelines of business execution, declare work achievements, and exchange ideas and opinions for the development of the Company.

October:

- ◆ For the 65th anniversary of the Company's inception, the Company organized a religious ceremony and a cake-cutting celebration.

November:

- ◆ To preserve Buddhism and its important ceremonies, the Company played host to Todkratin, a religious ceremony after Buddhist Lent, at Nongrong Temple, Tambol Khao Krapook, Amphur Tayang, Petchburi with participation from employees and management who also made own donations to the temple.
- ◆ The 2nd Staff Meeting of the year was held at the head office to update employees about the Company's business performance and policies. The meeting included an invited guest from the Magic Eyes Foundation to present resource conservation methods for internal and external applications. Other regular activities included a thank you celebration honouring retirees and their hard work.

December:

- ◆ Father's Day: A photo competition themed 'A Picture in Every Home' was held among employees asking them to capture themselves in a picture with His Majesty King Bhumibol Adulyadej picture displayed at home to honor him on his auspicious birthday.
- ◆ For Christmas Day and New Year festival, special souvenirs were given to employees to mark the occasions.



Report On Good Corporate Governance Practices



POLICY ON CORPORATE GOVERNANCE

The Board of Directors places utmost importance on good corporate governance practices. It is envisioned that the business operation 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 guides its operation using the principles of sufficiency economy, through reason, loyalty, honestly 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 2015, the Company strictly followed corporate governance policies covering these areas:

RIGHTS OF SHAREHOLDERS

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

The right to disclosure of information: The Company has provided for the extensive disclosure of information and performance, as well as 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 Company has additional channels for distributing notices of ordinary shareholders' meetings and relevant documents, in Thai and English, through the Company's website 30 days in advance of the ordinary shareholders' meeting date, and before receiving meeting documents. This is to furnish shareholders with adequate time to review the materials.

The right to attend shareholders meetings: Shareholders have the right to attend the ordinary shareholders' meeting held annually within 120 days of the closing date of the Company's fiscal year at 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 be set on a business day between 08.00 and 16.00 hours. The meeting venue will be in Bangkok or a metropolitan area with convenient transportation; and the Company uses a barcode system and employs officials for convenience of registration, as well as the provision of duty stamps in the case of proxies.

The Company's Board of Directors always realizes the importance of shareholders' rights, and encourages them to exercise their rights.

In 2015, the Company held Shareholders' Meeting No. 66 on April 21, 2015 at Ballroom 2 & 3 of Sofitel Bangkok Sukhumvit Hotel, 189 Sukhumvit Road, (between Sukhumvit 13 and 15) Klongtoey, Wattana, Bangkok 10110 with the following proceedings:

1. The Company has entrusted the Securities Depository (Thailand) Company Limited, which acts as the Company's share registrar, to send notices of ordinary shareholders' meetings and relevant documents including the Annual Report in CD format, containing adequate and complete information, together with the facts and opinions of the Board of Directors on every item on the agenda. The Company also provides proxy forms, which may also be downloaded via www.ayud.co.th in accordance with the regulations of the Ministry of Commerce, so that shareholders who cannot attend the meeting in person may grant proxies to others, or independent directors specified by the Company to attend the meeting on his/her behalf, and cast votes on resolutions. A map of the meeting venue is also provided. These documents allow shareholders to consider their vote on any item on the agenda within seven days in advance, or at least 14 days in advance. Furthermore, the Company places advertisements in daily newspapers for three consecutive days at least three days before the meeting date. As a result of providing such documents, shareholders attend meetings regularly, and registration of attendance is carried out conveniently, at least two hours prior to the meeting. An appropriate reception is also provided for attendees.
2. To provide shareholders with the opportunity of proposing an agenda to nominate candidates for the Board of Directors: At the Shareholders' Meeting No. 66, the Company provided for an additional agenda calling for nomination of candidates for the Board of Directors in advance, with specific criteria announced via www.ayud.co.th and the SCP system of the Stock Exchange of Thailand.
3. Any shareholder who attends a meeting after its commencement is entitled to vote on the agenda under consideration and not yet decided, and is counted as part of the quorum on the agenda he/she considers and votes on, unless others shareholders view otherwise.
4. At the meeting of shareholders, prior to proceeding to the agenda, the Chairman will announce the following:
 - 4.1. The number and proportions of shareholders present at the meeting and the number of proxies granted.
 - 4.2. The Chairman will introduce all the Board members, committee members, senior management members and auditors in attendance.
 - 4.3. Provide an explanation on voting and vote-counting procedures that will be implemented for each agenda item pursuant to Company regulations. Votes are cast openly on every agenda item.
 - 4.4. The Chairman allocates ample time for meetings. Every shareholder has equal and full opportunity to express opinions and recommendations. The Chairman will answer all questions clearly and directly throughout the meeting. Furthermore, the minutes of the meeting are completely recorded, and the resolutions and votes of all stakeholders are summarized transparently and fairly.
 - 4.5. For the agenda on electing Board members, the Company prepares a summary of qualifications for shareholders to review.
 - 4.6. The Company discloses the structure of shareholding and the 10 major shareholders of the Company as at the closing date before the meeting date through the Company's website, and carries out the meeting efficiently.
 - 4.7. All directors stress the importance of attending Annual Shareholders Meetings, at which shareholders can ask relevant questions directly to the chairpersons of the committees responsible for specific issues.
 - 4.8. In 2015, the Company set the Shareholders' Meeting No. 66 on April 21, 2015 with all relevant documents sent 14 days in advance to provide shareholders with support information on all items of the agenda for voting. Altogether, 11 Directors attended the meeting including the Chairman of the Board, Chairman of the

Audit Committee, Chairman of Nomination & Remuneration Committee, President & CEO, Managing Director and the Company's external auditors. The barcode system was used to register attendance and votes. The entire Meeting was also recorded and may be viewed via www.ayud.co.th

For 2016, The Board of Directors set the date for the next Shareholders' Meeting No. 67 for April 26, 2016, 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 sent and 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 capturing of the entire meeting.

EQUALITY OF SHAREHOLDERS

The Company treats all shareholders, whether Thais or foreigners with equality. For foreign shareholders, the Company sends the notice calling the meeting and all relevant documents, as well as proxy forms, both in Thai and English, to enable all shareholders to participate in the deliberations and cast their votes on the various activities of the Company in accordance with the Company agenda. The right to vote at the meeting is in accordance with the number of shares held, with one share equalling one vote. The Company will not add any addenda to the agenda of the shareholder meeting without advance notice and will convey the information at the meeting pursuant to the notice so that shareholders can consider items before making a decision on each. In cases where a shareholder cannot attend the meeting, the Company provides him/her with a proxy form attached to the notice calling the meeting so such shareholder can authorize another person or the Chairman of the Audit Committee or an independent director to attend the meeting on his/her behalf for the protection of his/her rights.

Votes are cast openly, and ballot papers are provided for every item on the agenda. Shareholders have the opportunity to vote as they see fit. Ballots are collected in cases of disapprovals or abstentions for each item. The results are then aggregated and processed with the total number of votes in attendance at the meeting. Before announcing the final votes at the resolution of the meeting, the Company summarizes the results and displays them on a screen for all shareholders to acknowledge simultaneously at the meeting. In addition, for transparency, the ballots are kept at the head office in Bangkok, and are open to inspection after the conclusion of the meetings. Minutes of the meeting are recorded accurately and comprehensively and signed by the Chairman who presides over the meeting. Such minutes are sent to the Stock Exchange of Thailand within 14 days of the date of the General Shareholders Meeting. Publication is also made on the Company's website in both Thai and English to provide a channel for shareholders to acknowledge and examine information without having to wait for the next meeting. The documents are sent to the Ministry of Commerce within the deadline prescribed by law. 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.

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.

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

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

Employees: The Company considers human resources to be the core asset essential to driving the Company toward its business goals. Human resource policies, together with the Code of Ethics and Conduct guideline specifically provide guidance on fair treatment, in terms of opportunity, remuneration, appointments and transfers, as well as the importance of supporting the development of the potential and competence of employees at all levels. The working knowledge and skills of employees are enhanced through continuous training and potential is developed toward leadership. Employees are also encouraged to participate in determining the direction of operations so as to reach a unified vision. The working culture and environment are consistently maintained in a manner that is safe for the life, health and property of employees. Regarding health, sanitation and employee safety, measures have been implemented along with sufficient and appropriate vocational health and environmental measures to avoid loss of life from accidents and prevent injuries and illnesses as a result of work. Welfare benefits such as annual health check-ups, a provident fund and an old-age retirement pension are provided. Appropriate remuneration is provided based on individual achievement as well as the Company's results. 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: The Company treats all partners with equality and integrity and partnerships are based on mutual benefits and prevention of possible conflicts, with respect to trade contracts and agreements made. 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 adheres strictly to the terms as agreed with creditors and fosters an environment of mutual respect and trust.

Social, Community, and Environment: The Company sets the policy on CSR with a framework as a guideline to ensure responsibility and fair treatment. The Company provides training to employees to build their understanding and insight into the environment and resource preservation. In 2015, the Company participated in Magic Eyes Foundation, mangrove reforestation, energy saving, and paperless office projects which were in consistence with CSR in-process and after-process guidelines, and supported the society in which we operate in various ways from making contributions to participating in activities that helped to improve lives/living conditions. Our CSR as a process, focuses on involvement and participation of these activities to ensure that business and society grow together as one. Details of all Social, Community, and Environment work are disclosed in the Sustainability Report section.

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

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' 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 CAC for consideration on November 23, 2015. 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 period from the date of certification.

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. Therefore, it is with belief that the Company has taken as defined herein to mitigate risk of corruption and other risks relating to the Company's operation.

The Company intends to continuously develop more concise guidelines by applying principles of CAC on anti-corruption to improve on the existing compliance so as to always be appropriate to the current situation.

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 control systems and procedures, accounting procedures, record-keeping, recording of financial transactions, and related documents, as well as compliance measures on anti-corruption and prepare audit reports

to the Audit Committee, the management and the audited department. Summary of findings for all departments are submitted on quarterly basis to the Audit Committee. In case the Internal Audit Department finds any irregularity on internal controls or any business activity that violates any law or regulations on anti-corruption, it must be reported immediately to the senior management, the Audit Committee and the Board of Directors. In addition, any employee or public 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 as assigned by the Board of Directors to oversee the compliance of the anti-corruption policies shall review measures and related internal controls; and when reports (a sufficient and effective measures taken on anti-corruption report from senior management, a report on corruption, a report on internal audit from the Internal Audit Department, a report from an independent source on anti-corruption measures) are received, these will be summarized, and reported with recommendations to the Board of Directors and the management regularly.

The Company communicates information via internet and provides training on anti-corruption, prevention, and suppression of 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 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, via Internal Audit Department, Sri Ayudhya Capital PCL, 7th floor, Ploenchit Tower, 898 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330

Any one 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 2015, two anti-corruption training sessions were provided to employees, the first one was held on June 19, 2015 at the head office with VDO recording which were then disseminated to subsidiary and its branches. Eighty-eight employees took the tests on anti-corruption afterwards 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.

In communicating with stakeholders, the Company provides additional channels of contact so that recommendations, comments, rights violations, or complaints may be directed to the Board of Directors, via Company Secretary at Sri Ayudhya Capital PCL, 7th floor, Ploenchit Tower, 898 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330 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 internal control system.

The Company gives importance to internal control including financials, operational procedures, and compliance. The Internal Audit Department is responsible for ensuring 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, 2015.

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, 2015 compared with 2014 are as follows:

No.	Directors and Executives	Position	Number of Shares Held as of December 31, 2015	% of Holding	Number of Shares Held as of December 31, 2014	% of Holding	Change +/- in 2015
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	Managing 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	-	-	-	-	-
	Spouse and children under legal age		-	-	-	-	-

Important 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 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 vision, goal, business plan and budget as well as monitoring business performance to ensure effectiveness and alignment with plan in the best interests of the Company and its shareholders. The appointment of directors are made in accordance to the Company's regulations and resolutions of the shareholders meeting. Additionally, the Company sets the management structure with clear division of responsibility between the Board of Directors and the management with details as follows:

- 1.1. The Chairman of the Board is not the same person as the President & CEO and the managing director. The division of authority and power is clearly set in accordance with the corporate governance and the Company management structure. As of December 31, 2015, the Company has 11 members on the Board of Directors: 2 executive directors, 5 non-executive directors, and 4 independent directors, or 36.36% of the Board of Directors. The Company is confident that the executive directors, non-executive directors and independent directors will independently perform and approve policies in the best interests of the Company. Moreover, each of the directors was trained and passed courses held by the Thai Institution of Directors Association (IOD).
- 1.2. The Company appoints the Nomination & Remuneration Committee, which is independent and responsible for recruiting qualified directors with competence in diversified fields, vision, ethics, and transparency. The Board of Directors clearly determines the role and responsibilities of each appointed committee. The President & CEO as the head of the executive team, is responsible to the Board of Directors for the business operations and performance in accordance with the Board of Directors charter.
- 1.3. Terms of Directors: The term of office of the Board of Directors is specified in the by-laws of the Company and adheres to the Public Limited Company Act 1992. When a term expires, the Board member may be re-elected by the shareholders meeting resolution and/or the resolution of the Board of Directors. The Company does not restrict the age of its Board of Directors as it believes that the expertise and experience in business overrides the age factor.
- 1.4. Definition & Qualifications of Independent Directors: In compliance with the minimum requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand, an Independent Director is a director who can express his/her opinions freely with an aim to improving the management of the organization and leading it toward progress, transparency and good governance. The qualifications of an Independent Director are as follows:
 - 1.4.1. Holding shares not exceeding 0.5 percent of the total number of voting rights of the Company, its parent company, subsidiary, affiliate, principal shareholder or controlling person of the Company, including the shares held by related persons of the independent director.
 - 1.4.2. Neither being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the Company, its parent company, subsidiary, affiliate, same-level subsidiary, principal shareholder or controlling person of the Company, unless the foregoing status has ended not less than two years prior to the date of company filing with the Securities and Exchange Commission and the Stock Exchange of Thailand; however, the prohibition excludes independent director who was government officer or adviser of the government agencies that are major shareholder or controlling person of the Company.
 - 1.4.3. Not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children to executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the Company or its subsidiary.

- 1.4.4. Not having a business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, in the manner which may interfere with his independent judgment, and neither being nor having been a principal shareholder or controlling person with any business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the Company unless the foregoing relationship has ended not less than two years prior to the date of company filing with the Securities and Exchange Commission and the Stock Exchange of Thailand. The term business relationship aforementioned under paragraph one includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the Company or his counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the Company or Baht 20 million or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of Capital Market Supervisory Board concerning rules on connected transactions mutatis mutandis. The combination of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences.
 - 1.4.5. Neither being nor having been an auditor of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, and not being a principal shareholder or controlling person, or partner of an audit firm which employs audits of the Company, its parent company, subsidiary, affiliate, major shareholders or controlling person of the Company unless the foregoing relationship has ended not less than two years from the date of company on filing with the Securities and Exchange Commission and the Stock Exchange of Thailand.
 - 1.4.6. Neither being nor having been any professional adviser including legal adviser or financial adviser who receives an annual service fee exceeding Baht two million from the Company, its parent company, subsidiary, affiliate, major shareholders or controlling person of the Company, and neither being nor having been a principal shareholder, controlling person or partner of the professional adviser unless the foregoing relationship has ended not less than two years from the date of the Company filing with the Securities and Exchange Commission and the Stock Exchange of Thailand.
 - 1.4.7. Not being a director who has been appointed as a representative of the Company's director. Major shareholder or shareholders who are related to the major shareholder.
 - 1.4.8. Not operating any business which has the same nature as and is in significant competition with the business of the Company or subsidiary, or not being a principal competition in any partnership, or not being an executive director, employee, staff, or adviser who receives salary; or holding shares not exceeding 0.5 percent of the total number of voting rights of any other company operating business which has the same nature as and is in significant competition with the business of the Company or subsidiary.
 - 1.4.9. Not having any characteristics which make him incapable of expressing independent opinions with regard to the Company's business affairs.
- 1.5. Number of Companies in which Directors have a Position: The Company discloses any other company where directors are working in the same or another position in Form 56-1 and in the annual report. At present, the Company is assured that there are no negative effects arising from other positions and all directors have ample time for the Company, attend meetings regularly to the benefit the Company.

- 1.6. Aggregation and Delegation of Authority: The Chairman of the Board is not the same person as the President & CEO and is not related in any manner to the executive team. These two persons hold different positions, perform different duties, and are independent from each other. The by-laws of the Company clearly provide for the delegation of authority among the Board of Directors and the management team at all levels. Essential issues must be approved by both to maintain the balance of authority, and assure transparency and good corporate governance.
- 1.7. Company Secretary: According to The Securities and Exchange Act of 2008 Section 89/15, a resolution was passed at Board of Directors Meeting No. 4/2008 held on 15 August 2008 to appoint Ms. Jiratcha Ruplek as Company Secretary. Appropriate training courses such as Company Secretary Program (CSP), Effective Minute Taking (EMT), Board Reporting Program (BRP), and Company Reporting Program (CRP) were undertaken. Qualifications are:

Qualifications:

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

Scope and responsibilities:

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

2. 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 the 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 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, with half of the Board of Directors present. 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 case of emergency.

