



ANNUAL REPORT 2015

THAI REINSURANCE PCL



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01

Introduction

About The Company

Thai Reinsurance PCL was established on July 18, 1978 as collaboration between private and government-owned insurers with an initial registered capital of THB 30 million. The Company was formed as a consortium of all the life and non-life insurance companies in Thailand as equal shareholders.

The Company's objective is to be engaged in the provision of providing facultative reinsurance services to strengthen the Thai insurance industry and the economy as a whole by enhancing the capability to retain premium within Thailand and limiting the exposure to foreign exchange rate fluctuation.

The Company was listed on the Stock Exchange of Thailand on December 30, 1993 and currently has a capital of THB 3,512.5 million with a paid-up capital of THB 3,512.5 million. At present, the shareholders of the company still remained at 11 percent of the shared capital, with a distribution of more than 30 companies.

General Information >>

Company & Head Office Name	Thai Reinsurance PCL
Location	48/23-24 Soi Rajchadapisek 20, Rajchadapisek Road, Samsennok, Huaykwang, Bangkok 10310 Phone: 0-2660-6111, 0-2290-3111 Fax: 0-2660-6100
Nature of Business	Provision of reinsurance (non-life insurance business)
Registered Number	0107536001729
Home Page	www.thaire.co.th
Registered Capital	Registered Capital of THB 4,214,993,832 with a paid-up capital of THB 4,214,993,832
Issued and Paid-up	4,214,993,832 ordinary shares of THB 1 each, Total THB 4,214,993,832



Legal Entities in which the Company holds shares more than 10 percent >>

1. Direct Shareholding

Company & Head Office Name	Thaire Life Assurance PCL
Location	48/15 Rajchadapisek Soi 20, Rajchadapisek Road, Samsennok, Huaykwang, Bangkok 10310 Phone: 0-2660-1280 Fax: 0-2277-6227
Nature of Business	Provision of reinsurance (life insurance business)
Registered Number	0107554000241
Issued and Paid-up	600,000,000 ordinary shares of THB 1 each, Total THB 600,000,000

Company & Head Office Name	Thaire Training Co., Ltd.
Location	48/16 Rajchadapisek Soi 20, Rajchadapisek Road, Samsennok, Huaykwang, Bangkok 10310 Phone: 0-2276-7871 Fax: 0-2276-7872
Nature of Business	Training and consulting service for insurance companies
Registered Number	0105547129525
Issued and Paid-up	100,000 ordinary shares of THB 5 each, Total THB 500,000

Company & Head Office Name	Thaire Services Co., Ltd.
Location	48/15-16 Rajchadapisek Soi 20, Rajchadapisek Road, Samsennok, Huaykwang, Bangkok 10310 Phone: 0-2660-1234 Fax: 0-2276-8715
Nature of Business	Claim management and operation support for insurance business such as policy printing
Registered Number	0105549052511
Issued and Paid-up	6,000,000 ordinary shares of THB 10 each, Total THB 60,000,000

Company & Head Office Name	EMCS Thai Co., Ltd.
Location	183 Regent House, 10th Floor, Rajadamri Road, Lumpini, Pathumwan, Bangkok 10330 Phone: 0-2650-5700 Fax: 0-2651-9091
Nature of Business	Provision of computer services in relation to motor insurance claims
Registered Number	0105543108248
Issued and Paid-up	6,000,000 ordinary shares of THB 5 each, Total THB 30,000,000

Company & Head Office Name	T.I.I Co., Ltd. (Thailand Insurance Institute)
Location	3354/32 Manorum Building, 10th Floor, Rama IV Road, Klongtoey, Bangkok 10110 Phone: 0-2671-7440 Fax: 0-2671-7427
Nature of Business	Provision of insurance training
Registered Number	0105531078233
Issued and Paid-up	215,000 ordinary shares of THB 100 each, Total THB 21,500,000

2. Indirect Shareholding

Company & Head Office Name	Thaire Life Assurance Broker Co., Ltd.
Location	48/16 Rajchadapisek Soi 20, Rajchadapisek Road, Samsennok, Huaykwang, Bangkok 10310 Phone: 0-2276-8586 Fax: 0-2277-6651
Nature of Business	Life insurance Broker
Registered Number	0105553024071
Issued and Paid-up	30,000 ordinary shares of THB 100 each, Total THB 3,000,000



Company & Head Office Name	Thaire Actuarial Consulting Co., Ltd.
Location	48/15 Rajchadapisek Soi 20, Rajchadapisek Road, Samsennok, Huaykwang, Bangkok 10310 Phone: 0-2276-9130 Fax: 0-2276-8714
Nature of Business	Actuarial Consulting Service
Registered Number	0105554004694
Issued and Paid-up	30,000 ordinary shares of THB 100 each, Total THB 3,000,000

Company & Head Office Name	Per-Asia Co., Ltd.
Location	29/1 Room 15 G 15 Floor Building B Piya Place Soi Langsuan, Pleonchit Road, Lumpini, Pathumwan Bangkok 10330 Phone: 0-2254-4105 Fax: 0-2254-4104
Nature of Business	Provision of consulting and planning services of mitigation and restoration to property damage.
Registered Number	0105555169816
Issued and Paid-up	63,978 ordinary shares of THB 100 each, Total THB 6,397,800

Other References >>

Share Registrar/Transfer Agent	Thailand Securities Depository Co., Ltd. The Stock Exchange of Thailand Building, 93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400 Phone: 0-2009-9388 Fax: 0-2009-9476
Auditor	Ratana Jala No. 3734 EY Office Limited 193/136-137 Lake Rajchada Office Complex, New Rajchadapisek Road, Bangkok 10110 Phone: 0-2264-0777 Fax: 0-2264-0789-90

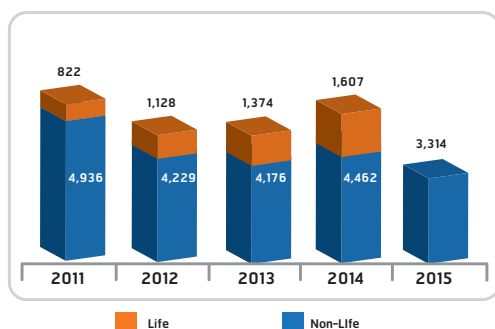
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Financial Highlights

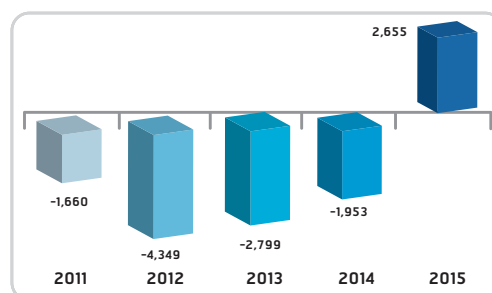
Unit: THB Million

Operating Results				Growth (Percent)	
	2013	2014	2015	2014/2013	2015/2014
Gross Written Premiums	5,918	6,338	5,262	7.1	(17.0)
- Non-Life	4,530	4,714	5,262	4.0	11.6
- Life	1,388	1,624	-	17.0	-
Net Written Premiums	5,550	6,069	3,314	9.4	(45.4)
- Non-Life	4,176	4,462	3,314	6.9	(25.7)
- Life	1,374	1,607	-	17.0	-
Profit (Loss) before Tax	(3,529)	(1,339)	3,202	62.1	339.1
Net Profit (Loss)	(2,799)	(1,953)	2,655	30.2	235.9
Net Profit (Loss) per Share (THB)	(0.80)	(0.52)	0.63	34.5	220.6

Net Written Premium (THB Million)



Net Profit (THB Million)

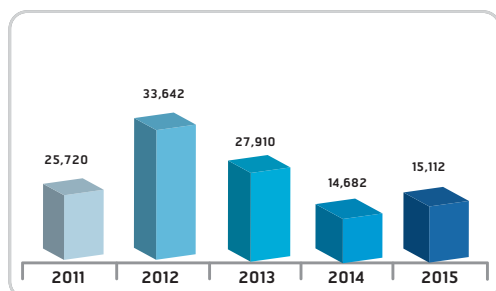


Unit: THB Million

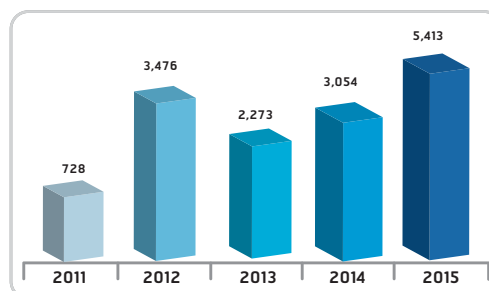
Financial Status at the End of Year				Growth (Percent)	
	2013	2014	2015	2014/2013	2015/2014
Total Assets	27,910	14,682	15,112	(47.4)	2.9
Total Liabilities	25,082	10,899	9,656	(56.5)	(11.4)
Share Capital Issued and Paid-up	3,512	4,215	4,215	20.0	-
Capital Funds or Shareholders' Equity	2,273	3,054	5,413	34.3	77.3
Book Value per Share (THB)	0.65	0.72	1.28	10.8	77.8
Dividend per Share (THB)	-	-	-	-	-



Total Assets (THB Million)



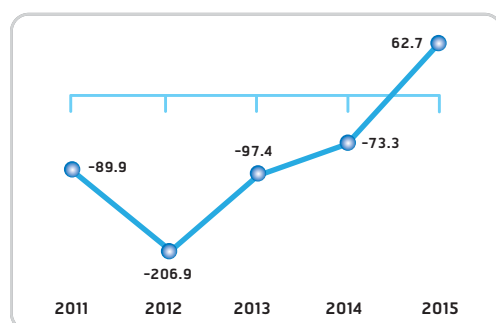
Capital Funds (Shareholders' Equity) (THB Million)



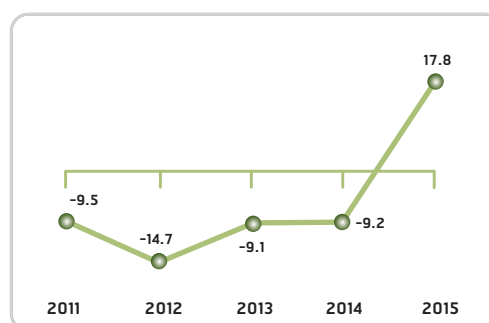
Unit: Percent

Financial Ratios			
	2013	2014	2015
Return on Revenue	(42.7)	(28.2)	40.8
Return on Net Written Premium	(50.4)	(43.8)	80.1
Return on Equity	(97.4)	(73.3)	62.7
Return on Assets	(9.1)	(9.2)	17.8
Return on Investments	4.4	4.5	28.7
Combined Ratio	178.4	147.9	95.3

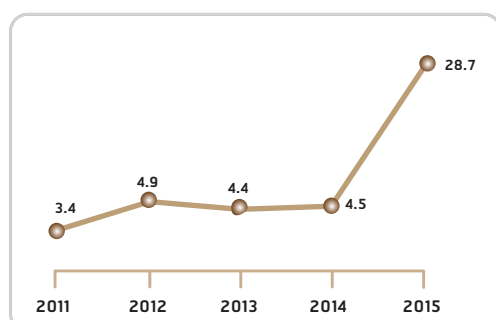
Return on Equity (Percent)



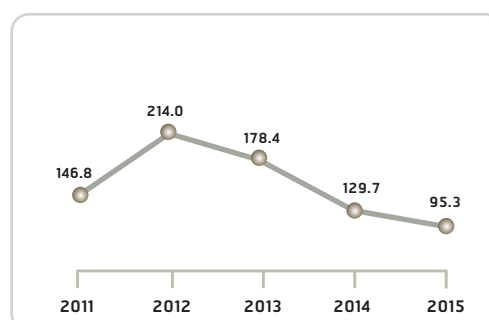
Return on Assets (Percent)



Return on Investments (Percent)



Combined Ratio (Percent)



03

Letter to Shareholders

Thailand's economy grew by 2.8% in 2015 a level considered low by previous standards but as a nation that relies heavily on exports of agricultural products and manufactured goods this level of growth can be viewed as being satisfactory when the reduction in world demand is taken into consideration. Inflation remains low and with the reduction in energy costs the country remains in a position to push economic growth to a higher level in 2016.

Whilst a stable political environment continues the need to enact a new constitution is very high on the political agenda. Relations with the rest of the world remain harmonious but there is still an underlying problem at a diplomatic level while the military government remains in place. Various dates have been suggested for a referendum on the new constitution which would have to precede national elections but no fixed timetable has been announced. It does not seem likely that elections will take place until well into 2017.

In 2015 premium growth in general insurance market was 1.9% in direct premiums and in the life sector 6.6%. The slowdown in growth in the general insurance sector was a function of the general economic situation with declines in motor and marine cargo insurance being clear indicators of this.

Company Rating

Fitch assigned Thai Re an IFS rating of A- with outlook stable at the end of September 2015. The following are extracts from the press release: -

The IFS rating reflects Thai Re's strengthening capitalisation, sound risk management approach and Fitch's expectation of gradual improvement in the company's financial performance. The rating also considers Thai Re's established franchise as the only local non-life reinsurer in Thailand.....

Fitch expects Thai Re's financial performance to gradually improve, driven by the company's focus on bottom-line profitability and its diversified business underwriting portfolio.....

Fitch believes Thai Re's risk management approach is prudent, which helps to mitigate risks from potential large losses in the future.....



This development now places the company in a strong position to move ahead and together with a 'AAA' rating from the Thai Office of the Insurance Commission there is growing confidence from the international insurance markets that the company has recovered well from the setbacks caused by the 2011 flooding in Thailand.

Company Performance

The overall performance of the company can now be said to be free of the long term effects of the 2011 floods. These claims seriously affected the company's results for over 3 years often masking the excellent work that was being done to rebuild a balanced portfolio of non-catastrophe exposures. The results of this work can now be seen with a positive contribution to the 2015 profits. Prior to the flood event the company had provided shareholders with a steady return on equity and a resumption of dividend payments can be expected in the coming years.

Gross premium revenue grew by 12% to the year end with good growth seen in the non-conventional product area of 16%. The traditional market business reduced by 4% in the same period. The company's market share of total reinsurance premiums ceded by Thai insurers was 8.7% being THB 5.3 billion of THB 60.5 billion.

Gross premiums for the year stood at THB 5.3 billion although net premiums were 26% lower at THB 3.3 billion. The reason net premiums were significantly lower was because of the reinsurance arrangements made on a segment of the portfolio comprising group personal accident cover for teachers in Thailand. Analysis had showed a deteriorating trend and the reinsurance arrangements are designed to manage and cap future exposure.

The balance of the non-conventional class of business remains focused on personal lines where accumulation and large individual claims are not anticipated.

By year end no major insured losses were reported and the overall loss ratio stood at 44%, some 5pp below the budgeted ratio.

The annual consolidated underwriting performance improved with a combined ratio of 95% (148% in 2014). Underwriting earnings after operational expenses amounted to THB 251 million.

Several years of accumulated losses from the 2011 floods amounting to more than THB 7 billion have now been completely eliminated by the trading performance of the company and the sale of Thai Re Life shares. This together with the transfer of share premium, technical and statutory reserves to capital places the company in a strong position to recommence the payments of dividends.

Investment Income

Total investment income was THB 2.84 billion for the year. A major portion of this was principally from the sale of shares in Thai Re Life. Excluding this transaction, investment earnings were THB 260 million. Earnings from the associated companies (Thai Re Life) stood at THB 70 million.

Service businesses

Fee based income was THB 263 million and which was slightly below 2014 due to a reduction in management fee income. Nevertheless, these are valuable earnings free from insurance risk exposures.

Financial Position

At 31st December 2015 shareholders equity was THB 5,413 million providing a book value of THB 1.284 per share. Total assets were THB 15,112 million and total investment assets THB 9,850 million.

The capital adequacy ratio of the company stood more than 290% at the year-end 2016

The Future

A new CEO was appointed on 1st January 2016, he is Khun Oran Vongsuraphichet. Khun Oran has been with Thai Re since October 2012 and has seen the company through a challenging period after the floods the previous year. He joined Thai Re following a successful career of more than 20 years in the Thai non-life insurance sector experiencing the full spectrum of business activities including the founding of and management of a new Thai insurance company Falcon Insurance (a member of the Fairfax Group) in 2006.

With this new CEO and a young management team now at the helm of Thai Re the company is very well placed to expand its business in Thailand and to play its part in the expansion of the services sector. Strong growth is forecast in all insurance markets and following the advent of the AEC this will provide new opportunities for the company for many years to come.



Surachai Sirivallop
Chief Executive Officer

04

 Milestones**July 2009 >>**

The Standard & Poor's Rating Services assigned Thai Re's ASEAN Regional Scale Rating in Currency Counterparty Credit Rating (CCR) and Financial Strength Rating (FSR) with the scale "axAA-".

November 2009 >>

The Company was awarded Board of The Year for "Distinctive Practices 2008/2009" from the Thai Institute of Directors (IOD) in collaboration with the Stock Exchange of Thailand and Board of Trade of Thailand.

December 2009 >>

The Company was rated "excellent" from the corporate governance assessment in the Corporate Governance Report of Thai Listed Companies (CGR) in 2009 published by the Thai Institute of Directors (IOD).

December 2010 >>

The Standard & Poor's Rating Services upgraded Thai Re's its ASEAN Regional Scale Rating in Currency Counterparty Credit Rating (CCR) and Financial Strength Rating (FSR) from the level of "axAA-" (ASEAN Regional Scale rating) to the level "axAA" (ASEAN Regional Scale rating)

December 2011 >>

Due to the impact of the major floods, S&P's rating agency has downgraded the credit rating of financial stability and ability to pay compensation from the level of "axAA" (ASEAN Regional Scale rating) to the level axA+ (ASEAN Regional Scale rating).

December 2011 >>

The Company was rated "excellent" from the corporate governance assessment in the Corporate Governance Report of Thai Listed Companies (CGR) in 2011 published by the Thai Institute of Directors (IOD).

February 2012 >>

From the impact of the major floods, the Annual General Meeting approved the increase in the registered capital with an amount of THB 2,325,139,920 from the initial of THB 1,187,354,940 to THB 3,512,494,860. The registered capital allocated to shareholders with an initial proportion of 0.75 share per 1 new share, with an amount of THB 3 per share. The registered capital also offered for sale to specific investors with an amount of THB 3 per share.

March 2012 >>

The Company successfully increased in the registered capital, with a total amount received from the stock of THB 6,975.4 million. Prior to recapitalization, the company received a strategic investor from Canada, Fairfax, with a shareholding name "HWIC ASIA FUND". The HWIC ASIA FUND held approximately 22.53 percent of the issued and outstanding shares.

September 2013 >>

Thaire Life Assurance Public Company Limited was listed on the Stock Exchange of Thailand on October 9, 2013 by issuing the initial shares to the general public. The proportion of shareholding decreased from 100 percent to 51 percent.

December 2013 >>

The Company was rated "excellent" from the corporate governance assessment in the Corporate Governance Report of Thai Listed Companies (CGR) in 2013 published by the Thai Institute of Directors (IOD).

August 2014 >>

The Extraordinary General Meeting of Shareholders No. 1/2014 resolved to approve an increase in the Company's registered capital of THB 702,498,972 from THB 3,512,494,860 to THB 4,214,993,832. The newly issued shares were allocated partly for rights offering to existing shareholders at a ratio of 10 existing shares to 1 new share at a price of THB 3 per share and partly for offering to specific investors on a private placement basis at a price of THB 3 per share.

**August 2014 >>**

The Extraordinary General Meeting of Shareholders No. 1/2014 on August 4, approved the amendment of Clause 10. of the Article of Association to "Clause 10. The Company's shares can be transferred without any restriction", in order to comply with the Office of Insurance Commission (OIC) letter No. 4220/2385 dated August 15, 2013, stated that foreigners can hold more than 49 percent of the total voting and paid-up shares of the company.

September 2014 >>

The Company successfully completed the capital increase. The gross proceeds of this transaction amounted to THB 2,107.5 million.

November 2014 >>

The Company reduced investment proportion in Thaire Life Assurance Plc. from 51.0 percent to 41.5 percent

November 2014 >>

The Company sold its entire investment in an associated company, Thai Insurers Datanet Co., Ltd., from its shareholding of 24.5 percent.

March 2015 >>

The Company reduced investment proportion in Thaire Life Assurance Plc. from 41.5 percent to 24.8 percent

September 2015 >>

The Fitch Ratings assigned Thai Re's its International Insurer Financial Strength Rating (IFS) at the level of "A-" (Stable), which demonstrates the Company's financial.

October 2015 >>

The Company was rated "Very Good" from the corporate governance assessment in the Corporate Governance Report of Thai Listed Companies (CGR) in 2015 published by the Thai Institute of Directors (IOD).

05

Board Members

Mr. Suchin Wanglee Age 79

Chairman, Independent Director and Director of the Investment Committee

Date of Appointment

June 1978 - Present

Shareholding

0.21 percent

Education

B.E. (Electrical), Northrop Institute of Technology, U.S.A.

Training Courses

- Chairman 2000 / 2001
- The Role of Chairman Program (RCP) / 2001
- Directors Certification Program (DCP) / 2002
- Director Accreditation Program (DAP) / 2013
by the Thai Institute of Directors Association (IOD)

Experience

Listed Company

- Chairman, Independent Director and Director of the Investment Committee, Thai Reinsurance PCL.
- Chairman, Thaire Life Assurance PCL.
- Chairman and Advisor of the Executive Board Navakij Insurance PCL.
- Vice Chairman, Chairman of the Remuneration and Nomination Committee and Director, Thai Metal Drum MFG. PCL.
- Independent Director, Varopakorn PCL.
- Vice Chairman, Independent Director, Director of the Audit Committee and Chairman of Compensation Committee, Sermasuk PCL.
- Independent Director, Director of the Audit Committee and Director of the Remuneration and Nomination Committee, BTS Group Holdings PCL.

Non-Listed Company

- Management Advisor, Chairman, Falcon Insurance PCL.
- Chairman, Sathorn Thani Co., Ltd., Rangsit Plaza Co., Ltd.
- Independent Director, Rajadamri Hotel PCL.
- Director, Wanglee Co., Ltd., The Pet Co., Ltd., Nuchaphol Co., Ltd., Wanglee Development Co., Ltd., Aqua Infinite Co., Ltd.
- President and Director, the General Insurance Association of Thailand

Mr. Chai Sophonpanich
Age 72
**Vice Chairman, Chairman of the Remuneration
and Nomination Committee and
Director of the Investment Committee**

Date of Appointment

June 1978 - Present

Shareholding

0.09 percent

Education

B.Sc., University of Colorado, U.S.A.

Training Courses

- Directors Certification Program (DCP) / 2002
- Chairman 2000 / 2004
by the Thai Institute of Directors Association (IOD)

Experience

Listed Company

- Vice Chairman, Chairman of the Nomination and Remuneration Committee and Director of the Investment Committee, Thai Reinsurance PCL.
- Vice Chairman, Thaire Life Assurance PCL.
- Chairman and Chief Executive Officer, Bangkok Insurance PCL.
- President, Bangkok Insurance PCL.
- Chairman, Charoong Thai Wire & Cable PCL, Furakawa Metal (Thailand) PCL. and Bumrungrad Hospital PCL.
- Director, Bangkok Life Assurance PCL.

Non-Listed Company

- Director, EMCS Thai Co., Ltd.

Mr. Kerati Panichewa
Age 56
Director

Date of Appointment

April 1992 - Present

Shareholding

0.08 percent

Education

M.B.A., College of Notre Dame, U.S.A.

Training Courses

Directors Certification Program (DCP) / 2000
by the Thai Institute of Directors Association (IOD)

Experience

Listed Company

- Director, Thai Reinsurance PCL.
- Director, TTL Industries PCL.

Non-Listed Company

- Chief Executive Officer Krung Thai Panich Insurance PCL.
- Managing Director, Krung Thai Panich Insurance PCL.

Mr. Jiraphant Asvatanakul Age 56	Director and Director of the Nomination and Remuneration Committee
Date of Appointment	April 1992 - Present
Shareholding	0.02 percent
Education	M.P.A., University of Texas at Austin, U.S.A.
Training Courses	• Directors Accreditation Program (DAP) / 2004 by the Thai Institute of Directors Association (IOD) • Top Executive Program in Commerce and Trade by University of the Thai Chamber of Commerce / 2015 By the University of the Thai Chamber of Commerce
Experience	Listed Company • Director and Director of the Nomination and Remuneration Committee, Thai Reinsurance PCL. • Director, Thaire Life Assurance PCL. • Managing Director, Thaivivat Insurance PCL. Non-Listed Company • Director, Road Accident Victims Protection Co., Ltd., T.I.I. Co., Ltd. • Director, the General Insurance Association of Thailand • Deputy General Secretary, Thai Chamber of Commerce • Chairman of The Federation of Thai Insurance Organizations

Mr. Chanin Roonsamrarn Age 68	Independent Director and Director of the Audit Committee
Date of Appointment	April 1986 - Present
Shareholding	- None -
Education	M.B.A., Fort Hays State University, U.S.A.
Training Courses	• Directors Certification Program (DCP) / 2002 • DCP Refresher / 2006 • The Role of Chairman (RCM) / 2002 • Audit Committee Program (ACP) / 2005 by the Thai Institute of Directors Association (IOD)
Experience	Listed Company • Independent Director and Director of the Audit Committee, Thai Reinsurance PCL. • Chairman of the Risk Management Committee, Director, Director of the Audit Committee, Samaggi Insurance PCL. • Independent Director, Director of the Audit Committee, Director of the Remuneration and Nominating Committee, Home Product Center PCL.



Non-Listed Company

- Chief Executive Director, SBL Leasing Co., Ltd. (Leasing)
- Managing Director and Chief Executive Officer, The Siam Industrial Credit PCL.
- Chairman, Chief Executive Director and Director of the Remuneration Committee, CIMB Securities (Thailand) Co., Ltd.
- Director and Chief Executive Director, SICCO Advisory Co., Ltd.

Ms. Potjanee Thanavaranit Age 69	Independent Director and Director of the Audit Committee
Date of Appointment	April 2007 - Present
Shareholding	0.00 percent
Education	M.B.A., Boston University, U.S.A.
Training Courses	• Directors Certification Program (DCP) / 2002 • The Role of Chairman (RCM) / 2006 • Role of the Compensation Committee (RCC) / 2007 • Financial Institution Governance Program / 2011 • Audit Committee Program (FGP) / 2010 • Monitoring The Internal Audit Function (MIA) / 2013 • Advance Audit Committee Program (AACP) / 2013 • Anti-Corruption for Executive Program (ACEP) / 2013 • Directors Certification Program Update (DCP) / 2014 by the Thai Institute of Directors Association (IOD)
Experience	Listed Company • Independent Director, Director of the Audit Committee and Director of the Nomination and Remuneration Committee, Thai Reinsurance PCL. • Chairman, Chairman of the Nomination and Remuneration Committee and Director of the Audit Committee, Univentures PCL. • Director of the Audit Committee and Independent Director, Bangkok Insurance PCL, Oishi Group PCL. • Chairman of the Remuneration Committees and Chairman of Good Corporate Governance Committees, Oishi Group PCL. • Chairman of the Audit Committee, Independent Director, Director of the Audit Committee, Bank of Ayudhya PCL. • Independent Director, Berli Jucker PCL.

Non-Listed Company

- Vice President, the National Legislative Assembly
- Director, BJC Logistics and Warehouse Co., Ltd.
- Member, Council of State Office
- Chairman, Public Sector Audit and Evaluation committee

Mr. Sara Lamsam Age 45	Director
Date of Appointment	April 2009 - Present
Shareholding	- None -
Education	M.B.A., Boston University, U.S.A.
Training Courses	• Directors Certification Program (DCP) / 2000 by the Thai Institute of Directors Association • Top Executive Program in Commerce and Trade by University of the Thai Chamber of Commerce / 2015 By the University of the Thai Chamber of Commerce
Experience	Listed Company • Director, Thai Reinsurance PCL. • Chairman of the Executive Committee and Director of the Remuneration and Nomination Committee, Director of Risk Management Committee, Phatra Leasing PCL. • Chief Executive Officer and Director, Muang Thai Insurance PCL. Non-Listed Company • Chief Executive Officer and Managing Director and Director, Muang Thai Life Assurance PCL. • Advisor, Market for Alternative Investment (MAI) • Chairman, Group of Finance and Investment, Board of Trade of Thailand • Director, T.I.I. Co., Ltd., Muang Thai Real Estate PCL. Muang Thai Group Service Co., Ltd., Thai Financial Planners Association, Thai Listed Companies Association, Board of Trade of Thailand • Chief Executive Officer and Director, Muang Thai Group Holding Co., Ltd., Muang Thai Holding • Vice President (Administration), the Thai Life Assurance Association • President, the Thai Life Assurance Association. • Advisor, Board of Trade of Thailand • Chairman, Federation of Thai Insurance Organization

Mr. Aswin Kongsiri
Age 70
Independent Director
and Chairman of the Audit Committee

Date of Appointment	April 1993 - Present
Shareholding	- None -
Education	B.S. Honor (Philosophy, Politics and Economics), Oxford University, U.K.
Training Courses	• Directors Certification Program (DCP) / 2001 • The Role of Chairman (RCM) / 2001 • Chairman 2000 / 2001 by the Thai Institute of Directors Association (IOD) • Banff School of Advanced Management, Alberta, Canada • Seminar on the Audit Committee of Insurance Company, No.1/2015 "Role of the Audit Committee" by The Office of Insurance Commission. • Seminar on the Audit Committee of Insurance Company, No.2/2015 "IT Governance" by The Office of Insurance Commission.
Experience	Listed Company • Independent Director, Director of the Audit Committee and Chairman of the Audit Committee, Thai Reinsurance PCL. • Chairman, Thoresen Thai Agencies PCL. • Director, Executive Director and Chairman of the Board of Risk Management, Krung Thai Bank PCL. • Director and Chairman of the Board of Risk Management, Bangkok Aviation Fuel Services PCL. • Vice Chairman, Electricity Generating PCL. • Director and Chairman of the Audit Committee, OHTL PCL. • Director, Director of the Audit and Nomination Committee, Padang Industries PCL. • Chairman and Director, Ch. Karnchang PCL. Non-Listed Company • Chairman, AK Place Co., Ltd., Ton Poh Thailand Fund • Chairman, Krungthai - AXA Life Insurance PCL. Thai ORIX Leasing Co., Ltd. • Director, the Stock Exchange of Thailand • Director, The Monetary Policy Committee, Bank of Thailand

Mr. Chandran Ratnaswami Age 66	Director and Director of the Investment Committee and Director of the Nomination and Remuneration Committee
Date of Appointment	February 2012 - Present
Shareholding	- None -
Education	M.B.A., University of Toronto, Canada
Training Courses	-
Experience	Listed Company • Director, Director of the Investment Committee and Director of the Nomination and Remuneration Committee, Thai Reinsurance PCL. Non-Listed Company • Managing Director, Hamblin Watsa Investment Counsel Ltd., Canada • Director and Chairman of the Investment Committee, ICICI Lombard General Insurance Co., Ltd., India • Director, First Capital Insurance Ltd. • Director and Director of the Audit Committee, ZoomerMedia Ltd., TSX Venture Exchange • Director, IIFL Holdings Limited (Listed in India) • Director, Thomas Cook (India) Limited (Listed in India) • Chief Executive Officer and Director, Fairfax India Holdings Limited (Listed in Toronto Canada) • Director, Union Assurance General Ltd.

