

Oliver Bäte

Chairman of the Board of Management

Dear AYUD shareholders,

On 23 November 2017, AYUD and Allianz jointly announced that we have entered into an agreement that will significantly expand our long-standing partnership in Thailand. As shareholders, you have an important decision to make regarding the future of AYUD, as you consider your vote at the extraordinary general meeting (“EGM”) on 19 January 2018.

Today, I am writing to you, on behalf of Allianz Group, to further explain the merits of the transaction, and to get your support of our efforts to create a stronger insurance franchise that secures accelerated growth and long-term shareholder value.

ALLIANZ GROUP – YOUR TRUSTED INSURANCE PARTNER

Allianz is one of the strongest insurers in the world. More than 86 million customers in over 70 markets rely on our comprehensive range of insurance products and funds. We have been present in Asia Pacific since 1910, and today offer life and health, property and casualty (“P&C”) protection to customers in 16 markets. Allianz stands for trust, based on the integrity, resilience and dedication of our employees. We strive for profitable and sustainable growth in the markets we operate in, and support our customers and partners to address tomorrow's challenges.

Thailand has always been a key market for Allianz, and one that we have been delighted to serve since 1951. We have over 15 years of successful partnership with AYUD and its key shareholder, the Ratanarak Group. Together with our partners, associates and employees, our mission in Thailand is to provide protection to every Thai family.

SECURING FUTURE GROWTH IN THAILAND – TRANSACTION CREATES SIGNIFICANT VALUE FOR AYUD SHAREHOLDERS

Its buoyant growth notwithstanding, the local P&C sector is fragmented with 60 companies, where market share is concentrated in the hands of a few. In 2016, the top 15 P&C companies in Thailand accounted for 72% of the industry premiums.

By combining Allianz General Insurance (“AZTH”) into Sri Ayudhya General Insurance (“SAGI”), we have the opportunity to:

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Allianz SE
Chairman of the Supervisory Board: Michael Diekmann.
Board of Management: Oliver Bäte, Chairman; Sergio Balbinot, Jacqueline Hunt, Dr. Helga Jung, Dr. Christof Mascher, Niran Peiris, Giulio Terzariol, Dr. Günther Thallinger, Dr. Axel Theis.
For VAT Purposes: VAT ID Number: DE129274114.
Financial and insurances services acc. to UStG / EU VAT Directive are exempt.
Registered Office: Munich, Germany
Registration Court: Munich HRB 164232 Effective: 01.2018

- Elevate SAGI from its current #19 market position to #12, securing its long-term development with an expanded customer base and scale and strongly position it to benefit from future P&C market growth, which grew at a CAGR of 9% between 2007 and 2016.
- Significant value creation potential and reduced risks – Clear operational efficiencies, more diversified portfolio and reduced capital intensity; translates into potentially higher shareholder returns
- Improved management and capabilities to compete strongly in Thailand, leveraging Allianz's insurance expertise and digital capabilities

Allianz has a strong track record in building successful, long-term partnerships in the markets we operate in, as well as in executing a disciplined business and capital management strategy focused on enhancing shareholder value. For example, AYUD's 14.35% stake investment in AZAY in 2012 has increased in value by 274%, from THB 30 per share to THB 112 per share. As shareholders, you will participate in the significant benefits of a larger, more competitive and resilient company, with a 60% aggregate ownership stake.

ALLIANZ – YOUR #1 PARTNER IN BUILDING INSURANCE'S DIGITAL FUTURE IN THAILAND

The future of the insurance business stands at the intersection of technology and the customer experience. The AYUD-Allianz transaction presents the best platform to immediately launch and upgrade our digital capabilities. With over 50 digital partners in Asia, and the region's best-in-class Data Science team, Allianz has been leading the industry in its smart applications across the insurance value chain. Last October, we developed and launched the country's first data-driven *SmartCatch* solution on the streets of Bangkok, to support real-time assessment of motor claims with a >75% accuracy rate. This application was showcased by the OIC as an industry-first during the launch of the government's Thailand 4.0 economic agenda in October 2017.

Data shows that P&C insurers with strong digital performance achieve twice the growth rate and profitability of their less advanced peers. As a group, Allianz globally invests over THB 30 billion annually to understand, build and seize these emerging opportunities and value in digital technology. The proposed transaction allows AYUD to harness and ultimately benefit from the digital and data strengths we bring to the expanded partnership.

THE TIME IS RIGHT FOR THE AYUD-ALLIANZ TRANSACTION

With a history that spans 128 years, Allianz's Board and management have deep industry knowledge and experience that we draw upon as we evaluate strategic opportunities to prepare ourselves for the future.

As the #1 insurance loyalty leader in Thailand life, and with an attractive value proposition to now accelerate growth and innovation in our combined P&C businesses, Allianz is YOUR partner to maximize the value of your investment and capture these compelling opportunities and benefits.

We ask you to support the proposed transaction with your **YES** vote either by attending the EGM in person or by proxy, and to join us in our growth journey ahead, with a proven world-class investment partner and insurance leader.

We look forward to continuing this constructive dialogue with you, and to answering any questions you may have, which you can submit to our team at the details below: -

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We thank you for your support.

Yours,



Oliver Bäte
Group CEO & Chairman of the Board
Allianz SE