The Board of Directors has also delegated to the President the task of scheduling meetings of the Investment Committee, accompanied by an investment consultant, quarterly. Additional meetings may be called in case 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, 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 2014-2015

Name of Sub-committee *	Name	Attendance 2015	Attendance 2014
Audit Committee*	1. Mr. Surachai Prukbamroong	6/7	9/9
	2. Mr. Metha Suvanasarn	7/7	9/9
	3. Mr. Vichit Kornvitayakoon	7/7	9/9
Nomination & Remuneration Committee*	1. Mr. Metha Suvanasarn	5/5	5/5
	2. Ms. Nopporn Tirawattanagool	5/5	4/5
	3. Mr. Bryan James Smith	5/5	-
Executive Committee*	1. Mr. Rowan D'Arcy	9/12	11/12
	2. Mr. Chusak Salee	11/12	11/12
	3. Mr. Laksna Thongthai	-	11/12
Investment Committee*	1. Mr. Rowan D'Arcy	4/4	3/4
	2. Dr. Ulf Lange	-	2/4
	3. Mr. Bryan James Smith	4/4	1/4
	4. Mr. Chusak Salee	4/4	4/4
	5. Mr. Surajak Kotikula	3/4	1/4
Corporate Governance Committee*	1. Mr. Vichit Kornvitayakoon	4/4	3/3
	2. Mr. Chusak Salee	4/4	3/3
	3. Mr. Tivakorn Kanjanakit	-	2/3
	4. Ms. Orathai Rongthongaram	4/4	3/3
	5. Mr. Rakchart Smitinandana	-	3/3
	6. Mrs. Apiradee Kanjanarat	4/4	3/3
	7. Ms. Paporn Piyayodilokchai	4/4	-
	8. Mr. Pramote Watthanateerakul	-	2/3
	9. Ms. Jiratcha Ruplek	4/4	3/3
Risk Management Committee*	1. Mr. Rowan D'Arcy	9/12	12/12
	2. Mr. Chusak Salee	9/12	11/12
	3. Ms. Orathai Rongthongaram	11/12	12/12
	4. Mr. Satja Jungnitnirandr	12/12	11/12
	5. Mr. Sakrapee Sungkhapun	8/12	10/12
	6. Mr. Virat Luangaram	8/12	11/12
	7. Mr. Pirat Wongsaisuwan	5/12	10/12
	8. Mrs. Paporn Piyayodilokchai	11/12	11/12
	9. Ms. Jiratcha Ruplek	10/12	11/12
	10. Mr. Supakij Sookpong	12/12	10/12
	11. Ms. Siriwan Wangwilai	10/12	11/12
	12. Ms. Krisna Phoonsiri	10/12	10/12
	13. Mrs. Apiradee Kanjanarat	11/12	12/12
	14. Mr. Rakchart Smitinandana	12/12	11/12
	15. Mrs. Marin Saengsint	11/12	12/12
	16. Mr. Tivakorn Kanjanakit	8/12	10/12
	17. Mr. Pramote Wattanateerakul	12/12	11/12
	18. Mr. Issra Choovisit	12/12	10/12

Remark: * Additional details are provided in each Committee Section.

AUDIT COMMITTEE

The Company established an Audit Committee on October 12, 1999 comprised of three independent directors. At Board of Directors Meeting No. 4/2015 held on August 11, 2015, a resolution was passed to re-elect an Audit Committee member, Mr. Vichit Kornvitayakoon, whose tenure was up on October 12, 2015 for another term. The Audit Committee was comprised of the following members:

No.	Name	Designation	Status	Attendance
1	Mr. Surachai Prukbamroong	Chairman	3 years	6/7
2	Mr. Metha Suvanasarn	Member	2 years	7/7
3	Mr. Vichit Kornvityakoon	Member	3 years	7/7
	Mrs. Paporn Piyayodilokchai	Secretary		

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

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

1. Mr. Surachai Prukbamroong, Chairman of the Audit Committee, worked at The Bank of Thailand during 1959-1998 for 39 years having key positions:
 - ◆ Senior Director, Bank Examination and Analysis Department
 - ◆ Senior Director, Savings and Bonds Department
 - ◆ Senior Director, Administration Department
 - ◆ Senior Deputy Director, Deposits and Bonds Department
 - ◆ Deputy Director, Bank Supervision and Examination Department
2. Mr. Metha 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, Northeastern Region Office, Khonkaen
3. Mr. Vichit Kornvityakoon, Member, has held various significant positions with the Bank of Thailand for 36 years, from 1975 to 2010:
 - ◆ Financial Institutions Policy Group, Bank of Thailand (BOT)
 - ◆ Planning and Development Department, Bank of Thailand (BOT)

Purpose

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.

Composition

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

Meetings

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

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

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

Responsibilities

The Audit Committee will carry out the following responsibilities:

Financial Reports

1. Review financial reports for correctness and adequateness of information and that the disclosure of information is in accordance with the generally accepted standards of accounting practices.

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 Senior Vice President of Internal Audit Department 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 Senior Vice President of Internal Audit Department 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 Senior Vice President of Internal Audit Department.
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 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 fail to 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 reports of 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 practices 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, and the tenure of committee members shall be for a period of three years which shall run concurrently with their tenure on the Board.

As of December 31, 2015, the Nomination & Remuneration Committee was comprised of the following directors:

No.	Name	Designation	Status	Attendance
1	Mr. Metha Suvanasarn	Chairman	Independent	5/5
2	Miss Nopporn Tirawattanagool	Director	Non-Executive	5/5
3	Mr. Bryan James Smith	Director	Non-Executive	5/5

Composition

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

In appointing the members of the Committee, the Board will give due consideration to the Principles of Good Corporate Governance for Listed Companies guidelines as recommended by the Stock Exchange of Thailand (SET) and the Stock and Exchange Commission (SEC).

The Chairman of the Committee shall be an independent director and shall be appointed by the Board. The Company Chairman shall not be the Chairman of the Committee.

- ◆ One member (or his/her nominee) shall act as Secretary to the Committee.
- ◆ The tenure of Committee members shall be for a period of three years and shall run concurrently with their tenure on the Board.

Meetings

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

Nomination Terms of Reference

- ◆ The Committee is authorized by the Board to exercise such of the powers and discretions of the Board as it deems necessary or expedient to provide a formal selection and recommendation procedure for new Board appointments, CEO and CEO direct reports, with the exception that without the sanction of a resolution of the Board of Directors of the Company, the Committee shall not have any of the powers or discretions of the Board in relation to any of the matters exclusively reserved for the Board of Directors from time to time.

The Committee is authorized by the Board to obtain independent professional advice, at the Company's expense, if it considers this necessary to the fulfilment of its duties.

Duties and Responsibilities

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

Nomination Proceedings

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

Nomination & Remuneration - Terms of Reference

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

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

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

- ◆ Comply with all legal requirements including those of the Stock Exchange of Thailand (SET) listing rules, disclosure requirements and give due consideration to the principles of good corporate governance practices as recommended by the Stock Exchange of Thailand (SET); and
- ◆ Give due regard to the proportion of the Executive Director's and Chief Executive Officer's senior direct reports' remuneration, which should be structured so as to link rewards to corporate, business sector and individual performance.

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

1. Satisfy itself that appropriate supervision is in place for the Company's executive remuneration such as share options and similar schemes, determine grants of options to be made to executive directors, senior executives and other employees (having received written recommendations in respect of the same from the Chief Executive Officer), and determine any performance conditions to apply to the exercise of such options or award of shares;

2. Review the design of all share-based incentive plans for approval by the Board and/or shareholders. In designing schemes of performance-related remuneration, the Committee shall duly regard the provisions contained in the legal requirements including those of the Stock Exchange of Thailand (SET) Listing Authority's Listing Rules, Disclosure Rules and Prospectus Rules and give due consideration to the principles of good corporate governance practices as recommended by the Stock Exchange of Thailand (SET);
3. Monitor and review (at least annually) the remuneration packages and terms and conditions of Executive Directors' employment contracts and the Chief Executive Officer's senior direct reports' employment contracts;
4. In determining specific remuneration packages for executive directors and for the Chief Executive Officer's senior direct reports, determine basic salary, any benefits in kind, any annual bonuses, participation in any long-term incentive plans, any pension entitlements and other compensation payments;
5. Ensure that the Chairman (or in his absence, an alternative member) of the Committee attends the Company's Annual General Meeting to answer questions concerning executive directors' remuneration;
6. Be authorized by the Board to obtain such outside or other independent professional advice as it considers necessary in the fulfilment of its duties, all of which shall be at the Company's expense;
7. Consult with the Chairman of the Company in formulating the Committee's remuneration policy and consult with the Chief Executive Officer when determining specific remuneration packages for his/her senior direct reports;
8. Liaise with the Board in relation to the preparation of the statement of remuneration policy for executive directors in the Annual Report to shareholders;
9. Review the Remuneration Report appearing within the Annual Report and Accounts and make any necessary recommendations to the Board in respect of disclosure so as to comply with all applicable legal and Stock Exchange of Thailand (SET) requirements.

Remuneration - Excluded Matters

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

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

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

Remuneration Proceedings

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

Remuneration - General Matters

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

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

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

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

INVESTMENT COMMITTEE

The Company established an Investment Committee on May 9, 1996. Members hold a one-year tenure. As of December 31, 2015, the Investment Committee comprised of the following members:

No.	Name	Designation	Attendance
1	Mr. Rowan D'Arcy	Chairman	4/4
2	Mr. Bryan James Smith	Director	4/4
3	Mr. Chusak Salee	Member and Secretary	4/4
4	Mr. Surajak Kotikula	Consultant	3/4

General

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

Objectives

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

Composition

The Committee shall be comprised of at least three or more directors. Members of the Committee shall be elected annually to one-year terms by the affirmative vote of a majority of the Board members at the first meeting of the Board to be held following the annual general meeting of shareholders or as soon thereafter as practicable. Vacancies

on the Committee shall be filled by like vote of the Board at the next meeting of the Board following the occurrence of the vacancy or as soon thereafter as practicable. A member may be removed from the Committee at any time, with or without cause, by vote of the Board.

Meetings

1. The Board shall designate one member of the Committee as its Chairman.
2. The Committee shall be in a position to specify rules and regulations to be in compliance with the conditions, rules and charter of the Investment Committee.
3. The Committee shall establish a regular meeting schedule, which shall be at least two times annually, or more frequently as circumstances require.
4. The Chairman of the Committee or majority of the members of the Committee may also call a special meeting of the Committee.
5. A majority of the members of the Committee present in person, or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, shall constitute a quorum.
6. All actions of the Committee will require the vote of a majority of its members present at the meeting of the Committee at which a quorum is present. Attendance either in person, video conference and/or any other communications device in which members have access to details of the meeting is considered as a quorum.
7. The Committee shall maintain minutes of its meetings and shall regularly report on its actions to the Board.
8. The Committee may form sub-committees for any purpose that the Committee deems appropriate and may delegate to such sub-committees such power and authority as the Committee deems appropriate; provided, however, that no sub-committees shall consist of fewer than two members; and provided further, that the Committee shall not delegate to a sub-committee any power or authority required by any law, regulation, or listing standard to be exercised by the Committee as a whole.
9. The Committee shall have access to any of the books and records of the Company that the Committee shall consider relevant to carrying out its duties and may require any officer or employee of the Company to attend meetings of the Committee to provide financial information and any related information that is relevant to the Committee's activities, except as the Board may otherwise direct.

Responsibilities

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

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

Investigations, Studies and Outside Advisers

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

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

Evaluation of the Committee's Performance

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

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

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

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

CORPORATE GOVERNANCE COMMITTEE

The Company established a Corporate Governance Committee, formerly named Compliance Committee, on February 28, 2012. As of December 31, 2015, the Corporate Governance Committee comprised of the following members:

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

General

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

Purpose

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

Composition

The Committee shall consist of at least six 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 shall be composed of the following members: Managing Director, Executive Vice President of Accounting and Finance, Senior Vice President - Company Secretary, Senior Vice President of Human Resources, and Senior Vice President of 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.

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. A quorum of the Committee shall be at least 50% or more.

Responsibilities

The Committee's responsibilities include the following:

- ◆ Adherence to Corporate Governance
 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 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 submission 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. Make recommendations on Code of Ethics and Conduct for the Company.
 8. Assess Corporate Governance guidelines and its practicality to ensure continuity and appropriateness 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 |
| 3. Mr. Laksna Thongthai | Director and Assistant Managing Director |
| 4. Ms. Orathai Rongthongaram | Executive Vice President, Accounting Department |
| 5. Ms. Jiratcha Ruplek | Senior Vice President and Company Secretary |

Company Secretary

Ms. Jiratcha Ruplek Senior Vice President, 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 2015

Name	Position	Program Name
1. Mr. Metha Suvanasan	Independent Director, and member of Audit Committee	• Chartered Director Class (CDC) 9/2015
2. Mr. Vichit Kornvityakoon	Independent Director, and member of Audit Committee	• Role of the Nomination & Governance (RNG) 7/2015 • Risk Management Program for Corporate Leaders (RCL) 2/2015
3. Ms. Nopporn Tirawattanagool	Director, and member of Nomination & Remuneration Committee	• Risk Management Program for Corporate Leaders (RCL) 2015
4. Mr. Bryan James Smith	Director, and member of Nomination & Remuneration Committee	• Director Certification Program (DCP) Class 207/2015 • Director Diploma Examination Program (Fellow Member 2015)
5. Mr. Rowan D'Arcy	President & CEO	• Chartered Director Class (CDC) 10/2015

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

No	Name	RCP	DAP	DCP	Fellowship	RCC	AACP	ACP	CGR	SFE	FGP	DCP Re	MFM	MIA	MIR	MFR	ODC	CSP	ACEP	CGI	BPE	DCPU	RNG	RCL
1	Mr. Veraphan Teepsuwan	x		x																				
2	Mr. Surachai Prukbamroong	x	x						x			x									x			
3	Mr. Vichit Kornvityakoon				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																		
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)
Refresher Course DCP	(DCP Re)
Monitoring Fraud Risk Management	(MFM)
Monitoring the Internal Audit Function	(MIA)
Monitoring the system of Internal Control and Risk Management	(MIR)
Monitoring the Quality of Financial Reporting	(MFR)
Chartered Director Class	(CDC)
Company Secretary Program	(CSP)
Anti-Corruption for Executive Program	(ACEP)
Corporate Governance for Capital Market Intermediaries	(CGI)
Board Performance Evaluation	(BPE)
Director Certification Program Update	(DCPU)
Role of the Nomination & Governance	(RNG)
Risk Management Program for Corporate Leaders	(RCL)

Succession Plan

The Board of Directors advises the executive management on the development and succession plan to ensure that it is ready for use. This includes the process of search for candidates to take on senior executive positions. Additionally, the development plan for management levels in the Company works concurrently with the succession plan that identifies successors down to departmental and further levels.

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

Good governance practices in other aspects:

- ◆ Code of 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.

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, 2015, the composition of the Committee included the following:

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

Objectives

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

Composition

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

Term

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

Meetings

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

Responsibilities

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

1. Set the policy and propose to the Board to review the overall risk management which includes insurance risk, 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

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: jiratcha@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 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 2015, 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

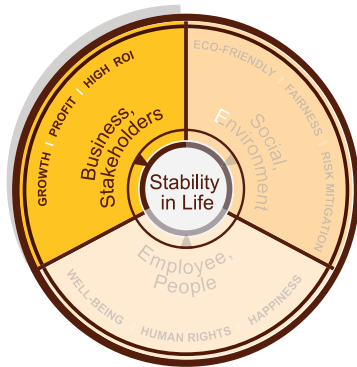
- ◆ Comply with labor practice standards
- ◆ Maintain a culture of accountability and integrity
- ◆ Enforce anti-corruption policy

Happiness

- ◆ Implement the employee engagement model

► Business, Stakeholders

GROWTH | PROFIT | HIGH ROI



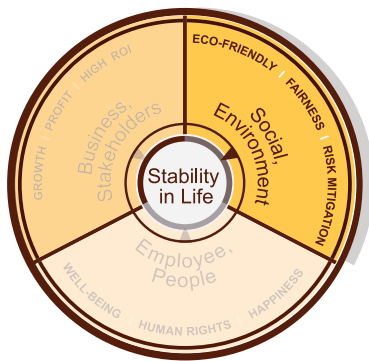
Company Strategy

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 a 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

Social Aspect

◆ **Christian Prison Ministry Foundation or Baan Praporn: ‘Life Renewed’ Project**

One of the CSR projects was led by our employee, Khun Ratta Rattanapimpaporn, who proposed reaching out to children and young adults at the Christian Prison Ministry Foundation. The Foundation cares for children and young adults with past offences and/or drug problems. Through rehabilitation programs, education, counselling, and love, they are able to rebuild their hopes and dreams. The assistance provided to the Foundation included health checks for all of the children, and food supplies in the amount of Baht 62,400. In addition, to build awareness and promote the Foundation, the Company spent approximately Baht 600,000 to produce 2015 Calendars showcasing the Foundation’s young adults and their heartfelt stories.



Environmental Projects

◆ **Year 6: Mangroves Replanting Project, Klong Kone, Samut Songkhram**

As a part of the Company’s ongoing initiative to help preserve the environment and reduce global warming, Mr. Rowan D’Arcy, President & CEO of Sri Ayudhya Capital PCL, volunteers from the subsidiary company – Sri Ayudhya General Insurance PCL and young volunteers from the Christian Prison Ministry Foundation, jointly took part in the replanting of mangroves, at the Mangrove Forest Conservation Center in Samut Songkhram. Mangrove forests support all kinds of lives, and acts as a food source and habitat to many life forms as well as providing protection and a natural wall to reduce the impact of strong wind and waves. These forests can also help to reduce the erosion along the coastlines.



◆ **Year 5: Preserving the Ocean and Sea Turtles Project, Sattahip, Chonburi**

Continuing with CSR activities concerning environmental preservation, the Company's staff participated in "Preserving the Ocean and Sea Turtles" project which consisted of a donation to help support the program, as well as participating in the replanting of the coral reefs and releasing sea turtles back into the ocean at the Royal Thai Marine Corps, Toey Ngam beach, Marine Corps Bay, Sattahip, Chonburi. Along with the activity was the education provided by the Royal Thai Marine staff on how to preserve the environment better.



SOCIAL CONTRIBUTION PROJECTS

◆ **For the Visually Impaired**

The Company donated Baht 20,000.00 to the Educational Technology Center for the Blind, Skills Development Center for the Blind Nonthaburi and the Foundation for the blind in Thailand, under the Royal Patronage of H.M. the Queen, and Thailand Association of the Blind, after having met with success of the previous calendar project which helped to promote the awareness of the associations. For the project, over Baht 500,000.00 was spent on producing 20,000 calendars. Ms. Chanidapa Petchraksa, Director of Education, Ms. Plengsri Kamolthip, Finance Manager of the Education Technology Center for the Blind and Mr. Kittipong Suthi, Director at the Thailand Association of the Blind were present to accept the donations.



◆ **Year 2: Love in Waiting Project**

A scholarship of Baht 62,400.00 was presented to 11 children at the Christian Prison Ministry Foundation or Baan Praporn, Rama 9 Community, Klong Ladprao. An additional donation of Baht 110,000.00 was given for daily necessities. All children were also treated to a lunch.



- ◆ **Year 12: Insurance Family and Friends for the Society**
Employees volunteered to participate in a joint community program at Baan Takolang School, Suanpueng, Ratchaburi giving lunch and donated 20 sacks of rice for students boarding at school.



Education Development Projects

- ◆ **Books for Better Future**

Led by Mr. Sakrapee Sungkhapan, Senior Vice President of Branch Operations together with Mr. Vorapon Maneerat, Assistant Vice President, the Company presented educational books, totaled Baht 70,000.00 to Mr. Rangsan Kamchai, Director of Baanna Mafeung School, Muang District, Nong Bua Lam Phu.