Mr. Gobinath Arvind Athappan Age 44	Director
Date of Appointment	April 2012 - Present
Shareholding	- None -
Education	M.B.A., MIT Sloan School of Management U.S.A.
Training Courses	-
Experience	Listed Company • Director, Thai Reinsurance PCL. Non-Listed Company • Chief Executive Officer, Falcon Insurance Company (Hong Kong) Ltd. Hong Kong • Chief Operating Officer, First Capital Insurance Ltd., Singapore • Vice Chairman, Falcon Insurance Company (Hong Kong) Ltd.,



- Regional Director, First Capital Insurance Ltd., Singapore
- Vice Chairman, Fairfax Asia Limited
- Chief Operating Officer, Fairfax Asia Limited

Mr. Surachai Sirivallop Age 74	Director and Chief Executive Officer and Chairman of Risk Management Committee
Date of Appointment	January 1991 - Present
Shareholding	- None -
Education	Bachelor of Laws, Thammasart University
Training Courses	Directors Certification Program (DCP) / 2002 by the Thai Institute of Directors Association (IOD)
Experience	Listed Company • Director and Chief Executive Officer and Chairman of Risk Management Committee, Thai Reinsurance PCL. • Managing Director, Thai Reinsurance PCL. • Director, Chairman of the Executive Board, Chairman of the Enterprise Risk Management Committee, Thaire Life Assurance PCL. • Director and Chief Executive Officer, Thaire Life Assurance PCL. • Independent Director, Charoong Thai Wire & Cable PCL. • Independent Director and Director of the Audit Committee, OHTL PCL. Non-Listed Company • Chariman, EMCS Thai Co., Ltd., Thaire Traning Co., Ltd., Thaire Services Co., Ltd., Thaire Actuarial Consulting Co., Ltd. • Vice Chairman, Thai Insurer Datanet Co., Ltd. • Director, Per Asia Co., Ltd.

Mr. Oran Vongsuraphichet Age 46	Director, President and Chief Operating Officer
Date of Appointment	April 2013 - Present
Shareholding	- None -
Education	Ph.D. (International Business), Asian Institute of Technology
Training Courses	-
Experience	Listed Company • Director, President and Chief Operating Officer, Thai Reinsurance PCL.

- Director, the Executive Board, Thaire Life Assurance PCL.

Non-Listed Company

- Director and Chief Executive Officer, Falcon Insurance PCL
- Director, thongthai textile Co., Ltd.
- Director, V.A.S Garment Co., Ltd.
- Director, Titansportware Co., Ltd.
- Director, Thaire Training Co., Ltd.
- Director, Thaire Services Co., Ltd.
- Director, Thaire Actuarial Consulting Co., Ltd., EMCS Thai Co., Ltd.

Management

Mr. Chuanchai Cheausamut Age 67	Executive Vice President and Chief Investment Officer
Shareholding	0.16 percent
Education	B.A., Chulalongkorn University
Experience	Listed Company • Executive Vice President and Chief Investment Officer, Thai Reinsurance PCL. • Director of the Investment Committee, Thaire Life Assurance PCL. Non-Listed Company • Director, Thaire Training Co., Ltd., Thaire Services Co., Ltd., Thaire Actuarial Consulting Co., Ltd., EMCS Thai Co., Ltd.

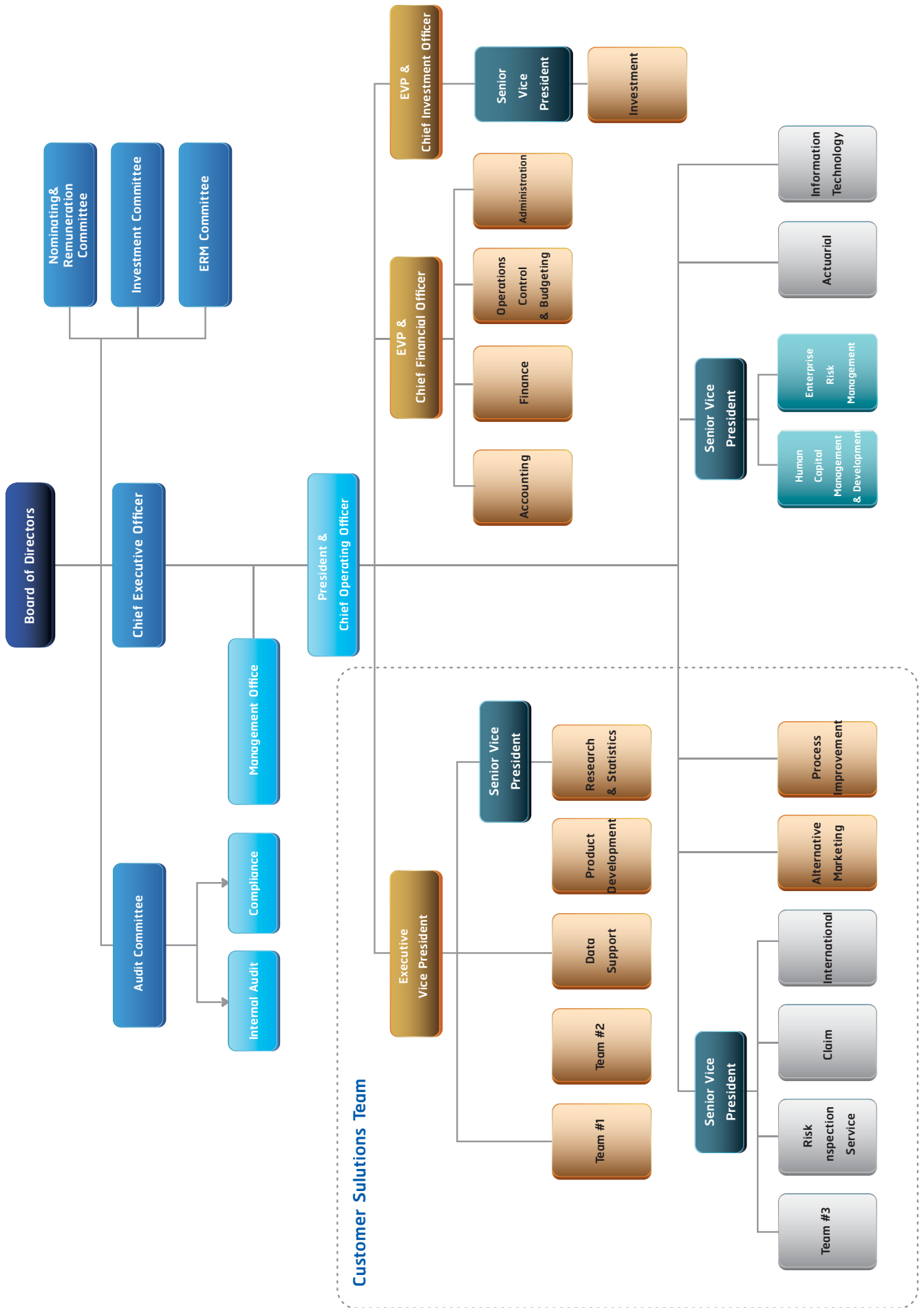
Mrs. Thitaporn Tarakit Age 56	Executive Vice President and Chief Financial Officer
Shareholding	0.01 percent
Education	M.B.A., Kasetsart University
Experience	Listed Company • Executive Vice President and Chief Financial Officer, Thai Reinsurance PCL. • Senior Vice President, Accounting, Finance and Operation System Line, Thai Reinsurance PCL. Non-Listed Company • Director, Thaire Training Co., Ltd., Thaire Services Co., Ltd., Thaire Actuarial Consulting Co., Ltd.

Mrs. Nantinee Chinwanno Age 52	Executive Vice President – Business Development and Customer Support
Shareholding	- None -
Education	M.B.A., University of Missouri, U.S.A.
Experience	Listed Company • Executive Vice President – Business Development and Customer Support, Thai Reinsurance PCL. • Senior Vice President, Customer Support Division, Thai Reinsurance PCL. • Vice President, Thai Reinsurance PCL. Non-Listed Company • Director, Thaire Life Assurance Broker Co., Ltd.

Secretary

Mr. Chuanchai Cheausamut Age 67	Executive Vice President and Chief Investment Officer
Shareholding	0.16 percent
Education	B.A., Chulalongkorn University
Experience	Listed Company • Executive Vice President and Chief Investment Officer, Thai Reinsurance PCL. • Director of the Investment Committee, Thaire Life Assurance PCL. Non-Listed Company • Director, Thaire Training Co., Ltd., Thaire Services Co., Ltd., Thaire Actuarial Consulting Co., Ltd., EMCS Thai Co., Ltd.

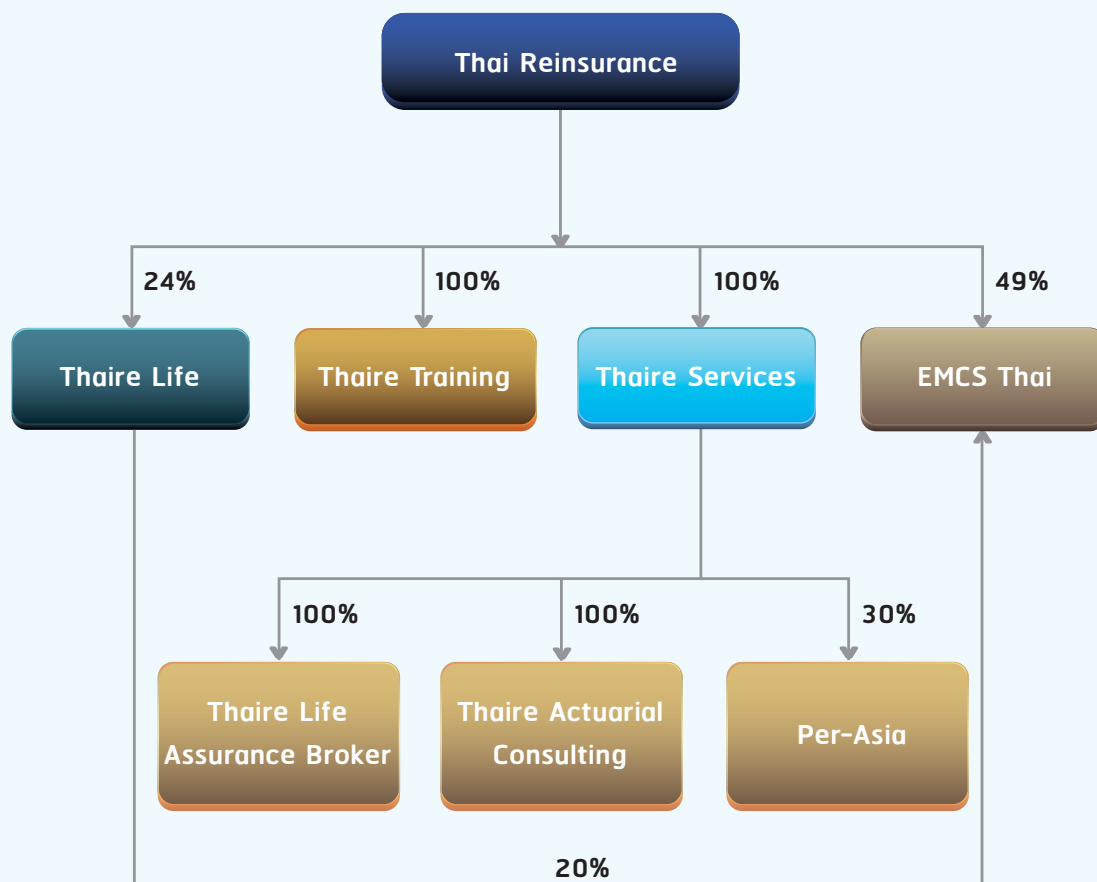
Organization Chart



07

Types of Businesses

The core competency of the Company is to effectively underwrite our non-life and life clients business. While the Company provides reinsurance for non-life insurance, Thaire Life Assurance PLC., a subsidiary, reinsures life insurance. The Company has extended its businesses to establishments that provide computer services by processing and evaluating insurance data in order to process indemnity for motor insurance and its related statistics. The Company, through its subsidiary, has also expanded its services into training and consulting businesses to serve clients in financial related sector, especially the insurance industry. The business structure is shown as follows:



General Information of Our Group of Companies

Company & Head Office	Nature of Business	Capital Registered/ Issued & Paid up (THB Million)	Percentage Owned (Percent)
Thaire Life Assurance Plc.	Provision of reinsurance (Life insurance business)	600/600	24.3
Thaire Training Co., Ltd.	Training and consulting service whose client base is primarily in the insurance sector	0.5/0.5	100
Thaire Services Co., Ltd.	Claim management and operation supporter for insurance business, for example, Call Center	60/60	100
EMCS Thai Co., Ltd.	Provision of computer service in relation to motor insurance claims and related statistics	30/30	49
Thaire Life Assurance Broker Co., Ltd.	Provision of life insurance broker to support sales through the call center.	3/3	100
Thaire Actuarial Consulting Co., Ltd.	Provision of actuarial service	3/3	100
Per Asia Co., Ltd.	Provision of consulting and planning services of mitigation and restoration to property damage.	6.4/6.4	30

Legal Entities in Which the Company Holds Shares More Than 10 Percent

T.I.I Co., Ltd. (Thailand Insurance Institute)	Provision of insurance training	21.5/21.5	20
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Corporate Vision & Mission



Business Goals

1. Change of underwriting policy

The Company aims to expand the non-conventional or personal lines, which cover more diversified and low sum insured per risk, in a bid to lessen risk of potential loss. In the conventional segment, the Company has decided to limit its exposure on the commercial lines, which characterized by high sum insured per risk and high accumulation per specific location.

2. Expanding Income Base through Investment in Life Insurance Business

The Company intends to generate additional income from investment in Thaire Life Assurance PCL. in a form of dividend in order to achieve a balance and stability of revenue sources. Based on a recent underwriting performance, life business has been growing at a robust and steady pace with greater consistency compared to non-life performance due to the fact that a cause and probability of death can be more accurately predicted. On the contrary, non-life reinsurance business usually has a higher degree of uncertainty and risk.

3. From Reinsurer to Service Provider

The Company, apart from being a professional reinsurer, is mixing its portfolio to become a leading service provider in the industry. This segment is projected to become a major source of income (apart from the income from the non-life reinsurance and other investments), as well as to get a relief from the impact of volatility from various operations. The Company, through its six associated companies and subsidiaries, is currently engaging in the service provider enterprise and generating revenue in a form of service fees. Revenue growth is projected for future operating cycles.

Types of Products and Services

The revenue structure of the Company and its subsidiaries consists of two major revenue streams; reinsurance and investment income. Even though current revenues from the insurance related services generating through the subsidiaries are relatively small proportion, they are expected to grow significantly in the very near future. The following table provides an overview of the revenue structure of the Company:

Unit: THB Million

Business group	Generated by	2013		2014		2015	
		Amount	Percent	Amount	Percent	Amount	Percent
• Net Earned Premiums	Thai Re & Subsidiaries (Thai Re)	5,576.2	85.2	6,009.1	88.5	4,111.6	55.3
• Net Investment Income ^{/1}	Thai Re & Subsidiaries (Thai Re) ^{/2}	4,176.5		4,426.1		4,111.6	
		743.7	11.4	594.4	8.8	2,923.1	39.4
		3,232.2		1,405.2		1,539.4	
• Fee and Commissions income	Thai Re & Subsidiaries (Thai Re)	114.7	1.8	86.9	1.3	313.6	4.2
		110.4		84.2		313.6	
• Service Income	Thai Re & Subsidiaries	111.0	1.7	97.2	1.4	80.2	1.1
Total		6,545.7	100.0	6,787.6	100.0	7,428.4	100.0

Note: /1 Investment Income includes profits from share dividends, benefit interests, and other interests.

/2 Including dividends from subsidiaries.

/3 In March 2015, the company had sold 100 million THREL stocks, causing THREL to change from subsidiary company to associate company.

The Company's portfolio is primarily constituted of domestic businesses. The proportion of the net reinsurance premiums from 2014 and 2015 portfolio is categorized in the following table:

Unit: Percent

			2014	2015
Non Life Reinsurance	• Domestic	Fire	5.5	8.1
		Marine	1.1	1.4
		Motor	9.1	9.5
		Misc.	84.3	81.0
			100.0	100.0
	• Foreign		0.0	0.0
Total Non-Life Reinsurance			100.0	100.0



There are 2 types of reinsurance agreement. These types are as follows:

1. Facultative Reinsurance

Facultative reinsurance is reinsurance purchased on an individual basis. That is, the type of reinsurance that has no agreements arranged in advance. The terms and conditions are applied and agreed upon specifically for that particular case. Facultative reinsurance is made up approximately 6.0 percent of the total net written premiums at present.

2. Treaty Reinsurance

Under treaty arrangements, Thai Re agrees to accept risks offered by insurance companies or in advance with no declining option providing specified risks to fit the treaty's scheme.

There are two major types of reinsurance treaties:

2.1 The Market Agreement Business

Majority of the Market Agreement was a proportional type contract that the company had dealt with most of the local non-life insurers in the country. Thereafter, the company adopted a policy to cut down exposure of this type of contract. Also, after the 2011 flood incident insurers gradually left the Market Agreement. As of today, 20 non-life insurers remain compared with 60 companies in the past.

There were two benefits to local insurance businesses in Thailand from the establishment of Thai Reinsurance. The first benefit was a more evenly distributed insurance premiums among local insurance companies and an increased retention's capability of premiums within Thailand. The second benefit was the ability to gather valuable statistics so that data and information could be utilized for the development of the entire local insurance industry. To protect these mutual interests, the Market Agreements among all local non-life and life insurance companies and Thai Reinsurance were made.

Furthermore, the valuable data that were gathered from every policy within the country enabled the Company to evaluate the insurance data and provide extensive research to support business plan or decision-making. Concurrently, the Office of Insurance Commission can also apply data to improve tariff premium and make it more appropriate and fair for everybody. This service is free of charge for its member companies. After reinsurance was made under the Market Agreements, the Company requires passing retrocession premium back to its members at the allocation that was agreed upon.

Most of the Market Agreements for non-life business are proportional contracts on a quota share basis. Business lines include Fire, Compulsory Motor insurance (in accordance with Motor Vehicle Accident Victims Act 1992), Marine, and Miscellaneous. However, it excludes certain types

of insurances. Issues mentioned in the Market Agreements include proportion of reinsurance, retrocession, and maximum reinsurance liability. The Market Agreements also state reinsurance commission, reporting method, payment method, etc. The Market Agreement contracts are made yearly/annually and are automatically renewed every year. In order to terminate the contracts, one of the parties needs to provide a cancellation notice three months in advance.

The reinsurance premium from the market agreement contract was accounted of 3.8 percent of the net insurance premium, increased by 3.2 percent of the net insurance premium in 2014. This was due to continuous expansion of Thailand's insurance market.

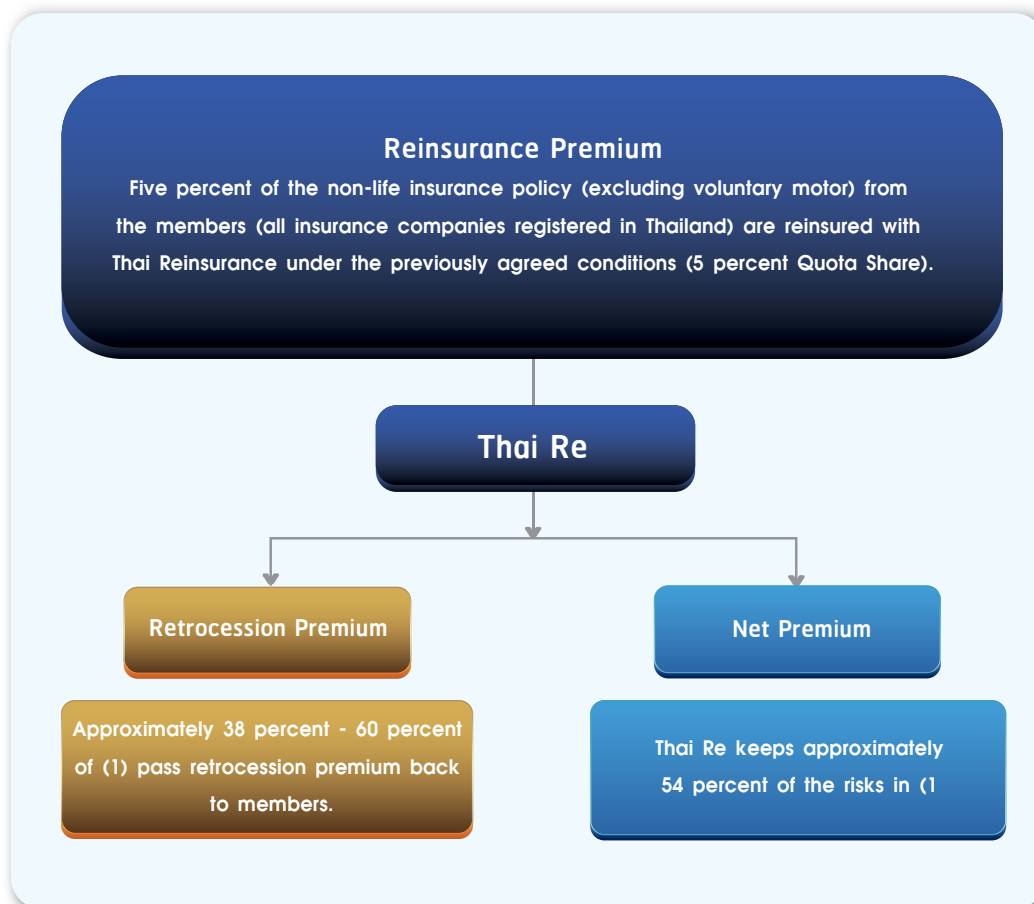
2.2 Other Agreements

Other agreements are general business agreements that the Company and its subsidiaries make with other insurance companies (both local and international companies). A key difference between other agreements and market agreement is that there is no arrangement for the Company to return retrocession to the insurers. The premiums acquired from other agreements makes up about 90.1 percent of our net reinsurance premiums in the current year.

As a reinsurance company, the Company has a strong intention to retain as much risk as possible while relies on the need for retrocession at a necessary level. In addition to the retrocession required by the agreed contract, the company has a policy to retrocede just some parts of multi-year policies whereas the risk of other policies is still retained by the company. Retaining such a high level of risk from various sources may negatively affect financial position of the company if a disastrous event should happen. Thus, in order to cut down the risks and ensure the Company's financial soundness status, the Company holds an appropriate level of an Excess of Loss protection policy to limit disastrous financial loss in case of any unfortunate catastrophes. At present, the maximum limit that the Company has to retain following any loss event is THB 90 million per property-related losses, THB 30 million for marine-related losses, and THB 50 million for miscellaneous-related losses. If any loss exceeds these amounts, the Company is able to make claims against the insurer.

Following any loss event, indemnification between the reinsured and the reinsurer depends on the type of the reinsurance agreement after the reinsured has agreed to compensate the claimant. For facultative reinsurance, the claim process is done on a case-by-case basis. For treaty reinsurance, compensation is made to the reinsured only after the amount of loss exceeds the minimum cash call limit specified in the agreement. For every loss below the minimum limit, the reinsured pays in advance from its own pocket. The Company processes all losses that exceed the Excess of Loss limits with its reinsurers accordingly.

Details of Reinsurance and Retrocession of Thai Reinsurance under the Market Agreement.



Products and Services

Sources of Funds

The Company raises funds from two sources, shareholders' equity and cash flow from operation, and have no policy to mobilize funds from borrowing or from any other sources. However, like other financial institutions, insurance business must have an adequate capital base to support business growth. As such, it might be necessary to raise funds by way of capital increase or other methods from time to time to accommodate business expansion.

Investment Policy

The Company adopts a conservative investment policy by focusing primarily on risk management and rate of return. Rather than expecting the maximum benefit, the Company aims to achieve a stable long-term return and maintain appropriate liquidity in tune with cash receivable, at present and in future, while controlling risks at a low level and adhering to the OIC's regulations. Our investment policy is reviewed regularly to correspond with the fast-changing financial and investment environment.

Significant Rules for Non-Life Insurance Business

The Company operates non-life insurance business under the supervision of the Office of Insurance Commission (OIC). The OIC issues rules and regulations to control and ensure insurance companies' transparency and financial soundness with an ability to assume responsibility for the insured in the future. In 2015, the Non-Life Insurance Act (No.3) B.E. 2558 were promulgated with effect as from March 6, 2015. The rationale behind the enactment of such laws was that the shareholder and board structures prescribed in the existing legislation were incompatible with an ongoing business environment. Another reason was that if an insurance company becomes insolvent or its license is revoked, General Insurance Fund can assist creditors who are entitled to receive debt payment arising from insurance only after completion of process under the bankruptcy law, thus preventing the Funds from promptly protecting those creditors. These accordingly led to an amendment to legal provisions regarding the shareholder and board structures of insurance companies and the General Insurance Fund. In this respect, no revision was made to the significant rules and regulations under the Non-Life insurance Act. The details are as follows:

Rules and Regulations	Non-Life Insurance Act
Securities placed with the Insurance Commissioner as security deposit	THB 3.5 million for each type of security
Allocation of reserves	Reserves shall be allocated as follows: (1) Reserves for insurance premiums that have not yet become the Company's revenue; (2) Reserves for losses incurred; and (3) Reserves for other purposes as specified.



Rules and Regulations	Non-Life Insurance Act
Placing of premium reserve	Insurance reserves shall be placed with the Registrar in an amount of 25 percent of the amount of reserves appearing in the following reports: (1) A quarterly capital adequacy report for second quarter; (2) A financial position and business status report for fourth quarter; (3) A yearly capital adequacy report. The Company shall deduct from such amount the reserves for premiums on travel accident insurance with protection period less than one
CAR Ratio	month and marine insurance. The ratio of capital to capital required to be maintained by law shall not be less than 125 percent in year 2012 and 140 percent from the year 2013 onwards.

Types of assets to be placed as security deposit or as reserve are legally required to be cash, government bond or other assets as stipulated by law.

It is our policy to maintain all key ratios at above the minimum legal requirements and comparable with international standards. Any ratio deemed crucial to our position and stability will be maintained at a high level.

On the liquidity side, The Company has a policy to maintain an appropriate level of liquidity by making sources of finance available, whether from cash receivable or from liquid assets, to be able to meet our funding needs in any and every situation.

08

Industrial Situation and Competition

Competition Strategies

Thai non-life reinsurance market can be categorized into the following 2 major groups.

1. Non-life insurance companies with operation in the reinsurance sector have a market share, with an estimation of 12.1 percent in 2015. Most responsibilities are co-operation with a reinsurance company. They normally prefer to work with professional and credible reinsurance company. This ensures that the client data is secured.

2. Established solely reinsurance companies including Thai Re and over a hundred foreign reinsurance companies take approximately 87.9 percent of the market share in 2015.

Despite the major flood disaster in 2011 resulting great impact to the insurance industry for the past four years, the growth of insurance and reinsurance market in Thailand is still progressing due to increasing rate of insurance premium and demand in property insurance, personal accident and health insurance. Based on the preliminary data provided by the Office of Insurance Commission, direct written premium of non-life insurance in 2015 was THB 209,279 million, an increase of 1.9 percent from the year 2014. Non-life insurance was reinsured in the amount of THB 60,505 million or a 0.8 percent decrease from the last year.

	Non-Life Insurance		
	THB Million	Proportion	Percent
Direct Written Premiums	209,279	100.0	-
Reinsurance Premiums	60,505	28.9	100.0
• Domestic			
Reinsurance Written Premiums of the Company	5,261	2.5	8.7
of Other Companies	7,317	3.5	12.1
• Foreign	47,928	22.9	79.2

Source: Office of Insurance Commission and Thai Reinsurance PCL.

The table above shows that for every THB 100 of non-life direct written premium, reinsurance was accounted for THB 28.9. Within this range, there is 20.8 percent reinsured with local companies and the other 79.2 percent was reinsured overseas. Of this amount, the Company holds 8.7 percent of the non-life insurance market share.

The completion in local market is not intense. Many foreign reinsurance companies had an experience with the major flood disaster in 2011 so they to recede from the Thai market regarded a small market. However, those who remain their business are strict to do the business. This creates valuable opportunities for the Company to expand its business in the country. The Company has various sustainable competitive advantages in the Thai market, which are as follows:

1. The Company is the only professional Thai reinsurer, which was established with the support from both the government and private sectors. Currently, almost 31 domestic life and non-life insurance companies are our shareholders as well as our valuable clients.

2. The Company has market agreements with all local non-life insurance companies receiving 5 percent share of every policy for almost all business classes.

3. The relationship between the Company and clients is in good standing and stable. The Company meets its clients' needs more effectively based from profound insights of the market condition.

4. The Fitch Ratings assigned Thai Re's its International Insurer Financial Strength Rating (IFS) at the level of "A-" (Stable), which demonstrates the Company's financial strength. In addition, the Company has a plan to increase capital continuously in order to accommodate growth and opportunities from the clients both local and abroad.

In addition, the Company has focused on the quality of underwriting rather than aiming at the premium growth. Earning profit from a good business is an ideal strategy of the Company. The foundation for our growth is the strong and well-established financial position with the support from our local and overseas customers. However the majority of our clients are local customer. There are 61 of non-life insurance companies. Approximately 50 percent of our clients are also shareholders as well. This ensures a stable market base for the Company. Furthermore, the Company has two local health insurance clients and overseas clients in the region of Asia - insurance and reinsurance companies. Most of our operations are handled directly with the insurance companies without going through an insurance broker. In the past 5 years, the Company purchased the protection in a proportion of reinsurance premium higher than 10 percent of total premium of the group company (In 2015, from two companies, there was 62.5 percent market share of total reinsurance premium and 63.3 percent in 2014 from one company).

09

Risk Factors

Effective enterprise risk management enables the Company to achieve a competitive advantage and plays a crucial role in maintaining the sustainability of the Company. The Company, therefore, adopted an Enterprise Risk Management (ERM) program in 2009 and the Enterprise Risk Management Committee (ERMC) began operations in 2010.

The Company's risk appetite is set annually and cascaded down so that the Company's strategies, operations, and decision making are in line with its risk appetite. Key risks that would affect the Company's capital, financial stability, reputation, and credit rating are holistically identified, assessed, and managed to enable the Company to achieve its financial and non-financial goals. Key Risk Indicators and its benchmark are set and monitored whereas risk management execution and effectiveness of risk management measures are assessed quarterly and reported to the Enterprise Risk Management Committee. Risk learning from past loss events are taken into account when the Company revises its risk management measures while key risk indicators and its benchmarks are revised in accordance with the changing environments.

The Risk and Capital Management concept is embedded and applied in all of the Company's core activities, i.e., product design and development, pricing, underwriting, claim management, reinsurance, investment and assets management. In addition, risk and capital management is incorporated into the Company's budget planning, capital allocation, and performance management where risk capital charge is considered along with operating costs, expenses, claims, underwriting results, and investment returns. The Company aims to ensure an appropriate risk-reward balance in all of the Company's risk taking activities and risk-based decision making.

Key risks affecting the reinsurance business are as follows:

1. Strategic Risk

Strategic risk is the risk arising from strategic and operation planning, business strategy decisions, and execution that are inappropriate or not adaptable to changes in the operating environment. Strategic Risk ultimately can affect earnings, capital, image, and financial stability of the Company.



Strategic Risk Management

The Company's annual strategic plan, which is developed in accordance with the Company's long-term strategic plans and approved by the Board of Directors, is constantly monitored to ensure that it keeps up with current and future market conditions.

The Company has gained much knowledge and amassed a sizeable database of market statistics during its 37 years of experience in the reinsurance business. This plays an important role for the Company to manage and control its strategic risks to be within its risk appetite. Since property line covers risks that are high sum insured and high accumulation in nature, any loss events might drastically affect the Company's financial stability, resulting in impairment of capital and an adverse effect on operating results. The Company, therefore, has changed its underwriting strategy by reducing its property line and expanding business in personal line which covers more diversified and low sum insured risk. This will enable the Company to have more sustainable performance in the future.

The Company also focuses on developing new distribution channels, creating innovative products and services, constantly improving its business process, organization structure, and information system to effectively and efficiently serve its customers and enhance their satisfaction. The Company continues to pursue a proactive marketing approach and operates at a lower cost than its rivals. The Company is committed to developing its staffs at all levels to their fullest potential so that they are able to be the driving force that helps the Company achieve its business objectives and sustainable growth in the long run.

1.1 Customer Diversification Risk

Relying on a limited number of non-life insurance companies for a substantial portion of premiums might adversely affect the Company's revenue and financial performance if the Company loses one or more of these customers.

Customer Diversification Risk Management

The Company has a policy to expand new business with various non-life insurance companies to diversify its sources of income and reduce over-dependence on any single insurance company.

1.2 Capital Availability Risk

The Office of Insurance Commission requires all insurance companies to comply with its Risk-Based Capital (RBC) regulations and maintain the Capital Adequacy Ratio (CAR) of at least 140 percent. This aims to promote insurance companies' good risk management practices and ensure that they have adequate capital to cope with unexpected events.

Capital Availability Risk Management

The Company has continuously identified the possible root cause of capital deficiency and implemented risk management measures to address this issue. Factors affecting insurance, market, credit, and concentration risk capital charges are examined thoroughly and addressed proactively early in the process. The Company has integrated the risk and capital management concept into its business strategies and core business activities, i.e., underwriting, product design and development, pricing, claim management, reinsurance, and investment, to ensure that the Company is financially secure and has sufficient capital to cover both current growth and unexpected future exposures. The Company's Capital Adequacy Ratio as of December 31, 2015 is 297 percent.

2. Operational Risk

Operational risk is the risk arising from inadequate or lack of control over internal processes, people, systems, or external events that could affect the Company's income, profit, and capital funds. Operational risk is inherent in all activities, processes, and systems including product design and development, underwriting, pricing claim management, investment, and reinsurance. Operational risk includes, but is not limited to, lack of employee skills, knowledge, and expertise, loss of top executives or key personnel, inefficient business processes, system security and data integrity, accurate and up-to-date data, delegation of power, duties, and responsibilities, appropriateness of the Company's performance management system, and the like.

Operational Risk Management

The Company has a clear division of authority and responsibility between the Board of Directors and management teams. The Corporate Delegation of Authority and Signature (DAS) is established to define the scope and limits of authority delegated by the Company. Internal operations are monitored regularly to ensure that they comply with the Company's corporate plans and policies. A compliance summary report is submitted to the Audit Committee by Compliance Department every quarter.

Since data and information plays a vital role in business operations, the Company has enforced IT policies and procedures and put in place various measures such as system security measures, data security measures, and a backup system to ensure its operational continuity, protect against data loss, and avoid data breaches. The Company has implemented Business Continuity Management and developed Business Continuity Plan to ensure that it is prepared and able to manage unexpected situations that might affect its business operations.



Workforce with the right expertise and experience plays a crucial role in the development of effective non-life insurance product and service offerings and unquestionably is the key success factor for Non-life insurance business. Insurance business expansion in Thailand, which requires a team of local professionals, has led to “a war of talent” due to an insufficient talent pool in Thailand. It is very likely that the Company’s staffs will be approached by other insurance companies and key skill shortages might eventually affect the Company’s competitive advantage and operating results in the future. The Company’s executives, therefore, have deployed a variety of measures to proactively manage this risk, e.g., the implementation of sound corporate governance and ethical standards of business conduct that upholds the human right principles of dignity, equality, and equity at all levels of the workforce, a variety of continuous and systematic workforce development programs, the implementation of a fair and sound performance management system, provision of competitive remuneration and benefits, improvement of workplace environment that will bring out the best in employees, and the execution of various activities to boost employee morale.

3. Insurance Risk

Insurance risk is the risk arising from the conduct of insurance activities such as product design and development, underwriting, pricing, exposure concentration, catastrophe, reserving, and policyholder behavior.

Insurance Risk Management

Along with the focus on insurance knowledge development, the Company places a strong emphasis on the underwriting discipline of individuals. Underwriting guidelines are developed based on technical knowledge and updated statistics and revised periodically to keep up with changes in market conditions. Underwriting audit is in place to assure that underwriting guidelines are strictly followed. The Company’s risk taking activities are based on risk and reward balance. Geographical areas and its related risks are diversified and taken into account in the underwriting process. Changes in the business cycle and market environment are taken into consideration and also reflected in the Company’s underwriting strategy.

The Company has updated its underwriting guideline for flood, earthquake, and wind storm after the 2011 mega flood. A limit is set for the amount insured on each property depending on the level of risk arising from floods and earthquakes. A limit is also set for the amount insured in each industrial estate in Bangkok and its vicinity as well as a limit per province, per region, and per basin, depending on its risk characteristics. Risk accumulation is closely and timely monitored on a monthly basis. If the amount of sum reinsured reaches 75% of the total sum reinsured, it will be reported promptly to the Company Senior Executives so that additional measures might be taken. Simulation models for flood and earthquake are already in place while the Company’s excess of loss coverage for natural disasters has been revised and its research on new and emerging risks continues.

The Company maintains its level of capital to comply with the OIC's requirement. The Company has an excess of loss program to protect the reinsurance contracts underwritten against adverse claims experience. The Company has a conservative and actuarially sound loss reserve calculation. Statistical data and insights are incorporated into marketing plans to help the Company developing new profitable products.

4. Market Risk

Market risk is the risk arising from changes in market variables, such as interest rate, exchange rate, equity price, real estate price, commodity price, and the like. This volatility could lead to decreases in value of market price and inevitably affect the Company's assets, liabilities, revenue, and capital funds.

Market Risk Management

The Company has set up the investment policy and guidelines to provide direction for investment and portfolio management. These policy and guidelines have been established in accordance with the Non-Life Insurance Acts B.E. 2551, which specifies the type of security invested and its limit. Changes in economic, political, and regulatory environment are taken into consideration as part of the Company's ongoing monitoring process and reflect the Company's investment strategy and portfolio management.

The Company has adopted a prudent investment policy and avoids speculative investments that would jeopardize its capital. The Company, therefore, invests in high quality securities that are expected to generate reasonable and consistent returns. It is less likely that the Company's investment portfolio would result in a total loss. Since investment income is one of the major sources of income for the Company, investment activities are closely monitored by the Board of Directors and the Company's executives.

5. Credit Risk

Credit risk is the risk arising from possible default by the Company's counterparties or from changes in the credit quality of issuers of securities or the Company's retrocessionaires. This could lead to an overdue or default on financial obligations and eventually affect the Company's cash flow and net profit.

Credit Risk Management

The Company regularly evaluates credit quality and the ability to pay debts as they come due of its retrocessionaires and issuers of securities. Their financial positions are analyzed and monitored periodically. The Company has a strict policy to retrocede its business to the retrocessionaires and buy the securities from the issuers that have credit ratings of at least "A-."



6. Liquidity Risk

Liquidity risk is the risk arising from the Company's inability to meet its debt obligations as they become due, caused by the lack of marketability of an investment, sales of its illiquid assets with yield less than their fair value, or settlement of financial obligations with costs that are significantly higher than expected. The Company's liquidity risk may affect the Company's earnings and reserves.

Liquidity Risk Management

The Company manages its liquidity position through prudent investment decisions, cash flow matching of assets and liabilities, and diversification of assets and liabilities to ensure that adequate cash is available when needed. The Company's liquidity position is set to be higher than the level of liquidity required by the Office of Insurance Commission.

7. Emerging Risk

Emerging risk is the risk that does not currently exist but might emerge at some point in the future due to changes in the political, legal, social, technological, physical, or natural environments, e.g., climate changes. These risks are difficult to identify, appear slowly, and have adverse impacts when they materialize. Emerging risk identification is usually accomplished through analysis of historical data and prediction of future events.

Emerging Risk Management

The Company continuously gathers and analyzes all relevant information as it arises in order to understand which emerging risks are most likely to materialize, and develop sound practices to manage them. The Company periodically revises its policy terms and conditions to ensure that emerging risks are taken into account in all core activities, especially product design and development, pricing, and underwriting, so that the Company's negative impacts from emerging risk are limited.

10

Structure of shareholders and Management

Shareholders

Ten major shareholders as of March 16, 2015 are as follows:

Unit: Percent

Major Shareholders	No. of Shares	Percentage
1. HWIC Asia Fund	1,264,027,222	29.99
2. The Hongkong And Shanghai Banking Corporation Limited, Fund Services Department	500,507,498	11.87
3. Thai NVDR Co., Ltd.	499,150,836	11.84
4. Viriyah Insurance PCL.	145,925,835	3.46
5. Aberdeen Long Term Equity Fund	97,461,892	2.31
6. Aberdeen Growth Fund	95,167,610	2.26
7. BNP Paribas Securities Services Luxembourg	89,643,230	2.13
8. Aberdeen Small Cap Fund	84,694,070	2.01
9. Bangkok Insurance PCL.	78,952,896	1.87
10. GIC Private Limited - C	75,545,942	1.79
Total	2,931,077,031	69.54
11. 5,166 Other shareholders	1,283,916,801	30.46
Grand Total	4,214,993,832	100.00

Remark: As of April 29, 2015, HWIC Asia Fund held 30.04 percent of shares in the Company.

Among the shareholders listed above, Thai NVDR Co., Ltd., which is an issuer of non-voting depository receipts (NVDR), held 499,150,836 shares or 11.84 percent in the Company as of the latest closing date of the shareholders registration book on March 16, 2015. Normally, the voting rights on these shares are not exercised at the shareholders' meeting. For the latest update on number of shares held by Thai NVDR Co., Ltd., please visit website of the Stock Exchange of Thailand at www.set.or.th.

The group of major shareholders who, by actions, has a significant influence over the determination of policy or the management or control of operations of the Company.

In the capital increases made by the Company in March 2012 and September 2014 in the amount of THB 2,325.1 million and THB 702.5 million, respectively, the Company offered part of those newly issued shares on a private placement basis to Fairfax Financial Holdings Limited ("Fairfax"). As a result, Fairfax, which holds the Company's shares in the name of HWIC Asia Fund, has become a major shareholder of the Company, owning 29.99 percent of total shares as of the registration book closing date of March 16, 2015.

For the latest update on the top ten major shareholders, please visit website of the Company at www.thaire.co.th and the Stock Exchange of Thailand at www.set.or.th after the closing of the shareholders registration book.

Shareholders' agreement

Fairfax shall be entitled to nominate two representatives to serve on the Company's Board of Directors insofar as it owns not less than 15 percent of total shares in the Company.

Issue of Other Securities

The Company has not issued any preferred shares, debt securities or convertible securities that may affect rights of the shareholders.

Dividend Policy

Under a current policy, minimum dividend payout is 40 percent of net profit after the deductions to all reserves. For subsidiaries' share, the payout is in correspondence to business outcomes.

Dividend Information

Year	2010	2011	2012	2013	2014	2015
Earning per share	0.49	-1.40	-1.44	-0.80	-0.52	0.63
Dividend per share	0.41	0.20	0	0	0	0
Payout Ratio (percent)	83.9	35.9	0	0	0	0

Shareholding of Director and Management

Shareholding of Directors and Board of Directors, included those related to section 258 of the Securities and Exchange of B.E. 2535 Act (as amended), are as follows.

No.	Name	No. of Shares as of Dec 31, 2014	No. of Shares as of Dec 31, 2015	Change Increase (Decrease) in 2015	Percentage
Director					
1.	Mr.Suchin Wanglee	7,904,512	7,904,512	-	0.19
	Their spouses and children who have not reached maturity	1,000,000	1,000,000	-	0.02
2.	Mr.Chai Sophonpanich	3,739,104	3,739,104	-	0.09
	Their spouses and children who have not reached maturity	-	-	-	-
3.	Mr.Kerati Panichewa	3,321,882	3,321,882	-	0.08
	Their spouses and children who have not reached maturity	-	-	-	-
4.	Mr.Jiraphant Asvatanakul	770,616	770,616	-	0.02
	Their spouses and children who have not reached maturity	-	-	-	-
5.	Mr.Chanin Roonsamram	-	-	-	-
	Their spouses and children who have not reached maturity	-	-	-	-
6.	Ms.Potjane Thanavarantit	204,820	204,820	-	0.00
	Their spouses and children who have not reached maturity	-	-	-	-
7.	Mr.Sara Lamsam	-	-	-	-
	Their spouses and children who have not reached maturity	-	-	-	-
8.	Mr.Aswin Kongsiri	-	200,000	200,000	0.00
	Their spouses and children who have not reached maturity	-	-	-	-
9.	Mr. Chandran Ratnaswami	-	-	-	-
	Their spouses and children who have not reached maturity	-	-	-	-
10.	Mr. Gobinath Arvind Athappan	-	-	-	-
	Their spouses and children who have not reached maturity	-	-	-	-
11.	Mr.Surachai Sirivallop	-	-	-	-
	Their spouses and children who have not reached maturity	-	-	-	-

No.	Name	No. of Shares as of Dec 31, 2013	No. of Shares as of Dec 31, 2014	Change Increase (Decrease) in 2014	Percentage
12.	Mr.Oran Vongsuraphichet	-	-	-	-
	Their spouses and children who have not reached maturity	-	-	-	-
Management					
1.	Mr.Chuanchai Cheausamut	6,536,264	6,536,264	-	0.16
	Their spouses and children who have not reached maturity	-	-	-	-
2.	Mrs.Thitaporn Tarakit	518,262	518,262	-	0.01
	Their spouses and children who have not reached maturity	-	-	-	-
3.	Mrs.Nantinee Chinwanno	-	-	-	-
	Their spouses and children who have not reached maturity	-	-	-	-

Management Structure

THRE is not a family-owned business and none of its shareholders has a controlling influence over the Company. Therefore, the Company has since its inception remained steadfast in its determination to be a reinsurance company managed by a group of professional directors and management who are recruited from among the knowledgeable, talented and well-recognized professionals. For more than 30 years since its establishment, the Company has been under stewardship of the professional Board of Directors and management team with strong business acumen and vision, and has selected its operating staff based primarily on their capability.

In addition to the Board of Directors, there are four subcommittees, namely the Audit Committee, the Remuneration and Nominating Committee, the Enterprise Risk Management Committee, and the Investment Committee. If necessary, an ad hoc committee will be set up to look after the significant matters.

Board of Directors Structure

The Company's mission and vision is to be a professional reinsurer that enhances the ability to retain more risk within the country and promotes business of non-life insurer as business partner. The Company also focuses on expanding revenue bases, which are underwriting, investment, and services, to stabilize and diversify revenue sources, and meets client needs more efficiently.

The Company's Board of Directors comprises of 12 highly knowledgeable and widely accepted members. There are independent directors, according to the Company's definition that complies with the rules set by the Securities and Exchange Commission. A term of directors is three years with no limit to the number of terms each person can hold since the Company needs to have insurance specialist in the Board. Biography of each director is in Directors and Executive Officers of the registrant.

The Board has liberty to choose a member to chair the Board. Chairman, vice-chairman, and secretary are elected annually in the first Board meeting after the General Shareholder Meeting. To separate the role of policy setting, auditing, and management, the chairman and CEO is required to be different person. So far, the Board of Directors has elected an independent director to hold the position of Chairman of the Board of Directors.

Board of Directors

The Board of Directors of the Company consists of 12 members, ten members from the non-executive directors, two members from the management committee, and four members were independent directors. Moreover, nine members have succeeded the course relevant to duty and management skill of committee from the Thai Institute of Directors.

The Board of Directors is responsible for protecting the interests of shareholders, and regulates management in order to meet objectives of the company while at the same time concerning about partners and other third parties. Moreover, its responsibilities also include approval of vision, mission, strategy, objectives, plan and budget as well as creating operational control and assessment according to the objectives.

As of December 31, 2015, members of the Board of Directors are listed as below:

Name	Position
1. Mr. Suchin Wanglee	Chairman, Independent Director and Director of Investment Committee
2. Mr. Chai Sophonpanich	Vice-Chairman, Chairman of Remuneration and Nominating Committee and Director of Investment Committee
3. Mr. Surachai Sirivallop	Director, Chief Executive Officer and Chairman of Enterprise Risk Management Committee
4. Mr. Oran Vongsuraphichet	Director and President and Chief Operating Officer
5. Mr. Kerati Panichewa	Director
6. Mr. Jiraphant Asvatanakul	Director and Director of Remuneration and Nominating Committee
7. Ms. Potjane Thanavaranit	Independent Director and Director of Audit Committee
8. Mr. Sara Lamsam	Director
9. Mr. Chanin Roonsamrarn	Independent Director and Director of Audit Committee
10. Mr. Aswin Kongsiri	Independent Director and Chairman of Audit Committee
11. Mr. Chandran Ratanaswami	Director, Director of Remuneration and Nominating Committee and Director of Investment Committee
12. Mr. Gobinath Arvind Athappan	Director



The directors authorized to sign on behalf of the Company are Mr. Suchin Wanglee, Mr. Chai Sophonpanich, Mr. Surachai Sirivallop, Mr. Jiraphant Asvatanakul and Mr. Oran Vongsuraphichet, whereby any two of them shall co-sign with the Company's seal affixed.

The Scope of Duties, Authorities and Responsibilities of the Board of Directors

1. The Board of Directors shall exercise its authority in compliance with the valid law, objectives and regulations of the Company. Also it shall meet agreement faith fully and act for the benefit of the Company.

2. The Board of Directors has responsibilities to review, vote, and approve the Company's policies, which are :

- Approval of the Company's operation such as vision, role, strategy, goal, risk management, and long term plan
- Approval of management structure, business strategy, working plan, goal, and the annual budget
- Hiring or employment termination of the Company's management and approval of salaries' adjustment and other fringe benefits. Providing performance evaluation of the President and CEO annually.
- Approval of rates of salary increases for employees each year.
- Approval of the procedure of fringe benefits for employees
- Assigning duties or authorities to managements and their subordinates
- Following up and delivering performance evaluation of management according to the plan and assigned budget.

The Board of Directors gives management authorities to CEO. It assigns works and responsibilities to subordinates accordingly except for authority to approve any transactions, which can bring the conflict of interest to the Company and its subsidiaries.

The Scope of Duties, Authorities and Responsibilities of the Chairman

1. The Board Chairman or person designated by the Board Chairman has duty to call a meeting of the Board of Directors by submitting an invitation letter at least 14 days before the meeting date in order to allow the directors enough time to study, consider and make a right decision on all matters at the meeting.

2. The Board Chairman has a role in determining the meeting agenda jointly with the CEO.

3. The Board Chairman encourages the directors' participation in the board meeting and acts as chairman of the meeting with duty to control and ensure that the meeting is efficient, allocate sufficient time for the management or concerned parties to present their information, encourage and allow the directors to raise questions and express their opinions freely, control the discussion, and draw a conclusion on the meeting's resolution.

4. The Board Chairman plays a key role in encouraging the directors to comply with the corporate governance principles.

5. The Board Chairman communicates all crucial information to the directors.

6. The Board Chairman encourages the directors' participation in the shareholders' meeting and acts as chairman of the meeting to control and ensure that the meeting is efficient and to answer questions raised by shareholders.

7. The Board Chairman encourages the Board of Directors to perform duty within the purview of power, duty and responsibility of the Board of Directors under the laws and the corporate governance principles of the Company.

Board of Directors and Subcommittee' meeting

1. Board of Directors

The Board of Directors generally holds a meeting in every quarter according to the schedule set up one year in advance. A special session can be called if needed. In 2015, the Board of Directors held four meetings. The Chairman and CEO together decide on the meeting's agenda. Each member can raise any issues to be put in the agenda. The secretary will send a notification letter that includes meeting agenda and related documents at least 14 days prior to the meeting. During the meeting, high-level management staff may join in some sessions to directly obtain information and be notified of policy and, hence, ensure they could efficiently take further actions. All Board members can express their opinions freely and constructively during the meeting. The majority shall win the vote. Director with a conflict of interest may not participate in that agenda. The meeting usually takes about two hours to complete. Minutes of the meeting are prepared and submitted to all directors for a review of correctness and completeness within 14 days of the meeting. The Board-approved minutes are kept at the head office for further inspection by concerned parties.

In addition, the Board of Directors holds a meeting among its non-executive members and without presence of the management team at least once a year to evaluate work performance, adjust remuneration, and discuss any issues of senior executives. The Chairman is to notify the result of the evaluation to the CEO.

2. Audit Committee meeting

In 2015, the committee members had four meetings, the main duties of the committee can be summarized as follows:

1. Reviewed financial statement of the Company prior to the disclosure to the Stock Exchange of Thailand and Securities Exchange Commission.
2. Nominated auditors and remuneration. In 2015, EY Office Limited was nominated and appointed as auditor of the Company for another year.
3. Attended joint meetings with the auditor three sessions in 2015. One of these meetings was organized without the attendance of management to review guidelines and scope of performance of auditing. Review the audit plan, results, and recommendations to ensure that auditing has been done appropriately and consistent with auditing standards.

4. Directed, supervise and approve internal annual audit plan based on the Company's risks in order of their significance. The inspection reports are audited to ensure that the investigation has been completed in accordance with the auditing standards. This includes monitoring of the proposed revisions to the internal controls system to improve efficiency and effectiveness.

5. Reviewed for compliance with laws and regulations every quarter.

6. Reviewed the transaction reports relating to the parties on a regular basis every quarter.

7. Directed and supervise the Enterprise Risk Management Committee. They review the Company's risk management policies, policy implementation and guidelines for effective risk management. The reports on risk management are provided by the Enterprise Risk Management Committee as well as the provision of feedback on a regular basis.

8. Provided a self-evaluation of the Audit Committee annually and discuss evaluation results in the meeting.

9. Provided internal control evaluation of the Audit Committee annually and propose evaluation results to the Board of Directors.

3. Remuneration and Nominating Committee meeting

In 2015, the Remuneration and Nominating committees held two meetings to appoint qualified persons to replace outgoing members and determine remuneration for the Committee and the Board of Directors. They also ensure the progress of the newly elected committees and make sure that they perform their assigned duties effectively.

4. Investment Committee meeting

In 2015, there was no Investment Committee meeting.

5. Enterprise Risk Management Committee meeting

In 2015, The Enterprise Risk Management Committee attended six meetings. The committee reported risk management progress to the Audit Committee on a quarterly basis.

The names of the Board of Directors, including their meeting attendance in 2015 are given below.

Board of Directors	Position	No. of meetings attended / No. of meetings held		
		Board of Directors	The Audit Committee	Nomination and Remuneration Committee
Mr.Suchin Wanglee	Chairman, Independent Director and Director of Investment Committee	4/4	-	-

Unit: THB

Board of Directors	Position	No. of meetings attended / No. of meetings held		
		Board of Directors	The Audit Committee	Nomination and Remuneration Committee
Mr.Chai Sophonpanich	Vice Chairman, Chairman of Nomination and Remuneration Committee and Director of Investment Committee	3/4 ¹	-	2/2
Mr.Kerati Panichewa	Director	4/4	-	-
Mr.Jiraphant Asvatanakul	Director and Director of Nomination and Remuneration Committee	4/4	-	2/2
Mr.Chanin Roonsamrarn	Independent Director and Director of the Audit Committee	4/4	4/4	-
Mr.Sara Lamsam	Director	2/4 ¹	-	-
Mr.Aswin Kongsiri	Independent Director and Director of the Audit Committee	4/4	4/4	-
Ms.Potjanee Thanavarant	Independent Director and Director of Nomination and Remuneration Committee	4/4	4/4	-
Mr.Chandran Ratanaswami	Director and Director of Investment Committee	3/4 ¹	-	2/2
Mr.Gobinath Arvind Athappan	Director	3/4 ¹	-	-
Mr.Surachai Sirivallop	Director and Chief Executive Officer	4/4	-	-
Mr.Oran Vongsuraphichet	Direct and President	4/4	-	-

Remark : 1 The director was granted a leave of absence from the meeting.

Management >>

As of December 31, 2015, the management of the Company according to definition of the Securities & Exchange Commission are listed below:

Name	Position
Mr. Surachai Sirivallop	Director & Chief Executive Officer
Mr. Oran Vongsuraphichet	Director & President
Mr. Chuanchai Cheausamut	Executive Vice President
Mrs. Thitaporn Tarakit	Executive Vice President
Mrs. Nantinee Chinwanno	Executive Vice President



The scope of duties, authorities and responsibilities of the CEO

1. Abide by law, regulations and objective with utmost honesty, and full awareness of the benefits of the Company as expected by the Board of Directors.

2. Hire, dismiss, transfer, punish, and promote employees of the Company. However, these authorities do not extend to employees whom the Board of Directors assigns in line with the Company's regulations.

3. Establish working regulations, job descriptions and directions of the Company provided that they are not in conflict with the Company's regulations without permission of the Board of Directors.

4. Manage business consistent with the Company's regulations and set up the authority for employees at every level.

5. Be legal representatives of the Company in doing any business transactions except for the case that CEOs have conflicts of interest with the Company or its subsidiaries. For business transactions that involve conflicts of interest, the consent of the Board of Directors will be required. The CEO may also appoint a representative to handle any specific transaction. The Company does not have anything to do with any act (juristic act, legal transaction) that CEO do which violates the Company's regulations and the consent to the Board of Directors unless the Board of Directors later ratifies such act.