- ◆ **Computer Room Renovations**

The Company donated Baht 100,000.00 to Baan Wangmee School, Nakhon Ratchasima to renovate and repair the school's damaged computer room and network so that students can get back to learning and developing their skills again. School supplies were also provided to students and teachers.

- ◆ **School Supplies and Materials**

Mr. Jackkrawut Srikajang, Assistant Vice President of Sri Ayudhya General Insurance PCL, and employee volunteers joined hands with General Insurance Club of Surat Thani to donate school supplies and materials to the Border Patrol Police Learning Center at Baan Huaytong Surat Thani.





◆ **Year 2: Bicycles for Children Project**

Over 30 employee volunteers joined this program to provide children with bicycles so that they can travel to-and-from school. This year, Mr. Rowan D’Arcy, President & CEO presented these bicycles to students at Baan Klong Krok School, Pawa, Keng Hang Maew, Chanthaburi.

INNOVATION AND PROMULGATION OF INNOVATION DERIVED FROM CSR OPERATIONS

The Company values the importance of creating business innovations that will benefit both the business and societal sides. In 2015, these innovations included:

◆ **May 6, 2015**

Claim Di is a system that the subsidiary, Sri Ayudhya General Insurance PCL, employs for car inspection, thus saving time for customers who are interested in getting our auto insurance. The full system is planned for implementation by 2016 which will cover non-accident claims. Policyholders may take pictures of the damage to the vehicle and send it to the Company for immediate claim approval. Similarly for Knock-for-Knock, policyholders with same insurance companies and/or pacts with the Company can go through the same process.

◆ **July 29, 2015**

The Company invested in the Salesforce CRM applications to link all sales, marketing, and customer service to the backend database resulting in improved relational data, faster response time for recalling, processing, and analyzing information with improved accuracy for our customers.

◆ **September 9, 2015**

The Company started using EDRMS (Electronic Document and Records Management System), Alfresco system to help organize and consolidate workflow to control the process of work flow, from processing, tracking, reporting status, recalling information, and assessing information in real time.

◆ **October — December 2015**

Branch Speed Improvement — MPLS (Multi-Protocol Label Switching) Program was implemented to increase speed, security, and stability of packet information routing, resulting in more intelligence and savings on the overall system.

◆ **November 24, 2015**

Anywhere to Claim allows Sri Ayudhya General Insurance PCL to increase its response speed to assist policyholders involved in accidents. After reporting the accident with another party, the claim can be set up immediately.

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 and the subsidiary. 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, operational 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 Compliance Committee, later renamed Corporate Governance 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 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. Receipt and payment of funds are approved per line of authority and proper division of duties is executed. The Board of Directors is ultimately responsible for the Company's internal control. The evaluation 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. 2/2016, on February 23, 2016, 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 the 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 Internal Audit Department 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 resolution of Annual General Shareholders' Meeting No. 66 on April 21, 2015 approved the appointment of Deloitte Touche Tohmatsu Jaiyos Audit Company Limited, with Dr. Suphamit Techamontrikul, CPA License No. 3356, and/or Mr. Permsak Wongpatcharapakorn, CPA License No. 3427 and/or Mr. Chawala Tienprasertkij, CPA License No. 4301 as the Company's auditors.
- ◆ 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.
- ◆ 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 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 a 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 yet massive, 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, 2015. 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, 2015 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
Allianz Ayudhya Assurance Plc.	Some common shareholders and directors	Life Insurance
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
Grand Canal Land Plc.	Some common shareholders and directors	Advertising
Ayudhya Asset Management Co., Ltd.	Some common shareholders	Asset Management
Siam Realty and Services Co., Ltd.	Some common shareholders	Services
Ayudhya Capital Auto Lease Plc.	Some common shareholders	Hire-purchase and auto leasing
Krungsriayudhya Card Co., Ltd.	Some common shareholders	Services
Eastern Star Real Estate Plc.	Some common shareholders and directors	Property

FINANCIAL REPORT

Report of the Audit Committee

To the shareholders of Sri Ayudhya Capital Public Company Limited,

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

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

In 2015, the Audit Committee held seven meetings, two with the auditors to acknowledge and consider various issues which can be summarized as follows:

FINANCIAL REPORTS

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

INTERNAL CONTROL AND COMPLIANCE WITH THE LAWS

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

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

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

TRANSACTIONS WITH POSSIBLE CONFLICT OF INTEREST

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

SUPERVISION OF INTERNAL AUDIT DEPARTMENT

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

AUDIT COMMITTEE CHARTER

The Audit Committee was reviewed and approved the adjustment to the Audit Committee Charter to be more current and relevant as well as according with the anti-corruption policy and measure. In doing so, the Audit Committee complied with the specified procedures within the Charter in order to promote good corporate governance practices effectively.

SUPERVISION TO COMPLIANCE WITH ANTI-CORRUPTION POLICY AND MEASURE

To supervise the process concerning anti-corruption measures and revise compliance with the anti-corruption measures. Review measures and internal control as well as risk assessment relating to anti-corruption policy by receiving report from high level executive or report of internal audit result or report from outside toward anti-corruption measures of the company.

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 2016.

The Audit Committee has independently performed its duties without limitation in obtaining information and has received cooperation from the Company. The Audit Committee is in the opinion that financial reports were complete and accurate and the financial disclosures were adequate and appropriate, and in line with standard accounting practices. Internal control, internal audit and risk management are adequate and efficient. Laws, rules and regulations of the Securities Exchange Act, the Stock Exchange of Thailand and other related laws are observed. Transactions with possible conflict of interest or transactions between the Company and related parties were conducted in compliance to the normal business operation conditions, and the disclosure of information was sufficient. The company had perform 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 23, 2016

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 J. Smith serves as a member of the Nomination & Remuneration Committee.

The Nomination & Remuneration Committee has performed its duties as assigned by the Board of Directors. In 2015, the Committee held five 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 in 2015 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.
- ◆ 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.

Remuneration

- ◆ Considered annual salary adjustments to be in line with the insurance industry for employees of the Company and the subsidiary.
- ◆ Considered appropriate improvements of company car benefits for senior executives and company car benefits for the Company and branch uses.
- ◆ Considered appropriate improvements and added regulations on employee leave and employee benefits for employees of the Company and the subsidiary.
- ◆ Considered the salary structure for the Company and the subsidiary to improve the standards and efficiency of the compensation management.
- ◆ Considered and proposed to the Board of Directors the target letter for President & CEO and Managing Director.
- ◆ Considered and proposed to the Board of Directors the remuneration for President & CEO and Managing Director.
- ◆ Considered and proposed to the Board of Directors the remuneration for the Company directors.
- ◆ Considered a selection of self-assessment methodologies for the Company directors and submitted the results of the self-assessment of the Company directors for review by the Board of Directors in compliance with the Securities and Exchange Commission criteria.

In 2015, the Nomination & Remuneration Committee completely 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

Opinion on Related Transactions

February 23, 2016

Subject : Opinion on Related Transactions

To : The Shareholders of Sri Ayudhya Capital Public Company Limited

We, as a Member of The Audit Committee of Sri Ayudhya Capital Public Company Limited has opinions on related transactions between Sri Ayudhya Capital Public Company Limited and related companies for the fiscal year ended December 31, 2015 were conducted in the company's normal course of business.

For your acknowledgement.

Respectfully,



(Mr. Surachai Prukbamroong) (Mr. Metha Suvanasarn) (Mr. Vichit Kornvityakoon)
Members of the Audit Committee
Sri Ayudhya Capital Public Company Limited

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

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

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

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

The Board of Directors is of the opinion that the Company and its subsidiary’s internal controls are satisfactory and allow for reasonable confidence in the reliability of the financial statements, the consolidated financial statements of the Company and its subsidiary as of 31 December 2015.



Mr. Veraphan Teepsuwan
Chairman



Mr. Rowan D’Arcy
President & CEO

Report of the Independent Certified Public Accountants

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

We have audited the consolidated financial statements of Sri Ayudhya Capital Public Company Limited and its subsidiary and the separate financial statements of Sri Ayudhya Capital Public Company Limited, which comprise the consolidated and separate statements of financial position as at December 31, 2015, 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, comprising a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the aforementioned consolidated and separate financial statements present fairly, in all material respects, the financial position of Sri Ayudhya Capital Public Company Limited and its subsidiary and of Sri Ayudhya Capital Public Company Limited as at December 31, 2015, and the financial performance and the cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



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

BANGKOK
February 18, 2016

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, 2015

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As at December 31, 2015	As at December 31, 2014	As at December 31, 2015	As at December 31, 2014
ASSETS					
Cash and cash equivalents	4.2	1,065,246,654	1,368,953,462	74,212,187	37,540,186
Accrued investment income		13,632,688	15,071,761	2,579,154	4,771,687
Premium due and uncollected - net	5	293,825,093	305,664,100	-	-
Reinsurance assets	6	1,140,298,468	1,426,546,757	-	-
Investments					
Investment in securities	7				
Available-for-sale securities		2,745,335,693	3,033,717,399	2,248,270,883	2,619,482,992
Held-to-maturity securities		1,877,906,514	1,613,549,652	65,879,071	205,743,886
General investment		19,489,832	19,489,832	17,998,162	18,328,862
Total investment in securities		<u>4,642,732,039</u>	<u>4,666,756,883</u>	<u>2,332,148,116</u>	<u>2,843,555,740</u>
Loans	8	578,950	1,377,588	29,024	50,285
Investment in an associate	9	2,944,763,813	2,717,156,173	1,487,263,618	1,487,263,618
Investment in a subsidiary	9	-	-	1,823,578,981	1,823,578,981
Premises and equipment - net	10	75,310,578	55,125,177	11,396,700	10,126,123
Intangible assets - net	11	83,673,860	88,236,871	24	24
Deferred tax assets	12	232,338,985	225,365,499	52,084,162	20,120,809
Deferred commissions expenses		55,617,612	59,835,673	-	-
Other assets	13	81,501,468	71,230,301	25,135,229	19,266,553
TOTAL ASSETS		<u>10,629,520,208</u>	<u>11,001,320,245</u>	<u>5,808,427,195</u>	<u>6,246,274,006</u>

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, 2015

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As at December 31, 2015	As at December 31, 2014	As at December 31, 2015	As at December 31, 2014
LIABILITIES AND EQUITY					
Income tax payable		20,061,141	268,870,380	3,136,496	262,718,459
Due to reinsurers	14	633,352,069	795,480,417	-	-
Insurance contract liabilities					
Loss reserves and outstanding claims	15	890,684,263	1,090,155,681	97,874,811	94,778,223
Premium reserve	16	1,472,282,393	1,451,942,098	-	-
Employee benefit obligations	17	72,833,452	60,974,363	9,787,112	4,599,701
Deferred tax liabilities	19	6,418,458	14,137,491	4,939,024	10,702,738
Premium written received in advance		305,256,265	334,883,105	-	-
Commissions and brokerages payables		61,587,286	62,710,173	-	-
Accrued expenses		66,405,303	85,376,901	20,255,413	22,389,998
Other liabilities	20	70,980,819	60,049,814	3,156,840	4,175,104
TOTAL LIABILITIES		3,599,861,449	4,224,580,423	139,149,696	399,364,223
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
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
Premium on share capital		3,512,183,950	3,512,183,950	3,512,183,950	3,512,183,950
Retained earnings					
Appropriated					
Legal reserve	21	50,000,000	50,000,000	50,000,000	50,000,000
Unappropriated		2,519,162,651	2,466,340,393	1,978,319,759	2,011,670,976
Other components of equity					
Changes in fair value of available-for-					
sale securities		(115,308,475)	36,793,867	(121,226,210)	23,054,857
Share of other comprehensive income					
of an associate		813,620,633	461,421,612	-	-
TOTAL EQUITY		7,029,658,759	6,776,739,822	5,669,277,499	5,846,909,783
TOTAL LIABILITIES AND EQUITY		10,629,520,208	11,001,320,245	5,808,427,195	6,246,274,006

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, 2015

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2015	2014	2015	2014
Revenues					
Net premium earned	23	1,872,675,769	1,821,693,495	-	-
Fee and commission income	23	388,280,716	370,221,695	-	-
Total revenues		2,260,956,485	2,191,915,190	-	-
Expenses					
Underwriting expenses					
Losses incurred					
Insurance claims and loss adjustment expenses	23	852,818,512	689,132,488	-	-
Commissions and brokerages expenses	23	466,289,931	454,613,502	-	-
Other underwriting expenses	23	407,840,538	362,463,110	-	-
Operating expenses	24	356,978,068	367,357,951	94,072,121	112,906,707
Total underwriting expenses		2,083,927,049	1,873,567,051	94,072,121	112,906,707
Profit (loss) on underwriting		177,029,436	318,348,139	(94,072,121)	(112,906,707)
Net investment income		120,723,338	128,130,899	584,219,241	69,293,272
Gain on investment in securities	26	58,858,355	1,396,213,806	69,397,162	1,396,196,318
Share of profit of investment in an associate	9.1	392,747,092	387,313,841	-	-
Other income		5,123,063	2,689,254	37,021,115	26,111,420
Income from operation		754,481,284	2,232,695,939	596,565,397	1,378,694,303

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, 2015

BAHT

	Notes	CONSOLIDATED		SEPARATE		
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS		
		2015	2014	2015	2014	
Contribution to the Office of Insurance						
Commission		8,277,476	8,135,400	-	-	
Contribution to Non-life Guarantee Fund		7,777,476	7,635,400	-	-	
Contribution to Road Victims Protection Fund		474,194	377,922	-	-	
Income before income tax expense		737,952,138	2,216,547,217	596,565,397	1,378,694,303	
Income tax expense	27	61,038,846	354,662,713	4,916,614	266,741,914	
Net income		<u>676,913,292</u>	<u>1,861,884,504</u>	<u>591,648,783</u>	<u>1,111,952,389</u>	
Other comprehensive income (loss)						
Items that will not be reclassified subsequently to profit or loss						
Actuarial loss on defined employee benefit plans	17	-	(2,176,540)	-	(521,144)	
Share of other comprehensive income of an associate	9.1	1,136,207	-	-	-	
Income tax relating to items that will not be reclassified subsequently		(227,241)	435,308	-	104,229	
		<u>908,966</u>	<u>(1,741,232)</u>	<u>-</u>	<u>(416,915)</u>	
Items that will be reclassified subsequently to profit or loss						
Changes in fair value of available-for-sale securities		(190,127,928)	9,704,693	(180,351,334)	4,737,678	
Share of other comprehensive income of an associate	9.1	440,248,776	569,545,029	-	-	
Income tax relating to items that will be reclassified subsequently		(50,024,169)	(115,849,945)	36,070,267	(947,536)	
		<u>200,096,679</u>	<u>463,399,777</u>	<u>(144,281,067)</u>	<u>3,790,142</u>	
Other net comprehensive income (loss) for the years - net of income tax		201,005,645	461,658,545	(144,281,067)	3,373,227	
Total comprehensive income the years		<u>877,918,937</u>	<u>2,323,543,049</u>	<u>447,367,716</u>	<u>1,115,325,616</u>	
Basic earnings per share	28	Baht	2.71	7.45	2.37	4.45

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, 2015

BAHT

	CONSOLIDATED FINANCIAL STATEMENTS								Total equity	
	Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings		Other components of equity				
				Appropriated		Unappropriated	Changes in fair value of available-for-sale securities			Share of other comprehensive income of an associate
				Legal reserve	Other reserve					
Beginning balance as at January 1, 2014		250,000,000	3,512,183,950	50,000,000	900,000,000	231,197,121	29,030,113	5,785,589	4,978,196,773	
Changing during the period										
Comprehensive income		-	-	-	-	1,860,143,272	7,763,754	455,636,023	2,323,543,049	
Transfer other reserve to unappropriated	22	-	-	-	(900,000,000)	900,000,000	-	-	-	
Dividends paid	31.1	-	-	-	-	(275,000,000)	-	-	(275,000,000)	
Interim dividends	31.2	-	-	-	-	(250,000,000)	-	-	(250,000,000)	
Ending balance as at December 31, 2014		<u>250,000,000</u>	<u>3,512,183,950</u>	<u>50,000,000</u>	<u>-</u>	<u>2,466,340,393</u>	<u>36,793,867</u>	<u>461,421,612</u>	<u>6,776,739,822</u>	
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	
Changing during the period										
Comprehensive income (loss)		-	-	-	-	677,822,258	(152,102,342)	352,199,021	877,918,937	
Dividends paid	31.3	-	-	-	-	(375,000,000)	-	-	(375,000,000)	
Interim dividends	31.4	-	-	-	-	(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>-</u>	<u>2,519,162,651</u>	<u>(115,308,475)</u>	<u>813,620,633</u>	<u>7,029,658,759</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, 2015

BAHT

	SEPARATE FINANCIAL STATEMENTS							
	Notes	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		Unappropriated		
				Leagl reserve	Other reserve			
Beginning balance as at January 1, 2014		250,000,000	3,512,183,950	50,000,000	900,000,000	525,135,502	19,264,715	5,256,584,167
Changing during the period								
Comprehensive income		-	-	-	-	1,111,535,474	3,790,142	1,115,325,616
Transfer other reserve to unappropriated	22	-	-	-	(900,000,000)	900,000,000	-	-
Dividends paid	31.1	-	-	-	-	(275,000,000)	-	(275,000,000)
Interim dividends	31.2	-	-	-	-	(250,000,000)	-	(250,000,000)
Ending balance as at December 31, 2014		250,000,000	3,512,183,950	50,000,000	-	2,011,670,976	23,054,857	5,846,909,783
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
Changing during the period								
Comprehensive income (loss)		-	-	-	-	591,648,783	(144,281,067)	447,367,716
Dividends paid	31.3	-	-	-	-	(375,000,000)	-	(375,000,000)
Interim dividends	31.4	-	-	-	-	(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