6. When CEOs are unavailable, the Executive Vice President may temporarily take over the responsibilities to continue routine works if necessary and report directly to the CEOs afterwards. Besides, the Board Chairman's attention would be required. When the position of CEO is vacant, the Board of Directors has responsibility to select a new CEO. In the meantime, the Board of Directors chooses a temporary replacement from the executives to resume CEO's tasks.

Company Secretary >>

The Board of Directors has appointed Mr. Chuanchai Cheausamut tenure as the Company Secretary from September 1, 2007

The Company secretary is responsible for documentation of the Board registration, the meeting letter, the Board meeting report, the annual report, the shareholders meeting letter, shareholders meeting report, including Profits and Lost report by the Board or management and other transactions required by Capital Market Supervisory Board. According to the measure 89/14, the copy of Profits and Lost report should be presented to the Presidents of Board and Auditor within seven working days since the date of receipt of the report.

Additional duties and responsibilities are as follows

1. Provide necessary suggestions to the Board of Directors regarding the law and regulations according to its requirements and ensure that it is performed regularly. Also, report the Board about the changes in any significant items of law.

2. Arrange the shareholder meeting and the Board meeting in accordance with the law, regulations and requirements.

3. Make record and note of shareholders meeting and the Board meeting and ensure that the meeting agreements have been completed.

4. Control information and report disclosure of the department under the responsibility according to the official regulations and requirements.

5. Look after the activities and transaction of the Board according to the law or assignment by the Company Committee or requirement by Capital Market Supervisory Board.

Remunerations of the Directors and Executives

The Remuneration and Nominating Committee is responsible for nominating the remuneration plan to the Board of Directors and the top management of the Company. It is important to note that the remuneration plan for the Board of Directors is part of the Annual Shareholders Meeting's agenda. The level of the remuneration plan for the Board of Directors and the top management are on par with the industrial standards in conformity with their duties. The incentive pay is offered to those whom the Company considers them as good/valuable assets for the Company. The Directors who are assigned to take the positions as members of the subcommittees are also rewarded. Each executive's performance is evaluated annually for the consideration of his/her remuneration plan.

Monetary Remuneration

a) Remunerations of the Directors

The remunerations in 2015 as the resolution of the Annual General Meeting of Shareholders No. 22 on April 22, 2015 are listed below:

(Unit: THB)

Board of Directors	Remunerations (Monthly per person)		Conference fee *		Gratuity
	Chairman	Director	Chairman	Director	
Board of Directors	20,000	15,000	35,000	25,000	Payment was omitted because the Company operated at a loss.
Audit Committee	-	-	50,000	35,000	-
Remuneration and Nominating Committee	-	-	25,000	25,000	-
Investment Committee	-	-	25,000	25,000	-
Enterprise Risk Management Committee	-	-	-	-	-

Remark: * Meeting allowance per person was paid to only the attendees of the meeting.

The remunerations¹ in 2015 are listed below:

(Unit: THB)

Board of Directors	Remuneration (Monthly)	Gratuity	Remunerations				
			Board of Directors	Audit Committee	Nomination and Remuneration Committee	Investment Committee	Total
Mr.Suchin Wanglee	240,000	-	140,000	-	-	-	380,000
Mr.Chai Sophonpanich	180,000	-	75,000	-	50,000	-	305,000
Mr.Kerati Panichewa	180,000	-	100,000	-	-	-	280,000
Mr.Jiraphant Aswatanakul	180,000	-	100,000	-	50,000	-	330,000
Mr.Chanin Roonsamran	180,000	-	100,000	140,000	-	-	420,000
Mr.Sara Lamsam	180,000	-	50,000	-	-	-	230,000
Mr.Aswin Kongsiri	180,000	-	100,000	200,000	-	-	480,000
Ms.Potjanee Thanavarani ¹	180,000	-	100,000	140,000	-	-	420,000
Mr.Chandran Ratnaswami	180,000	-	75,000	-	50,000	-	305,000
Mr.Gobinath Arvind Athappan	180,000	-	75,000	-	-	-	255,000
Mr.Surachai Sirivallop	180,000	-	100,000	-	-	-	280,000
Mr.Oran Vongsuraphichet	180,000	-	100,000	-	-	-	280,000
Total	2,220,000	-	1,115,000	480,000	150,000	-	3,965,000

Remark: The remuneration for committee did not include in the remuneration as the management.

Also, there was no remuneration to the Risk Management Committee.

b) Monetary remuneration for executives

In 2015, the Company paid salary and bonus to five executives, according to the name-list in the 'Management' Section, in a total amount of THB 51.5 million.

Other Remunerations

a) Other remunerations for directors

-None-

b) Other remunerations for executives

The Company also offers provident fund and employee retirement fund to our executives. In 2015, contribution to such funds was provided for five executives, according to the name-list in the 'Management' Section as follows:

- Contribution to the provident fund at a rate of ten percent of salary, totaling THB 3.2 million;
- Contribution to the retirement fund totaling THB 4.2 million.

Human Resources >>

As of December 31, 2015, the Company had 318 employees, the number of employees working on each core business line is listed below:

Department	Employees
Reinsurance Business	
Business Development	26
Operation Support	19
Finance and Accounting	15
Other	58
Total Reinsurance Business	118
Services Business	200
Total	318

Remunerations of the Employees

The Company provides its employees at all levels with fair and reasonable remunerations that are competitive with those offered by financial institutions and insurance industry. Since late 2014, the Company has engaged a compensation management consulting firm to revise the remunerations of employees at all levels compared with those of the financial sector and insurance industry and based on the Bank of Thailand's inflation rate and the salary and remuneration survey conducted by external agency. The Company has formulated a guideline on remuneration assessment that is compatible with corporate performance in the short term and has paid a yearly bonus to employees. It plans to further build competencies into the long-term career path development.

Apart from salaries, the remuneration package includes bonuses, financial aids, employee provident fund to which the Company contributes five to ten percent of the individual employees' salary depending on years of service, healthcare, social security fund, employee benefit program, life, accident & health insurance, and training. In 2015, the Company paid THB 417 million for employee remunerations. Details are as follows:

Employees expenses (THB Million)	Thai Reinsurance	Services Provider	Total
Salary and wage	261	107	368
Social security fund	3	2	5
Contribution to provident fund	14	6	20
Defined benefit plans	4	5	9
Other benefits	11	4	15
Total	293	124	417



Human Resource Development Policy

The Company recognizes the importance of employees' skill development. The Company has initiated the long term "Training Road Map" program emphasizing on developing vital skills such as cooperation among the workforce, having integrity, good attitude, ownership, innovation, and efficient services to customer. The Company also provides scholarships for both within the country and overseas for essential courses together with welfare loan to study abroad with interest at a lenient rate.

In 2015, the Company sent 434 employees to 108 training courses

Course		Number of Courses	Number of Participants
Within Thailand	• Other	94	158
	• Thai Re	9	270
Overseas		4	4
Insurance related courses such as LOMA, CII, ANZIF, CAS		1	2
Total		108	434

Besides the employees' skill development, mentioned above, the Company also proposes the development program for executives. The Company has professionals in human resource development to evaluate and recruit only the candidates or young talents in particular that have the most potential and prepares them to become executives in the future. The Company also creates a long-term plan in developing each employee and assigns challenging and appropriate assignment, of which the success of each person would be evaluated.

Labor Dispute

We are pleased to inform that the Company has never experienced any labor dispute.

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Corporate Governance

Corporate Governance Policies of THRE Group

The Board of Directors of THRE and its subsidiaries mutually agrees that in order for an organization or business to achieve sustainable growth, it must have in place a good corporate governance system that is compatible with its status. This is a key fundamental for enhancing both operational efficiency and benefit for all stakeholders. Therefore, the Board of Directors is committed to operating business under good corporate governance and management practices by upholding the code of business ethics and transparency and focusing on creating value for shareholders, employees, customers, business partners and all stakeholders. The Company has accordingly set out policies on corporate governance for the directors, executives and staff members to observe in performing their duties, as follows:

1. The Board of Directors, executives and employees shall perform duties with strong determination, integrity and responsibility to generate the utmost benefit to the Company by adhering to good corporate governance principles and business ethics in their operation.
2. The Board of Directors plays a crucial role in formulating the Company's vision, strategy, policy, management structure and significant business plans and must take action to ensure that the internal control system, accounting-finance system and financial reporting are reliable.
3. The Board of Directors and executives shall take the lead on ethics and act as a role model for performing duties with strong determination and integrity under corporate governance principles.
4. The Board of Directors, executives and employees shall uphold fairness and treat all groups of stakeholders on an equitable basis, and shall monitor, control, prevent and eradicate any conflict of interest that may take place.
5. The Board of Directors, executives and employees shall adhere to the anti-fraud policy.
6. The Board of Directors shall ensure that the shareholders are treated equally, have the right to access information, and have an appropriate channel to communicate with the Company, and shall form an investor relations center to be responsible for providing information to investors and the general public.
7. The Board of Directors and executives shall ensure that personnel at all levels are properly selected and that the selection process is fair and transparent.

Compliance with THRE Group's corporate governance policy is a key indicator to measure the business management performance of the Board of Directors and executives and to evaluate the performance of all employees.



The Company encourages compliance with the corporate governance principles and code of business ethics and communicates with the directors, executives and employees to ensure that they would realize and acknowledge the significance of corporate governance and ethics and that all employees have studied, familiarized themselves with, and signed to acknowledge the corporate governance and ethics as a guideline for their operation. Moreover, the Company has to publicize corporate governance policies on its website and regularly monitors the compliance program in general. An assigned working party must report all updates and progresses to the Board of Directors. For instance, the Audit Committee has been entrusted with duties to monitor issues concerning a conflict of interest, internal control and audit, and compliance with laws and regulations prescribed by relevant authorities, and to regularly report the Board of Directors on a quarterly basis. The Company Secretary has been assigned to monitor securities holding of directors and executives and report the results thereof to the Board of Directors on a quarterly basis; and so on.

Subcommittees >>

List of Subcommittee Members and the Scope of Duties and Authorities.

To enhance efficiency in business administration and supervision, the Board of Directors has appointed subcommittees to specially oversee and follow up on the routinely important activities or the activities that need close attention. There are four subcommittees at present, namely the Audit Committee, the Remuneration and Nominating Committee, the Enterprise Risk Management Committee, and the Investment Committee. Their structures and responsibilities are clearly identified as follows:

(a) Audit Committee

The Audit Committee was established on February 24, 1999, consisting of three independent directors. The Audit Committee's term is three years. Its existing members are listed below:

Name	Position
Mr.Aswin Kongsiri	Chairman of Audit Committee
Mr.Chanin Roonsamrarn	Audit Committee
Ms.Potjaneer Thanavararit	Audit Committee

The three existing Audit Committee members, who have accounting and financial knowledge, have duties to examine and oversee the Company's operation, financial reporting, internal control system, external auditor selection, and conflict of interest. One of them, Khun Potjaneer Thanavararit, completed her studies in accounting and used to serve as a special instructor in accountancy at Assumption University and as a guest lecturer at various universities and institutions, both public and private.

The Scope of Duties and Authorities

1. To review and ensure that the Company's financial reporting is accurate and adequate.
2. To review and ensure that the Company's internal control and internal audit systems are suitable and effective; and to consider independence of the internal audit unit and approve an appointment, rotation, termination of employment of head of the internal audit unit or any other units responsible for internal audit.
3. To review and ensure the Company's compliance with the law on securities and exchange, regulations of the Stock Exchange of Thailand and the laws applicable to the Company's business.
4. To consider, select and nominate an independent person for appointment as the Company's auditor and propose remuneration for such person, as well as to attend a non-management meeting with the auditor at least once a year.
5. To consider connected transactions or transactions with a possibility of conflict of interest and ensure that they conform to the laws and the SET regulations and are reasonable and most beneficial to the Company.
6. To prepare an Audit Committee's report, which must be signed by the Audit Committee Chairman and must contain minimum information required by the SET, for further publishing in the Company's annual report.
7. To review and ensure that the Company has in place a risk management policy and properly and effectively implements the risk management policy and guideline; and to supervise the Enterprise Risk Management Committee.
8. To perform any other duties as assigned by the Board of Directors with the consent of the Audit Committee.

(b) Remuneration and Nominating Committee

The Remuneration and Nominating Committee was incorporated on February 20, 2009, consisting of three non-executive directors. The Remuneration and Nominating Committee's term is three years. Its existing members are listed below:

Name	Position
Mr.Chai Sophonpanich	Chairman of Remuneration and Nominating Committee
Mr.Jiraphant Asvatanakul	Remuneration and Nominating Committee
Mr.Chandran Ratanaswami	Remuneration and Nominating Committee

The Scope of Duties and Authorities

1. To determine and recommend the structure, size, composition, and qualification of the Board of Directors and subcommittees.



2. To determine policy, criterion, qualification, and nominating procedures for appointing directors and subcommittee members to replace the outgoing members.
3. To recruit and nominate the directors and subcommittee members from the qualified candidates and submit the lists to the Board of Directors for approval and/or propose them to the meeting of shareholders for approval, as the case may be.
4. To select, screen and propose a qualified person to assume the position of Chief Executive Officer (CEO) when it becomes vacant, including succession plan and regulations for the key top management positions, and submit these to the Board of Directors for consideration. In this regard, top management means CEO and senior executives in the first- and second-highest ranking position after the CEO.
5. To determine policies and structure of remuneration and other benefits for directors, board advisors, and subcommittee members of the Company that are subject to transparent criteria and are commensurate with their responsibilities, taking into account duties, responsibilities and related risks and focusing on increase in shareholders' equity in the long term.
6. To determine a policy on remuneration of top management that is consistent with the Company's overall performance and the performance of that executive.
7. To determine annual remuneration of the Board of Directors and subcommittee members and propose it to the meeting of shareholders for approval.
8. To determine annual remuneration of individual top management and propose to the Board of Directors for approval.
9. To perform any other duties as assigned by the Board of Directors with the consent of the Nomination and Remuneration Committee.

(c) Enterprise Risk Management Committee

The Enterprise Risk Management Committee was approved by the Board of Directors to be established on February 25, 2010, consisting of Director & Chief Executive Officer as the Committee Chairman, Director & President as Vice Chairman, and senior executives from various departments as members. The Committee is under the supervision of the Audit Committee.

The Scope of Duties and Authorities

1. To determine risk management policy and ensure that it is consistent with the board-approved business policy and target of the Company.
2. To monitor, assess and integrate risk management activities such as identification and assessment of all risks of the Company and follow-up on the progress and result of each risk management measure to control risks at the proper level.
3. To encourage the translation of risk management measures into practice and ensure that the results can be monitored and effectively evaluated.

4. To promote the development of necessary infrastructure for enterprise risk management program, including information technology, risk management tools, monitoring and reporting system.
5. To encourage the development of an enterprise risk management culture so as to ensure the employees at all levels are aware of and participate in management of risks associated with the functions they are in charge of.
6. To report the results of enterprise risk management to the Board of Directors through the Audit Committee.
7. To perform any other duties as assigned by the Board of Directors or the Audit Committee.

(d) Investment Committee

The Investment Committee was established on February 28, 1994, consisting of three members. The Investment Committee is responsible for outlining an investment policy and providing advice and recommendation on the investment issues to the management. The existing members are listed below:

Name	Position
Mr.Suchin Wanglee	Investment Committee
Mr.Chai Sophonpanich	Investment Committee
Mr.Chandran Ratanaswami	Investment Committee

The Scope of Duties and Authorities

1. To formulate an investment policy framework, covering investment and other business activities of life insurance companies as stipulated in notification of the Insurance Commission, and submit it to the Board of Directors for approval.
2. To consider and approve the Company's investment plan that is aligned with the investment policy framework and risk management policy framework.
3. To monitor and ensure that investments and investment fund management are in conformity with the investment policy framework, overall risk management policy, rules and procedures for investment, and relevant legal provisions.
4. To monitor corporate governance, transparency, and prevention of conflict of interest associated with investment transactions of the Company.
5. To monitor work systems, personnel and data used for the Company's investments and ensure that they are adequate for the operation.
6. To report results of the investments to the Board of Directors on a regular basis.
7. To perform any other task or the task under its authority and responsibility as assigned by the Board of Directors.

The board of director may also appoint other Sub-Committees to manage special critical tasks from time to time.



Nomination and Appointment of Director and Top Management >>

1. Nomination and Appointment of Independent Directors

The Company sets out criteria for selection process of independent directors. A candidate must meet the qualifications for director nomination of the Company as well as the qualifications of 'Independent Director' as defined by the Securities and Exchange Commission (SEC), which are:

Qualifications of Independent Director

"Independent Director" is a person who meets all qualifications and has the minimum independency as required under the Notification of the SEC and the Notification of the Stock Exchange of Thailand as follows:

1. An independent director must not hold more than 1 percent of the total number of shares with voting rights of the Company, parent company, subsidiaries, associated companies or any other juristic persons who may have a conflict of interest, inclusive of number of shares held by his/her related persons.
2. An independent director must not be a director who takes part in management, an employee, a staff member or an advisor who receives a regular salary, or a controlling person of the Company, parent company, subsidiaries, associated companies or subsidiaries of the same rank or juristic persons who may have a conflict of interest, unless the foregoing relationship already ended for at least two years before the date of appointment as the Company's independent director.
3. An independent director must not have relationship, whether by blood or by legal registration, in the form of fatherhood, motherhood, spouse, sibling and child as well as child's spouse of the executives, major shareholders, controlling persons or persons to be nominated as executives or controlling persons of the Company or its subsidiaries.
4. An independent director must not have existing or previous business relationship with the Company, parent company, subsidiaries, associated companies or juristic persons who may have a conflict of interest in a manner that may obstruct the exercise of his/her independent judgment, and must not be the existing or former major shareholder, non-independent director, or executive of those who have business relationship with the Company, parent company, subsidiaries, associated companies or juristic persons who may have a conflict of interest, unless the foregoing relationship already ended for at least two years before the date of appointment as the Company's independent director.

The term "business relationship" in the first paragraph includes any normal business transaction, rent or rent out 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, in the amount of 3 percent or more of the net tangible assets of the applicant or THB 20 million or more, whichever is lower.
5. An independent director must not be or have been an auditor of the Company, parent company, subsidiaries, associated companies or juristic persons who may have a conflict

of interest, and must not be a major shareholder, non-independent director, executive or managing partner of an audit firm which employs auditors of the Company, parent company, subsidiaries, associated companies or juristic persons who may have a conflict of interest, unless the foregoing relationship already ended for at least two years before the date of appointment as the Company's independent director.

6. An independent director must not be or have been a professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding THB 2 million from the Company, parent company, subsidiaries, associated companies or juristic persons who may have a conflict of interest, and, in case the professional advisor is a juristic person, must not be or have been a major shareholder, non-independent director, executive or managing partner of the professional advisor, unless the foregoing relationship already ended for at least two years before the date of appointment as the Company's independent director.

7. An independent director must not be appointed as a representative of the Company's director, major shareholder or shareholders who are related to the Company's major shareholder.

8. An independent director must not have any other characteristics which make him/her incapable of expressing independent opinions with regard to the Company's business affairs.

The Board of Directors has considered, with due care, that all independent directors fully meet the qualifications set forth by the Company and their resuming in such position for several consecutive terms does not have any impact on the discharge of their duty and provision of independent opinions.

2. Nomination of Directors and Executives

Criteria for Director Nomination

In the selection and nomination of directors, the Remuneration and Nominating Committee determines qualifications of the required director positions that fit in with the nature of business operations and strategies of the Company. It also takes into account the needed skill and the policy on board diversity in terms of professional skill and specialized expertise, knowledge and talent, and work experience. The qualified candidates who have amassed professional experience, knowledge and capability that will be useful to the Company will be selected and appointed as the Company's directors or executives. They must also completely meet the qualifications specified in Section 68 of the Public Limited Companies Act B.E. 2535 (and as amended) and the Notification of the SEC and must not possess any prohibited characteristics under the SEC Act (and as amended) and other applicable laws and regulations.

The existing THREE Board of Directors is composed of 12 members, the number of which is compatible with the Company's business operation. All of them have had work experience or used to assume a top-ranking position in the business and government sectors. In view of their educational background, most of the directors finished their studies in the field of business administration and economics and some of them graduated in accounting and laws. As such, the Board of Directors is



composed of experts with skills and experience in a diverse field of professions that can suitably cover all aspects of the Company's affairs.

Nomination and Appointment Process for Directors

Candidates for director position are to pass the nomination process of the Remuneration and Nominating Committee and require an approval of the shareholders' meeting. There is no limit to number of director seats that the individual or group of shareholders can nominate according to their shareholding percentage. The Committee offers an equal opportunity to all individual and groups of shareholders to propose suitable candidates through the Company's website prior to the Annual General Meeting of Shareholders, or usually during three months before the end of fiscal year. The candidates must be competent and have a specialized professional background from various fields. Also, they must have leadership skills, vision, virtue, ethics and good track records and must be able to express opinion freely. The shareholders may cast their votes for each individual candidate in accordance with the rules and regulations of the Company as follows:

- 1) Each shareholder is entitled to one vote per share.
- 2) Each shareholder may exercise all of his/her votes as stated in rule number 1) to elect either one or several candidates. However, his/her votes must be evenly split among all candidates. The Company does not apply cumulative voting due to its shareholders structure under which there is not any absolute major shareholder who has a controlling influence over the Company and over the decision on director election.
- 3) Those who receive the most votes cast by shareholders shall be elected as directors in descending order until all of the director positions required are filled.

On the current Board of Directors, the Company has appointed two new members nominated by the major shareholder, namely Mr. Chandran Ratnaswami and Mr. Gobinath Arvind Athappan.

Criteria for Executive Recruitment

The Board of Directors, upon the recommendation of the Remuneration and Nominating Committee, considers an appointment of top management at an executive vice president level and higher to be responsible for business operation, based on both the candidate's qualifications for an executive position and the Company's succession plan.

Nomination and Appointment Process for Executives

The Remuneration and Nominating Committee is responsible for nominating a qualified candidate for the chief executive officer (CEO) position. CEO and the Remuneration and Nominating Committee are jointly responsible for nominating senior executives in the first and second layers below the CEO, i.e., the president and executive vice president levels. Qualified candidates are considered based on their knowledge, competence, skill and experience that will be useful for the Company's business operation, as well as their profound understanding

of the Company's business and administrative ability to achieve the Company's goals and objectives. After completion of the selection and nomination process, names of the qualified persons will be proposed to the Board of Directors for approval.

The Remuneration and Nominating Committee is also responsible for the Company's management succession plan.

Monitoring of Subsidiaries and Associated Companies >>

Under the Company's mechanism for monitoring of its subsidiaries and associated companies, the Board of Directors and/or the management are responsible for nominating and voting on appointment of the Company's directors and/or executives to serve as directors of the subsidiaries and associated companies. The appointed persons shall be obligated to perform duties in the best interest of the subsidiaries or associated companies that they serve. Number of director seats in the subsidiaries or associated companies to which the Company is entitled is allocated according to the Company's shareholding percentage in any such entities or as agreed upon in the shareholders agreement.

In the case of subsidiary companies, the Company has stipulated that its representatives appointed as the subsidiaries' directors must ensure that the subsidiaries have completely and accurately drawn up a guideline on connected transactions, acquisition/disposal of assets or any other crucial transactions, and have adhered to the disclosure rules and rules for the said transactions similar to the rules observed by the Company. They must also supervise and ensure that the subsidiaries keep data files and account books available for the Company to examine and submit them in time for preparation of the group's consolidated financial statements.

However, there has been no agreement between the Company and other shareholders with respect to the management of the subsidiaries and associated companies.

Internal Information Disclosure Policy >>

The Company has a policy to prohibit executives and employees at all levels from using internal information for personal benefit. Apart from the data security measure that limits number of personnel who could access confidential information and the requirement for directors and executives to comply with the SEC regulations, the Company has incorporated best practices into its code of business ethics and clearly stipulated disciplines and disciplinary actions in the Company's work regulations. In this respect, all employees are to sign the data security policy compliance agreement in a bid to prevent them from using the Company's information for personal benefit or to prevent unauthorized use of such information. Moreover, the Company adopts the following policies and measures to monitor the executives' use of internal information for personal interest and for securities trading:



1. The directors and executives shall be informed of their duty to report securities holding by each of them and their spouse and minor children to the SEC pursuant to Section 59 and penalty clauses under Section 275 of the Securities and Exchange Act B.E. 2535 (and as amended), and duty to report acquisition or disposal of securities by each of them and their spouse and minor children to the SEC pursuant to Section 246 and penalty clauses under Section 298 of the Securities and Exchange Act B.E. 2535 (and as amended).

2. The directors, executives and employees who work in the unit that can access or use internal information and their spouse and minor children/adopted children shall be prohibited from selling or buying the Company's securities during a 30-day period before disclosure of material internal information to the public and until one day after the disclosure date. The responsible unit shall notify such timeframe to the concerned persons in advance from time to time.

3. The directors and executives shall prepare and submit a report on securities holding by each of them and their spouse and minor children in form specified under the regulations for securities holding, and shall submit a copy of such report to the Company on the same day that the report is sent to the SEC and the SET. The report thereof shall be prepared and submitted to the Board of Directors on a quarterly basis.

4. Regarding control over the use of internal information, the Company has personnel who are specifically responsible for the task, and reminds its operating staffs to exercise due care in keeping all information. Where it is necessary to disclose any information, it shall be disclosed only by the person/s designated by the Company.

The Company ensures safe-keeping of data on its financial statements and information memorandum before submission to the SET. Its executives and concerned staffs shall strictly keep the Company's confidential information.

Auditors' Remuneration >>

Audit Fee

Remuneration for the external auditors payable by the Company and its subsidiaries is comprised of annual audit fee, review audit fee for quarterly financial statements, fee for review and assessment of internal control on investments, and fee for audit of the risk-based capital report of life and non-life reinsurance business under the OIC's regulations. For 2015, a total of THB 5,094,000 was paid to EY Office Ltd., an audit firm with which the auditors have worked, consisting of an audit fee for the Company of THB 2,000,000 and an audit fee paid by the seven subsidiaries and associated companies themselves totaling THB 3,094,000.

Non-Audit Fee

In the fiscal year 2015, the Company and its subsidiaries:

- Did not pay any audit fee to the auditors or to the person or entity relating to the auditors and the audit firm with which the auditors have worked;

- Did not pay any other service fees unrelated to the audit; and
- Did not bear any future expenses arising from unfinished assignments.

Compliance with Good Corporate Governance Principles by the Company in 2015 >>

The Company adheres to and complies with the corporate governance principles for listed companies as outlined by the Stock Exchange of Thailand and in line with the international practices. Thus, a policy and guideline have been clearly defined in the corporate governance and ethics handbook to make certain that the Company upholds a good management standard, operates business with responsibility and transparency, has a mechanism of checks and balances, and acts ethically with respect to the organization, third parties and all groups of stakeholders. The Company strictly conforms to the five corporate governance principles, which are:

Chapter 1 : Rights of Shareholders

1.1. Rights of Shareholders

The Company gives importance to and respects rights to which the shareholders are entitled in their capacity as both investors and owners of the Company, and accordingly provides the shareholders with an opportunity to exercise their basic rights under the laws, comprising right to sell, buy or transfer shares held by them, right to receive a share of profit from the Company, right to attend a shareholders' meeting, right to cast votes at the meeting, right to express an opinion, right to receive equal treatment with respect to share repurchase by the Company, right to jointly decide on crucial issues of the Company such as appointment or removal of directors, appointment of an auditor, amendment to the Articles of Association or the Memorandum of Association, etc.

In addition, the Company recognizes the shareholders' rights beyond such basic rights, including right to have access to crucial information sufficiently and timely via the Company's website, right to communicate with the Board of Directors through the channels designated by the Company, etc.

1.2 Shareholders' Meeting

The Company sets out that an annual general meeting of shareholders is held within the first four months after the end of an accounting year and that, where there is an urgent need to consider any matter which could affect or is related to the shareholders' interest and is subject to the shareholders' approval, the Board of Directors may then convene an extraordinary general meeting of shareholders case by case. In 2015, the Company held one shareholders' meeting, i.e. the Annual General Meeting of Shareholders No. 22 on April 22, 2015, which was attended by eight out of the total 12 directors. For such meeting, the Company adopted the best practices in accordance with the AGM Checklist project carried out by the Thai Investors Association, which are:



Treatment of Shareholders before the Meeting Date

- The Company provided the shareholders with an opportunity to propose meeting agenda or submit questions about the Company for the 2015 Annual General Meeting of Shareholders and to nominate qualified persons for election as the Company's directors in advance during the period from September 23, 2014 until December 31, 2014 through e-mails or letters sent directly to the Company Secretary. At the end of such period, none of the shareholders proposed the meeting agenda or nominated any qualified persons as the Company's directors for the Board of Directors' consideration.

- The notice of the meeting, meeting agenda with the Board of Directors' opinion, proxy forms prescribed by Ministry of Commerce comprising Proxy Form A, Form B and Form C (applicable to only shareholders who are registered as foreign investors and have appointed a custodian in Thailand to take care of their shares), documents or evidence showing identification of the shareholders or proxies entitled to attend the meeting, and documents for all agenda items are publicized via the Company's website in both Thai and English languages at least 30 days ahead of the meeting date and prior to the delivery of those documents to the shareholders by mail. In 2015, the Company posted the notice of the shareholders' meeting on its website 40 days prior to the meeting date.

- The Company delivers notice of the shareholders' meeting, giving detailed information of the meeting date, time and venue, meeting agenda, objectives and reasons, opinion of the Board of Directors, minutes of the previous meeting, annual report, proxy forms prescribed by Ministry of Commerce with proxy-granting instructions that are clear and easy for the shareholders to follow, list of independent directors whom the shareholders can select and assign as their proxy to attend the meeting on their behalf, details of documents that the shareholders must bring on the meeting date, the Company's Articles of Association pertinent to the shareholders' meeting and method of vote casting, and all other documents to preserve shareholders' right to attend the meeting. The Company submits the notice of the meeting and all relevant documents to the shareholders at least 21 days ahead of the meeting date so that the shareholders could obtain sufficient, accurate and complete information and have sufficient time to study the meeting agenda in advance. Moreover, the notice of the meeting is published in local newspapers for three consecutive days at least three days before the meeting date so that the shareholders would be informed of the meeting notice in advance and could prepare for participation. In 2015, the Company submitted the notice of the shareholders' meeting and relevant documents to the shareholders 21 days in advance.

- The Company facilitates and encourages all shareholder groups, whether individual or juristic persons and institutional investors, to participate in a shareholder meeting in order to allow for all shareholders to equally exercise their rights at the meeting, by setting the suitable meeting time and date and arranging the meeting venue that is conveniently accessible to all shareholders. The Company also provides proxy forms, i.e. Proxy Form A, Form B and Form C

(applicable to only shareholders who were registered as foreign investors and have appointed a custodian in Thailand to take care of their shares), for all shareholder groups who are unable to attend the meeting to assign a proxy to attend the meeting on their behalf. In addition, the Company contacts institutional investors such as asset management companies or custodians to dispatch their representatives to attend the meeting and assists in screening all documents for meeting attendance in advance.

Treatment of shareholders on the meeting date

- The Company provides convenience for all shareholders and proxies, whether they are individual, juristic or institutional investors, on the meeting date on an equitable basis. The Company arranges for a sufficient number of reception staffs, document screening staffs and computer equipment to facilitate the registration, the meeting and the vote counting in an efficient manner. English language interpreters are available for foreign investors who wish to attend the meeting.
- Registration begins two hours before the start of the meeting. The Company will not perform any act in such a way that will restrict rights of the shareholders to attend the meeting and all shareholders are entitled to register for attending the meeting at any time throughout the meeting.
- The barcode system is used for meeting registration and vote counting to ensure accuracy, convenience, and rapidity.
- Before the start of the meeting, the Chairman will introduce to the shareholders the Board of Directors, the management, the auditors and legal advisors who have been assigned as inspectors of the meeting, and will explain to the shareholders about how to cast votes and use voting ballots for each agenda item, whereby the voting ballots for director election will be separated from other agenda items. The shareholders and proxies attending the meeting have the right to cast votes equal to the number of shares they hold. One ordinary share is equal to one vote. The Company has only one type of shares, i.e. ordinary shares, and does not have any preferred shares and any other types of securities.
- The Company's legal advisors are assigned to serve as inspectors to independently monitor and ensure that the registration, the meeting and the vote counting are conducted transparently and accurately at every step in accordance with the laws and the Company's Articles of Association, while the shareholders are given an opportunity to volunteer to witness the vote counting and to raise any questions regarding the vote counting.
- The Company conducts the meeting according to the agenda and has no policy to add any new agenda items or change material information without notifying the shareholders in advance. During the meeting, the Chairman gives the opportunity to the shareholders to raise questions and express opinions on each agenda item and provides clarifications to all queries to the shareholders'



satisfaction. At the previous meeting of shareholders, the Board Chairman, Chairman of the Audit Committee, Chairman of the Remuneration and Nominating Committee, Director & CEO, top management, the auditors and the legal advisors participated in the meeting to answer the questions raised by the shareholders.

- Shareholders who attend the meeting after the meeting already started have the right to cast votes on the agenda item that is still under consideration and has not yet been voted on.

Treatment of shareholders after the meeting date

- Resolutions of the shareholders' meeting will be disclosed together with voting results by the next business day immediately after the meeting date through a news release to the SET. For the 2015 shareholders' meeting, the Company disclosed the meeting resolutions and voting results in the morning of the business day immediately after such meeting date.

- The Company prepares minutes of the shareholders' meeting by containing therein all material information such as explanations, questions, comments, voting procedures, voting results, and so on. For the 2015 Annual General Meeting and the previous extraordinary general meeting of shareholders, the Company made the minutes available within 14 days after each meeting in accordance with the SET requirements and already posted the minutes on the Company's website. Audio and visual records of the meeting were also made available in VCD format for interested shareholders who did not attend the meeting.

Moreover, the Company communicates with shareholders, discloses significant information and discloses the shareholding structure in its subsidiaries and associated companies clearly in its annual report and on its website. Such disclosure is aimed for shareholders to rest assured that the Company's management structure is efficient, transparent and examinable, which could lead to sustainable growth and generate a reasonable rate of return for shareholders.

Chapter 2 : Equitable Treatment of Shareholders

2.1 Treatment of Shareholders

All groups of shareholders, whether major shareholders, minority shareholders, institutional investors or foreign investors, are treated on a fair and non-discriminatory basis with their rights being equally protected. The Company has upheld the following best practices :

- All shareholders are given an equal right, regardless of their shareholding percentage, to nominate persons for director election and to propose meeting agenda in advance. The Company has disclosed this information via the SET and posted the clearly-defined relevant process on the Company's website. For the recent 2015 Annual General Meeting, the shareholders were allowed a period of time from September 23, 2014 until December 31, 2014, or three months before the end of the accounting year, to propose director nomination and meeting agenda through e-mails or letters sent directly to the Company Secretary for compilation and submission to the Remuneration and Nominating Committee and/or the Board of Directors for further

consideration. In the event that the Board of Directors resolves to reject the agenda items proposed by the shareholders, the Company will notify the shareholders of reasons for such rejection at the shareholders' meeting. Besides, the shareholders who attend the annual general meeting are also granted the right to additionally nominate persons for director election directly to the meeting. At the recent 2015 Annual General Meeting, none of the shareholders nominated any qualified persons for election as directors or proposed any additional agenda items.

- Shareholders are able to forward their questions, comments or suggestions in advance through e-mails or letters directly to the Company Secretary prior to the meeting date so that all questions could be gathered for answering at the meeting. In 2015, none of the shareholders submitted any questions, comments or suggestions in advance through the channels mentioned previously.

- In order to protect the interest of and facilitate communication with all groups of shareholders, the notice of the meeting, meeting materials, minutes of the previous meeting, and any related information are posted on the Company's website and available in both Thai and English. The Company also assigns its staff members proficient in English language to serve as interpreters for the foreign shareholders who attend the meeting.

- The meeting is conducted according to the agenda indicated in the meeting notice. The Company complies with the policy and does not add any new agenda items at the meeting without notifying shareholders in advance.

- All shareholders have an equal access to the Company's information. Up-to-date information is always disclosed via the Company's website. Shareholders are properly and equitably treated by having an access to information disclosed through the SET's information disclosure system and the Company's website and investor relations unit.

- The Company has devised measures against misuse of internal information by its directors, executives and employees, as described in 'Internal Information Disclosure Policy' Section. Information regarding interests of the directors, executives and their related persons is reported to the Board of Directors. The directors or executives who have a conflict of interest in or are connected with any transactions shall be prohibited from involving in the approval process for any such transactions. The Audit Committee is assigned to follow up on this matter and report to the Board of Directors on a quarterly basis.

2.2 Participation in Shareholders' Meeting

- Shareholders who are unable to attend the meeting by themselves are encouraged to appoint other persons or any of the independent directors as their proxy to attend the meeting and cast votes on their behalf by using the proxy form that allows the shareholders to determine their voting direction. The Company posts the proxy forms including all relevant details and procedures



on its website at least 30 days in advance. At the annual general meeting held in April 2015, a total number of 261 shareholders attended the meeting, 99 attended the meeting in person and 162 were proxies.

- Shareholders are encouraged to use ballots for voting on each agenda item. Ballots are separately provided for each agenda item. In particular, ballots for election of directors are provided separately for each individual candidate so that the shareholders can cast votes as they deem fit. The voted ballots are collected in the meeting room and the total votes derived will be aggregated with the votes pre-determined in the proxy forms, the final voting result of which will be announced in the meeting room.

- The meeting is conducted according to the agenda specified in the notice of the meeting and in line with the policy. Additional items will not be included in the agenda without informing shareholders in advance to ensure that shareholders have an opportunity to study all information before making decision.

- Minutes of the shareholders' meeting are correctly and completely recorded and are delivered to the SET and the SEC 14 days after adjournment of the meeting and also posted on the Company's website so that shareholders who were present at or absent from the meeting can later view the minutes.

- Visual records of the meeting are also available on the Company's website.

Chapter 3 : Awareness of Stakeholders' Roles

3.1 Non-Violation of Human Rights

The Company recognizes the importance of and is committed to responsibility for all groups of stakeholders, including shareholders, investors, employees, customers, business partners, competitors, creditors, other stakeholders, communities, society and environment as a whole, to create a sustainable common benefit. The Company respects stakeholders' rights under the laws or the obligations or agreements made between them and shall not perform any act in violation of the rights of those stakeholders. The Company has formulated a policy on human rights for the Board of Directors, executives and all employees to adhere to and have clearly defined the rights of all groups of stakeholders in the code of ethics and business conduct. The Company also makes certain that all such rights are protected with fair treatment and that stakeholders receive a fair compensation for any damage arising from violation by the Company. The details are as follows:

Policy on Human Rights

THRE and its subsidiaries conduct business under the corporate governance principles and recognize and give importance to fair and equitable treatment of all groups of stakeholders. The Company shall not perform any act in violation of the rights of all groups of stakeholders and shall adhere to the principles of human rights and labor employment by placing importance on the value of life, body and property and ensuring the employees' quality of life and happiness

at work. A guideline on human rights has been drawn up for the directors, executives and all employees to abide by, as follows:

1. The Company treats all of its staff members on an equitable and non-discriminatory basis and without division of their national origin, race, religion, gender, age, complexion, education, family background or any other status that is unrelated to their work.
2. The Company allows for all employees to have an equal right to work under its rules and regulations.
3. The employees' personal information is treated in strict confidence and shall not be disclosed or forwarded to any unrelated parties.
4. The Company adopts a fair practice in the management of wages and all other benefits.
5. The Company neither advocates any business activity that infringes on the international human rights principles, nor discriminates against all groups of stakeholders. The Company promotes equality without division of gender and class, never exploits child labor, and resists all forms of fraud and corruption.

3.2 Treatment of All Groups of Stakeholders

A guideline on treatment of all groups of stakeholders has been devised for the Board of Directors, executives and employees to observe, as follows:

Treatment of Shareholders

The Company respects the shareholders' basic rights under the laws and the Company's Articles of Association, including right to attend a shareholders' meeting and to cast votes, right to freely express opinion at the meeting, and right to receive a fair return. Moreover, the Company recognizes rights of the shareholders beyond their basic rights and strictly protects the shareholders' rights.

- The Company ensures that shareholders receive adequate and appropriate information by disclosing crucial information, both financial and non-financial, to shareholders in an accurate, complete and timely manner through various channels such as the SET's electronic information disclosure system, the Company's website, newspaper, press release, or news circular, etc.
- The Company encourages shareholders to exercise their right to attend the shareholders' meeting, right to cast votes at the meeting, and other rights to which they are entitled, and shall not perform any act that will infringe on or prejudice the shareholders' rights.
- The Company grants rights to shareholders to express their comments or lodge any complaints regarding the Company's business operation through channels indicated on the Company's website. All comments are screened and forwarded to the Board of Directors or the concerned units and the development thereof will be informed to the relevant shareholders



in due course. In 2015, there were no suggestions or complaints made by shareholders, except some phone contacts with our Investor Relations unit, inquiring about the Company's business operation.

Treatment of Employees

Since THRE has engaged in service business, employees are deemed as a key resource crucial to the business success. The Company wishes for all employees to take a pride in the organization and have a good career advancement opportunity and, therefore, gives priority to continuous development and enhancement of its employees' capabilities. Focusing on fair treatment of employees, the Company makes certain that its employee remuneration package is appropriate and comparable to others in the industry. The Company also focuses on employees' happiness at work by improving office environment and equipment to ensure readiness, convenience, safety and efficiency and providing proper health-related welfare and recreation benefits. The details are as follows:

- The Company treats all staff members under the principles of human rights, dignity and equality and does not perform any act that will infringe on or prejudice rights of the employees.
- The Company recruits suitable personnel at all levels through a fair and transparent process, based on factors such as qualification for each position, scholastic requirement, work experience and other requirements essential for such job, without discrimination on the grounds of gender, age, race, religion or any other status unrelated to work.
- The Company places importance on safety, sanitation and pleasant environment by ensuring a good workplace ambience for employees and facilitating customers, business partners and stakeholders' contact with the Company. The Company conducts a fire drill at least once a year to prepare for unexpected events such as fire and other crisis, and maintains and repairs all equipment to ensure it is in fully operational status at all times. In order to emphasize the importance of this among all parties concerned, the Company has incorporated the above guideline as part of the code of ethics and business conduct. In 2015, none of the employees had an accident or illness caused by their performing of duty.
- The Company has formed a Welfare Committee to represent employees in improving welfare in conjunction with the management and in arranging activities for employee participation such as New Year's celebration activities, off-premises events, etc.
- As a preventive measure, the Company provides a pre-employment health check-up program for new-coming staff and a compulsory annual health check-up program, classified by age group, for all employees. The Company also encourages and stimulates employees to maintain regular exercise by providing a fully-equipped standard gym as well as various activities, believing that employees with good health condition will help decrease illness rate and increase their working efficiency.

- The Company adopts a policy and practice that ensures employees' remuneration and fringe benefits are at an appropriate level and commensurate with their duty and responsibility and are comparable with those of similar businesses. To serve this purpose, salary and compensation survey data in insurance and similar industries from different sources and data on yearly performance evaluation of the individual employees are used as a basis for such consideration. In addition, the Company provides a provident fund, allowing employees to receive contribution and benefit thereon from the Company upon their completion of the required years of service specified by the Company so that employees could accumulate fund for their future needs. Details of employee remuneration (including contribution to the provident fund) are presented in "Human Resources" section.

- Realizing that personnel are the organization's most valued resources, the Company implements a policy on personnel development by encouraging employees to undergo training and competency development in order to strengthen their working efficiency and advance their career. All employees are developed according to the training road map, career path and career plan designed for the individual employees. Number of employees' training hours is presented in "Human Resources" section.

- The Company allows employees to always be updated on relevant news and information through channels such as the Company's Intranet, internal news circular, e-mail, etc. in a bid to promote communication between the organization and employees and, hence, increase teamwork efficiency and relation.

- Every year the Company conducts an employee attitude and satisfaction survey in order to use the comments and suggestions obtained from the survey for further corrective actions. Clarifications to all of the employees' comments or suggestions are disclosed to all of them via the Intranet.

- The Company also allows employees to convey their opinions and lodge complaints and any other issues relating to their work either to their supervisors or directly to top management. All comments/complaints are considered on a fair and transparent basis and in conformity with the policy on complaint/whistleblowing management and whistleblower protection.

Treatment of Customers

The Company gives importance to customer satisfaction while upholding the code of best practices towards customers, including, among others, fair and non-discriminatory treatment of customers, promotion of good and sustainable relationship, and others, as specified in the Company's good management practices and anti-fraud policy, which can be summed up as follows:

- The Company treats customers on a fair and non-discriminatory basis and avoids any unethical acts such as collusion in price fixing or job allocation or use of customers' confidential information for the benefit of a third party.



- The Company strictly honors the conditions made with customers and delivers a quality and reliable service in accordance with its business standards.

- The Company provides services in a polite and respectful manner and promotes a good and sustainable relationship with its partners to ensure friendliness and satisfaction for all parties, thereby resulting in service rendering with quality, accuracy, rapidity, responsiveness to customer needs, and cost-saving.

- The Company shall not disclose customers' information that it could access from business operation but should in usual circumstances be kept confidential, unless otherwise permitted by the customers or where it has the duty or is required by law to make such disclosure or where the disclosure will benefit insurance business or the public as a whole.

- The Company gives advice on and assistance in matters relevant to its business or matters that are not beyond its ability.

- The Company improves and maintains its service standard in order to timely and truly address customers' requirements by establishing a Customer Solutions unit to closely take care of the individual customers. It conducts a study, survey and co-development of products and services that genuinely meet customers' demand, as well as prepares analytical and research papers and arranges seminars that are useful to customers and trade partners in their business operation.

Treatment of Business Partners, Competitors and Creditors

The Company strictly adheres to the policy to treat business partners, competitors and creditors under the rules for ethical, free and fair trade competition and within the purview of the laws and their mutual obligations. This has been incorporated into the code of ethics and business conduct in order for all parties to abide by.

- The Company sets out rules for evaluation and selection of partners and counterparties and opts to do business with partners and counterparties who conduct business with accountability, ethics and integrity and do not get involved in any form of frauds.

- The Company treats all partners and counterparties on an equitable and non-discriminatory basis and does not take advantage of its partners and counterparties.

- The Company puts in place a management and follow-up system to ensure the agreement conditions are completely fulfilled, together with a fraud prevention process at all steps of its operation.

- The Company does not perform any act that will tarnish its competitors' reputation through any discredit allegation without any reasonable grounds.

- The Company does not seek to obtain confidential information of its competitors by any unethical or improper method.

- The Company does not perform any act that will infringe upon intellectual property and invention under the patent of other parties or its competitors.

- The Company complies with all conditions under agreements made with creditors in a strict, correct, complete and punctual manner with respect to guarantee, fund management, payment and any other matters agreed upon with the creditors.

- In the event of failure to fulfill the conditions, the Company will promptly notify the creditors and provide reasons and remedial measures for such failure in order to jointly seek solutions to the problems.

- The Company abides by the anti-fraud policy and the principle of integrity, and neither gives nor receives any bribe whether in form of a gift or any other benefit. It shall not perform any act that is conducive to fraud and bribery, and shall not perform any act or assist in or support any act that is deemed as a misconduct according to the relevant laws and notifications, nor perform any act relating to property in bad faith or any act that is detrimental to the national economy or security, nor conceal or take part in a transfer or sale of property obtained from such act.

- The Company has a policy to abide by the laws governing intellectual property or copyright and does not infringe on intellectual property or copyright. Besides, before using any invention or information belonging to a third party, the Company shall examine and make certain that it is not an infringement on intellectual property or copyright of other party.

In the past year, the Company did not have any dispute or complaint with its customers, partners, competitors and creditors which could cause a material impact.

Treatment of Regulatory Bodies and Government Agencies

The Company complies with the laws, notifications, rules and regulations stipulated by the concerned regulatory bodies and government agencies, including Department of Business Development under Ministry of Commerce, Revenue Department under Ministry of Finance, Office of Insurance Commission, Stock Exchange of Thailand, Securities and Exchange Commission, etc. The Company also cooperates and collaborates in corporate governance and other issues as well as anti-corruption that have been supported by the regulatory bodies and government agencies or other private agencies in order to enhance management efficiency and ultimately achieve strong and sustainable development.

Treatment of Society and Environment

In conducting business, the Company pays attention to all concerned parties and acts as a good corporate citizen contributing positively to the community and environment conservation. The Company has incorporated into the code of ethics and business conduct, to which all staff members must adhere, the best practices towards our society and environment including promotion of an efficient use of resources.

- The Company encourages all employees to join in CSR activities and community development, and operates business without causing any impact on society and environment. In 2015, the Company



promoted creation of a pleasant workplace condition and improvement of surrounding environment and arranged road safety campaign activities within the organization and in nearby communities and also in conjunction with other network agencies. This could signify a unified cooperation among all members of the organization in conducting business without posing any impact on the society, environment and all groups of stakeholders, while still being able to carry on sustainable business development.

- The Company is determined to operate business with fairness and responsibility for the society, environment and all groups of stakeholders in its core business process. The Company assesses impacts from its operation in the economic, social and environmental aspects and determine the issues that significantly affect its operation or have influence on stakeholders' decision making so that it could identify the operational goals that cause no impact on the society and environment and could disclose only operational information that is crucial to the business and stakeholders.

- The Company educates and trains its employees on conservation of natural resources and environment. It encourages all employees to most efficiently use natural resources with the least possible waste rate by, for example, using the computerized data filing technology so as to reduce paper consumption, ensuring that both sides of the paper are used, replacing electrical appliances with the energy-saving type, setting the turn-on/off times for air-conditioners, switching off air-conditioners and lightings during lunchtime or when they are not needed in order to save energy, recycling used items, etc.

- Workplace environment is improved and maintained to be in a tidy, pleasant and healthy condition up to safety standard to ensure employees' security while at work.

- The Company is aware of the importance of the society and community. As part of Thai society, the Company deems that it has duty and responsibility to support and operate CSR activities and community development, which is in line with the main objective of its establishment to operate business for the utmost benefit of insurance business and national economy as a whole. The CSR activities performed by the Company in 2015 are described in 'Corporate Social Responsibility' Section in "Corporate Social Responsibility" section.

3.3 Whistleblowing/Complaint Report

The Company, with the Board of Directors' approval, outlines a policy on complaint/whistleblowing management and whistleblower protection, and puts in place measures, regulations, guidelines and procedures under such policy that are adequate for risks and are communicated to all concerned parties to ensure they understand and could perform relevant tasks correctly and properly. The details are as follows:

Policy on Complaint/Whistleblowing Management and Whistleblower Protection

All of the directors, executives and employees shall not be ignorant or negligent when becoming aware of any misconduct that is concerned with the Company.

The Company shall arrange secure and easily accessible channels for employees or outsiders to report complaints about damages occurring to them or voice concerns or report suspicious incidents or clues to possible misconduct concerned with the Company, as well as to seek advice on compliance with the code of business conduct and the related policy. The reported information shall be treated confidential and the reporting persons, or 'Whistleblowers,' shall be protected and shall neither be punished nor be adversely affected from their reporting such complaints or whistleblowing.

The Company shall put in place measures, regulations, guidelines and procedures under such policy that are adequate for risks and shall communicate these to all concerned parties to ensure they understand and could act correctly and properly.

Definition

Misconduct refers to a violation of laws, rules and regulations stipulated by external regulatory bodies and/or a violation of the code of business conduct, policies, measures, regulations and procedures set forth by the Company.

Complaint Reporting Channels for Stakeholders

Regarding channels for reporting complaints relating to its corporate governance, the Company posts on its website the channels for all groups of stakeholders to communicate or report their complaints, whistleblowing or suggestions to the Board of Directors via letter or e-mail. The Company also has in place a mechanism to protect whistleblowers and their anonymity and gives importance to treating such reported complaints in strict confidence.

In 2015, the Company did not receive any complaints or whistleblowing about any acts against its corporate governance principles or code of ethics.

Procedures Formulated for Implementing the Policy on Complaint/Whistleblowing Management and Whistleblower Protection

3.3.1 The Company provides more than one complaint channel and complaints are received by officials from different units in order for the whistleblowers to rest assured that the officials receiving their complaints have no conflict of interest.

3.3.2 Investors, outsiders or directors of the Company may provide opinions or report complaints/whistleblowing by sending letters or e-mails to

(1) Board Chairman through Company Secretary at the following address:

- Letter addressed to Company Secretary at the Company's office
- E-mail: chuanch@thaire.co.th; or

(2) Audit Committee Chairman through Secretary to the Audit Committee at the following address:



- Letter addressed to secretary to the Audit Committee at the Company's office
- E-mail: auditsecretary@thaire.co.th; or

(3) Director & CEO at the following address:

- Letter addressed to Director & CEO at the Company's office
- E-mail: waraporn@thaire.co.th

3.3.3 Employees who wish to make comments or report complaints/whistleblowing may send letters or e-mails to

- (1) Immediate supervisor, or
- (2) Human Capital Management & Development Department, or
- (3) Supervisor at a higher level, or
- (4) Audit Committee Chairman through Secretary to the Audit Committee

E-mail: auditsecretary@thaire.co.th, or

- (5) Board Chairman through Company Secretary E-mail: chuanch@thaire.co.th,

whichever is the case.

3.3.4 In reporting complaints/whistleblowing, a whistleblower shall indicate name/s of the person/s suspicious of committing any misconduct and give details of such act and other information that will be useful for an investigation. Details about name of the whistleblower and how to reach him/her, such as by telephone, need to be provided in order to demonstrate the whistleblower's sincerity with no intention to slander or cause damage to other person/s or to the Company.

3.3.5 The Company shall follow the examination procedures and record the evidence in writing without revealing names of the whistleblowers and shall keep information on sources of the whistleblowing in strict confidence. The whistleblowers shall receive fair treatment and be safeguarded from any adverse action as a result of their report of such complaints or whistleblowing. For instance, if a whistleblower is its employee, the Company will protect him/her from penalty, termination of employment, demotion, rotation from his/her current job/office to an inferior status, suspension from work, intimidation/disturbance in his/her work, etc.

3.3.6 The directors and employees shall not be ignorant or negligent when discovering or suspecting any conduct against the corporate governance principles or code of ethics of the Company, including any fraudulent act, and shall report such act through the channels designated by the Company and provide cooperation in the investigation of facts.

3.3.7 The person receiving reports shall handle them in the order of importance in complying with the applicable laws and regulations as well as the corporate governance principles, as follows:

- (a) Complaints about a breach of the Company's corporate governance principles or code of ethics, including fraud;
- (b) Complaints or information that might be useful for investigation about fraud or unlawful act of the Company or its directors or executives or employees which will cause damage or loss of benefit to the Company;

- (c) Complaints about the laws, rules and regulations to be observed by the Company;
- (d) Complaints about the established operational policy and accounting and financial policy of the Company;
- (e) Complaints about transactions with a conflict of interest or connected transactions as defined under regulations of the SEC or the SET;
- (f) Complaints about financial statements and financial information of the Company;
- (g) Complaints about the Company's performance and operation; and
- (h) Other complaints as additionally defined by the Board of Directors or the Audit Committee.

Chapter 4 : Information Disclosure and Transparency

4.1 Disclosure of Information

The Company gives importance to disclosure of significant information such as financial reports or others and discloses such information to the public through various channels as required by laws or by concerned authorities in a strict, complete and timely manner, by ensuring that the information disclosed is accurate, precise and relevant. The Company also discloses the following information to demonstrate its governance compliance and business transparency:

- To ensure that its activities are carried on in a fair and proper manner, the Company has established the code of business ethics and best practices for the Board of Directors, the management and staff to adhere to since 2000. The corporate governance policy, anti-corruption policy, and handbook on corporate governance and business ethics of the THRE Group are posted on the Intranet and the Company's website, in order for all directors, executives and staff members to familiarize themselves with, acknowledge and abide by.
- The Company's information, both financial and non-financial, is disclosed. The financial information, especially financial statements, are to be audited/reviewed by the auditors and approved by the Audit Committee and the Board of Directors before submission to the SET, the SEC, shareholders, investors and concerned agencies.
- The information, including financial statements, annual reports, etc., is made available on the Company's website in both Thai and English languages.
- Press release and significant business activities that are useful to shareholders, investors, securities analysts and general public are made available via the Company's website.
- The Company discloses the roles and duties of the Board of Directors and subcommittees, number of meetings and attendance of each member in the past year, details of which can be found in 'Management Structure' section.
- The Company publishes a report on the Board of Directors' responsibility for the financial report in its annual report (Form 56-2).



- The Company discloses information on remuneration for directors and management in the annual registration statement (Form 56-1) and the annual report (Form 56-2) and also discloses the policy on remuneration for directors and top management, including type, nature and amount of remuneration received by each member for serving on the subcommittees and as director in subsidiaries, details of which can be found in 'Management Structure' section.
- The Company sets a requirement to report all trading transactions/securities holdings of directors and executives. The Company Secretary is assigned to collect all of such information for reporting to the Board of Directors' meeting on a quarterly basis.

4.2 Investor Relations

The Company gives importance to investor relations management by remaining committed to performing duties with strong determination, dedication, accountability and integrity and providing accurate, adequate and reliable information to ensure that the investors, analysts and concerned parties could receive the information in a correct, sufficient, complete, transparent and equitable manner.

The Company has assigned Mr. Surachai Sirivallop, Chief Executive Officer (CEO), and Mr. Chuanchai Cheausamut, Company Secretary, to be in charge of "Investor Relations" unit. For enquiries, please call 02-290-3111 or e-mail to chuanch@thaire.co.th. For activities in 2015, there were 24 meetings held with members of the media, securities analysts, investors and fund managers.

4.3 Report on Interest

The Company has established rules and procedures for reporting interest of directors, executives and their related persons, which were duly approved by the Board of Directors, as a guideline for all concerned parties to abide by. Such report will be useful in complying with the regulations for connected transactions and monitoring the interest of directors, executives and their related persons insofar as the said interest is relevant to the Company's business management.

- The Company has a policy under which the directors and executives are required to disclose their interest and interest of their related persons in form designated by the Company on a yearly basis and when there is a change in such information during the year. The directors and executives who have interest in any transactions of the Company shall not participate in decision-making on such transactions, and the transactions shall be processed according to the measures or procedures for approval of related party transactions of the Company.
- The Company has a policy on trading of the Company's securities and procedures for reporting of securities holding in order for the directors, executives and employees who can access and use internal information to abide by, and requires that the directors and executives have duty to report their securities holding in accordance with the SEC's regulations.

Chapter 5: Board of Directors' Responsibility

5.1 Responsibility of the Board of Directors

In addition to its power, duties and responsibilities prescribed under the laws and the Company's Articles of Association as described in 'Management Structure' section, the Board of Directors also has other responsibilities as follows:

- The Board of Directors has arranged for the corporate governance policy and the code of ethics and business conduct of the Company to be established in writing since 2000 and has disseminated the said policy and the code to all employees to familiarize themselves with, acknowledge and be ready to comply with, as well as reviewed and followed up on compliance with the policy and the code on a regular basis.