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, 2015

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2015	2014	2015	2014
CASH FLOWS PROVIDED BY (USED IN)					
OPERATING ACTIVITIES					
Direct premium received		3,092,014,940	3,010,615,684	-	-
Cash paid from reinsurance		(447,222,720)	(103,661,281)	-	-
Losses incurred from direct insurance		(1,217,750,611)	(1,426,777,745)	-	-
Loss adjustment expenses from direct insurance		(89,924,072)	(91,198,690)	-	-
Commissions and brokerages from direct insurance		(457,452,526)	(443,486,291)	-	-
Other underwriting expenses		(408,883,518)	(385,974,226)	-	-
Interest income		60,853,371	74,439,936	10,170,066	16,528,443
Dividend income		60,989,955	58,806,187	60,124,352	58,770,620
Other income		2,627,213	2,003,806	38,036,350	22,505,603
Operating expenses		(343,877,145)	(339,828,092)	(86,222,976)	(106,128,698)
Income tax paid		(286,515,018)	(2,269,434)	(266,155,377)	(3,667,671)
Net cash provided by (used in) operating activities	4.3	(35,140,131)	352,669,854	(244,047,585)	(11,991,703)
CASH FLOWS PROVIDED BY (USED IN)					
INVESTING ACTIVITIES					
CASH FLOWS PROVIDED BY					
Investment in securities					
Redemption of investment in available-for-sale securities - bonds		-	590,000,000	-	-
Redemption of investment in available-for-sale securities - debentures		20,000,000	-	20,000,000	-
Redemption of investment in held-to-maturity securities - treasury bills with maturity over 3 months or used as collateral		5,100,000,000	3,400,000,000	-	-
Sale of investment in available-for-sale securities - debentures		-	100,616,771	-	100,616,771
Sale of investment in available-for-sale securities - ordinary shares		185,713,519	269,293,174	185,713,519	269,293,174
Sale of investment in available-for-sale securities - unit trusts		839,282,782	570,702,013	826,343,750	570,697,616
Sale of investment in available-for-sale securities - warrants		-	337,566	-	337,566

Statements of Cash Flows (Continued)

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2015	2014	2015	2014
CASH FLOWS PROVIDED BY (USED IN)					
INVESTING ACTIVITIES (CONTINUED)					
CASH FLOWS PROVIDED BY (CONTINUED)					
Investment in securities (Continued)					
Sale of general investment					
- ordinary shares		-	1,894,440,029	19,660,272	1,894,376,938
Cash received from subscriptions receivable		1,569,833	164,210	1,569,833	164,210
Deposits at bank with maturity over 3 months and deposits used as collateral		146,805,574	623,889,133	143,266,324	50,000,000
Loans		906,317	1,370,125	21,261	52,293
Dividend received from an associate	9.2	518,247,439	-	518,247,439	-
Premises and equipment		6,789,678	791,782	1,119,589	317,768
Cash provided by investing activities		<u>6,819,315,142</u>	<u>7,451,604,803</u>	<u>1,715,941,987</u>	<u>2,885,856,336</u>
CASH FLOWS USED IN					
Investment in securities					
Purchase of investment in available-for-sale securities - bonds		(101,840,632)	(101,200,143)	-	-
Purchase of investment in available-for-sale securities - ordinary shares		(229,935,172)	(392,604,854)	(229,935,172)	(392,604,854)
Purchase of investment in available-for-sale securities - unit trusts		(570,600,000)	(1,990,000,000)	(570,600,000)	(1,990,000,000)
Purchase of investment in available-for-sale securities - warrants		-	(246,226)	-	(246,226)
Purchase of general investment - ordinary shares		-	(15,975,000)	-	(15,975,000)
Purchase of investment in held-to-maturity securities - treasury bills		(5,492,510,823)	(4,392,517,972)	-	-
Deposits at financial institutions with maturity over 3 months and deposits used as collateral		(11,117,077)	(676,755,219)	(3,401,509)	(4,074,453)
Loans		(107,679)	(70,393)	-	-
Premises and equipment		(47,256,245)	(24,149,574)	(6,285,720)	(3,383,891)
Intangible assets		(9,514,191)	(4,054,071)	-	-
Cash used in investing activities		<u>(6,462,881,819)</u>	<u>(7,597,573,452)</u>	<u>(810,222,401)</u>	<u>(2,406,284,424)</u>
Net cash provided by (used in) investing activities		<u>356,433,323</u>	<u>(145,968,649)</u>	<u>905,719,586</u>	<u>479,571,912</u>
CASH FLOWS USED IN FINANCING ACTIVITIES					
Dividends paid		(625,000,000)	(525,000,000)	(625,000,000)	(525,000,000)
Net cash used in financing activities		<u>(625,000,000)</u>	<u>(525,000,000)</u>	<u>(625,000,000)</u>	<u>(525,000,000)</u>
Net increase (decrease) in cash and cash equivalents		(303,706,808)	(318,298,795)	36,672,001	(57,419,791)
Cash and cash equivalents as at January 1,		1,368,953,462	1,687,252,257	37,540,186	94,959,977
Cash and cash equivalents as at December 31,	4.2	<u>1,065,246,654</u>	<u>1,368,953,462</u>	<u>74,212,187</u>	<u>37,540,186</u>

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

Notes to the Consolidated and Separate Financial Statements

SRI AYUDHYA CAPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARY
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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

1.1 The Company

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

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

1.2 The subsidiary

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

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

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

2.2 These financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2014) “Presentation of Financial Statements” and the Notification of the Office of Insurance Commission regarding the Rules, Procedures, Conditions and Periods for Preparing and Submitting Financial Statements and Reports on the Operations of the Non-Life Insurance Business No. 2 B.E. 2553 dated May 27, 2010. In addition, the consolidated and the separate financial statements have been prepared in accordance with the regulations of The Stock Exchange of Thailand (SET) dated January 22, 2001 regarding preparation and submission of financial statements and reports for the financial position and results of operations of listed companies B.E. 2544.

2.3 These consolidated financial statements include the financial statements of Sri Ayudhya Capital Public Company Limited and Sri Ayudhya General Insurance Public Company Limited which 99.99% owned by the Company (see Note 9). Significant transactions and balances between the Company and the subsidiary have been eliminated.

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

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

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

Thai Accounting Standards (“TASs”)

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

Thai Financial Reporting Standards (“TFRSs”)

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

Thai Accounting Standards Interpretations (“TSICs”)

TSIC 10 (Revised 2014)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2014)	Operating Leases - Incentives
TSIC 25 (Revised 2014)	Income Taxes - Change in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (Revised 2014)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (Revised 2014)	Disclosure - Service Concession Arrangements
TSIC 31 (Revised 2014)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2014)	Intangible Assets - Web Site Costs

Thai Financial Reporting Standard Interpretations (“TFRICs”)

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

Conceptual Framework for Financial Reporting (revised 2014)

Above TFRSs have no material impact on these financial statements, except TAS 1 which has requirement to group presentation items presented in “Other comprehensive income”, TAS 19, TFRS 12 and TFRS 13 which has resulted in more extensive disclosures (see Notes 9.1, 17 and 38.4).

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

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRSs), which are effective for the accounting period beginning on or after January 1, 2016 onwards as follows:

Thai Accounting Standards (“TASs”)

TAS 1 (Revised 2015)	Presentation of Financial Statements
TAS 2 (Revised 2015)	Inventories
TAS 7 (Revised 2015)	Statement of Cash Flows
TAS 8 (Revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2015)	Events after the Reporting Period
TAS 11 (Revised 2015)	Construction Contracts
TAS 12 (Revised 2015)	Income Taxes
TAS 16 (Revised 2015)	Property, Plant and Equipment
TAS 17 (Revised 2015)	Leases
TAS 18 (Revised 2015)	Revenue
TAS 19 (Revised 2015)	Employee Benefits
TAS 20 (Revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2015)	The Effects of Changes in Foreign Exchange Rate
TAS 23 (Revised 2015)	Borrowing Costs
TAS 24 (Revised 2015)	Related Party Disclosures
TAS 26 (Revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2015)	Separate Financial Statements
TAS 28 (Revised 2015)	Investments in Associates and Joint Ventures

Thai Accounting Standards (“TASs”) (Continued)

TAS 29 (Revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2015)	Earnings per Share
TAS 34 (Revised 2015)	Interim Financial Reporting
TAS 36 (Revised 2015)	Impairment of Assets
TAS 37 (Revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2015)	Intangible assets
TAS 40 (Revised 2015)	Investment Property
TAS 41	Agriculture

Thai Financial Reporting Standards (“TFRSs”)

TFRS 2 (Revised 2015)	Share - Based Payment
TFRS 3 (Revised 2015)	Business Combinations
TFRS 4 (Revised 2015)	Insurance Contracts
TFRS 5 (Revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2015)	Exploration for and Evaluation of Mineral Assets
TFRS 8 (Revised 2015)	Operating Segments
TFRS 10 (Revised 2015)	Consolidated Financial Statements
TFRS 11 (Revised 2015)	Joint Arrangements
TFRS 12 (Revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2015)	Fair Value Measurement

Thai Accounting Standards Interpretations (“TSICs”)

TSIC 10 (Revised 2015)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2015)	Operating Leases - Incentives
TSIC 25 (Revised 2015)	Income Taxes - Change in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (Revised 2015)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (Revised 2015)	Disclosure - Service Concession Arrangements
TSIC 31 (Revised 2015)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2015)	Intangible Assets - Web Site Costs

Thai Financial Reporting Standard Interpretations (“TFRICs”)

TFRIC 1 (Revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2015)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2015)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2015)	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2015)	Service Concession Arrangements
TFRIC 13 (Revised 2015)	Customer Loyalty Programmes
TFRIC 14 (Revised 2015)	TAS 19 (Revised 2015) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2015)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2015)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2015)	Transfers of Assets from Customers
TFRIC 20 (Revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies

Guideline on Accounting regarding Recognition and Measurement of Bearer Plants

Conceptual Framework for Financial Reporting (Revised 2015)

The Company's and its subsidiary's management will adopt the above TASs, TFRSs, TSIs, and TFRIs relevant to the Company in the preparation of Company's financial statements when they become effective. The Company's and its subsidiary's management has assessed the effects of these TASs, TFRSs, TSIs, and TFRIs and believes that they will not have any significant impact on the financial statements for the period in which they are initially applied, with the exception of Thai Financial Reporting Standard No.4 (Revised 2015) "Insurance Contracts" which the Company's and its subsidiary's management assessed the impact from adoption of TFRS 4 which has resulted to reclassify and more extensive disclosures in notes to the consolidated financial statements.

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Recognition of revenues and expenses

Premium written

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

Reinsurance premium

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

Commissions and brokerages income

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

Interest and dividends income

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

Commissions and brokerages and other expenses

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

3.2 Cash and cash equivalents

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

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

3.3 Premium due and uncollected

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

3.4 Reinsurance assets

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

3.5 Investment in securities

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

Securities classified as general investments are stated at cost.

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

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

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

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

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

3.6 Investments in a subsidiary and an associate

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

3.7 Premises and equipment

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

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

Building	20 years
Others	5 years

3.8 Intangible assets

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

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

Computer software	5 years
Bancassurance agreement	10 years

3.9 Unearned premium reserve

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

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

3.10 Loss reserve and outstanding claims

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

3.11 Foreign currency transactions

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

3.12 Employee benefit

3.12.1 Provident fund

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

3.12.2 Employee benefit obligations

The Company and its subsidiary provide 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.

3.13 Long-term leases

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

3.14 Income tax expense

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

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

3.15 Basic earnings per share

Basic earnings per share are calculated by dividing net income by the number of weighted average ordinary shares outstanding at the end of the year. In the case of a capital increase, the number of shares is equal to the weighted average according to the time of the subscription received for the increase in issued and paid-up share capital. As at December 31, 2015 and 2014, the Company and its subsidiary do not have any common share equivalents outstanding which would have had a dilutive effect on earnings per share.

3.16 Use of accounting estimates

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

3.17 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of TFRS 2 (Revised 2014), leasing transactions that are within the scope of TAS 17 (Revised 2014), and measurements that have some similarities to fair value but are not fair value, such as net realizable value in TAS 2 (Revised 2014) or value in use in TAS 36 (Revised 2014).

In addition, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

4. ADDITIONAL INFORMATION FOR CASH FLOWS

4.1 Non-cash items

4.1.1 Premises and equipment for the years ended December 31, 2015 and 2014 consisted of the following:

	Consolidated	
	financial statements	
	2015	2014
	Baht	Baht
Other payable - fixed assets as at January 1,	897,439	1,813,295
<u>Add</u> Purchases of fixed assets	47,159,487	23,233,718
<u>Less</u> Cash paid for purchase of fixed assets	(47,256,245)	(24,149,574)
Other payable - fixed assets as at December 31,	<u>800,681</u>	<u>897,439</u>

4.1.2 Intangible assets for the years ended December 31, 2015 and 2014 consisted of the following:

	Consolidated	
	financial statements	
	2015	2014
	Baht	Baht
Other payable - intangible assets as at January 1,	-	278,735
<u>Add</u> Purchases of intangible assets	9,514,191	3,775,336
<u>Less</u> Cash paid for purchase of intangible assets	(9,514,191)	(4,054,071)
Other payable - intangible assets as at December 31,	<u>-</u>	<u>-</u>

4.2 Cash and cash equivalents as at December 31, 2015 and 2014 consisted of the following:

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Cash	295,000	295,000	30,000	30,000
Cheque on hand	4,884,216	7,815,240	-	-
Deposits at bank - at call	360,179,376	561,131,652	74,182,187	37,510,186
Deposits at bank - time deposits	478,242,031	613,930,528	65,879,071	205,743,886
Government securities - treasury bills	2,099,552,545	1,799,330,694	-	-
	<u>2,943,153,168</u>	<u>2,982,503,114</u>	<u>140,091,258</u>	<u>243,284,072</u>
<u>Less</u> Government securities - treasury bills used as collateral (see Note 7)	(1,399,664,483)	(999,619,124)	-	-
<u>Less</u> Deposits at bank with maturity over 3 months (see Note 7)	(174,951,292)	(311,743,886)	(21,879,071)	(161,743,886)
Deposits at bank used as collateral (see Note 7)	<u>(303,290,739)</u>	<u>(302,186,642)</u>	<u>(44,000,000)</u>	<u>(44,000,000)</u>
Cash and cash equivalents	<u>1,065,246,654</u>	<u>1,368,953,462</u>	<u>74,212,187</u>	<u>37,540,186</u>

4.3 Cash flows provided by (used in) operating activities

Items to reconcile net profit to net cash flows provided by (used in) operating activities for the years ended December 31, 2015 and 2014 were as follows:

	Consolidated financial statements		Separate financial statements	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
CASH FLOWS PROVIDED BY (USED IN)				
OPERATING ACTIVITIES				
Profit before income tax	737,952,138	2,216,547,217	596,565,397	1,378,694,303
Items to reconcile net profit to net cash flows:				
Share of profit of investment in an associate	(392,747,092)	(387,313,841)	-	-
Depreciation	22,880,786	23,987,845	3,983,684	5,380,186
Amortization	14,077,202	16,589,651	-	-
Gain on sale of assets	(2,696,378)	(640,447)	(88,130)	(317,748)
Employee benefit expenses	11,859,089	(3,959,597)	5,187,411	(10,493,781)
Unearned premium reserve increase (decrease) from prior years	25,654,985	(4,492,214)	-	-
Amortization of bonds premium	7,204,239	7,714,849	2,130,083	2,060,812
Amortization of bonds discount	-	(43,977)	-	-
Amortization of debentures premium	11,212	10,626	-	-
Amortization of debentures discount	-	(155,628)	-	(155,628)
Amortization of treasury bills discount	(7,534,536)	(7,101,152)	-	-
Gain on sale of investment in available-for-sale securities - ordinary shares	(3,949,865)	(18,240,583)	(3,949,865)	(18,240,583)
Gain on sale of investment in available-for-sale securities - debentures	-	(800,755)	-	(800,755)
Gain on sale of investment in available-for-sale securities - unit trusts	(54,908,490)	(29,010,259)	(46,117,725)	(29,005,862)
Gain on sale of investment in available-for-sale securities - warrants	-	(91,340)	-	(91,340)
Gain on sale of general investment - ordinary shares	-	(1,348,070,869)	(19,329,572)	(1,348,057,778)
Dividend received from an associate	-	-	(518,247,439)	-
Bad debts and allowance for doubtful accounts (reverse)	(10,532,430)	(15,965,161)	-	-
Profit from operations before changes in operating assets and liabilities	347,270,860	448,964,365	20,133,844	(21,028,174)
Operating assets (increase) decrease				
Accrued investment income	1,439,073	4,690,510	2,192,533	4,100,608
Premium due and uncollected	16,521,705	(50,585,971)	-	-
Reinsurance assets	286,868,298	974,137,866	-	-
Deferred commission expense	4,218,061	(5,439,802)	-	-
Other assets	(2,658,027)	(22,383,198)	1,829,431	36,698
Operating liabilities increase (decrease)				
Due to reinsurers	(162,128,348)	172,971,271	-	-
Loss reserves and outstanding claims	(199,471,418)	(1,178,125,748)	3,096,588	3,096,588
Premium written received in advance	(29,626,840)	4,023,104	-	-
Commission and brokerage payables	(1,122,887)	9,834,032	-	-
Accrued expenses	(18,971,598)	19,014,951	(2,134,585)	1,717,041
Other liabilities	9,036,008	(22,162,092)	(3,010,019)	3,753,207
Cash provided by (used in) operating activities	251,374,887	354,939,288	22,107,792	(8,324,032)
Income tax paid	(286,515,018)	(2,269,434)	(266,155,377)	(3,667,671)
Net cash provided by (used in) operating activities	(35,140,131)	352,669,854	(244,047,585)	(11,991,703)

5. PREMIUM DUE AND UNCOLLECTED - NET

Premium due and uncollected - net as at December 31, 2015 and 2014 consisted of the following:

	Consolidated financial statements							
	As at December 31, 2015				As at December 31, 2014			
	Insured Baht	Agent and Broker Baht	Inward Baht	Total Baht	Insured Baht	Agent and Broker Baht	Inward Baht	Total Baht
Within credit terms	12,783,155	216,431,576	443,164	229,657,895	12,549,636	221,502,225	1,866,433	235,918,294
Less than 30 days	1,135,494	34,009,194	770,643	35,915,331	478,137	34,701,471	836,864	36,016,472
31 - 60 days	248,621	8,564,309	1,471,918	10,284,848	386,621	12,889,913	1,741,713	15,018,247
61 - 90 days	1,259,598	5,111,100	1,149,470	7,520,168	1,521,135	4,252,014	1,578,931	7,352,080
91 days - 1 year	-	11,992,584	2,686,535	14,679,119	89,817	13,703,689	3,202,406	16,995,912
Over 1 year	-	364,032	297,257	661,289	-	476,413	3,462,937	3,939,350
Total premium due and uncollected	15,426,868	276,472,795	6,818,987	298,718,650	15,025,346	287,525,725	12,689,284	315,240,355
<u>Less</u> Allowance for doubtful accounts	-	(4,893,557)	-	(4,893,557)	-	(9,576,255)	-	(9,576,255)
Premium due and uncollected - net	15,426,868	271,579,238	6,818,987	293,825,093	15,025,346	277,949,470	12,689,284	305,664,100