- The Board of Directors has duty to determine the Company's vision and mission so that the executives and employees would perform their duties towards a common goal. In 2015, the Board of Directors reviewed and approved the vision, mission, strategy, target and direction for business operation of the Company as well as reviewed the significant policies to be in line with business operation under corporate governance principles such as the policy on corporate governance, the anti-corruption policy, etc.

- The Board of Directors monitors and ensures that the Company's strategies are put into practice. At every quarterly meeting, the Board of Directors follows up on the management's performance and requires that there must be a report on the Company's operation and business performance, especially the performance against financial targets and action plans, to make sure that the established strategies are accomplished.

- The Board of Directors has formulated a guideline on conflict of interest in writing, whereby those who have a vested interest in any transactions shall be prohibited from participating in decision making thereon and such transactions shall be considered primarily in the interest of the Company and the shareholders as a whole. The Audit Committee shall consider and determine reasonableness of related party transactions and present a report to the Board of Directors on a quarterly basis.

- The Board of Directors ensures that the Company has in place a control process on financial reporting and regulatory compliance and that a performance report is submitted to the Audit Committee on a quarterly basis.

- The Board of Directors ensures that the Company implements a risk management policy by adopting an enterprise risk management (ERM) program and setting up an Enterprise Risk Management Committee, composed of the management team members, to monitor policy implementation and report progress thereof to the Board of Directors through the Audit Committee on a quarterly basis, details of which can be found in 'Risk Factors' section.



5.2 Self-Evaluation of Board of Directors

Annually, each member of the board is required to evaluate the overall performance of the Board of Directors, using an evaluation form determined by the SET Corporate Governance Center. The purpose of this is to jointly review performance, problems and obstacles in the past year. The result will be used as a guideline to improve the work of the Board of Directors to ensure greater effectiveness and efficiency. In 2015, the SET Corporate Governance Center's evaluation form was used, similar to the past years. All directors completed the evaluation and the result showed that the Board of Directors expressed opinion on all of the six main subjects of the evaluation as follows:

1. Structure and qualification of the Board of Directors,
2. Roles, duties and responsibilities of the Board of Directors,
3. Board meeting,
4. Performance of directors,
5. Relation with the management, and
6. Self-development of directors and development of executives

The above opinion was in the level of strongly agreed or excellent action, with the mean score in 2015 equal to 3.83 points out of 4 points, an increase from the 2014 score of 3.78 points.

Apart from that, the Board of Directors also arranged for an evaluation of the subcommittees. The assessment covered the following issues:

1. Composition of the Audit committee,
2. Roles, duties and responsibilities of the Audit committee,
3. Audit Committee meeting,
4. Performance of the Audit committee, and
5. Relation with the management

The overall evaluation result of the year 2015 showed that all subcommittees completely performed their duties and in accordance with the charter. Their opinion on the above issues was in the level of strongly agreed or excellent action.

5.3 Performance Evaluation of Top Management

The Board of Directors sets out that there shall be a performance evaluation of CEO and other top executives on an annual basis at the last meeting of the year to be a basis for consideration on their compensation. In this respect, the Remuneration and Nominating Committee shall consider and recommend compensation rate for CEO and top executives.

5.4 Development of Directors and Executives

The Board of directors supports and facilitates the training and provision of knowledge for

all directors, executives and concerned personnel so that they could continuously develop and improve their operation. To such end, information about training programs that are useful for their discharge of duty is occasionally forwarded to the concerned staff.

To ensure that the newly elected directors can perform their duties effectively, the Company will arrange an orientation program for them. The Board Chairman and the CEO will brief the new directors on information essential for performing their duties such as business status, roles, duties and responsibilities of the Board of Directors, and so on.

In addition, the Company has continuously prepared a succession plan for CEO and high-ranking positions on a yearly basis. The CEO and the Remuneration and Nominating Committee are jointly in charge of administration of the plan and submission of a progress report to the Board of Directors from time to time.

5.5 Succession Plan for Top Management

The Remuneration and Nominating Committee collaborates with the CEO in preparing a succession plan and determining qualified persons under the plan, as well as reporting the progress on plan implementation to the Board of Directors at least once a year.

5.6 Remuneration of Directors, Committee Members and Executives

The policy and criteria for director remuneration are consistent with the best practices. Since the Board of Directors plays a vital role in directing the policy and overseeing the operation of the Company, the remuneration of directors and members of all committees should be reasonable and commensurate with their respective duties and responsibilities, including their role and engagement, and should be comparable with similar businesses.

The Remuneration and Nominating Committee has duty to consider remuneration of directors and top management at the EVP level and higher. The director remuneration is subject to approval from the shareholders' meeting, whereby approval shall be separately sought for remuneration of directors and remuneration of committee members. Meanwhile, the remuneration of CEO and top management is subject to approval from the Board of Directors' meeting and is decided based on comparison with similar businesses at the same level, considering that the remuneration is commensurate with their duties and responsibilities and sufficient to motivate and retain quality personnel. The Board of Directors will conduct a yearly performance evaluation and use the evaluation result as a basis for determining the remuneration of each member of the top management.

Moreover, in November 2014 the Board of Directors, with the recommendation of the Remuneration and Nominating Committee, approved a five-year special compensation plan for top management as a long-term incentive which is consistent with the Company's performance and the benefit to be generated for shareholders.



Internal Control and Risk Management >>

Summary of the Board of Directors' Opinion Regarding Internal Control System

At the Board of Directors' Meeting No. 1/2015 held on February 25, 2015, which was attended by all members of the Audit Committee, the Board of Directors evaluated the internal control system of the Company by basing on the evaluation report prepared by the Audit Committee in five aspects: organization and environment, risk management, executive performance control, information technology and communication system, and follow-up system.

The Board of Directors was of the opinion that the Company and its subsidiaries have in place appropriate and adequate components of internal control system, and have established, maintained and reviewed the financial control, operational control and monitoring control systems on a regular basis. The Company has separated duties and responsibilities between the operating staff and the control and evaluation staff to ensure proper checks and balances between them. Authorities of the executives and operating officials at all levels are clearly defined in writing, covering the transactions that may involve a conflict of interest. Risks are identified and assessed and risk prevention and management measures are clearly devised. Regulatory compliance is monitored through a compliance report that is to be submitted to the quarterly Audit Committee meeting. The Company also monitors and makes sure that all significant information is disclosed in a correct, complete and timely manner in accordance with regulations of the SET and the SEC.

Opinion of the Audit Committee that Is Different from the Board of Directors or the Auditor's Observation Regarding Internal Control

The Audit Committee provided opinion consistent with that of the Board of Directors and the auditor.

Head of Internal Audit Unit

The Company established the Internal Audit Department which is under supervision of the Audit Committee. Mr. Kitti Wichitsawangwong, Internal Audit Department Manager, is head of internal audit.

Head of Compliance Unit

The Company set up the Compliance Department as approved by the resolution of the Board of Directors' meeting, special session held on October 10, 2014. The Compliance Department is under supervision of the Audit Committee. Miss Patwira Phutrakul, Compliance Department Manager, is head of compliance.

During the year, the Compliance Department makes an audit on compliance with relevant regulations and laws and submits a compliance report to the Audit Committee for further review on a quarterly basis.

Thai Reinsurance PCL and its subsidiaries have the key objective to conduct business for the optimum benefit of Thai insurance industry and overall economy, in parallel with social and environmental development. The Company has thus formulated a policy on corporate governance and code of business ethics, which also entail duty and responsibility for the society and environment, as a guideline for the directors, executives and staff members to perform duties in a socially and environmentally responsible manner in business process pursuant to the policy on social and environmental responsibility, as follows:

“Thai Reinsurance PCL encourages all employees to take part in activities intended for social contribution and community development and operates business without creating any undesirable social and environmental impact.”

CSR Activities and Reports >>

In its core business process, the Company is mindful of the adverse impact on the society, environment and stakeholders and ensures that its business process does not affect the surrounding community and society, which is in line with its policy on social and environmental responsibility. The Company upholds good corporate governance practices, human right principles and legal provisions, taking into consideration shareholders' profit and return and stakeholders' interest without harming the society and environment in a bid to achieve sustainable business development.

- To promote the upgrade of insurance industry by way of joint product and service development in order to generate returns with customers and business partners through a comprehensive range of products and services of THRE.
- To promote the creation of value for customers, business partners, shareholders, employees and parties relating to THRE and insurance business, directly and indirectly, by exploiting the Company's resources and expertise.
- To promote the efficient use of resources in and outside of the organization including natural resources through business processes so as to lessen impacts from operation and build sustainable value for the business.

The Company has designated stakeholders based on its mission, including other relevant stakeholders, and identified the methods of participation of each group of stakeholders in order to review its operation that may affect the stakeholders, as follows:





Participation of Stakeholders

Group of Stakeholders	Methods of Participation	Stakeholders' Expectations	The Company's Actions
Shareholders	• Shareholders' meeting • Feedback or complaint reporting through designated channels • Disclosure of performance • Annual report • Road show activity • Coordination with IR center • Meeting with securities analysts, investors and fund managers	• Achievement of Company's vision and goal • A high and sustainable return on investment • Sound risk management and good corporate governance • Receipt of accurate, complete and timely information, both financial and non-financial	• Deliver high and consistent returns for shareholders • Treat all shareholders on an equitable basis • Disclose both financial and non-financial information in a reliable, complete and timely manner
Employees	• Communication of the Company's vision and goal • Performance evaluation • Promotion of personnel development • Welfare Committee • Employee satisfaction survey • Feedback or complaint reporting through designated channels	• Reasonable compensation • Career stability and advancement • Welfare, fringe benefits and personnel management • Training and capability development • A regular update on relevant news and information	• Implement a transparent personnel recruitment process • Ensure that compensation is commensurate with duty and responsibility • Promote employee skill development to enhance work efficiency
Customers	• Customer satisfaction survey • Delivery of products and services • Rendering of advice and assistance • Customer visit	• Good quality of products and services • Availability of complete information crucial to decision-making • Quick response to customer needs	• Co-develop products and services with customers • Promote group members' provision of supporting services to insurance companies
Business Partners, Competitors and Creditors	• Communication via various media • Business cooperation • Execution of contracts	• A fair and transparent procurement process • Payment punctuality • Creation of long-term value and cooperation • Partner and competitor confidentiality	• Not take advantage of business partners or counterparties
Supervisory Authorities and Government Agencies	• Participation in activities and projects organized by regulatory agencies and organizations concerned • Submission of reports to regulatory agencies	• Compliance with the laws, rules and regulations	• Strictly observe the laws, rules and regulations

The Company prepares a CSR report based on the SET's 8-point social responsibility guideline. For 2015, the Company operated business on a socially and environmentally responsible basis with respect to its core business process and participation of stakeholder, which can be summarized as follows:

1. Business Operation with Fairness

The Company conducts business under corporate governance principles, recognizing and giving importance not only to treatment of all groups of stakeholders in an equitable, fair and honest manner but also to strict compliance with legal provisions.

The Company ensures fair treatment of customers, business partners, competitors and creditors by putting in place the good practices as follows:

Issue on	THRE Practices
Fair Competition	• Treat business partners and competitors within the scope of honest, free and fair competition, legal framework and mutual obligation. • Treat customers on a fair and non-discriminatory basis by avoiding any improper conducts such as collusion in price fixing, bid rigging, task allocation or unethical use of customers' secrets for the benefit of a third party, etc. • Promote co-development of products and services with customers and business partners, which will lead to efficient innovation, cost saving for business bargaining and competition, and equal opportunity for the Company and the related parties in generating returns, by primarily paying attention to consumers, society and environment.
Social Responsibility Promotion	• Adopt criteria to evaluate and select business partners and counterparties that operate business in an accountable, ethical and honest manner without involvement in any form of fraudulent act. This is to prevent fraud and conflicts of interest that may occur.

2. Respect for Human Rights

Human rights are rights to which all human beings are entitled, including rights to be happy as a member of the society. The Company gives priority to and respects human rights. All employees are entitled to rights and fringe benefits obtainable from the Company on an equitable basis.

The Company has established a policy on human rights and posted this on its website. All employees are given a code of business conduct handbook, the Company's rules and regulations, and policy on confidentiality and security of data and data system in order for them

to study and acknowledge the rights and fringe benefits to which they are entitled, including the non-violation of rights of their fellow employees, and to sign in acknowledgement of and abide by those regulations. The Company's good practices on respect for human rights are as follows:

Issue on	THRE Practices
Human Rights and Participation of Employees and Stakeholders	• Employ the disabled in accordance with Section 33 of the Persons with Disabilities Empowerment Act B.E. 2007 and its amendment (No. 2) B.E. 2013. Presently, there are three disabled employees working with the Company and its subsidiaries. • Communicate to all employees so that they would acknowledge the policy on human rights and all rights to which they are entitled, which are incorporated in writing into the Company's rules and regulations and corporate governance and ethics handbook and are also posted on the Company's Intranet. • Set up the Welfare Committee to hold negotiation with the employer, to examine, control and monitor welfare arrangement by the employer, and to give suggestions and guidelines on provision of welfare that is useful and appropriate for employees. • Ensure that employees can always access relevant news and information via the Intranet in order to promote intercommunication between the organization and the employees, which will help enhance co-working efficiency and relationship. • Conduct an employee attitude and satisfaction survey on a yearly basis in order to use the comments and suggestions obtained from the survey for further corrective actions, and ensure that clarifications are made to all of the employees' comments or suggestions via the Intranet. • Encourage and provide an opportunity for all groups of stakeholders, including the community and society, to convey their opinions, and notify, through the Company's website, all stakeholders of an opportunity given to them to contact, communicate and give suggestions, complaints or information to the Company's Board of Directors, subcommittees or directors. In 2015, none of them reported any complaints to the Board of Directors through the channels provided by the Company as well as other communication channels. • Arrange a mechanism for reporting complaints and clues to any misconduct in a way that allows for independent examination and decision-making based on the principles of human rights in order to enable employees or any persons whose rights are believed to be infringed upon or treated unfairly to seek a remedial action. This has been communicated to employees and concerned parties through the Company's website.

3. Fair Labor Treatment

Being always aware that personnel are a crucial driving force for business success, the Company places importance on employment and labor relations which span from the first to the last day of their employment, including matters such as employment contract signing, job assignment, work supervision, probation, compliance with the labor protection law, wage/salary payment, arrangement of activities to promote employee relations, etc. These have been set out in the Company's rules and regulations to foster an orderly environment and cordial relationship conducive to a cooperative working condition. The details are as follows:

Issue on	THRE Practices
Employment	• Ensure that personnel at all levels are properly selected through a fair and transparent recruitment process and that all candidates are given an equal opportunity to undergo the selection process via written tests and interviews under the Company's employment standards. • Treat all employees on an equitable and non-discriminatory basis and without division of their national origin, race, religion, gender, age, complexion, education, family background or any other status that is unrelated to their work. • Ensure that employees' compensation is commensurate with their duties and responsibilities and comparable with the similar businesses. • Formulate rules and regulations that are clear and cover all aspects such as employment, pay rate, discipline and disciplinary action, termination of employment, complaint, etc. and communicate to all employees the rights to which they are entitled.
Personnel Development	• Provide training programs for skill and capability development on a continuous basis, covering business knowledge, knowledge relating to trainees' work, and general knowledge, through various forms of training. In 2015, there were 434 employees attending 108 training courses, with a total of 4,525 training hours. • Encourage employee self-learning and enable them to transfer knowledge or experience obtained from any interesting events to their fellow workers in order to share opinions. • Provide overseas training and study trip programs. In 2015, total number of employees attending these programs was 4 persons, with 4 programs. • Grant master's degree scholarships to employees to further their studies in the fields that could support the Company's business.



Issue on	THRE Practices
Occupational Health Safety and Environment	• Provide a pre-employment health check-up program for new-coming staff and a compulsory annual health check-up program, classified by age group, for all employees. • Provide flu vaccinations for all employees on a yearly basis. • Encourage and stimulate employees to maintain regular exercise by providing a fully-equipped standard gym as well as various activities. • Provide recreational areas for employees to relax during lunch break or after office hours, for example, allocate the area besides the building, equipped with chairs and tables and decorated with a nice and shady design and provide rooms for employees to arrange meetings or other activities. • Prepare and rehearse an emergency plan at least once a year to safeguard against unexpected events such as fire and other disastrous events. • Inspect and repair all office equipment to ensure safety and functionality at all times. • Maintain internal workplace environment and environment of community nearby to ensure cleanliness, safety and comfort and create a pleasant ambience for working and living with the community and society around the organization.

4. Responsibility towards Consumers

Placing importance on business operation that is socially and environmentally responsible, the Company creates a corporate value and culture that encourages an access to business goals and a survey of demand from insurance companies, which are consumers in the Company's business chain. The Company can then leverage on the survey results in developing products and services with value to the society and environment, thereby generating benefits to the Company and responding to the needs of each group of consumers.

Besides, the Company operates business with social responsibility in its business chain to create the utmost benefit to Thai insurance industry and overall economy in line with its core business objective. In 2015, the Company operated business with responsibility towards consumers as follows:

Issue on	THRE Practices
Product and Service	• Arrange for a work unit to make a study and survey on customers' operational goals and a consumer demand survey for joint product

Issue on	THRE Practices
	development with insurance companies and also for marketing plan development so as to deliver products to society that could truly meet consumers' requirements and at a fair price, thus contributing to upgrade of insurance business and cost-saving for insurance companies. • Disclose information about business and services on the Company's website and arrange for some officials to take care of customers and provide them with correct and adequate information such as details of insurance agreements, details of products and insurance policies, etc. • Safely keep customer information and not forward any confidential information of customers or consumers without their prior consent.
Business Operation that is Beneficial to Insurance Business	• Coordinate, by work units of the Company and Thaire Life Assurance PCL. (THREL) such as Product Development, Business Development, and Research & Statistics Departments, in organizing seminars and workshops for life and non-life insurers. In 2015, the Company organized two seminars. The first one was arranged in early 2015 jointly with THREL for insurance companies on the topic, "Economic Compass: A Guide to Succeed in AEC" aiming to provide economic update in ASEAN and Thailand, preparedness for entry in AEC, and government sector's economic policy. The second one was arranged in late 2015 for non-life insurance companies on the topic, "Thailand's Non-Life Insurance Amidst the New Normal," with the objective to ensure they are aware of and understand the current conditions and future trends of economy, society and natural disaster and could apply the information for efficient business operation. • Prepare research and statistic reports on non-life insurance business of all types, including any statistics requested by member companies, so that they could use the information in their business operation, underwriting decision and marketing operation. • Create models for natural disaster impact assessment for member companies, prepare an impact assessment report for them, and render technical assistance in implementing the models so that they could use this system for underwriting decision and risk management with respect to insurance against natural disaster, which will ultimately contribute to non-life insurance business development in Thailand. • Collaborate with other agencies such as Thai General Insurance Association and Geo-Informatics and Space Technology Development Agency (Public Organization). The Company has joined with them in pushing for a project on template development for flood-prone area mapping and simulation for insurance in Thailand.



Issue on	THRE Practices
	• Act as manager of the National Catastrophe Insurance Fund, which was set up by Thai government in the wake of severe flood crisis in 2011. The government then had an urgent need to rehabilitate the country, provide relief aids to flood victims, assist the public and entrepreneurs in protecting their properties and businesses, and enable the public to access a comprehensive catastrophe insurance coverage at appropriate insurance premium rates. The aims were to boost foreign investors' and entrepreneurs' confidence in continuing their businesses in Thailand and to increase reinsurance capacities at the lowest premium rate. Having trust in THRE, the government allowed the Company to play a part in this task for the benefit of the Thai people as a whole. • Participate in activities to build a safe-driving corporate culture in insurance industry under the "Project on Corporate Road Safety Campaigning in Insurance Sector," and appoint the Company's representative to serve on the Committee for Corporate Road Safety in Insurance Sector in collaboration with other participating insurance companies in order to set targets, regulations and guidelines for corporate employee road safety practices.

5. Innovations and Dissemination of Innovations from CSR Activities

Recognizing responsibility towards the society and environment, THRE has developed new innovations in products, services and business process that are beneficial to both the Company and the society, details of which are as follows:

Issue on	THRE Practices
Product	Create products that could respond to customers' business goals and satisfy consumers' requirements. In 2015, the Company launched innovative products as follows: 1. iBike Insurance - This is an insurance plan that provides protection for cyclists, number of which is substantially growing. The coverage includes legal liability for damages incurred while riding, with protection for both bikers and other parties. This product serves customers' needs and remarkably contribute to the society and environment.

Issue on	THRE Practices
	Prakanloonlaan2 - This is an insurance plan for low- to middle-income earners. While insurance is basic welfare that helps to build a good society, a majority of Thai people deem that insurance purchase will cause them an extra expense. The Win Million Insurance program allows the people to more easily buy insurance at an affordable premium rate as low as Baht 365 per year, or an average of only Baht 1 per day.
Services	Offer a fully-fledged insurance service to insurance companies by providing services that are supplemental to services rendered by THRE subsidiaries. Apart from services offered by the Customer Business Promotion Department team in insurance policy preparation, premium calculation, underwriting consideration, and training on insurance products, the Company's subsidiaries are able to deliver a wide variety of services to customers such as training on insurance agent or broker examination and license, accident and health insurance claim management by specialists, call center service, etc. This helps to promote the creation of value for the Company's customers and enables insurance companies to curtail their costs.
Business Process	Employ work systems that help to increase business process rapidity and minimize paper use for data filing, including a procurement-repair system, a leave system, a training request system, etc.

Business Operation with CSR Impact >>

In 2015, THRE operated business for the utmost benefit of the Company and insurance industry by primarily paying attention to the society's needs without creating any negative social and environmental impact.

Activities Contributing to Society and Environment >>

Participation in Community, Social and Environmental Development

THRE conducts business by paying regard to all groups of stakeholders and contributing to community and environmental preservation. To such end, the Company has established social and environmental best practices in the code of business ethics for all parties to follow insofar as it concerns with the society and environment. Efficient use of resources is promoted by, among others, turning off electrical appliances during lunch-breaks, filing data in electronic format to save paper and ink, etc.



In addition to its core business process that takes into account impacts on the society, environment and stakeholders (CSR-in-process) as described above, the Company recognizes the importance of the society and community and, as a member of Thai society, deems that it has duty and responsibility to participate in supporting and implementing social and community development activities (CSR-after-process). The Company has continuously engaged in these activities, focusing especially on the importance of education and public health which are instrumental in national development and, yet, remain very weak particularly in remote communities.

In 2015, the Company launched the following CSR-after-process activities:

Activities Contributing to the Society at Large

1. **Education** : THRE strongly determines and commits to provide scholarships for needy children who wish to continue their studies and, after graduation, to use the knowledge for making contribution to their families, hometown community and society. The Company has implemented an ongoing project to grant scholarships for children in remote areas in Sakon Nakhon and Mukdahan Provinces from junior high school to bachelor's degree levels. The total scholarships provided in 2015 amounted to Baht 2.47 million.

2. **Public Health** : The Company participated in a mobile medical service project in Sakon Nakhon Province in collaboration with Bangkok Insurance Foundation, and made money donation for purchase of antiparasitic drugs.

3. **Other Charitable Activities** : The Company also made donations to other social contribution activities, including:

- Money donation for an off-season offering of robes and other needs to monks and for construction of monks' chambers to Wat Pa Uralwan Wanaram Priest House, located at Moo 1, Nong Mak Fai Sub-district, Watthana Nakhon District, Sa Kaeo Province.

- Money donation for a charitable bowling event organized by the Association for Road Accident Victims Protection.

- Money donation to St. Camillus Foundation of Thailand's Rice for Life Donation Project.

- Money donation to Anti-Corruption Organization of Thailand.

- Money donation for construction of a heart building of Wat Doi Thammachedi, Tong Khop Sub-district, Khok Si Suphan District, Sakon Nakhon Province.

- Donation of 12 sets of computer equipment that are still in good condition of the Company for learning and teaching development to Ban Nong Kham School, Nakhon Sawan Province.

Total money spent by the Company on CSR activities in 2015 was Baht 2.96 million.

Anti-Corruption Activities >>

The Company has a policy to counter corruption and bribery for commercial benefit and has established this as the best practices for customers, competitors and state agencies in its

code of business ethics since 2000. Under the policy, all directors, executives and employees shall abide by the principles of integrity and shall neither give nor receive any bribe whether in form of a gift or any other benefit. They shall not perform any act that is conducive to fraud and bribery; nor perform any act or assist in or support any act that is deemed as a misconduct according to the relevant laws and notifications; nor perform any act relating to property in bad faith or any act that is detrimental to the national economy or security; nor conceal or take part in a transfer or sale of property obtained from such act.

In addition, the Company has drawn up a policy on interest and conflict of interest and a policy on control over the use of internal information, aiming to ensure performing of duties in a transparent and examinable manner in line with its corporate governance principles.

In 2013, the Company signed the declaration of intent on “Private Sector Collective Action Coalition against Corruption (“CAC”)” and disclosure of information in the Company’s annual registration statement, initiated by the Thai Institute of Directors (“IOD”).

In 2014, the Company established an anti-fraud policy, outlining therein the definitions, risk assessment process, and procedures for fraud control and monitoring in the organization. It has also followed up on and evaluated compliance with the anti-fraud policy, as a testimony to the Company’s concrete commitment to conducting business with integrity, transparency and fairness to the society and all groups of stakeholders, which was consistent with the criteria under IOD’s project on Thai listed companies’ corporate governance survey (CGR) and the Private Sector Collective Action Coalition Against Corruption (CAC) project. The board has reviewed the adequacy of the anti-corruption policy one time a year. The Company’s has been communicated to all employees through training on policy and procedures for resistance to fraud and production of a corporate governance and ethics handbook in which the anti-fraud policy is included. The handbook is also made available on the Company’s website for the stakeholders and interested persons to access. Details of the anti-fraud policy are as follows:

Anti-Fraud Policy

All directors, executives and employees shall neither commit any fraud nor allow any form of fraud to be committed in relation to the Company, including businesses of the Company and its subsidiaries and transactions made with the government and private agencies, and in conformity with the laws applicable in each country where the Company operates business.

Fraud is deemed as a severe breach of the Company’s ethics code and shall be subject to penalty under the Company’s regulations and/or the laws.

The directors, executives or employees who resist any act of fraud shall be protected and shall neither be punished nor be adversely affected from their adhering to this policy.

The Company shall put in place the measures/regulations/guidelines/procedures under this

policy that are adequate for risk and shall communicate these to all concerned parties to ensure they understand and could act correctly and properly.

Definitions

Fraud refers to a misconduct or omission to perform one's duty in order for that person or his/her related person to acquire or retain the benefit for which he/she is not eligible.

An act of fraud can be classified into the following types:

- Corruption consists of conflict of interest, giving or receipt of bribery, and economic extortion. However, some acts that are conducive to corruption and may tarnish the Company's reputation, such as political contribution, charitable contribution and sponsorship, gifts and hospitality, are allowed to be performed only insofar as they do not breach the laws and regulations/procedures of the Company.
- Asset Misappropriation includes theft of cash, inventory or other asset, fraudulent disbursements, and misuse of asset.
- Financial statement fraud is a financial over/understatement.

Misconduct refers to a violation of laws, rules and regulations stipulated by external regulatory bodies and/or a violation of the code of business conduct, policies, measures, regulations and procedures determined by the Company.

Measures for Anti-Fraud Policy Implementation

1. Scope – These measures are applicable to THRE and its subsidiaries and are encouraged to also apply to associated companies.

2. The Company has outlined adequate procedures, roles and duties of the parties in charge so as to ensure that the policy is effectively implemented. The Company's procedures range from risk evaluation to measure planning and communication, translation into practice, follow-up and evaluation, and continuous improvement and development.

Roles and duties of the parties in charge as determined by the Company are as follows:

(1) Board of Directors

- Formulate the policy based on the laws, regulations and corporate governance principles.
- Allocate sufficient resources for policy implementation.
- Monitor and follow up on adequacy of the policy and the measures for policy implementation.

(2) Audit Committee

- Render opinion to the Board of Directors regarding adequacy of the policy and the measures for policy implementation.

(3) Enterprise Risk Management Committee

- Evaluate risk involved with policy achievement and draw up measures for policy implementation.
- Review risk and adequacy of the measures for policy implementation.

(4) Company Secretary

- Communicate the policy and the measures for policy implementation, as well as the outcomes, to investors and the public.

(5) Management (referring to any internal work unit designated by the Enterprise Risk Management Committee to be responsible for the measures for policy implementation)

- Prepare and revise measures for policy implementation as assigned.
- Prepare a plan on and propose need for resources for policy implementation.
- Communicate the policy and the measures for policy implementation to employees

(inclusive of executives).

- Monitor and follow up on policy compliance and measures for policy implementation.
- Evaluate policy compliance and measures for policy implementation and report evaluation results to the Enterprise Risk Management Committee and the Audit Committee.

(6) Employees (inclusive of executives)

- Familiarize and comply with the policy and the measures for policy implementation.

3. Best Practices

3.1 The directors and employees (inclusive of executives) shall not get involved in any act of fraud and breach of laws, whether directly or indirectly.

3.2 Persons who have committed an act of fraud shall be deemed as having severely breached the Company's code of ethics and business conduct and shall be subject to disciplinary action in accordance with the Company's regulations and/or subject to prosecution if the act is a legal offence.

3.3 The directors and employees shall not be ignorant or negligent when discovering or suspecting any conduct against the corporate governance principles or code of ethics of the Company, including any fraudulent act, and shall report such act through the channels designated by the Company and provide cooperation in the investigation of facts.