6. REINSURANCE ASSETS

Reinsurance assets as at December 31, 2015 and 2014 consisted of the following:

	Consolidated financial statements	
	2015 Baht	2014 Baht
Deposit on reinsurance	129	194
Due from reinsurers	186,296,071	387,822,725
Unearned reinsurance premium reserve	540,939,707	546,254,397
Insurance reserve refundable from reinsurers	413,062,561	498,404,140
	1,140,298,468	1,432,481,456
<u>Less</u> Allowance for doubtful accounts	-	(5,934,699)
Total reinsurance assets	1,140,298,468	1,426,546,757

Aging analyzes for due from reinsurers as at December 31, 2015 and 2014 were as follows:

	Consolidated financial statements	
	2015 Baht	2014 Baht
Within credit terms	181,191,355	360,676,153
Not over 12 months	3,776,648	24,897,404
Over 1 year to 2 years	551,046	507,411
Over 2 years	777,022	1,741,757
Total due from reinsures	186,296,071	387,822,725

7. INVESTMENTS IN SECURITIES

Investments in securities as at December 31, 2015 consisted of the following:

	Consolidated financial statements				
	Cost/Amortized	Unrealized	Unrealized	Fair value	Percentage of
	cost	gains	losses		investment
	Baht	Baht	Baht	Baht	per total assets

Available-for-sale securities

Government and state enterprise securities

Thai government bonds	393,994,081	11,773,811	-	405,767,892	3.82
State enterprise bonds	201,773,005	15,168	(15,507)	201,772,666	1.90
Debentures	3,009,172	83,757	-	3,092,929	0.03
Equity securities	110,520,486	185,128	(34,040,047)	76,665,567	0.72
Unit trusts	50,428,506	4,607,221	-	55,035,727	0.52
Total	759,725,250	16,665,085	(34,055,554)	742,334,781	6.99

Private enterprise securities

Equity securities	316,543,408	12,662,699	(52,219,880)	276,986,227	2.61
Unit trusts	1,813,202,629	21,694,341	(108,882,285)	1,726,014,685	16.24
Total	2,129,746,037	34,357,040	(161,102,165)	2,003,000,912	18.85

Total available-for-sale securities

2,889,471,287	51,022,125	(195,157,719)	2,745,335,693	25.84
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	Consolidated financial statements	
	Cost/Amortized	Percentage of
	cost	investment per
	Baht	total assets

Held-to-maturity securities

Government securities used as collateral

Treasury bills used as collateral (see Note 4.2)	1,399,664,483	13.17
Total	1,399,664,483	13.17

Deposits at financial institution with maturity over 3 months

Deposits at bank with maturity over 3 months (see Note 4.2)	174,951,292	1.65
Deposits at bank used as collateral (see Note 4.2)	303,290,739	2.85
Total	478,242,031	4.50

Total held-to-maturity securities

1,877,906,514	17.67
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General investment

Equity securities	19,450,350	0.18
Unit trusts	1,546,601	0.01
<u>Less</u> Allowance for impairment	<u>(1,507,119)</u>	<u>(0.01)</u>
Total general investment	19,489,832	0.18

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

	Consolidated financial statements			
	Maturities			Total Baht
	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht	
Available-for-sale debt securities				
Government and state enterprise securities				
Thai government bonds	101,160,024	292,834,057	-	393,994,081
State enterprise bonds	100,023,781	101,749,224	-	201,773,005
Debentures	3,009,172	-	-	3,009,172
Add Unrealized gains	1,116,514	10,740,715	-	11,857,229
Total	205,309,491	405,323,996	-	610,633,487
Total available-for-sale debt securities	205,309,491	405,323,996	-	610,633,487
Held-to-maturity debt securities				
Government securities used as collateral				
Treasury bills used as collateral	1,399,664,483	-	-	1,399,664,483
Deposits at financial institution with maturity over 3 months				
Deposits at bank with maturity over 3 months	174,951,292	-	-	174,951,292
Deposits at bank used as collateral	289,290,739	14,000,000	-	303,290,739
Total held-to-maturity debt securities	1,863,906,514	14,000,000	-	1,877,906,514
Total debt securities - net	2,069,216,005	419,323,996	-	2,488,540,001

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

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

	Consolidated financial statements	
	Cost/Amortized cost Baht	Percentage of investment per total assets
Held-to-maturity securities		
Government securities used as collateral		
Treasury bills used as collateral (see Note 4.2)	999,619,124	9.09
Total	999,619,124	9.09
Deposits at financial institution with maturity over 3 months		
Deposits at bank with maturity over 3 months (see Note 4.2)	311,743,886	2.83
Deposits at bank used as collateral (see Note 4.2)	302,186,642	2.75
Total	613,930,528	5.58
Total held-to-maturity securities	1,613,549,652	14.67
General investment		
Equity securities	19,450,350	0.18
Unit trusts	1,546,601	0.01
<u>Less</u> Allowance for impairment	(1,507,119)	(0.01)
Total general investment	19,489,832	0.18

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

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

Investments in securities as at December 31, 2015 consisted of the following:

	Separate financial statements				
	Cost/Amortized cost	Unrealized gains	Unrealized losses	Fair value	Percentage of investment per total assets
	Baht	Baht	Baht	Baht	
Available-for-sale securities					
Government and state enterprise securities					
Thai government bonds	134,485,350	4,546,595	-	139,031,945	2.39
Equity securities	110,520,486	185,128	(34,040,047)	76,665,567	1.32
Unit trusts	50,428,506	4,607,221	-	55,035,727	0.95
Total	295,434,342	9,338,944	(34,040,047)	270,733,239	4.66
Private enterprise securities					
Equity securities	316,543,408	12,662,699	(52,219,880)	276,986,227	4.77
Unit trusts	1,787,825,896	21,607,806	(108,882,285)	1,700,551,417	29.28
Total	2,104,369,304	34,270,505	(161,102,165)	1,977,537,644	34.05
Total available-for-sale securities	2,399,803,646	43,609,449	(195,142,212)	2,248,270,883	38.71

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

Held-to-maturity securities

Deposits at financial institution with maturity over 3 months

Deposits at bank with maturity over 3 months (see Note 4.2)	21,879,071	0.38
Deposits at bank used as collateral (see Note 4.2)	44,000,000	0.76
Total	65,879,071	1.14

Total held-to-maturity securities

65,879,071 1.14

General investment

Equity securities	17,958,680	0.31
Unit trusts	1,546,601	0.03
Less Allowance for impairment	(1,507,119)	(0.03)

Total general investment

17,998,162 0.31

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

	Separate financial statements			
	Maturities			Total Baht
	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht	
Available-for-sale debt securities				
Government and state enterprise securities				
Thai government bonds	-	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 available-for-sale debt securities	-	139,031,945	-	139,031,945
Held-to-maturity debt securities				
Deposits at financial institution with maturity over 3 months				
Deposits at bank with maturity over 3 months	21,879,071	-	-	21,879,071
Deposits at bank used as collateral	44,000,000	-	-	44,000,000
Total held-to-maturity debt securities	65,879,071	-	-	65,879,071
Total debt securities - net	65,879,071	139,031,945	-	204,911,016

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

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

	Separate financial statements	
	Cost/Amortized cost Baht	Percentage of investment per total assets
Held-to-maturity securities		
Deposits at financial institution with maturity over 3 months		
Deposits at bank with maturity over 3 months (see Note 4.2)	161,743,886	2.59
Deposits at bank used as collateral (see Note 4.2)	44,000,000	0.70
Total	205,743,886	3.29
Total held-to-maturity securities	205,743,886	3.29
General investment		
Equity securities	18,289,380	0.29
Unit trusts	1,546,601	0.02
<u>Less Allowance for impairment</u>	<u>(1,507,119)</u>	<u>(0.02)</u>
Total general investment	18,328,862	0.29

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

	Separate financial statements			
	Maturities			Total Baht
	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht	
Available-for-sale debt securities				
Government and state enterprise securities				
Thai government bonds	-	136,615,433	-	136,615,433
<u>Add Unrealized gains</u>	<u>-</u>	<u>3,987,883</u>	<u>-</u>	<u>3,987,883</u>
Total	-	140,603,316	-	140,603,316
Private enterprise debt securities				
Debentures	20,000,000	-	-	20,000,000
<u>Add Unrealized gains</u>	<u>22,752</u>	<u>-</u>	<u>-</u>	<u>22,752</u>
Total	20,022,752	-	-	20,022,752
Total available-for-sale debt securities	20,022,752	140,603,316	-	160,626,068
Held-to-maturity debt securities				
Deposits at financial institution with maturity over 3 months				
Deposits at bank with maturity over 3 months	161,743,886	-	-	161,743,886
Deposits at bank used as collateral	44,000,000	-	-	44,000,000
Total held-to-maturity debt securities	205,743,886	-	-	205,743,886
Total debt securities - net	225,766,638	140,603,316	-	366,369,954

As at December 31, 2015 and 2014, 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, 2015 and 2014, certain investment in securities of the Company and its subsidiary are deposited as collateral with Registrar (see Note 33).

As at December 31, 2015 and 2014, certain investment in securities of subsidiary are deposited at bank as collateral with subsidiary's backup assets (see Note 34).

8. 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

9. INVESTMENT IN A SUBSIDIARY AND AN ASSOCIATE

9.1 Investment in an associate in the consolidated financial statements

As at December 31, 2015 and 2014, the Company had investment in an associated company accounted for under equity method in the consolidated financial statements as follows:

Company name	Consolidated financial statements						
	Nature of business	Percentage of shareholding		Cost		Carrying value under equity method	
		2015 percent	2014 percent	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Associated company							
Allianz Ayudhya Assurance Public Company Limited	Life Insurance	20.17	20.17	1,487,263,618	1,487,263,618	2,944,763,813	2,717,156,173

As at December 31, 2015 and 2014, an associate had total assets and total liabilities as follows:

	Baht: million	
	As at December 31, 2015	As at December 31, 2014
	Total assets	145,153.90
Total liabilities	130,793.83	116,343.86

For the years ended December 31, 2015 and 2014, an associate had total revenues, net income and net of other comprehensive income as follows:

Baht: million

	For the years ended December 31,	
	2015	2014
Total revenues	34,192.88	31,735.47
Net income	1,947.22	1,920.29
Items that will not be reclassified subsequently to profit or loss		
Defined benefit plan actuarial gain	5.64	-
Income tax relating to items that will not be reclassified subsequently	(1.13)	-
Other comprehensive income - net of income tax	4.51	-
Items that will be reclassified subsequently to profit or loss		
Net change in fair value of derivative instruments	212.00	73.12
Net change in fair value of available-for-sale securities	1,970.74	2,750.67
Income tax relating to items that will be reclassified subsequently	(436.55)	(564.76)
Other comprehensive income - net of income tax	1,746.19	2,259.03

The consolidated statement of profit or loss and other comprehensive income for the years ended December 31, 2015 and 2014 recognized share of profit, resulting from portion of holding of investment in an associate as follows:

Baht: million

	For the years ended December 31,	
	2015	2014
Share of profit of investment in an associate	392.74	387.31
Items that will not be reclassified subsequently to profit or loss		
Share of other comprehensive income of an associate	1.14	-
Income tax relating to items that will not be reclassified subsequently	(0.23)	-
Share of other comprehensive income of an associate - net of income tax	0.91	-
Items that will be reclassified subsequently to profit or loss		
Share of other comprehensive income of an associate	440.25	569.55
Income tax relating to items that will be reclassified subsequently	(88.05)	(113.91)
Share of other comprehensive income of an associate - net of income tax	352.20	455.64

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,	
	2015	2014
Net assets of an associate	14,360.07	13,231.60
Proportion of the Group's ownership interest in an associate (%)	20.17	20.17
	2,896.36	2,668.76
Investment amount over net assets at investment date	48.40	48.40
Carrying amount of the Group's interest in an associate	2,944.76	2,717.16

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

As at December 31, 2015 and 2014, investments in a subsidiary and an associate were as follows:

Company's name	Separate financial statements							
	Paid-up capital		Shareholding percentage		Cost		Dividend	
	2015	2014	2015	2014	2015	2014	2015	2014
	Baht	Baht	percent	percent	Baht	Baht	Baht	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	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	-	-

On November 30, 2015, the extraordinary shareholders' meeting of an associate passed a resolution to appropriate legal reserve of Baht 3.25 million and approved dividend of Baht 8.71 per share totaling Baht 2,569.45 million. The amount of such dividend payment has been endorsed by the Office of Insurance Commission. The Company received such dividend from an associate by 20.17% according to percentage of holding share capital, totaling Baht 518.25 million in December 2015.

10. PREMISES AND EQUIPMENT - NET

Premises and equipment - net as at December 31, 2015 and 2014 consisted of the following:

	Consolidated financial statements										
	Cost					Accumulated amortization				Beginning balance of premises and equipment - net as at January 1, 2015	Ending balance of premises and equipment - 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	Depreciation	Disposal / Write off	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

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

	Separate financial statements									
	Cost				Accumulated depreciation				Beginning balance of premises and equipment - net as at January 1, 2015	Ending balance of premises and equipment - net as at December 31, 2015
	As at January 1, 2015	Increase	Disposal / Write off	As at December 31, 2015	As at January 1, 2015	Depreciation	Disposal / Write off	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

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

As at December 31, 2015 and 2014, certain premises and equipment of the Company and its subsidiary at cost of Baht 61.58 million and Baht 47.53 million, respectively, were fully depreciated but still in use (Company: Baht 13.67 million and Baht 6.01 million, respectively).

11. INTANGIBLE ASSETS - NET

Intangible assets - net as at December 31, 2015 and 2014 consisted of the following:

	Consolidated financial statements										
	Cost				Accumulated amortization					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	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
Computer software in process	22,973,336	8,238,519	-	(5,616,382)	25,595,473	-	-	-	-	22,973,336	25,595,473
Bancassurance agreement	100,000,000	-	-	-	100,000,000	(41,582,259)	(9,991,787)	-	(51,574,046)	58,417,741	48,425,954
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

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

	Separate financial statements								
	Cost				Accumulated amortization			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	Transfer in (transfer out)	As at December 31, 2015	As at January 1, 2015	Amortization	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

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

Purchase/subsequently acquire

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

As at December 31, 2015 and 2014, certain intangible assets of the Company and its subsidiary at cost of Baht 48.05 million and Baht 44.59 million, respectively, were fully amortized but still in use (Company : Baht 0.04 million).

12. DEFERRED TAX ASSETS

Deferred tax assets as at December 31, 2015 and 2014 were as follows:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Deferred tax assets	232,338,985	225,365,499	52,084,162	20,120,809

Movements of deferred tax assets for the years ended December 31, 2015 and 2014 consisted of tax effects from the following items:

	Consolidated 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
Allowance for doubtful accounts	1,915,251	(936,540)	-	978,711
Unearned premium reserve	93,809,945	-	-	93,809,945
Unrealized loss on the change in fair value of investment in available-for-sale securities	-	-	30,306,553	30,306,553
Loss reserve - net	103,365,608	(23,974,734)	-	79,390,874
Incurred but not reported claims	13,219,562	1,723,266	-	14,942,828
Employee benefit obligations	6,997,680	2,618,001	-	9,615,681
Allowance for impairment of general investment	301,424	-	-	301,424
Premium ceded payables - Excess of loss	5,499,529	(2,763,060)	-	2,736,469
Others	256,500	-	-	256,500
Total	<u>225,365,499</u>	<u>(23,333,067)</u>	<u>30,306,553</u>	<u>232,338,985</u>

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

	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
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

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

13. OTHER ASSETS

Other assets as at December 31, 2015 and 2014 consisted of the following:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Receivable from sale of securities	9,267,940	1,569,833	9,267,940	1,569,833
Other receivables	8,837,637	13,937,154	-	-
Revenue Department receivable	22,518,275	4,803,046	-	-
Refundable withholding tax	1,656,457	1,656,457	-	-
Premium saving certificates used as collateral	13,450,000	25,865,000	200,000	865,000
Prepaid expenses	15,570,951	15,179,900	480,596	396,245
Others	10,200,208	8,218,911	15,186,693	16,435,475
Total other assets	81,501,468	71,230,301	25,135,229	19,266,553

14. DUE TO REINSURERS

Due to reinsurers as at December 31, 2015 and 2014 consisted of the following:

	Consolidated financial statements	
	2015 Baht	2014 Baht
Premium ceded payables	58,369,337	66,433,127
Amount withheld on reinsurance	401,914,568	393,848,829
Other reinsurance payables	173,068,164	335,198,461
Total due to reinsurers	<u>633,352,069</u>	<u>795,480,417</u>

15. LOSS RESERVES AND OUTSTANDING CLAIMS

Loss reserves and outstanding claims as at December 31, 2015 and 2014 consisted of the following:

	Consolidated financial statements		Separate financial statements	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
As at January 1,	1,090,155,681	2,268,281,429	94,778,223	91,681,635
Loss incurred and loss adjustment expenses during the years				
- Incurred but not reported	8,616,331	3,394,947	-	-
- Incurred but not yet agreed	(205,215,249)	(1,182,896,733)	3,096,588	3,096,588
- Incurred and agreed	1,583,582,790	2,309,548,028	-	-
Loss paid and loss adjustment paid during the years	<u>(1,586,455,290)</u>	<u>(2,308,171,990)</u>	<u>-</u>	<u>-</u>
As at December 31,	<u>890,684,263</u>	<u>1,090,155,681</u>	<u>97,874,811</u>	<u>94,778,223</u>

As at December 31, 2015 and 2014, the subsidiary had loss reserves and outstanding claims under the reinsurance contracts of Baht 152.85 million and Baht 416.83 million, respectively.

As at December 31, 2015 and 2014, the loss reserves and outstanding claims account in the separate financial statements are included outstanding claims and accrued interest of Baht 97.87 million and Baht 94.78 million, respectively, caused by a loss claim incurred by an insured company on September 24, 1997. On September 30, 2003, the courts passed a verdict that the Company had to pay the claim of Baht 41.29 million including 7.5% per annum of interest from the date of litigation until such claim is paid. The Company recorded such claim and accrued interest since 2003. However, in 2004 the Company submitted an appeal to the court. On November 27, 2008, the appeal court had the dismissal for this case. After that the insured company submitted the case to the supreme court in December 2008. Currently, such case is still under consideration of the supreme court.