3.3 The directors and employees shall not be ignorant or negligent when discovering or suspecting any conduct against the corporate governance principles or code of ethics of the Company, including any fraudulent act, and shall report such act through the channels designated by the Company and provide cooperation in the investigation of facts.

3.4 The directors and employees (inclusive of executives) who have declined to participate in fraud and/or have reported clues through the channels designated by the Company shall be protected and shall neither be punished nor be adversely affected. The Company shall put in place a policy and measures for handling complaints/clues to misconduct and whistleblower protection.

3.5 All employees shall strictly abide by the corporate governance principles, code of business ethics, rules and regulations, and operational authority, as well as any relevant policies, measures, regulations, guidelines and procedures of the Company, which include the regulations



that the Company must rigidly observe in its capacity as a financial institution such as anti-money laundering policy and measures, internal control policy, rules and procedures for money receipt and payment, etc.

3.6 Some activities are carried out in a way that is highly conducive to corruption and may affect the Company's reputation. Therefore, the persons in charge must comply with the policy specifically determined by the Company as follows:

(1) Political Contribution

The Company has a policy to remain politically neutral and shall not support or act in a way that sides with any political party, whether directly or indirectly, nor use the Company's resources in activities that will cause the Company to lose its political neutrality and/or sustain damage by being involved in such activities.

(2) Charitable Contribution and Sponsorship

The Company has a policy to control charitable contribution and sponsorship by ensuring that they are provided for public benefit and/or with no reasonable ground for suspecting that the activities are part of corruption. The Company sets out that the activities are subject to approval by top management and that filing of all payment evidence and documents must be reliable and allow for checking back on the objective of the activities.

The Company has no policy to accept sponsorship from any third parties.

(3) Gifts and Hospitality

The Company stipulates that giving or receiving gifts and entertainment is permitted only insofar as it is deemed proper according to custom and tradition, and that it has no policy on giving or receiving objects of excessively high value in order to prevent the recipients from being motivated to perform or omit to perform their duty that could lead to corruption.

3.7 The Company communicates the anti-fraud policy and measures, the policy and measures for handling complaints/clues to misconduct and whistleblower protection, and the channels for complaint or clue report to its personnel through various methods such as board meetings, staff orientation programs, the Intranet or e-mail, signing for acknowledgement, etc.

3.8 The Company communicates the anti-fraud policy and measures, the policy and measures for handling complaints/clues to misconduct and whistleblower protection, and the channels for complaint or clue report to investors and the public through various methods such as the Company's website, annual report, notification letter to business partners, and so forth.

3.9 The Company puts in place a personnel management process that reflects its commitment to the anti-fraud policy and measures, ranging from personnel selection, training, performance evaluation, compensation, promotion, organizational set-up with suitable separation of duties to ensure appropriate checks and balances, to allocation of resources and personnel with adequate skills for implementation of this policy.

3.10 The Company clearly, thoroughly and reasonably stipulates rules on operational authority as a basis for the directors and executives in approving transactions such as payment and disbursement, budgeting, incurrence of obligation, and activities prone to cause negative impact on the Company's image.

3.11 The Company puts in place an internal control system for finance, accounting, data filing and recording, and other processes within the organization relating to anti-fraud measures, and communicates internal control results to the personnel in charge.

3.12 The Company arranges for an audit of internal work system for significant activities such as execution of agreements and expenses thereon, procurement, etc. to ensure that the established goals of internal control are achievable, and gives advice on development of work system efficiency.

3.13 In the case where the directors or employees (inclusive of executives) are unsure of any decision-making or discharge of duty regarding any activities doubtful whether to breach the corporate governance principles, code of business ethics, and relevant policies of the Company, the Company has outlined the procedures for preliminary consideration as follows:

(1) First, ponder on the following checklist:

- Is that activity against the laws?
- Does that activity violate the policy, code of conduct or ethics or damage

the Company's image?

- Does that activity have a severely adverse impact on the Company's

stakeholders?

- Is that activity acceptable and can it be disclosed to the public?

(2) Seek advice through the complaint/clue report channels designated by the Company, whereby there are responsible staffs available to provide suggestions regarding the corporate governance principles, code of ethics and relevant policies of the Company.

3.14 The Enterprise Risk Management Committee holds meetings on a quarterly basis to consider and follow up on progress of key risk management. The assessment of fraud risk and the formulation of monitoring and control procedures for fraud risk prevention and supervision and guidelines on monitoring and evaluation of compliance with anti-fraud policy and policy on complaint/clue report management and whistleblower protection are deemed as part of the management of key risk of the Company with respect to "Reputation."

In 2015, the Company entered the certification process as a member of the "Private Sector Collective Action Coalition against Corruption ("CAC")." It has implemented the anti-corruption policy and drawn up the anti-corruption measure in writing by compilation of measures/regulations/



guidelines/procedures for corruption prevention. These are disclosed publicly and communicated to all employees through media such as training, new employee orientation program, internal communication, posting on website, etc.

Actions against Fraud and Corruption under the Company's Anti-Corruption Policy

1. Fraud Risk Assessment Process

- The Company implements risk management that aligns with nature of its business operation for fraud and corruption prevention by assessing potential fraud risk in all core activities and identifying the root causes of fraud opportunity and the proper measures for prevention, control and management of such fraud risk. Performance against risk management plan is monitored and evaluated on a quarterly basis.

2. Guidelines on Monitoring, Prevention and Control of Fraud Risk

- The Company has in place an internal audit system operated by Internal Audit Department as an independent unit responsible for examining the operations of all other work units in line with the established regulations, including an internal control system, an accounting/financial system, procurement, contracting, etc., with a view to preventing and monitoring fraud and corruption risk.

- The Enterprise Risk Management Committee meeting is held to consider, monitor, control and follow up on progress of core risk management as well as fraud risk prevention and monitoring on a quarterly basis.

- The Company monitors legal and regulatory compliance and ensures that a compliance report is submitted to the quarterly Audit Committee meeting.

- The Company makes available the channels for investors, outsiders and employees to express opinions or report complaints/suspicions of acts against laws or corporate governance or acts of fraud or corruption or any other issues. The Company also outlines a policy on complaint/whistleblowing management and whistleblower protection, and puts in place measures, regulations, guidelines and procedures under such policy that are adequate for risks in case there are any such complaints reported. Procedures for complaint management are clearly defined and the reported information is treated in strict confidence. Reporters or whistleblowers are notified in writing of results of the Company's actions.

- The Company has clearly set out punishment rules which include disciplinary actions, ranging from written warning to termination of employment contract, and legal penalty through, for instance, prosecution. All employees are notified of such punishment rules against any violation via the Company's internal communication channels, training programs, and new employee orientation.

3. Communication and Training

- The Company communicates the anti-corruption policy and measure to its employees and employees of its group members, customers, business partners, creditors, investors and outsiders through various methods such as staff orientation programs, employees' acknowledgement signing, the Intranet or e-mail, the Company's website, annual report, circulars to business partners, etc. so as to provide practice guidelines for all concerned parties. All employees are obligated to comply with such policy and measure.

4. Guidelines on Monitoring and Evaluation of Anti-Corruption Policy Compliance

- The Company provides channels for complaint/whistleblowing and monitors and evaluates the compliance with its anti-corruption policy. Its Legal Compliance Department has duty to follow up compliance with the anti-corruption measure and report any act of fraud or corruption to the Audit Committee. At the same time, Internal Audit Department is responsible for examining internal control system, assessing efficiency and adequacy of internal control of each work unit based on the corporate governance principles and anti-corruption policy, continuously providing advice, conducting an audit according to the yearly audit plan, and reporting audit results to the Audit Committee.

The Audit Committee already arranged for proper and adequate actions to be taken to review appropriateness of compliance with the self-evaluation form with respect to the anti-corruption measure of the Company. Then, the Board of Directors in November 2015 approved for the Company to submit information to the Private Sector Collective Action Coalition against Corruption Committee in order to enter the certification process

Declaration of Intent on Other Anti-Corruption Activities

The Company provides financial support to Anti-Corruption Organization of Thailand as one of the driving forces to combat corruption and ultimately make Thailand a transparent, corruption-free country.

Corporate Social Responsibility Plan >>

The Company is committed to operating business with fairness and responsibility for society, environment and all groups of stakeholders in its core business process that is suitable for and compatible with its operation.

13

Related Party Transactions

Related Party Transactions

In the past, the company Group has had related party transactions with related companies (in terms of shareholder and/or co-committees and with one of the company group in specific case required by normal operation according to the agree conditions). The operation should be managed with faithfulness, reasonable and independency with the same price and conditions as general individuals. It also should have a summary report to Audit Committees to review and issue quarterly report to the Board of Directors. In the 2015 report, Audit Committees also agreed that transactions and related activities were disclosed completely and righteously. The related party transactions are summarized as shown below.

Reinsurance Services

Unit: THB Million

Company Involved	Written Premium		Account Receivable		Premium Ceded		Account Payable		Name of Directors
	2015	2014	2015	2014	2015	2014	2015	2014	
Krungthai Panich Ins. PCL	5.2	8.9	1.6	2.7	0.1	0.2	2.3	1.5	Mr.Kerati Panichewa
Thaivivat Ins. PCL	128.1	135.8	4.3	7.1	0.1	0.1	0.4	1.4	Mr.Jiraphant Asavatanakul
Bangkok Ins. PCL	347.5	358.6	25.6	22.0	39.4	43.0	16.5	26.3	Mr.Chai Sophonpanich Ms.Potjanee Thanavaranit
Bangkok Life Assurance PCL.	31.9	170.5	-	3.0	-	-	-	21.0	Mr.Chai Sophonpanich
The Navakij Ins. PCL	71.0	75.3	10.8	6.9	8.4	8.0	3.3	8.2	Mr.Suchin Wanglee
Falcon Ins. PCL	51.0	32.1	2.9	0.4	3.9	3.9	2.2	1.2	Mr.Suchin Wanglee Mr.Oran Vongsuraphichet
Muang Thai Insurance. PCL	373.2	363.1	5.0	5.6	0.2	0.3	10.4	8.0	Mr.Sara Lamsam
Muang Thai Life Assurance PCL	68.5	623.5	-	78.9	-	-	-	132.5	Mr.Sara Lamsam
Thai Life Ins. PCL	0.4	16.1	-	1.6	0.9	2.2	-	1.7	Mr.Apirak Thaipatanagul
Total	1,076.8	1,783.9	50.2	128.2	53.0	57.7	35.1	201.8	

Unit: THB Million

Company Involved	Commission & Brokerage Income		Commission & Brokerage Expenses		Claims Recovery		Claims Expenses		Name of Director
	2558	2557	2558	2557	2558	2557	2558	2557	
Krungthai Panich Ins. PCL	0.1	0.1	0.8	0.9	6.0	5.0	10.5	159.3	Mr.Kerati Panichewa
Thaivivat Ins. PCL	-	0.1	53.1	48.3	(4.6)	(4.8)	18.3	32.1	Mr.Jiraphant Asavatanakul
Bangkok Ins. PCL	15.8	18.6	123.2	134.5	50.9	10.4	80.2	305.3	Mr.Chai Sophonpanich
									Ms.Potjaneer Thanavarant
Bangkok Ins. PCL	-	-	8.5	35.3	-	-	34.5	127.3	Mr.Chai Sophonpanich
The Navakij Ins. PCL	4.0	3.8	28.1	32.0	(36.4)	(36.5)	43.0	(204.1)	Mr.Suchin Wanglee
Falcon Ins. PCL	1.5	1.6	27.8	20.9	1.3	1.1	(0.2)	23.8	Mr.Suchin Wanglee
									Mr.Oran Vongsuraphichet
Muang Thai Insurance PCL	0.2	0.2	147.5	82.1	15.6	13.2	189.9	180.8	Mr.Sara Lamsam
Muang Thai Life Assurance PCL	-	-	11.2	247.3	-	-	24.3	148.5	Mr.Sara Lamsam
Thai Life Ins. PCL	0.2	0.4	-	2.1	0.2	0.6	-	4.7	Mr.Apirak Thaipatanagul
Total	21.8	24.8	400.2	603.4	33.0	(11.0)	400.5	777.7	

Other Services (Performed by Subsidiary Companies)

Unit: THB Million

Company Involved	Company Involved		Account Receivable		Accrued Revenue		Name of Director
	2015	2014	2015	2014	2015	2014	
Krungthai Panich Ins. PCL	0.5	0.6	-	-	-	-	Mr.Kerati Panichewa
Road Accident Victims PCL	0.2	-	-	-	-	-	Mr.Jiraphant Asavatanakul
Thaivivat Ins. PCL	0.2	0.1	-	-	-	-	Mr.Jiraphant Asavatanakul
Bangkok Ins. PCL	5.8	5.5	0.5	-	-	-	Mr.Chai Sophonpanich
The Navakij Ins. PCL	1.9	1.4	-	-	0.3	0.4	Mr.Suchin Wanglee
Falcon Ins. PCL	0.3	0.1	-	-	-	-	Mr.Suchin Wanglee
							Mr.Oran Vongsuraphichet
Muang Thai Insurance PCL	16.6	13.7	1.6	1.3	-	-	Mr.Sara Lamsam
Muang Thai Life Assurance PCL	7.7	27.2	0.4	3.6	-	-	Mr.Sara Lamsam
Total	33.2	48.6	2.5	4.9	0.3	0.4	

Investment in Securities

Unit: THB Million

Company Involved	Type of Investment	Investment Fund (Market Value)		Dividend / Interest		Name of Director
		2015	2014	2015	2014	
Bangkok Ins. PCL	Common Stock	440.7	593.4	14.8	17.7	Mr.Chai Sophonpanich Ms.Potjaneer Thanavarantit
Muang Thai Insurance PCL	Common Stock	28.1	27.3	1.1	1.0	Mr.Sara Lamsam
Total		468.8	620.7	15.9	18.7	

All of the investments mentioned above were traded in the Stock Exchange of Thailand as long-term investments. They performed well and provided good level of dividends. It is necessary to disclose that the company has an investment policy not to do "Cross Holding." The maximum share that the company invests in related parties will not exceed 1.5 percent of the paid capital. In addition, the Company also has transactions with our subsidiaries as shown in the following table:

Unit: THB Million

Company Involved	Items	Total		Outstanding		Pricing policy
		2015	2014	2015	2014	
Thaire Life Assurance PCL	Average expense that company collect	3.3	2.4	0.8	0.5	Cost Plus
Thaire Training Co., Ltd.	Average expense that company collect	0.6	0.6	-	0.1	Cost Plus
Thaire Training Co., Ltd.	Training cost that company paid	0.4	0.4	-	-	Market Value
Thaire Services Co., Ltd.	Average expense that company collect	-	-	-	-	Cost Plus
Thaire Services Co., Ltd.	Technical service fee paid	9.6	9.4	-	-	Cost Plus

The Necessity and Validity of the Related Party Transactions

The related party transactions that insurance companies have with the company are considered to be beneficial to the business development and will enhance the business and create stability for the company. The transactions with subsidiaries and associate are also considered a maximization of the existing resources together with the company and also a cutting down on the expenses.

Policy on Interest and Conflict of Interest

The Board of Directors recognizes the importance of prevention of interest and conflict of interest and has established a policy on interest and conflict of interest as follows:

1. The Board of Directors shall prudently control and monitor any transactions that are prone to a conflict of interest by determining approval procedures for connected transactions in writing.

2. The Audit Committee shall report transactions with a possible conflict of interest and connected transactions to the Board of Directors on a quarterly basis.

3. If there are any connected transactions that are subject to disclosure rules or approval from the shareholders pursuant to the SET's requirements, the company shall, before entering into the transactions, clearly disclose to shareholders the information regarding relationship of the connected persons, policy on determination of transaction value, reasons for entry into the transactions, and opinion of the Board of Directors on the transactions.

4. The Board of Directors sets out that materials on related party transactions shall be disclosed in the annual registration statement (Form 56-1) and annual report of the company, with details about names of persons who may have a conflict of interest, relationship, nature of the transactions, conditions, policy on price determination and value of the transactions, reasons and necessity of the transactions.

Guidelines on Consideration of Transactions that Have/May Have a Conflict of Interest

Consideration of transactions that have/may have a conflict of interest shall comply with the rules set forth by the SEC and the SET. The Audit Committee has duty to monitor and ensure that the rules are strictly adhered to, as well as duty to compile and report transactions with related parties that may lead to transactions with a possible conflict of interest to the Board of Directors on a quarterly basis.

The Standardization and Authorization of the Related Party Transactions

Due to the company's listing on the Stock Exchange of Thailand (SET), the related party transactions are subject to rule and regulate the SET. The related party transactions are also required to be monitored and supervised closely by executives. In addition, directors who have no conflict of interest to the related transaction will manage the process of related party transaction as mentioned in the previous chapter. However, this does not include routine transactions of the company such as purchasing. It is necessary for the company to publish information about the types and values of the related party transactions and also to provide reasons why they choose to do related party transactions in the annual shareholders meeting. Prior to any related party transactions by the company, permission from the Stock Exchange of Thailand is required.

For all existing transactions that are comparable with market price and have been ongoing for many years, usually automatically acquire the authorization from the auditor. Summary report on the related party transactions will be submitted to the Audit Committee quarterly.

Therefore, the company did not have related party transactions business that may have a conflict of interest.

Trend of the Related Party Transactions in the Future

The company still has a policy to continue the related party transactions with the conditions according to the marketing mechanism and normal trade regulation with the comparative price for clients as usual.



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Management's Discussion and Analysis of Financial Conditions and Operating Results

Overall performance of the Company

Affected by severe and massive flood in 2011, THRE's overall operating performance in 2015 recorded net profits sufficient to amortize accumulative loss of THB 10,006 million and successfully retained earnings of THB 1,458 million in the end. The company was rated the International Insurer Financial Strength (IFS) Rating at A- level with stable credit from Fitch ratings. Consequently, it is considered a good start for the Company to continually expand its reinsurance business.

The Company has set its business target by emphasizing on the business renewal with local insurance companies as well as the branch of international insurance company. After being rated with A- level from the Fitch Ratings, which was equivalent to AAA credit level as prescribed by Office of Insurance Commission (OIC), the number of renewal contracts have increased, of which the outcome can be seen from the amount of reinsurance value of the following year. In addition, the Company is committed to systematically and continuously respond to target customer's demands by developing new products and services to promote its sustainable growth. The Company has strongly focused on high quality contract in order to retain reinsurance business portfolio as much as possible, moreover, the Company has revised the proportion of portfolio by reducing asset insurance contract while increasing personal lines insurance contract in order to create balance in the Company's insurance portfolio, and purchasing excess of loss protection from the international market. In order to achieve the objective mentioned earlier, the Company has enforced risk management policy to define its risk appetite and control its appropriate risk level. The Company determines the insurance contracts' type and value that based on academic principal with statistical data as well as periodically review its risk level to prevent possible loss to the Company's fund. By changing its operational strategy, the loss per contract/incident has declined. In addition, current operating expenses are lower as competitive level. As for the investment policy, the Company has managed the proportion of its investment based on Risk Based Capital (RBC) consideration by reducing concentration investment in particular area (concentration risk) so that the Company's CAR level will not be affected. By doing so, the Company can quickly adjust its investment to respond to changing financial and capital market. Therefore, the investment becomes a vital tool to enhance the Company's efficiency in long-term business operation and to change its

business model from conventional reinsurer to be service provider by increasing sources of revenues from diversification of insurance products and services in order to reduce impact from fluctuation if focusing only on the insurance business. For the past 6 years, the Company has established its subsidiaries and associated companies to provide a variety of service to increase its service revenues apart from its reinsurance business and current investment.

With regard to the specification of Risk Based Capital (RBC), investment in 249 million shares of THREL or approximately 41.50 percent of investment is considered as concentration risk, especially when the share value of THREL increases, resulting in the decline of the Company's CAR. To reduce such concentration risk, the Company has sold 100 million shares of THREL in March 2015. This enables the rise of capital adequacy ratio of the Company and reduce shareholding ratio in THREL to 24.83 percent. Consequently, the Company has to adjust its report format of capital investment from investment in subsidiary to be investment in associate company to be in conformity with the standard of financial report issue no.10 Re: "consolidated financial statement"

Therefore, the Company's consolidated financial statement will present THREL business performance after changing status to "associated company" in Re: "Profit sharing from investment in associate company" which is considered as part of revenue from investment. When THREL is still the "subsidiary", the operating performance will be separately presented in Re: "Profits sharing from subsidiary before changing status into associate company" at the last section of profit and loss statement.

From the factors mentioned above, the Company had successfully recorded the net profit in 2015 and was able to compensate for its cumulative loss to cumulative profits. At the end of 2015, the company gained cumulative profits with the total amount of THB 1,458 million recording consolidated financial statement and its separate financial statement at THB 28 million.

Three major sources of revenues

Revenues from the reinsurance business

In 2015, the Company recorded the total reinsurance underwriting premiums of THB 5,261 million, an increase of 11.6 percent. This amount was deemed higher than 1.9 percent expansion of direct insurance of the insurance business sector (referred from information provided by OIC). As for net reinsurance underwriting premiums, the Company recorded the amount of THB 3,313 million, a decline of 25.7 percent and THB 4,112 million earned premiums, a drop of 7.1 percent from the reinsurance premiums of insurance policy with less than one-year coverage.

From the underwriting results in 2015, the Company recorded the total of THB 289 million profits from reinsurance business, an increase of 113.4 percent from the previous year in which the Company's total loss was recorded at THB 2,150 million. This was owing to the fact that no severe damages had occurred that could be affect the company's operating performance, compared to 2014 consolidated financial statements when the Company was confronted with severe flood claims in late 2011 in order to settle the case with the insured at the total amount of THB 2,173 million.



Revenues from investment

In terms of investment, the Company gained net revenue from investment of THB 2,914 million according to its 2015 consolidated financial statements, an increase of THB 2,431 million from the previous or equivalent to 412 percent increase. Major items were derived from the selling of THREL stocks as mentioned above. In addition, in December 2015, the Company sold 3.23 million shares in THREL, thereby, recording the total gains of THB 1,034 million.

Thus, at the end of 2015, the Company had total asset investment of THB 9,850 million, an increase of 5.6 percent from the previous year, with 4.2 percent of net return on investment (including tax benefits), a drop of 0.5 point compared to the previous year. Lower return on investment was the result of lower interest rate and continued fluctuation of the investment in the stock market.

Service business

Revenues from providing service are derived from the operation of subsidiaries. In 2015, the Company gained total revenue from its service business at THB 246 million, an increase of 11.9 percent and recorded profits from such business at THB 63 million, an increase of 28.4 percent.

Reinsurance Results

Major revenues of the Company are still derived from the reinsurance underwriting business. In 2015, the non-life reinsurance market within the country reported gross written premiums of THB 5,261 million, an increase of 11.6 percent. Net written premiums were recorded at THB 3,313 million, a decline of 25.8 percent. Profits before deducting operating expenses were THB 397 million, an increase of 120.1 percent. Details can be summarized as follows:

(Unit: THB Million)

	2015	2014	Growth (Percent)
Gross Premium Written			
Fire	369	332	11.1
Marine	62	73	(15.1)
Motor	315	407	(22.6)
Miscellaneous	4,515	3,901	15.7
Total	5,261	4,713	11.6
Net Premium Written			
Fire	267	244	9.4
Marine	45	51	(11.8)
Motor	315	407	(22.6)
Miscellaneous	2,686	3,761	(28.6)
Total	3,313	4,463	(25.8)
Underwriting Profit (Loss) (1)			
Fire	137	(2,041)	106.7
Marine	14	45	(68.9)
Motor	122	47	159.6
Miscellaneous	124	(23)	639.1
Total	397	(1,972)	120.1
Loss Ratio (Percent)			
Fire	3.0	840.7	
Marine	15.3	(27.3)	
Motor	30.0	55.0	
Miscellaneous	49.1	56.6	
Total	44.2	101.3	
Combined Loss and Expense Ratio (Percent)			
Fire	46.5	887.7	
Marine	67.9	21.9	
Motor	63.3	88.0	
Miscellaneous	94.5	100.6	
Total	88.5	144.5	

Note: (1) Excluded Operating Expenses



Fire

The amount of fire reinsurance premium in 2015 was recorded at the same level as the previous year, accounting for 7.0 percent of total domestic reinsurance premiums or equivalent to THB 369 million, an increase of 11.1 percent while net reinsurance premium was recorded at THB 267 million, with an increase of 9.4 percent owing to the policy emphasizing on less reliance on fire insurance as well as the impact from some target customers who cancel the contract with the Company. This was due to the fact that the Company's rating was reduced by S&P's, contract cancellation by some of our customers and the policy emphasizing on reducing fluctuation of reinsurance. Therefore, the Company had to cancel some reinsurance contract with high premium rates where risks are more concentrated. Moreover, the Company had to specify the proportion of reinsurance contract and degree of risk for each accident to be lower than before.

In 2015, loss for the severe flood incident had reduced, resulting in significant drop of the loss ratio to only 3.0 percent; therefore, the Company had gained profits from reinsurance business at the amount of THB 137 million, compared with the previous year's deficit of THB 2,041 million for such damage recognition as mentioned earlier.

Marine

The amount of domestic marine reinsurance premium in 2015 was THB 62 million, with the net premium of THB 45 million, a decline of 15.1 percent and 11.8 percent respectively, resulting from the cancellation by some foreign insurance companies as mentioned earlier. This target group is considered major insurer in marine insurance company. The loss ratio for the year 2015 and 2014 was at 15.3 percent and -27.3 percent respectively owing to THB 25.6 million decrease in loss incurred during 2012-2013. Therefore, in 2015, profit before deduction of operating expenses was equivalent to THB 14 million, a decline of 68.9 percent from the year before.

Motor

In 2015, motor insurance reported gross written premiums and net written premiums at THB 315 million equally, a decline of 22.6 percent from the previous year. The loss ratio has decreased from 55.0 percent in 2014 to 30.0 percent in 2015. Thus, the profit from reinsurance before deducting the operating expenses is THB 122 million, equivalent to an increase of 159.6 percent from critical improvement in reinsuring expensive motor by considering claim incurred experience.

Miscellaneous

This type of insurance includes all other insurances apart from those three categories mentioned above; for example, personal accident, health insurance, engineering insurance and burglary insurance etc. In 2015, gross written premiums of miscellaneous insurance within the country was THB 4,515 million, an increase of 15.7 percent. Net written premiums were estimated at THB 2,686 million, a decline of 28.6 percent, owing to the fact that the Company has extended the reinsurance contract with coverage of more than one year.

In 2015, the Company continued to emphasize on this type of insurance by collaborating with customers to develop new products and distribution channels in order to respond to increasing consumers' demand and to take advantage when competition in the market is still not in pressure. Moreover, the Company tries to build balance between each premium category by not putting high investment only on any single type. Consequently, in 2015, the ratio of net reinsurance written premiums in miscellaneous was reported at 81.1 percent of the domestic net written premiums. As a result, the Company's profit from reinsurance business before deducting operating expenses was THB 124 million, a rise of 639.1 percent compared to that of the previous year.

Overseas Non-Life Reinsurance

(Unit: THB Million)

	2015	2014	Growth (Percent)
Gross Premium Written	1	1	0
Net Premium Written	1	1	0
Underwriting Profit (Loss) ⁽¹⁾	23	1	2,200
Loss Ratio (Percent)	-1,736.5	-245.5	
Combined Loss and Commission (Percent)	-1,670.7	-92.9	

Note: (1) Excluded operating expenses

The Company had cancelled the renewal of foreign reinsurance contract; thus, remaining contracts were existing renewal contracts since the market was highly competitive and profits could not be easily achieved. However, the Company had closely monitored situations of overseas insurance market, including other businesses related to insurance in which the Company and its subsidiaries provided service in order to find new opportunities and potential business channels in the future, especially among ASEAN members.

In 2015, there was THB 28 million decrease in the Company's outstanding claims; therefore, the Company recorded underwriting profit at the amount of THB 23 million.



Loss ratio and combined ratio

The ratio commonly used in measuring insurance efficiency are loss ratio and combined ratio. If the combined ratio is lower than 100, meaning the Company gains profits from its reinsurance business. In 2015, the Company had no severe losses which directly affect its business operation, enabling the Company's combined ratio to be equivalent to 95.3 percent, a decline compared to 2014 when the Company was faced with high loss ratio due to massive flood in late 2011 in order to comply to conditions as agreed with insurance creditors with the total amount of THB 2,173 million. The combined ratio in 2014 was equivalent to 147.9 percent as can be seen below:

	2015	2014
Loss Ratio	43.6	101.2
Operating Expenses	<u>51.7</u>	<u>46.7</u>
Combined Ratio	<u>95.3</u>	<u>147.9</u>

Investment

(Unit: THB Million)

	December 31, 2015		December 31, 2014	
	Amount	Proportion (Percent)	Amount	Proportion (Percent)
Bonds and Treasury Bills	1,161	11.8	2,051	22.0
Stocks ^{/1}	2,905	29.5	1,180	12.7
Debentures	0	0	65	0.7
Deposits	2,248	22.8	3,052	32.7
Loan	24	0.2	31	0.3
Unit Trusts	3,512	35.7	2,945	31.6
Total	9,850	100.0	9,324	100.0

Note: ^{/1} Included Investment in Subsidiaries

Besides the revenue from underwriting business which is deemed the Company's main source of income, the revenue from investment is another type of major revenue of the Company. The investments at the end of last year as shown in the consolidated balance sheet was recorded at the market price at THB 9,850 million, an increase of 5.6 percent from the end of the preceding year. Investment ratio consists of direct investment in equity or investment via investment units in which compensation will be paid in the form of dividend and/or capital gain at 55:45, where in 2014 such proportion was recorded at 77:23. It is evident that the Company has increasingly expanded its equity investment so as to respond more effectively to future investments.