16. PREMIUM RESERVE

Premium reserve as at December 31, 2015 and 2014 consisted of the following:

16.1 Unearned premium reserve

	Consolidated	
	financial statements	
	2015	2014
	Baht	Baht
As at January 1,	1,451,942,098	1,338,149,536
Premium written for the years	3,137,849,154	3,087,164,695
Earned premium for the years	(3,117,508,859)	(2,973,372,133)
As at December 31,	<u>1,472,282,393</u>	<u>1,451,942,098</u>

16.2 Unexpired risk reserve

As at December 31, 2015 and 2014, no additional reserve for unexpired risk reserve has been established as the unexpired risk reserve estimated by the subsidiary amounting to Baht 746.49 million and Baht 743.24 million, respectively is lower than the unearned premium reserve.

17. EMPLOYEE BENEFIT OBLIGATIONS

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
Discount rate (%)	3.38	3.59
Resignation rate (%) based on age group of employees	4, 9, 21	4, 9, 21
Salary increase (%)	6	6
Retirement age (years)	60	60

Movements in the present value of the employee benefit obligations as at December 31, 2015 and 2014 were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Present value of obligation at the beginning of the years	60,974,363	62,757,420	4,599,701	14,572,338
Current service cost of the years	11,442,545	15,486,773	5,042,587	10,355,966
Interest cost	2,089,544	2,269,276	144,824	284,068
Actuarial loss	-	2,176,540	-	521,144
Benefit paid during the years	(1,673,000)	(21,715,646)	-	(20,220,812)
Transfer benefit to subsidiary company	-	-	-	(913,003)
Present value of obligation at the ending of the years	<u>72,833,452</u>	<u>60,974,363</u>	<u>9,787,112</u>	<u>4,599,701</u>

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, 2015 and 2014 consisted of the following:

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Current service cost	11,442,545	15,486,773	5,042,587	10,355,966
Interest cost	2,089,544	2,269,276	144,824	284,068
Total employee benefit expenses (see Note 25)	<u>13,532,089</u>	<u>17,756,049</u>	<u>5,187,411</u>	<u>10,640,034</u>

For the years ended December 31, 2015 and 2014, the Company and its subsidiary recognized actuarial loss in the consolidated statement of profit or loss and other comprehensive income as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Actuarial loss	-	2,176,540	-	521,144
Deferred tax	-	(435,308)	-	(104,229)
Actuarial loss on defined employee benefit plans - net of income tax	<u>-</u>	<u>1,741,232</u>	<u>-</u>	<u>416,915</u>

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

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Discount rate - 0.50% increase	(3,401,479)	(3,148,811)	(195,812)	(191,801)
Discount rate - 0.50% decrease	3,659,277	3,393,345	207,226	203,660
Salary incremental rates - 0.50% increase	3,530,579	3,273,848	200,987	197,519
Salary incremental rates - 0.50% decrease	(3,318,440)	(3,071,898)	(191,985)	(188,057)
Life expectancy - 1 year increase	549,885	501,159	26,855	25,530
Life expectancy - 1 year decrease	(544,746)	(496,374)	(26,685)	(25,373)

18. BANK OVERDRAFTS

As at December 31, 2015 and 2014, 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 7):

Baht: million

	Interest rate (% per annum)	Collateral	The Company		The subsidiary	
			As at December 31,		As at December 31,	
			2015	2014	2015	2014
			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. DEFERRED TAX LIABILITIES

Deferred tax liabilities as at December 31, 2015 and 2014 were as follows:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Deferred tax liabilities	6,418,458	14,137,491	4,939,024	10,702,738

Movements of deferred tax liabilities for the years ended December 31, 2015 and 2014 consisted of tax effects from the following items:

	Consolidated 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
Unrealized gain on the change in value of investment in available-for-sale securities	9,198,467	-	(7,719,033)	1,479,434
Unrealized gain on transfer of investments	4,939,024	-	-	4,939,024
Total	14,137,491	-	(7,719,033)	6,418,458

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

	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
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
Total	10,702,738	-	(5,763,714)	4,939,024

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

20. OTHER LIABILITIES

Other liabilities as at December 31, 2015 and 2014 consisted of the following:

	Consolidated		Separate	
	financial statements		financial statements	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Payable from purchase of securities (see Note 29.2)	1,991,755	-	1,991,755	-
Other payables - promotion expense	16,881,679	11,796,379	-	-
Amount received in advance - premium	20,527,439	15,137,896	-	-
Revenue Department payable	5,708,139	11,403,041	1,165,085	4,173,967
Undue output VAT	3,159,336	2,869,104	-	-
Others	22,712,471	18,843,394	-	1,137
Total other liabilities	70,980,819	60,049,814	3,156,840	4,175,104

21. 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, 2015 and 2014, the Company has legal reserve by 10% of the authorized capital.

22. OTHER RESERVES

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

23. UNDERWRITING INFORMATION CLASSIFIED BY TYPE OF INSURANCE

Underwriting information classified by type of insurance for the years ended December 31, 2015 and 2014 consisted of the following:

	Consolidated financial statements					
	For the year ended December 31, 2015					
	Fire	Marine	Motor	Personal	Other	Total
	Baht	Baht	Baht	accident Baht	miscellaneous Baht	Baht
Underwriting income						
Gross premiums written	624,983,678	366,889,646	1,002,642,850	365,507,959	777,825,021	3,137,849,154
<u>Less</u> Premiums ceded	<u>197,442,646</u>	<u>256,622,384</u>	<u>356,893,231</u>	<u>39,201,062</u>	<u>389,359,077</u>	<u>1,239,518,400</u>
Net premiums written	427,541,032	110,267,262	645,749,619	326,306,897	388,465,944	1,898,330,754
(Add) <u>Less</u> Unearned premium reserve	<u>5,647,737</u>	<u>(522,136)</u>	<u>31,031,846</u>	<u>(17,061,371)</u>	<u>6,558,909</u>	<u>25,654,985</u>
Net premium earned	421,893,295	110,789,398	614,717,773	343,368,268	381,907,035	1,872,675,769
Fee and commission income	60,747,015	68,449,746	136,811,410	9,068,594	113,203,951	388,280,716
Total underwriting income	<u>482,640,310</u>	<u>179,239,144</u>	<u>751,529,183</u>	<u>352,436,862</u>	<u>495,110,986</u>	<u>2,260,956,485</u>

Underwriting expenses

Insurance claims and loss adjustment expenses	103,835,498	43,227,647	385,160,061	200,878,674	119,716,632	852,818,512
Commissions and brokerages expenses	138,710,018	44,513,330	128,810,404	64,716,638	89,539,541	466,289,931
Other underwriting expenses	80,319,061	32,336,396	147,584,921	69,194,170	78,405,990	407,840,538
Total underwriting expenses	<u>322,864,577</u>	<u>120,077,373</u>	<u>661,555,386</u>	<u>334,789,482</u>	<u>287,662,163</u>	<u>1,726,948,981</u>

	Consolidated financial statements					
	For the year ended December 31, 2014					
	Fire	Marine	Motor	Personal	Other	Total
	Baht	Baht	Baht	accident Baht	miscellaneous Baht	Baht
Underwriting income						
Gross premiums written	607,013,518	390,202,784	928,511,633	370,482,087	790,954,673	3,087,164,695
<u>Less</u> Premiums ceded	<u>195,008,082</u>	<u>275,512,088</u>	<u>316,366,427</u>	<u>56,301,588</u>	<u>426,775,229</u>	<u>1,269,963,414</u>
Net premiums written	412,005,436	114,690,696	612,145,206	314,180,499	364,179,444	1,817,201,281
(Add) <u>Less</u> Unearned premium reserve	<u>51,227,855</u>	<u>593,672</u>	<u>(168,715,977)</u>	<u>79,776,929</u>	<u>32,625,307</u>	<u>(4,492,214)</u>
Net premium earned	360,777,581	114,097,024	780,861,183	234,403,570	331,554,137	1,821,693,495
Fee and commission income	60,930,871	76,730,710	121,137,857	10,179,044	101,243,213	370,221,695
Total underwriting income	<u>421,708,452</u>	<u>190,827,734</u>	<u>901,999,040</u>	<u>244,582,614</u>	<u>432,797,350</u>	<u>2,191,915,190</u>

Underwriting expenses

Insurance claims and loss adjustment expenses	41,573,756	41,419,504	531,294,663	156,207,086	(81,362,521)	689,132,488
Commissions and brokerages expenses	133,481,895	47,242,355	124,092,274	63,601,821	86,195,157	454,613,502
Other underwriting expenses	45,439,657	32,081,637	126,606,534	71,468,982	86,866,300	362,463,110
Total underwriting expenses	<u>220,495,308</u>	<u>120,743,496</u>	<u>781,993,471</u>	<u>291,277,889</u>	<u>91,698,936</u>	<u>1,506,209,100</u>

In 2014, the subsidiary has additional loss refundable from reinsurers from the flooding amounting to Baht 245.87 million with certain business obligations. For the years ended December 31, 2015 and 2014 the subsidiary recorded such loss refundable from reinsurers amounting to Baht 19.88 million and Baht 146.47 million, respectively. The remaining loss refundable from reinsurers will be recognized as specified in business obligations aforementioned.

24. OPERATING EXPENSES

Operating expenses for the years ended December 31, 2015 and 2014 consisted of the following:

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Employee benefit expenses, excluded underwriting and loss adjustment expenses	150,441,750	174,928,508	53,840,538	76,375,921
Premises and equipment expense, excluded underwriting expenses	116,627,007	109,455,598	11,808,822	13,692,047
Taxes and duties	1,284,902	1,425,368	78,554	167,400
Bad debt and allowance for doubtful accounts (reverse)	(10,532,430)	(15,965,161)	-	-
Directors' remuneration	23,693,765	16,948,714	17,725,737	11,040,687
Marketing and promotion expenses	17,572,650	17,271,939	-	-
Other operating expense	57,890,424	63,292,985	10,618,470	11,630,652
Total operating expenses	<u>356,978,068</u>	<u>367,357,951</u>	<u>94,072,121</u>	<u>112,906,707</u>

25. EMPLOYEE EXPENSES

Employee expenses for the years ended December 31, 2015 and 2014 consisted of the following:

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Salary and wage	196,425,938	183,533,430	28,383,983	33,541,328
Social fund expenses	3,817,230	3,841,866	101,040	175,250
Employee benefit expenses (see Note 17)	13,532,089	17,756,049	5,187,411	10,640,034
Provident fund (see Note 32)	11,347,602	10,305,069	1,269,462	1,451,578
Other benefits	73,684,421	110,667,492	18,898,642	30,567,731
Total employee expenses	<u>298,807,280</u>	<u>326,103,906</u>	<u>53,840,538</u>	<u>76,375,921</u>

26. GAIN ON INVESTMENT IN SECURITIES

Gain on investment in securities for the years ended December 31, 2015 and 2014 consisted of the following:

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Gain on sale of investment in available-for-sale securities				
- debentures	-	800,755	-	800,755
- ordinary shares	3,949,865	18,240,583	3,949,865	18,240,583
- unit trusts	54,908,490	29,010,259	46,117,725	29,005,862
- warrants	-	91,340	-	91,340
Gain on sale of general investment - ordinary shares	-	1,348,070,869	19,329,572	1,348,057,778
Total gain on investment in securities	<u>58,858,355</u>	<u>1,396,213,806</u>	<u>69,397,162</u>	<u>1,396,196,318</u>

27. INCOME TAX EXPENSE

Income tax expense for the years ended December 31, 2015 and 2014 consisted of the following:

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Income tax expense from taxable income per income tax return	37,705,779	282,178,877	6,573,414	265,262,476
Deferred tax expenses relating to the origination and reversal of temporary differences	23,333,067	72,483,836	(1,656,800)	1,479,438
Income tax expense per the statements of profit or loss and other comprehensive income	<u>61,038,846</u>	<u>354,662,713</u>	<u>4,916,614</u>	<u>266,741,914</u>

The reconciliation between income tax expense and accounting income for the years ended December 31, 2015 and 2014 was as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Accounting income before tax	737,952,138	2,216,547,217	596,565,397	1,378,694,303
Income tax at 20%	147,590,428	443,309,443	119,313,079	275,738,861
Tax effect of non-deductible expenses (benefits)	<u>(86,551,582)</u>	<u>(88,646,730)</u>	<u>(114,396,465)</u>	<u>(8,996,947)</u>
Income tax expense per the statements of profit or loss and other comprehensive income	<u>61,038,846</u>	<u>354,662,713</u>	<u>4,916,614</u>	<u>266,741,914</u>

28. BASIC EARNINGS PER SHARE

Basic earnings per share for the years ended December 31, 2015 and 2014 were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Net profit (Baht)	676,913,292	1,861,884,504	591,648,783	1,111,952,389
Issued and paid-up share capital (shares)	250,000,000	250,000,000	250,000,000	250,000,000
Basic earnings per share (Baht)	<u>2.71</u>	<u>7.45</u>	<u>2.37</u>	<u>4.45</u>

29. TRANSACTIONS WITH RELATED PARTIES

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

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

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

29.1 Investments

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>

	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,		For the years ended December 31,	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht

Gain on sale of general investment in securities

- ordinary shares

Great Luck Equity Co., Ltd ⁽¹⁾	-	271,509,145	-	271,509,145
Great Fortune Co., Ltd ⁽¹⁾	-	1,076,500,848	-	1,076,500,848
Sri Ayudhya General Insurance Plc. ⁽²⁾	-	-	19,329,572	-
	-	<u>1,348,009,993</u>	<u>19,329,572</u>	<u>1,348,009,993</u>

⁽¹⁾ On July 3, 2014, the Company entered into share purchase agreement of all investment in ordinary shares of Sunrise Equity Co., Ltd. and full amount from sale of investments was paid to the Company on July 8, 2014.

⁽²⁾ 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, 2014

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	3,038,000	140,000
			<u>3,038,000</u>	<u>140,000</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	1,416,199,137	-
- Krungsri Cash Management Fund	30,777	-
- Krungsri Cash Plus Fund	2,250,166	-
- Krungsri Star Equity Dividend Fund	27,202,653	614,847
- Krungsri Dividend Stock Fund	175,680,332	8,894,336
- Krungsri Dynamic Dividend Fund	10,963,440	1,032,000
- Krungsri Flexible Dividend Fund	87,267,186	18,002,143
- Krungsri Financial Focus Dividend Fund	7,212,624	343,482
- Krungsri Global High Payout Fund	19,662,660	-
- Krungsri Europe Equity Fund	43,692,922	-
- Krungsri Global Small-Mid Cap Equity Dividend Fund	9,294,877	-
- Krungsri Global Healthcare Equity Dividend Fund	50,510,866	1,111,842
	<u>1,849,967,640</u>	<u>29,998,650</u>

29.2 Significant balances and transactions were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	As at December 31		As at December 31	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Deposits at financial institution				
Bank of Ayudhya Plc.	596,449,560	779,488,573	117,368,096	72,733,742
Premium due and uncollected				
Bank of Ayudhya Plc.	255,180	446,336	-	-
Ayudhya Development Leasing Co., Ltd.	-	(6,752)	-	-
Siam City Cement Plc.	2,426,843	226,418	-	-
Bangkok Broadcasting & T.V. Co., Ltd.	198,894	383,072	-	-
CKS Holding Co., Ltd.	63,136	90,292	-	-
Allianz Ayudhya Assurance Plc.	18,193	36,629	-	-
BBTV Equity Co., Ltd.	-	25,592	-	-
Grand Canal Land Plc.	279,313	311,541	-	-
Siam Realty and Services Co., Ltd.	75,743	70,075	-	-
Krungsriayudhya Card Co., Ltd.	-	233,309	-	-
Eastern Star Real Estate Plc.	794,075	40,138	-	-
	<u>4,111,377</u>	<u>1,856,650</u>	<u>-</u>	<u>-</u>
Accrued interest income				
Bank of Ayudhya Plc.	1,846,482	2,069,548	258,148	393,652
Receivable from sell of securities				
Krungsri Securities Plc.	-	1,569,833	-	1,569,833
Accrued income				
Sri Ayudhya General Insurance Plc.	-	-	12,744,860	13,848,224
Rental and facilities deposits				
BBTV Equity Co., Ltd.	5,718,926	5,818,926	1,303,093	1,303,093
Bank of Ayudhya Plc.	6,000	6,000	6,000	6,000
	<u>5,724,926</u>	<u>5,824,926</u>	<u>1,309,093</u>	<u>1,309,093</u>
Premium written received in advance				
Bank of Ayudhya Plc.	11,914,957	13,404,326	-	-
Payable from purchase of securities (see Note 20)				
Krungsri Securities Plc.	1,991,755	-	1,991,755	-
Accrued expense - management fee				
Krungsri Securities Plc.	48,011	57,368	48,011	57,368
Accrued expense - custodian fee				
Bank of Ayudhya Plc.	18,060	13,326	1,402	1,690
Accrued expense - commissions and brokerages				
Bank of Ayudhya Plc.	15,836,066	12,957,093	-	-
Accrued expense - other underwriting expenses				
Bank of Ayudhya Plc.	15,674,545	10,085,425	-	-

	Consolidated financial statements	
	For the years ended December 31,	
	2015 Baht	2014 Baht
Premium written		
Bank of Ayudhya Plc.	18,798,639	23,382,639
Krungsri Securities Plc.	32,889	4,570
Krungsri Asset Management Co., Ltd.	1,303,348	1,304,694
Ayudhya Development Leasing Co., Ltd.	93,745	2,855,670
Siam City Cement Plc.	72,653,635	81,037,102
Bangkok Broadcasting & T.V. Co., Ltd.	11,133,917	10,982,550
Great Luck Equity Co., Ltd.	86,023	22,147
Super Assets Co., Ltd.	79,422	80,476
BBTV Equity Co., Ltd.	902,489	1,156,938
CKS Holding Co., Ltd.	58,770	84,048
Allianz Ayudhya Assurance Plc.	539,248	642,222
Grand Canal Land Plc.	260,000	290,000
Ayudhya Asset Management Co., Ltd.	451,669	754,926
Siam Realty and Services Co., Ltd.	1,782,478	1,312,927
Ayudhya Capital Auto Lease Plc.	147,592	32,192
Krungsriayudhya Card Co., Ltd.	766,458	373,558
Eastern Star Real Estate Plc.	1,693,314	452,032
	<u>110,783,636</u>	<u>124,768,691</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,	
	2015 Baht	2014 Baht
Commissions and brokerages		
Bank of Ayudhya Plc.	173,893,999	172,808,444
Other underwriting expenses		
Bank of Ayudhya Plc.	104,771,096	78,258,885

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

	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,		For the years ended December 31,	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Interest income				
Bank of Ayudhya Plc.	4,876,637	8,424,374	933,800	1,734,159
Management fees				
Sri Ayudhya General Insurance Plc.	-	-	37,688,377	25,620,826

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

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

	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,		For the years ended December 31,	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Commission paid				
Krungsri Securities Plc.	525,523	803,409	525,523	803,409
Management fees				
Krungsri Securities Plc	630,661	659,516	630,661	659,516
Krungsri Asset Management Co., Ltd.	-	1,035,908	-	1,035,908
	<u>630,661</u>	<u>1,695,424</u>	<u>630,661</u>	<u>1,695,424</u>
Custodian fees				
Bank of Ayudhya Plc.	198,955	183,262	18,756	19,832

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

	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,		For the years ended December 31,	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Rental and service fees				
BBTV Equity Co., Ltd.	23,047,413	21,410,049	5,299,200	4,961,100
Other expense				
Sri Ayudhya General Insurance Plc.	-	-	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.

30. DIRECTORS AND KEY MANAGEMENT PERSONNEL'S REMUNERATION

During the years ended December 31, 2015 and 2014, the Company and its subsidiary had salaries, bonuses, directors allowances and other benefits of its directors and key management personnel recognized as expenses as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Directors and key management personnel's remuneration				
Short-term benefits	72,159,852	85,556,376	41,913,475	54,899,206
Post-employment benefits	6,142,187	13,307,933	4,864,974	10,716,291
Directors' remuneration	3,571,892	3,486,873	2,486,500	2,394,950
	<u>81,873,931</u>	<u>102,351,182</u>	<u>49,264,949</u>	<u>68,010,447</u>

Directors' remuneration for the years ended December 31, 2015 and 2014 were approved by the ordinary shareholders' meeting of the Company held on April 21, 2015 and April 22, 2014, respectively.

Furthermore, directors' remuneration of the subsidiary for the years ended December 31, 2015 and 2014 were approved by the ordinary shareholders' meeting of the subsidiary held on April 9, 2015 and March 21, 2014, respectively.

31. DIVIDENDS

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

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

31.3 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.

31.4 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.

32. 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, 2015 and 2014, the Company's and its subsidiary's contributions recorded as expenses were Baht 11.35 million and Baht 10.31 million, respectively (Company: Baht 1.27 million and Baht 1.45 million, respectively) (see Note 25).

33. DEPOSITS WITH THE REGISTRAR

As at December 31, 2015 and 2014, certain investment in securities of the Company and its subsidiary were deposited with the Registrar (see Note 7) 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	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Government and state enterprise securities	393,672,620	399,945,376	139,031,945	140,603,316
Deposits at banks	28,000,000	28,000,000	14,000,000	14,000,000
Total deposits with the Registrar	<u>421,672,620</u>	<u>427,945,376</u>	<u>153,031,945</u>	<u>154,603,316</u>

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

34. BACKUP ASSETS

As at December 31, 2015 and 2014, the subsidiary has deposited certain investment in securities with a bank used for the subsidiary's backup assets (see Note 7) according to the Notification of the Office of Insurance Commission regarding "Asset allocation for liabilities and commitment of insurance contract and asset deposition at financial institution B.E. 2551". The backup assets were as follows:

	Consolidated financial statements	
	2015	2014
	Baht	Baht
Government and state enterprise securities	1,616,625,350	1,116,036,137
Private enterprises securities	-	38,475,334
Deposits at bank	225,290,739	224,186,642
Equity securities	1,491,670	1,160,970
Total backup assets	<u>1,843,407,759</u>	<u>1,379,859,083</u>

35. CONTRIBUTION TO NON-LIFE GUARANTEE FUND

The subsidiary has accumulated funding amount which was paid into contribution to non-life guarantee fund as at December 31, 2015 and 2014 amounting to Baht 33.00 million and Baht 25.22 million, respectively.

36. CONTINGENT LIABILITIES AND COMMITMENT

36.1 As at December 31, 2015 and 2014, lawsuits have been brought against the Company and its subsidiary, as insurer, from which the Company and its subsidiary estimate losses totaling Baht 150.99 million and Baht 107.01 million, respectively, (Company: Baht 97.87 million and Baht 94.78 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.

36.2 As at December 31, 2015 and 2014, the subsidiary had a capital commitment to pay computer program development expenses in amount of approximately Baht 11.84 million and Baht 13.59 million, respectively

37. LONG-TERM LEASES AND SERVICE AGREEMENTS

Long-term leases and service agreements as at December 31, 2015 and 2014 consisted of the following:

Type of leases	Consolidated financial statements		
	As at December 31, 2015		
	Remaining periods		Total rental
	Within 1 year	Over 1 year to 5 years	payments for the remaining periods
	Baht	Baht	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
Equipment - related company	9,160,320	5,575,360	14,735,680
	<u>27,011,125</u>	<u>19,241,762</u>	<u>46,252,887</u>

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

Type of leases	Separate financial statements		
	As at December 31, 2015		
	Remaining periods		Total rental payments for the remaining periods
	Within 1 year	Over 1 year to 5 years	
Baht	Baht	Baht	
Building - related company	1,589,760	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>

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

For the years ended December 31, 2015 and 2014, 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		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Rental and service fees	30,981,047	30,686,997	5,299,200	4,961,100

38. DISCLOSURE OF FINANCIAL INSTRUMENTS

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

38.1 Accounting policies

Details of significant accounting policies and methods adopted, including criteria for recognition of revenues and expenses relating to financial assets and financial liabilities are disclosed in Note 3.

38.2 Credit risk

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

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

38.3 Interest rate risk

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

As at December 31, 2015 and 2014, significant financial assets classified by type of interest rate were as follows:

	Consolidated financial statements			
	Balance as at			
	December 31, 2015		December 31, 2014	
	Variable interest rate Baht	Fixed interest rate Baht	Variable interest rate Baht	Fixed interest rate Baht
Cash and cash equivalents				
Saving accounts	290,360,526	-	489,049,771	-
Investment in securities				
Available-for-sale securities				
Government and state enterprise securities				
Thai government bonds	-	405,767,892	-	412,301,048
State enterprise bonds	-	201,772,666	-	100,894,698
Debentures	-	3,092,929	-	3,166,643
Private enterprise securities				
Debentures	-	-	-	20,022,752
Foreign securities				
Bonds	-	-	-	-
Held-to-maturity investment				
Treasury bill used as collateral	-	1,399,664,483	-	999,619,124
Deposits at bank with maturity over 3 months	174,951,292	-	311,743,886	-
Deposits at bank used as collateral	-	303,290,739	-	302,186,642
Total	465,311,818	2,313,588,709	800,793,657	1,838,190,907

	Separate financial statements			
	Balance as at			
	December 31, 2015		December 31, 2014	
	Variable interest rate Baht	Fixed interest rate Baht	Variable interest rate Baht	Fixed interest rate Baht
Cash and cash equivalents				
Saving accounts	74,369,791	-	37,658,414	-
Investment in securities				
Available-for-sale securities				
Government and state enterprise securities				
Thai government bonds	-	139,031,945	-	140,603,316
Private enterprise securities				
Debentures	-	-	-	20,022,752
Held-to-maturity investment				
Deposits at bank with maturity over 3 months	21,879,071	-	161,743,886	-
Deposits at bank used as collateral	-	44,000,000	-	44,000,000
Total	96,248,862	183,031,945	199,402,300	204,626,068

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, 2015				Average interest rate %
	Period specified for fixing new interest rate				
	Within 1 year	1-5 years	Over 5 years	Total	
Baht	Baht	Baht	Baht		

Investment in securities

Available-for-sale securities

Government and state

enterprise securities

Thai government bonds	102,177,613	303,590,279	-	405,767,892	3.41
State enterprise bonds	100,038,949	101,733,717	-	201,772,666	2.28
Debentures	3,092,929	-	-	3,092,929	5.39

Held-to-maturity securities

Treasury bills used as

collateral	1,399,664,483	-	-	1,399,664,483	1.46
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Deposits at bank used as

collateral	289,290,739	14,000,000	-	303,290,739	1.91
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Total	<u>1,894,264,713</u>	<u>419,323,996</u>	<u>-</u>	<u>2,313,588,709</u>	
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	Consolidated financial statements				
	As at December 31, 2014				Average interest rate %
	Period specified for fixing new interest rate				
	Within 1 year	1-5 years	Over 5 years	Total	
Baht	Baht	Baht	Baht		

Investment in securities

Available-for-sale securities

Government and state

enterprise securities

Thai government bonds	-	412,301,048	-	412,301,048	3.41
State enterprise bonds	-	100,894,698	-	100,894,698	2.28
Debentures	-	3,166,643	-	3,166,643	5.39

Private enterprise securities

Debentures	20,022,752	-	-	20,022,752	3.78
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Held-to-maturity securities

Treasury bills used as

collateral	999,619,124	-	-	999,619,124	1.99
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Deposits at bank used as

collateral	288,186,642	14,000,000	-	302,186,642	2.06
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Total	<u>1,307,828,518</u>	<u>530,362,389</u>	<u>-</u>	<u>1,838,190,907</u>	
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	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					
Thai government bonds	-	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	

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

38.4 Fair value measurements

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

38.4.1 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,			
	2015	2014		
Baht	Baht			

Financial assets

Government and state enterprise securities

Thai government bonds	405,767,892	412,301,048	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
State enterprise bonds	201,772,666	100,894,698	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
Debentures	3,092,929	3,166,643	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	76,665,567	89,360,518	Level 1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand
Unit trusts	55,035,727	54,352,811	Level 2	The unit trust's net asset value of the last working day of the reporting period

Private enterprises securities

Debentures	-	20,022,752	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	276,986,227	302,257,955	Level 1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand
Unit trusts	22,499,000	37,306,000	Level 1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand
Unit trusts	1,703,515,685	2,014,054,974	Level 2	The unit trust's net asset value of the last working day of the reporting period

	Separate financial statements			
	Fair Value		Fair value hierarchy	Valuation techniques and key inputs
	As at December 31,			
	2015	2014		
Baht	Baht			

Financial assets

Government and state enterprise securities

Thai government bonds	139,031,945	140,603,316	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	76,665,567	89,360,518	Level 1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand
Unit trusts	55,035,727	54,352,811	Level 2	The unit trust's net asset value of the last working day of the reporting period

Private enterprises securities

Debentures	-	20,022,752	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	276,986,227	302,257,955	Level 1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand
Unit trusts	22,499,000	37,306,000	Level 1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand
Unit trusts	1,678,052,417	1,975,579,640	Level 2	The unit trust's net asset value of the last working day of the reporting period

38.4.2 Financial assets or financial liabilities not measured at fair value

Cash and cash equivalents, Accrued investment income, Premium due and uncollected, Reinsurance assets, Loans 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, 2015		As at December 31, 2014	
		Carrying amount	Fair value	Carrying amount	Fair value
		Baht	Baht	Baht	Baht

Financial assets

Held-to-maturity securities	Level 2	1,877,906,514	1,878,325,387	1,613,549,652	1,613,900,172
General investment	Level 3	19,489,832	91,025,265	19,489,832	59,949,981

	Fair value hierarchy	Separate financial statements			
		As at December 31, 2015		As at December 31, 2014	
		Carrying amount	Fair value	Carrying amount	Fair value
		Baht	Baht	Baht	Baht

Financial assets

Held-to-maturity securities	Level 2	65,879,071	65,879,071	205,743,886	205,743,886
General investment	Level 3	17,998,162	18,923,476	18,328,862	19,339,920

39. 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, 2015 and 2014, 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, 2015 and 2014 were presented by business segment as follows:

	Consolidated financial statements							
	For the years ended December 31,							
	Non-life insurance business		Investment business		Elimination of inter-segment		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenue from external	2,324,498,786	2,250,770,305	653,616,403	1,465,489,590	(537,577,011)	-	2,440,538,178	3,716,259,895
Share of profit of investment in an associate	-	-	392,747,092	387,313,841	-	-	392,747,092	387,313,841
Other income	6,270,325	2,198,660	37,021,115	26,111,420	(38,168,377)	(25,620,826)	5,123,063	2,689,254
Total revenues	2,330,769,111	2,252,968,965	1,083,384,610	1,878,914,851	(575,745,388)	(25,620,826)	2,838,408,333	4,106,262,990
Insurance business expenses	1,743,478,127	1,522,357,822	-	-	-	-	1,743,478,127	1,522,357,822
Directors and key management								
personnel's remuneration	32,608,982	34,340,735	49,264,949	68,010,447	-	-	81,873,931	102,351,182
Other expenses	268,445,657	245,731,335	44,807,172	44,896,260	(38,148,692)	(25,620,826)	275,104,137	265,006,769
Income tax expense	56,122,232	87,920,799	4,916,614	266,741,914	-	-	61,038,846	354,662,713
Net income	230,114,113	362,618,274	984,395,875	1,499,266,230	(537,596,696)	-	676,913,292	1,861,884,504

Assets and liabilities of the Company and its subsidiary as at December 31, 2015 and 2014 were presented by business segment as follows:

	Consolidated financial statements							
	As at December 31,							
	Non-life insurance business		Investment business		Elimination of inter-segment		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Total Assets	5,219,265,916	5,362,580,889	5,442,348,409	5,652,587,580	(32,094,117)	(13,848,224)	10,629,529,208	11,001,320,245
Total Liabilities	3,473,456,613	3,839,064,424	139,149,696	399,364,223	(12,744,860)	(13,848,224)	3,599,861,449	4,224,580,423

40. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved for issuance by the Company's authorized executive director on February 18, 2016.

Financial Statements

AUDITOR'S REMUNERATION

In 2015, the Company and its subsidiary paid Baht 4,075,000 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 2015	520,000	1,350,000
Annual audit fee for 2015 consolidated financial statements	310,000	-
Quarterly fee for reviewing consolidated financial statements for 3 quarters	465,000	-
Quarterly fee for reviewing financial statements for 3 quarters	375,000	510,000
Annual fee for assessment of general computer security	-	170,000
Fee for auditing the risk-based capital report of the year 2015	-	195,000
Fee for reviewing the risk-based capital report of half year 2015	-	180,000
Total	1,670,000	2,405,000

LEGAL DISPUTES

As at December 31, 2015, 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			
	2015	2014	2013	
Liquidity Ratio				
Current Ratio	(Times)	1.56	1.55	1.27
Premium Due and Uncollected Turnover	(Days)	35	34	31
Profitability Ratio				
Retention Rate	(%)	60.50	58.86	64.27
Loss Incurred Per Earned Premium	(%)	45.54	37.83	43.42
Underwriting Profit Per Net Premium Written	(%)	9.33	17.52	5.30
Underwriting Expense Per Earned Premium	(%)	65.74	65.02	63.32
Return on Investment	(%)	6.79	24.16	8.95
Net Premium Written Per Equity	(Times)	0.27	0.31	0.39
Net Profit Per Total Income	(%)	23.85	45.34	21.73
Return on Equity	(%)	9.81	31.68	11.91
Efficiency Ratio				
Return on Assets	(%)	6.26	17.89	5.78
Assets Turnover	(Times)	0.26	0.39	0.27
Financial Ratio				
Debt to Equity Ratio	(Times)	0.51	0.62	0.97
POLICY LIABILITY TO CAPITAL FUND	(Times)	0.33	0.37	0.71
Unearned Premium Reserve Per Equity	(Times)	0.21	0.21	0.27
Unearned Premium Reserve Per Total Assets	(%)	13.85	13.20	13.63
Payout Ratio	(%)	73.80	33.56	76.27
Data Per Share				
Per Value	Baht	1.00	1.00	1.00
Book Value	Baht	28.12	27.11	19.91
Net Profit	Baht	2.71	7.45	2.36
Dividend	Baht	2.00*	2.50	1.80

* Dividend per share from the operating result of 2015 is pending approval from the Shareholders' Meeting.

Financial Records

Unit : Million Baht

	2015	2014	2013
Statement of Comprehensive Income			
Gross premium written	3,137.85	3,087.16	2,988.85
Premium ceded	1,239.52	1,269.96	1,067.95
Net premium written	1,898.33	1,817.20	1,920.90
Unearned premium reserve	25.65	(4.49)	12.25
Earned premium	1,872.68	1,821.69	1,908.65
Revenues from underwriting	2,260.96	2,191.92	2,139.13
Underwriting expenses	1,726.95	1,506.21	1,601.71
Profit on underwriting before operating expenses	534.01	685.71	537.42
Profit on investment	572.33	1,911.66	567.96
Other income	5.12	2.69	7.50
Profit on underwriting and investment	1,111.46	2,600.06	1,112.88
Operating expenses	373.51	383.51	451.15
Profit before income taxes	737.95	2,216.55	661.73
Corporate income taxes	61.04	354.66	71.79
Net profit	676.91	1,861.88	589.94
Earnings per share (Baht)	2.71	7.45	2.36
Statement of Financial Position			
Total assets	10,629.52	11,001.32	9,816.72
Premises and equipment	75.31	55.13	56.03
Total Liabilities	3,599.86	4,224.58	4,838.52
Total Shareholders' Equity	7,029.66	6,776.74	4,978.20
Book Value (Baht)	28.12	27.11	19.91
Dividend per share (Baht)	*2.00	2.50	1.80
Return on Equity (%)	9.81	31.68	11.91

* Dividend per share from the operating result of 2015 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

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. 2015 CONSOLIDATED OPERATING RESULTS

Subsidiary Business: Insurance

Revenues from underwriting for 2015 totaled Baht 2,260.96 million, an increase of Baht 69.04 million or 3.15%. Revenues from underwriting comprised of net earned premiums and commissions and brokerages.

Gross premiums written for 2015 were Baht 3,137.85 million, increased by Baht 50.68 million, or 1.64% from previous year. The increase derived from fire and motor insurance due to increase number of brokers and agents.

Reinsurance premiums for 2015 amounted to Baht 1,239.52 million, reduced by Baht 30.44 million, or 2.40% versus previous year, and 39.50% of gross premiums written. Retention was Baht 1,898.33 million. The net written premium ratio per equity during 2015 was 0.27 of shareholders equity, a slight reduction from the previous year at 0.31. Net premiums written in 2015 totaled Baht 1,898.33 million, up Baht 81.13 million, or 4.46% versus last year, resulting in an increase in the retention rate to 60.50% compared to 58.86% last year. Net premium earned was Baht 1,872.68 million, an increase of Baht 50.98 million, or 2.8% over last year. Total commissions and brokerages were Baht 388.28 million, an increase of Baht 18.06 million, or 4.88% due to motor insurance reinsurance commissions.

Underwriting expenses in the consolidated statements comprised of losses incurred, insurance claims, loss adjustment expenses, commissions and brokerages, and other expenses on which the commissions and brokerages and other related expenses were variable costs associated directly to revenues from underwriting. Loss incurred and loss adjustment expenses were based on losses incurred by policyholders during the year. In 2015, underwriting expenses were Baht 2,083.93 million versus Baht 1,873.57 million last year, showing a variance of Baht 210.36 million or an increase of 11.23%. Loss incurred increased by Baht 163.69 million, or 23.75% due to the massive flood claim of Baht 245.87 million from a reinsurer in 2014 with terms and conditions applied; as a result, the subsidiary recorded the claim of Baht 146.47 million and Baht 19.88 million in 2014, and 2015 respectively. Excluding this claim, the loss ratio was 46.60% for 2015, a slight increase from 45.87% in 2014. Additionally, the commissions and brokerages expenses were Baht 11.68 million, or 2.57% higher than last year. Other underwriting expenses increased by Baht 45.38 million or 12.52% with the increase proportional to the volume of business. Operating expenses of this year were Baht 356.98 million, a reduction of Baht 10.38 million, or 2.83% from last year. Employee expenses were lower than last year by Baht 27.30 million, or 8.37%. Premises and equipment expenses of 2015 were Baht 116.63 million, an increase of Baht 7.17 million, or 6.55%. 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 2015 equaled 65.74% of earned premiums, a slight increase over last year of 65.02% due to higher underwriting expenses in commissions and brokerages; and other underwriting expenses which were higher than last year by 6.98% offset by lower operating expenses of 2.83%, making the overall increase in expenses at 3.94% while premiums earned increased by Baht 50.98 million, or 2.80%, resulting in the ratio as shown.

Underwriting profit in 2015 was Baht 177.03 million, a reduction of Baht 141.32 million, or 44.39% resulting in gross profit reduction of 9.33% versus 17.52% of net premiums earned in the previous year, a direct impact from the claim increase described herein.

In terms of investment profit, the Company and its subsidiary earned Baht 120.72 million comprising interest and dividends, a reduction of Baht 7.41 million, or 5.78% due to the reduction in the interest rate and its continuing downward trend.

The total net profit generated from investments in securities was Baht 58.86 million versus Baht 1,396.21 million last year, a reduction of Baht 1,337.35 million, or 95.78% a result generated in the third quarter of last year on the sale of 54,613,666 shares in Sunrise Equity Company Limited, at the price of Baht 34.70 per share, totaling Baht 1,895.09 million. The profit from this sale was Baht 1,348.01 million. Excluding the profit from this sale, the investment in securities during 2015 showed an increase in profit of Baht 10.65 million, or 22.10% versus last year.

The investment in Allianz Ayudhya Assurance Public Company Limited of 20.17% was categorized as an investment in an associate company, thereby showing share of investment profit, using the equity method in the consolidated financial statements, at Baht 392.75 million, an increase of Baht 5.43 million, or 1.40%, from last year.

2015 consolidated financial statements showed a profit from the operation in the amount of Baht 754.48 million, down from Baht 2,232.70 million, a reduction of Baht 1,478.22 million, or 66.21%.

Consolidated financial statements showed profit before tax for 2015 in the amount of Baht 737.95 million, versus Baht 2,216.55 million from last year, or a reduction of Baht 1,478.60 million or 66.71% resulting in the income tax expense of Baht 61.04 million, versus Baht 354.66 million or a reduction of Baht 293.62 million, or 82.79%. Net income after tax based on 2015 consolidated financial statements showed a profit of Baht 676.91 million, and earnings per share of Baht 2.71. Net profit from last year was Baht 1,861.88 million, a reduction of Baht 1,184.97 million or 63.64%.

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

- (1) Insurance companies with foreign ownership creates fierce competition as they use technology and new innovative insurance products to attract and meet with customer needs, new products for new risks, and new services. They have the ability to accept high risks projects, and create new products for customers. The technology helps with the expansion of the market such as direct selling, and telesales, making customers more interested in their companies and product offers. To be ready to compete, more investment is required in technology and people, resulting in higher expenses.

It is expected that the insurance business will continue to expand after the liberalization of the Asean Economic Community (AEC) in late 2015. The penetration of insurance per capita is still low and there is room to grow. Thais begin to understand and realize the importance of having insurance. Over time, there are many channels to reach target customers. Today, digital platform plays an importance role in reaching target customers. Thais are seen to be leading the way in social media, using various applications on smart phones, and tablets to communicate. In the next 1-2 years, the digital platform will developed into another level, more insurance companies will sell products online — some have started already. Simple insurance products are offered, similar to products being sold on TV, and via websites. Additionally, applications for

quoting insurance products via mobile devices are being developed to help salesmen present insurance products to customers with more convenience and speed.

The competition in the insurance industry will be stronger in the near future and insurance companies that move onto digital platform will have the advantage over others, leading in innovative services and using the technology to meet with the online lifestyle of customers. Still, customers desire a more personal relationship with better care to meet their individual needs. Many insurance companies develop customer relationships through multi-channel contact center platform with live chat, synchronized data view, and VDO chat.

Due to digital media and influence, customers now have access to more information and therefore have more power to negotiate. They can look up information, search, compare prices/coverage policy, and the experience in making claims. To keep up with the trend, insurance companies must adjust and make changes, focus on creating innovative products that is different from competitors as well as improve existing products and services to be more in line with the current lifestyle and needs of new generation of customers.

Digital strategy is being used by many insurance companies to communicate with customers, focusing on not only selling insurance but offering innovative customer service that can reach customers better. The 24-hour service concept to provide customer convenience, search, and responsive web format that can be viewed perfectly on all types of mobile phones, and the latest — Line application for business application and other applications under development and soon-to-be-launched applications are being developed for use on smart phones on IOS, and Android platforms.

With savvy, modern technology comes advantages and disadvantages, with the right usage, users will gain lots of benefits. It is hoped that the move into digital platform for insurance companies will help bring utmost benefit to both the business and the customer sides.

- (2) For 2015, total direct premiums for the insurance business were Baht 209,278.53 million, or 1.90% versus 1.07% growth over the same period last year. The slight growth is a reflection of the slowing economy resulting from higher household debts, lower agricultural prices and higher costs of living resulting in lesser purchasing power, and the impact from the sluggish global economy. However, the insurance business continued to grow solidly as consumers realize the importance and necessity of having insurance. Furthermore, the competition helps to drive the development of innovative products and services. And, distribution channels that are expanded with multiple options to provide convenience in order to fulfil the needs of consumers. These factors helped the sector to overcome obstacles and recovered fast even from the massive flooding at the end of 2011. In the past five years, the insurance business continued 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 current economic uncertainties, the fluctuation in crude oil prices, droughts, floods, earthquakes, and disturbances in the three southern provinces, it is even more important to raise the public awareness of these risks and the importance of having insurance.

SUBSIDIARY'S UNDERWRITING RESULTS

Fire Insurance

Gross premiums written in 2015 were Baht 624.98 million, represented 19.92% of total premiums. The increase over last year was Baht 17.97 million, or 2.96%. Net premiums written were Baht 427.54 million, increased by Baht 15.54 million or 3.77% with the Company retaining 68.41% versus 67.87% last year.

The Fire loss ratio equalled 24.61% of earned premiums, an 11.52% increase from previous year.

In 2015, fire insurance premiums grew 2.96% while the industry dropped 5.21% and the Company's market share is ranked at no. 6.

The source of business derived from agents and brokers as well as home loan customers from Bank of Ayudhya PCL and other financial institutions.

Marine and Transportation Insurance

Marine and Transportation gross premiums written in 2015 were Baht 366.89 million, and 11.69% share of the Company's total premiums. The gross premiums was down by Baht 23.31 million, or 5.97% versus last year compared with the industry at 0.74%.

The Company has a market share ranked at no. 4 in the industry, split into marine hull, down by 12.93%, and marine cargo, down by 3.83% due to Thailand's slower economic growth and impact from lower than expected exports growth. The Company was able to keep the current customer base and at the same time expand the broker/agent base.

Loss incurred and loss adjustment expenses in 2015 were Baht 43.23 million, and the loss ratio was 39.02% of earned premiums, increased from previous year of 36.30%.

The primary source of business for Marine and Transportation insurance came from agents who are satisfied with the quality and efficiency of our service.

Motor Insurance

Motor gross premiums written in 2015 were Baht 1,002.64 million, an increase from last year of Baht 74.13 million, or 7.98%. The segment represented 31.95% of overall written premiums.

Since 2014, the Company reinsured with overseas reinsurers with terms and conditions, ceded premium of motor insurance was 35.60% of written premiums, retaining Baht 645.75 million, resulting in the increase in net premium written of Baht 33.61 million or 5.49%. Net earned premiums was Baht 614.72 million, a reduction of Baht 166.14 million, or 21.28% due to an increase in unearned premium reserve.

Insurance claims and loss adjustment expenses in 2015 for motor insurance was Baht 385.16 million, a reduction of Baht 146.13 million, or 27.51%. The loss ratio was 62.66% of earned premium versus 68.04% last year.

The growth of motor insurance for the Company was 7.98% versus the industry growth which was only 2.12%

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 2015, written miscellaneous premiums Baht 1,143.33 million, a decrease over last year of Baht 18.10 million, or 1.56% while the industry grew 5.14%. This segment represented 36.44% of overall written premiums.

Miscellaneous insurance claims and loss adjustment expenses in 2015 amounted to Baht 320.60 million, an increase of Baht 245.75 million, or 328.35%, over last year. The loss ratio was 44.20% of earned premiums, versus 13.22% from previous year, due to additional 2011 massive flood claims recovery from reinsurers with terms and conditions applied last year.

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

The Stock Exchange of Thailand continued to be volatile, and at the end of 2015, the market closed at 1,288.02 points, down 14.0% versus last year. Various factors affecting the Thai stock market including the slowing economy which grew less than expectation, slowing of exports, and external threats such as the slowing of Chinese economy, the increase of interest rate by the US after having held off the increase for many years, and the downward trend of the crude oil prices after the increase in production. However, in comparison to other regional markets, dividends generated from listed companies in the Thai stock market was still on the increase.

The above factors affected the investments made. Net income earned from investment which consisted of interests and dividends during 2015 was Baht 120.72 million, down by Baht 7.41 million, or 5.78% due to lower interest rates, and the downward trend of the interest rate.

Total profit generated from investments in securities of 2015 was Baht 58.86 million versus Baht 1,396.21 million last year, a reduction of Baht 1,337.35 million, or 95.78% a result generated in the third quarter of last year on the sale of 54,613,666 shares in Sunrise Equity Company Limited, at the price of Baht 34.70 per share, totalling Baht 1,895.09 million. The profit from this sale was Baht 1,348.01 million. Excluding the profit from this sale, the investment in securities during 2015 showed an increase in profit of Baht 10.65 million, or 22.10% versus last year.

The investment in Allianz Ayudhya Assurance Public Company Limited of 20.17% was categorized as an investment in an associate company, thereby showing share of investment profit, using the equity method in the consolidated financial statements, at Baht 392.75 million, an increase of Baht 5.43 million, or 1.40%, from last year.

As for equity instruments for medium-to-long term investments, the Company still holds a positive outlook because of the low interest rates, Thailand's economy is slowly recovering, with recovery coming from the government sector's push on spending and tourism which is improving after the political crisis eased. At the same time, interest rates were lowered. However, the span of recovery is limited due to weak exports, consistent with trade partners and domestic consumption that is depressed due to low agricultural prices and high household debts. The economic recovery will continue for the next period with Bank of Thailand forecasting 2016 economic growth at 2.8-3.8 % versus 2.8% last year due to infrastructure spending, the government's short term spend for Tambols nationwide, and measures to help low income people and SMEs. The softening of the Baht, hopefully, will have a positive turn for exports.

It is in the Company's opinion that the profit growth for listed companies will continue solidly and the market value of Thailand Stock Exchange is still attractive and with low interest rate makes it an attractive investment alternative. The investment strategy continues to focus on choosing individual stocks, with analysis done 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.

In 2015, total Baht 8,425.71 million was invested, up Baht 514.42 million or 6.50% with return on investment at 6.79%, down 24.16% from 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, 2015, the Company and its subsidiary had total assets of Baht 10,629.52 million, a decrease from last year of Baht 371.80 million, or 3.38%.

Investment in securities was Baht 4,642.73 million, down by Baht 24.02 million from last year's Baht 4,666.76 million. In 2015, the Company and its subsidiary had investments in available-for-sale securities Baht 2,745.34 million, down by Baht 288.38 million from last year's Baht 3,033.72 million. These available-for-sale securities were comprised of government bonds, Bank of Thailand bonds, treasury bills, stocks, debentures, and unit trusts. The reason for the decrease was due to the decrease in value of the listed companies, mutual funds that invested in these equities had a drop in fair value at the end of 2015, with the Stock Exchange of Thailand ending at 1,288.02 points, 14% below last year which closed at 1,497.67 points.

At the end of 2015, the Company had an unrealized loss on investments in available-for-sale securities of Baht 115.31 million, while at the end of 2014, the Company had an unrealized gain on investment in available-for-sale securities of Baht 36.79 million. In addition, in 2015 the Company had a share of profit in the associate company of Baht 813.62 million versus Baht 461.42 million last year due to an increase of unrealized profit from investments on available-for-sale securities of the associate company at year end 2015.

The Company made loans to employees with guarantors, this is done in compliance with the Company's staff welfare policy, at Baht 0.58 million, down by Baht 0.80 million, versus Baht 1.38 million last year.

Cash and cash equivalents at year end 2015 amounted to Baht 1,065.25 million, down by Baht 303.70 million versus Baht 1,368.95 million the year before, due to a corporate tax payment made on the sales of Sunrise Equity Co., Ltd. in 2014.

Premises and equipment at cost as at the end of 2015 totaled Baht 183.81 million, up by Baht 12.16 million from the previous year's Baht 171.65 million, due to an investment in IT, office renovation, and the purchase of new vehicles to replace the existing ones, which had completed their term of use which totaled Baht 47.16 million. Meanwhile, old vehicles, office equipment, and computers that needed to be replaced were sold, with the original costs referenced at Baht 35 million.

Premiums due and uncollected at the end of 2015 amounted to Baht 293.83 million, versus Baht 305.66 million, a decrease of Baht 11.83 million, or 3.87%. 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 has 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 recording of them.

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

At the end of 2015, the investments in securities, including bonds, treasury bills, stocks, debentures, unit trusts, and deposits at financial institutions with a maturity of over three months totaled Baht 4,642.73 million, which was presented at fair value. Unrealized loss from the changes in fair value of investment-net of deferred income tax in shareholders' equity were Baht 115.31 million.

b. Debtors

In 2015, the Company's turnover rate on outstanding premiums was 35 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 2015, the allowance for doubtful accounts totaled Baht 4.89 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 2015, the Company had net cash for operations totaling Baht 1,065.25 million, down from last year's Baht 1,368.95 million by Baht 303.71 million, or 22.19%, with cash received and paid for the following activities:

Unit : Million Baht

	2015	2014
Net cash provided by (used in) operating activities	(35.14)	352.67
Net cash provided by (used in) investment activities	356.43	(145.97)
Net cash provided by (used in) financing activities	(625.00)	(525.00)
Cash and cash equivalent, increase (decrease), net	(303.71)	(318.30)

In 2015, cash flows were used in operating activities in the amount of Baht 35.14 million, with cash flows received of Baht 3,216.49 million and used in the amount of Baht 3,251.63 million which mostly were used for claim payments, underwriting expenses, operating expenses, and corporate income tax. Cash received from investment activities totaled Baht 6,819.31 million which derived from sales of common stocks and a portion of unit trusts, including mature bonds, debentures, treasury bills, and mature deposits at financial institutions. Cash used for investment were Baht 6,462.88 million and was used for investments in bonds, stocks, debentures, unit trusts in mutual funds, and deposits at financial institutions, resulting in net cash from investment activities of Baht 356.43 million. The Company manages an investment policy that takes into consideration economic changes as well as fluctuating interest rates and the SET index to ensure the best possible returns as related to economic circumstances in which it operates.

As for cash flows used in financing activities, in 2015, the Company paid dividends totaling Baht 625 million, split into a dividend payment of Baht 1.50 per share in the second half of 2014 which totaled Baht 375 million. For the interim dividend payment for 2015, 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 2015 showed Baht 1,065.25 million in cash and cash equivalents, a reduction of Baht 303.71 million, from last year's Baht 1,368.95 million.

(2) Liquidity Ratio

As at December 31, 2015, the Company recognized an outstanding liquidity ratio of 1.56 times, indicating that the Company and its subsidiary's current assets were sufficient to pay its current liabilities.

2.3 Sources of Funds

(1) Appropriation of Capital Structure

The Company had no change of capital structure during the past year. At the end of 2015, the Company's debt-to-equity ratio was 0.51 times, down from 0.62 times last year. The reduction in the debt-to-equity ratio in 2015 was due to the 2011 massive flood claim payments during the year thus reducing the loss reserves and outstanding claims to Baht 199.48 million at the end of 2015.

(2) Shareholders' Equity

The Company's shareholders' equity at the end of 2015 was Baht 7,029.66 million, an increase of Baht 252.92 million over last year's Baht 6,776.74 million. Net profit in 2015 amounted to 676.91 million. In addition, the Company had an unrealized loss from the change in fair value of available-for-sale securities of Baht 115.31 million, and comprehensive profit in the associate company of Baht 813.62 million, an increase of Baht 352.20 million versus Baht 461.42 million last year.

In 2015, the Company paid dividends and interim dividends to shareholders in the amount of Baht 625 million.

(3) Liabilities

The Company had liabilities at the end of 2015 were Baht 3,599.86 million, a decrease of Baht 624.72 million from the previous year's Baht 4,224.58 million due to the reduction of loss reserves, outstanding claims, and due to reinsurers totaling Baht 361.60 million; and accrued corporate income tax reduced by Baht 248.81 million. The liabilities of the Company and its subsidiary largely arose from its operations comprising of unearned premium reserves, loss reserves, outstanding claims, due to reinsurers, premiums received in advance, accrued commissions, employee benefit obligations, deferred tax liabilities, 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 1,472.28 million at the end of 2015 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 2015 was equal to 45.54% of earned premiums, an increase from last year of 37.83%.

4.4 The Office of Insurance Commission (OIC) issued a regulation concerning funds of non-life insurance companies that use capital adequacy ratios (CARs) for insurance risk, market risk, credit risk, and concentration risk.

CARs from January 1, 2013 onward shall not be less than 140%.

At the end of 2015, the subsidiary had CARs of 771.61%

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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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