In terms of 2015 investment results, the Company recorded net investment after deducting operating expenses at THB 2,914 million, an increase of 411.9 percent from the previous year. The Company gained revenues from investment at THB 333 million after deducting profits from selling THREL shares, with net return on investment (including tax benefits) at 4.2 percent, a decline of 0.5 point

compared to the year earlier. Lower return of investment was the result of the reduction of interest rate and continued fluctuation of the stock market investment.

The Operating Result of the Subsidiaries

(Unit: THB Million)

Company Name	Nature of Business	Share (percent)	Income	Profit (Loss)	Paid up Capital	Asset
Thaire Training Co., Ltd.	Training and consulting service whose client base is primarily in the insurance sector	100	21.1	4.9	0.5	5.3
EMCS Thai Co., Ltd. (EMCS)	Claim management and operation supporter for insurance business, for example, Call Center	49	104.5	41.3	30.0	115.5
Thaire Services Co., Ltd.	Provision of computer service in relation to motor insurance claims and related statistics	100	125.3	11.6	60.0	191.2
Thaire Life Assurance Broker Co., Ltd.	Operated as a life insurance broker to support sales through the Call Center.	100	7.7	1.7	3.0	5.2
Thaire Actuarial Consulting Co., Ltd.	Actuarial service	100	0	(0.4)	3.0	2.5

When compared revenue ratio from the operating results of every subsidiaries and associates mentioned above, revenues generated were approximately 6.2 percent of total net written premium of the Company. In general, the operating results of the Company recorded total profits of THB 38 million, an equivalent with that of the previous year.

Financial Information >>

The Company's sales of "THRE" shares in 2015 had caused THREL's status to change from subsidiary company to associate company. Therefore, consolidated financial statements in 2015 was different from that in 2014, which was in conformity with "criteria for preparation of consolidated financial statements based on financial report standard" issue no.10 Re: "consolidated financial statements", in which THREL was still a subsidiary whereas in 2015, consolidated financial statements recorded THREL investment as "investment in associate company" based on equity principle.



Assets

At the end of 2015, the Company and its subsidiaries had total assets under the consolidated balance sheets of THB 15,112 million, an increase of 2.9 percent compared to that of 2014. Major assets consist of investment asset, 65.2 percent, and reinsurance assets and premium receivables, making the total of 25.1 percent, including land, building, equipment and other assets used in operating business which is accounted for 9.7 percent.

Investment assets

The Company has total investment assets of THB 9,850 baht, a rise of 5.6 percent from the previous year. Investment assets include Thai government bonds, bank deposits, promissory notes of financial institutions, debentures and unit trusts of open funds that invest in debt securities and listed equity securities, shares of associate companies and non-listed companies and unit trusts of open funds that invest in shares. Allowances for impairment of investment (if any) is provided in accordance with the accounting standards.

Another important asset are reinsurance assets and premium receivables which were recorded at THB 3,794 million in 2015, an increase of 16.6 percent from 2014. This was the result of reinsurance with coverage of more than a year. Therefore, premium reserves reclaimed from the reinsurance company were recorded an increase of THB 889 million.

Liability

Liabilities according to the consolidated financial statements at the end of 2015 was THB 9,656 million, a decline of 11.4 percent. Major items were insurance contract liabilities which will be explained below:

Creditors of the reinsurance company: The total amount of creditors of the reinsurance company were 1,449, an increase of 66.4 percent. Major items were partial reinsurance contracts with coverage of more than a year; therefore, the Company has to reserve some capital according to reinsurance contract at the amount of THB 682 million which is presented in "capital reserve from reinsurance"

Loss reserve and outstanding claims: The loss reserve and outstanding claims amounted to THB 2,169 million, a decline of THB 212 million or 8.9 percent due to payment and value reduction of outstanding claims. From January 1, 2009 onwards, the Company has allocated funds for the incurred but not reported claims (IBNR) in the amount higher than that between the loss reserve amount calculated by actuarial mathematics. This measure is in compliance with the current notification of the Office of Insurance Commission (OIC) Re: "allocation of premium reserves that have not vested in the company's revenue and claim reserves of non-life insurance companies 2011"

Other liabilities and net advance received for premium at the amount of THB 3,556 million, resulting from long-term reinsurance policy premiums received in advance, recognized as revenue by installments throughout the duration of the policy coverage.

Owner's equity

Owner's equity in the Company according to the consolidated financial statement at the end of 2015 was recorded at THB 5,413 million, an increase of 77.2 percent with the accounting value of 1.28 baht per share, an increase from 0.56 baht per share. Major items consist of:

Retained earnings of THB 1,458 million from the transfer of capital reserve and premium on common stock to compensate for cumulative deficit of THB 10,006 million at the end of 2014 as approved by 22nd Shareholders' Meeting held on April 22, 2015 and net operating interest of THB 2,655 million in 2015.

Legal reserves according to Section 116 of Public Limited Companies Act indicates that "the Company must allocate at least 5 percent of the net profit of each year as capital reserve less the amount of deficit brought forward (if any) until such reserves amount are no less than 10 percent of authorized capital unless the Company has specified other regulations or there are specific rules prescribing that the Company must possess more reserves" Consequently, in 2015, the Company recorded net profits from its business operations at THB 1.5 million after deducting cumulative deficit. Such profits can be employed as reserves as prescribed by law.

Result of financial audit >>

Miss Ratana Jala, the certified auditor with the registration number 3734 from the E.Y. Office Company (changed from Ernst and Young Office Company), had provided opinions to the Company and subsidiaries' financial statements that presented fairly, in all material respects, financial position as at December 31, 2015, and financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards as presented to the shareholders and the Company's Board of Directors.

Significant accounting policies

These financial statements have been prepared in accordance with the Thai Financial Reporting Standard prescribed in the Accounting Profession Act B.E.2547, the Accounting Procedure for Insurance in Thailand and other relevant regulations set forth by the Office of Insurance Commission (OIC). All items in the financial statements were presented in compliance with the OIC Notification dated May 27, 2010.

Details of significant accounting policies of the Company and its subsidiaries can be found in the financial statements verified by the auditor and presented in the annual report (Form 56-2) which is available at www.thaire.co.th or www.set.or.th



Financial ratio

Current ratio: The Company's current ratio was 1.20 times, an increase from 1.10 and 1.00 times in 2014 and 2013 respectively. In 2014, the current ratio increased successively as a result of more registered capitals with 702.5 million shares, or equal to THB 2,107.5 million. In addition, the Company had successfully negotiated with its insurance creditors and could mutually agree on terms and conditions in paying premiums as indicated in the insurance contract in 2014. Therefore, in 2015, the Company's liquidity was considered sufficient for its business operation.

Premium receivable turnover: The Company's accrued premium turnover in 2015 was 41.33 days, a decline from 91.84 days and 121.69 days in 2014 and 2013 respectively, resulting from the severe and massive flood in 2011 which affected the insurance company's liquidity. Nevertheless, such liquidity problem was gradually decreasing as could be seen from the significant decline of accrued premium turnover in 2013.

Retention rate: In 2015, the Company's retention ratio was 62.97 percent, a decline from 95.76 percent and 93.77 percent in 2014 and 2013 respectively. This was due to the fact that the Company had renewed the reinsurance contract with coverage of more than a year.

Underwriting margin: In 2013, the Company's underwriting margin at 8.72 percent that increased from 2014 and 2013 which were -29.86 percent and -77.85 percent respectively. In 2015, there was no severe loss or damage which directly affected the Company's business operation, compared to financial statements in 2014 and 2013 when the Company experienced loss due to severe flood in late 2011 as well as to conform to conditions as agreed with the insurance creditor for the amount of THB 2,173 million and THB 4,801 million respectively.

Net profit margin: In 2015, the Company's net profit ratio at 41.90 percent represented an increase from 2014 and 2013 when the ratio was -25.27 and -42.04 respectively. In addition, rate of return for shareholders in 2015 was 62.72 percent, an increase from -73.34 percent and -97.38 percent in 2014 and 2015 in that respective order. Meanwhile, return of asset in 2015 was recorded at 17.82 percent, an increase from -9.17 percent and -9.13 percent in 2014 and 2013 respectively.

These three ratios were resulting from premiums as indicated in gross profit margin. Moreover, in 2015, the Company sold 103.23 million shares of THREL as the total sales profit of THB 1,034 million, including fair value gain from investment in THREL at the market price as of selling date with the recorded amount of THB 1,546 million.

Debt to equity: In 2015, debt to equity at 1.78 times declined from 3.57 and 11.03 in 2014 and 2013 respectively. Policy Reserves to Capital Fund was 0.20, 0.75 and 0.99 times in that respective order, owing to continuous drop of premium reserves amount and outstanding claims, resulting from the severe flood.

Cash flow and sufficiency of capital

Cash flow from operating activities

In 2015, cash flow from various operating activities, other investments, operating expenses and corporate income taxes were THB 657.4 million cash outflow, a decline of cash outflow THB 8,691.1 million and THB 6,174.9 million in 2014 and 2013 respectively. In 2015, 2014 and 2013, the Company paid net loss due to severe flood incident at the amount of THB 189 million, THB 8,391 million and THB 7,392 million in that respective order.

Cash flow from investing activities

In 2015, the Company's cash inflow was the total amount of at THB 231.2 million, a decline from 2014 and 2013 that recorded at THB 7,519.6 million and THB 6,408.4 million respectively. This was due to the fact that during such years the Company had to spend its capital to compensate for loss reserves resulting from severe flood as mentioned earlier.

Cash flow from financing activities

Cash flow provided from financing activities were generated from increasing in capital, dividend payment and transaction of equipment and property. In 2015, the Company's cash outflow THB 16.7 million whereas 2014 and 2013 cash inflow was at 1,981.8 million and THB 17.7 million respectively. Major items in September 2014 were the result of an increase in registered shares of 702.5 million shares with the value 3 baht for each share and total amount of THB 2,107.5 million.

Investment expenditure

None

Sources of capital

There were the Company's capital from loans or other off-balance sheet funding sources. However, one of the Company's subsidiaries raised a long-term loan, which as of the end of 2015 was recorded in liabilities item in an amount of THB 18.4 million. The loan was borrowed from the bank to fund an acquisition of office building to support its business expansion, with the repayment term ending in 2019. Moreover, there was also an overdraft loan from bank which as of the end of 2015 had the total balance of THB 10.9 million to be employed as the Company's operating expenses.

Obligation and off-balance sheet

None



Factors affecting the Company's future operation

Due to Thailand's economic fluctuation, consumers have spent more cautiously and delayed their investment on large assets such as residence and automobile. This, in turn, directly affects household debt, domestic purchasing power and expansion of property and automobile insurance. Nonetheless, the government had introduced an investment plan to encourage consumers' spending as well as expansion of investment and employment opportunity in the private sector. Such measure directly benefits capital flow into household and economic system as well as help promote an expansion of engineering and personal line insurance.

Risk management of reinsurance business

The perception of Thailand as country least vulnerable to natural and man-made catastrophes that can cause severe loss and damage such as earthquake, volcano eruption, storm or terrorism etc. began to change at the onset of the Tsunami disaster in late 2004 and massive flood in 2005, 2006 and 2007 as well as terrorist attack which caused extensive loss of lives and property. As a reinsurance company mainly serves the domestic market, THRE is inevitably affected by any possible damages that involve substantial losses. In order to limit and control the maximum loss retained by the Company itself in an amount compatible with its financial status, the Company has emphasized less on property reinsurance, but more on personal related insurance. As for risk management, the Company has purchased an excess of loss protection reinsurance plan to control and limit its maximum loss. The excess of loss protection reinsurance plan purchased in 2015 will be summarized below:

(Unit: THB Million)

Class	Excess Point	Limit	Total
Fire and Miscellaneous	90	910	1,000
Marine	30	220	250
Miscellaneous	50	250	300

* Remarks: Realizing that an earthquake is a less likely phenomenon but once occurring will involve a remarkably high value of loss, the Company; therefore, has specifically purchased an earthquake coverage of THB 1,000 million apart from the protection already included in the fire and miscellaneous insurance contract of THB 910 million, making up a total of THB 1,910 million. All other risks such as fire, flood etc. are still covered in the amount of THB 910 million which is sufficient for the Company's total risks.

Nevertheless, the Company strongly believes that the severe damage will directly affect its status as that occurred in late 2011 when Thailand was faced with massive flood. The Company hopes that such disaster will not recur as it has limited the reinsured amount of the insured property. Furthermore, there is a limit on reinsured amount per industrial estate, per area in Bangkok and its vicinities, per province, per region and per river basin depending on type of natural disaster while the accumulated risk is regularly monitored on a monthly basis. A focus is placed more on new types of business which is non-conventional reinsurance than on conventional reinsurance because the non-conventional type has a lower individual insured amount with broader risk diversification, resulting in lower accumulated risk.

Financial Information

Financial Highlights (Ten Year Record)

Consolidated financial statements	2015	2014**	2014	2013	2012	2011	2010*	2009	2008	2007	2006
Gross Written Premium	5,262,398	4,713,730	6,337,503	5,918,321	6,260,503	7,416,458	5,167,896	5,116,287	5,072,475	4,542,960	4,023,889
Net Written Premiums	3,313,879	4,462,349	6,068,949	5,549,600	5,356,825	5,757,392	3,700,219	3,546,267	3,453,748	2,966,553	2,612,941
Profit (Loss) before tax	3,201,906	(1,338,625)	(1,338,625)	(3,529,499)	(5,345,613)	(2,052,435)	684,314	703,060	666,742	656,080	612,175
Net Profit (Loss)	2,655,118	(1,953,358)	(1,953,358)	(2,799,113)	(4,349,169)	(1,660,484)	580,461	523,877	473,336	515,131	460,747
Earnings Per Share (Baht)	0.63	(0.52)	(0.52)	(0.80)	(1.44)	(1.40)	0.49	0.44	0.40	0.43	0.39
Total Assets	15,111,948	14,681,633	14,681,633	27,910,087	33,432,860	25,720,293	9,175,551	7,576,889	4,849,237	4,971,526	4,626,236
Total Liabilities	9,655,592	10,899,423	10,899,423	25,082,025	30,153,606	24,977,893	6,195,074	4,824,490	2,768,130	2,475,654	2,269,517
Share capital paid up	4,214,994	4,214,994	4,214,994	3,512,495	3,512,495	1,187,355	1,187,355	1,187,355	1,187,355	1,187,355	1,187,355
Capital Funds (Shareholders' Equity)	5,412,659	3,053,564	3,053,564	2,273,089	3,475,856	728,044	2,964,953	2,732,821	2,057,958	2,474,100	2,336,454
Book Value per share (Baht)	1.28	0.72	0.72	0.65	0.99	0.61	2.50	2.04	1.73	2.08	1.97
Dividend Per Share (Baht)	-	-	-	-	-	0.20	0.41	0.40	0.36	0.38	0.36
Return on Revenue (%)	40.8	(28.2)	(28.2)	(42.7)	(69.1)	(26.8)	13.6	13.7	12.9	15.7	15.8
Return on Net Written Premiums (%)	80.1	(43.8)	(32.2)	(50.4)	(81.2)	(28.8)	15.7	14.7	13.7	17.4	17.6
Return on Equity (%)	62.7	(73.3)	(73.3)	(97.4)	(206.9)	(89.9)	20.4	23.2	20.9	21.4	19.7
Return on Assets (%)	17.8	(9.2)	(9.2)	(9.1)	(14.7)	(9.5)	6.9	10.1	9.6	10.7	9.9
Return on Investment (%)	28.7	4.5	4.5	4.4	4.9	3.4	9.3	3.8	4.6	7.8	8.1
Loss Ratio (%)	43.6	101.2	85.3	136.1	169.9	103.7	48.9	40.8	42.3	44.2	44.7
Acquisition Ratio (%)	51.7	46.7	44.4	42.3	44.1	43.1	43.9	42.0	42.1	41.5	41.6
Combined Ratio (%)	95.3	147.9	129.7	178.4	214.0	146.8	92.8	82.8	84.4	85.7	86.2
Solvency Ratio (%)	127.7	59.7	43.9	51.8	39.2	32.1	77.0	63.2	65.6	81.1	89.8
Current Ratio (times)	1.2	1.1	1.1	1.0	1.1	1.1	1.1	0.5	0.6	0.6	0.7
Reserve Ratio (%)	227.0	151.2	111.2	218.7	272.2	120.3	144.3	132.5	125.3	150.6	164.0

Description: 1. Since 2007, the Company has prepared separate financial statements disclosing the investments in subsidiaries and affiliates by using the cost price method which is "in accordance with TAS 27 Consolidated and Separate Financial Statements (revised 2007)". 2. Capital Fund (shareholders' equity) in 2008 was down from the prior year identifying by unrealized loss in investments in available for sale securities (ordinary shares and unit trusts) that are affected by the financial crisis occurred in the United States. 3. Since 2011, the Company has changed in accounting policy of commission and brokerage income from reinsurance ("income") and commission and brokerage expense from reinsurance ("Expense") are deferred and realised as income and expenses on a monthly basis over the term of policy coverage in proportion to the amount of unearned premium. * 2010 and 2009 were restated according to the change in accounting policy as above. 4. Since 2015, the Company has changed in percentage of shareholding in Thaire Life Assurance Public Company Limited and changed the status of the investment in Thaire Life Assurance Public Company Limited from investments in subsidiary to investments in associated company. ** 2014 were restated, the operating results of Thaire Life Assurance Public Company Limited were presented separately as "Profit of the former subsidiary before the change of status to associated company".



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

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The Board of Directors is responsible for the financial statement of the Company and its subsidiaries. Such financial statements are prepared in accordance with Thai Accounting Standard. Appropriate accounting policies are cautiously utilized. Sufficient important information is disclosed in the footnotes of the financial statements.

The Board of Directors has provided and maintained an effective internal control system. They also have ensured that appropriate procedures are being utilized to evaluate the adequacy of internal controls and risk management, and monitored the effectiveness of its compliance. In this regard, the Board of Directors has appointed an Audit Committee who are non-management members of the Company as regulators in this matter. The opinion of the Audit Committee in this subject is included in the Audit Committee Report listed in the annual report.

Furthermore, it is the opinion of the Board of Directors that the Company's internal control system is overall satisfactory and capable of creating confidence in the credibility of the financial statements of Thai Reinsurance Public Company Limited and its subsidiaries.

Suchin Wanglee
Chairman

Surachai Sirivallop
Director & Chief Executive Officer

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Audit Committee Report

Dear Shareholders,

The Audit Committee is composed of three independent directors: Mr. Aswin Kongsiri as Chairman of the Audit Committee, Mr. Chanin Roonsamrarn, and Ms. Potjanee Thanavarant. All three members are knowledgeable and experienced in reviewing the reliability of financial statements required by the Office of the Securities and Exchange Commission.

The Audit Committee has duties and responsibilities as assigned by the Board of Directors, which include reviewing the correctness and adequacy of the Company's financial reporting and ensuring the effectiveness of internal control system, risk management system and corporate governance process and the compliance with relevant laws and regulations. The Audit Committee is also responsible for monitoring and ensuring that any transactions that may have a conflict of interest are conducted in accordance with regulations and provide maximum benefit to the Company, as well as selecting and nominating an independent auditor for the Company.

In 2015, the Audit Committee completed their duties under the scope of responsibilities assigned by the Board of Directors and in line with the Audit Committee Charter. Four meetings were held in the year and were attended by all committee members. The Management, independent auditor, internal auditors, and risk management department representatives were also invited to join the meetings on the agenda items which they were concerned. The main duties performed by the Audit Committee in 2015 can be summarized as follows:

1. Approved quarterly financial statements and reviewed annual financial statements of the Company prior to disclosure to the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.
2. Nominated and recommended an appointment of auditor and fixing of auditor's remuneration, with EY Office Limited being nominated and appointed as auditor of the Company for another year (for the year 2015).
3. Attended three joint meetings with the auditor, one of which was organized without the attendance of the Management to consider the guideline and scope of auditing and review the audit plan, results and recommendations to ensure that the audit of financial statements was carried out properly and completely in accordance with the auditing standards.



4. Oversaw internal audit, approved the annual internal audit plan based on the Company's material risks, reviewed the audit reports to ensure that the audit was carried out properly and completely in accordance with the internal auditing standards, and followed up on the recommended corrective actions to improve the efficiency and effectiveness of the internal control system.

5. Reviewed the report on compliance with relevant laws and regulations on a quarterly basis.

6. Reviewed the report on related party transactions on a quarterly basis.

7. Oversaw the Enterprise Risk Management Committee, reviewed and ensured that the Company's risk management policy and implementation of risk management policy and guideline were appropriate and effective, received quarterly reports on risk management from the Enterprise Risk Management Department, and provided feedback on a regular basis.

8. Arranged for the annual self-assessment of the Audit Committee as a whole and discussed the assessment results at the Audit Committee meeting.

9. Arranged for the annual evaluation of internal control adequacy and proposed the evaluation results to the Board of Directors for consideration and approval.

The Audit Committee's opinions are:

1. Based on (1) a review of the Company's significant accounting policy, (2) an enquiry about important details of financial position and performance, (3) a review of the report on evaluation of internal control adequacy, and (4) an independent meeting with the auditor to discuss about observations on the financial reporting process and reliability, the Audit Committee has not found any ground for doubting that the Company's financial statements presents information which contradicts material fact and, hence, is confident that the Company's financial statements is reliable, accurate and complete in accordance with the financial reporting standards.

2. The Company's internal control system, risk management system, operational control of management team, and monitoring system are effective and adequate.

3. The Company gives importance to compliance with the law on securities and exchange, regulations of the Stock Exchange, and other laws relevant to the Company's business.

4. The appointed auditor of the Company has experience in auditing several insurance companies and has a well-recognized broad local and global network, thus enabling the auditing standard of the Company to meet international level. Moreover, the auditor and all persons designated to certify the financial statements are the auditors approved by the Office of the Securities and Exchange Commission, are independent, and do not have any relationship or any transaction that may cause conflict of interest with the Company, thereby ensuring that an audit will be conducted in an efficient and transparent manner.

5. All related party transactions or transactions that may cause conflict of interest were done in conformity with the laws and regulations of the Stock Exchange and were reasonable with the maximum benefit to the Company. There was not any other indication or remark that implied any irregularity.

6. The Audit Committee has the number of members, composition and qualification suitable for an efficient discharge of duties under the Audit Committee Charter. The Audit Committee has performed their duties in accordance with the scope of responsibilities correctly and completely in all respects with good collaboration and support from all concerned parties.



Aswin Kongsiri
Chairman of the Audit Committee

Independent Auditor's Report

To the Shareholders of Thai Reinsurance Public Company Limited

I have audited the accompanying consolidated financial statements of Thai Reinsurance Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2015, and the related consolidated statements of income, comprehensive income, changes in owners' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Thai Reinsurance Public Company Limited for the same period.

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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I 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's 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thai Reinsurance Public Company Limited and its subsidiaries and of Thai Reinsurance Public Company Limited as at 31 December 2015, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



Ratana Jala

Certified Public Accountant (Thailand) No. 3734

EY Office Limited

Bangkok: 25 February 2016



FINANCIAL

statement and Notes to consolidated financial statements

Thai Reinsurance Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Assets					
Cash and cash equivalents	6	798,698,229	1,321,307,749	761,717,931	1,216,705,546
Accrued investment income		24,562,090	53,858,894	24,462,489	42,475,632
Premium receivables	7, 23	42,179,513	49,325,307	42,179,513	39,126,131
Reinsurance assets	8, 23	3,752,022,832	3,206,396,725	3,752,022,832	2,800,657,841
Investment assets					
Investments in securities	23, 31, 32				
Trading investments	9	213,654,400	301,218,000	213,654,400	220,698,000
Available-for-sale investments	9	3,737,431,722	3,000,094,391	3,735,053,578	2,551,546,373
Held-to-maturity investments	9	3,249,070,195	4,663,276,101	3,227,278,184	3,772,539,581
Other investments	9	5,370,390	7,476,110	5,370,390	5,370,390
Loans	10	24,415,821	30,651,403	24,415,821	30,651,403
Investments in subsidiaries	11	-	-	75,199,685	324,199,615
Investments in associates	12.1	1,821,844,213	-	145,770,230	-
Property, building and equipment	13	224,249,411	267,229,437	94,113,660	106,539,720
Intangible assets	14	51,072,433	17,005,377	36,992,895	12,508,236
Deferred tax assets	15.1	966,991,715	1,543,377,380	1,267,365,020	1,519,943,447
Other assets					
Cash pledged as collateral securities	33	99,063,028	112,715,427	99,063,028	112,715,427
Corporate income tax refundable		32,521,295	34,178,265	25,597,981	27,763,954
Deferred excess of loss		-	7,200,000	-	7,200,000
Others	23	68,800,405	66,322,408	36,150,309	26,686,864
Total assets		15,111,947,692	14,681,632,974	13,566,407,946	12,817,328,160

The accompanying notes are an integral part of the financial statements.


Thai Reinsurance Public Company Limited and its subsidiaries
Statement of financial position (continued)
As at 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Liabilities and equity					
Liabilities					
Income tax payable		4,439,640	43,352,940	-	-
Due to reinsurers	16, 23	1,449,238,759	870,565,560	1,449,238,759	587,480,641
Insurance contract liabilities					
Life policy reserve	17	-	215,830,021	-	-
Loss reserves and outstanding claims	18, 23	2,168,595,878	2,380,790,096	2,168,595,878	2,342,504,276
Premium reserve	19.1	2,050,007,507	2,158,651,296	2,050,007,507	1,955,379,471
Underwriting compensation reserves		4,351,752	1,771,302	4,351,752	1,771,302
Employee benefit obligations	20	60,970,451	44,345,323	43,703,958	31,416,293
Bank overdraft from financial institution	21	10,962,523	1,715,435	-	-
Long-term loans	22	18,365,000	23,273,000	-	-
Deferred tax liabilities	15.1	-	202,052	-	-
Other liabilities					
Advance received for premium, net	23	3,555,955,316	4,796,381,042	3,555,955,316	4,796,381,042
Cash received to pledge as collateral		242,758,058	234,566,519	242,758,058	234,566,519
Advance received for claim recovery		49,052,434	66,218,750	49,052,434	66,218,750
Dividend payables	30	2,330,391	2,462,672	2,330,391	2,446,371
Liability under lease agreement		-	335,511	-	-
Others	23	38,564,458	58,961,924	21,838,902	29,746,710
Total liabilities		9,655,592,167	10,899,423,443	9,587,832,955	10,047,911,375

The accompanying notes are an integral part of the financial statements.

Thai Reinsurance Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Equity					
Share capital					
Registered					
4,214,993,832 ordinary shares of Baht 1 each		4,214,993,832	4,214,993,832	4,214,993,832	4,214,993,832
Issued and paid-up					
4,214,993,832 ordinary shares of Baht 1 each		4,214,993,832	4,214,993,832	4,214,993,832	4,214,993,832
Premium on share capital	25	-	6,206,965,221	-	6,206,965,221
Retained earnings					
Appropriated					
Statutory reserve	25, 26	7,550,000	184,226,400	1,500,000	118,776,400
General reserve	25	-	106,000,000	-	106,000,000
Emergency reserve	25	-	44,000,000	-	44,000,000
Unappropriated (deficit)	25	1,457,759,190	(10,006,274,293)	28,255,786	(7,940,382,855)
Other components of equity		(267,644,279)	2,303,652,704	(266,174,627)	19,064,187
Equity attributable to owners of the Company		5,412,658,743	3,053,563,864	3,978,574,991	2,769,416,785
Non-controlling interests of the subsidiaries		43,696,782	728,645,667	-	-
Total equity		5,456,355,525	3,782,209,531	3,978,574,991	2,769,416,785
Total liabilities and equity		15,111,947,692	14,681,632,974	13,566,407,946	12,817,328,160
		-	-	-	-

The accompanying notes are an integral part of the financial statements.


Thai Reinsurance Public Company Limited and its subsidiaries
Statement of income
For the year ended 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
			(Restated)		(Restated)
Continuing operations					
Income					
Net earned premium		4,111,553,393	4,426,090,183	4,111,553,393	4,426,090,183
Commissions and brokerages income		313,608,759	84,216,384	313,608,759	84,216,384
Total income		4,425,162,152	4,510,306,567	4,425,162,152	4,510,306,567
Expenses					
Underwriting					
Claim expenses					
Claim and loss adjustment expenses		1,793,706,613	4,477,871,730	1,793,706,613	4,477,897,266
Commissions and brokerages expenses		2,135,805,202	1,930,323,484	2,135,805,202	1,930,323,484
Other underwriting expenses		74,324,311	72,287,943	74,551,063	72,879,132
Operating expenses	27	132,493,201	179,784,414	141,946,644	188,888,797
Total underwriting expenses		4,136,329,327	6,660,267,571	4,146,009,522	6,669,988,679
Gain (loss) from underwriting		288,832,825	(2,149,961,004)	279,152,630	(2,159,682,112)
Net investment income		246,750,333	383,850,194	360,916,687	535,283,861
Loss on impairment of investment		(13,780,585)	-	(13,495,049)	-
Gains on investments	11	1,069,109,537	90,018,514	1,189,214,129	854,139,524
Fair value gain (loss) on investments	11	1,541,579,209	9,500,001	(4,761,469)	9,500,001
Share of gain (loss) from associates	12.2	70,067,831	(945,380)	-	-
Service income					
Service income		246,178,341	219,997,767	-	-
Service expenses		(183,306,145)	(170,982,800)	-	-
Income on services		62,872,196	49,014,967	-	-
Net management income from					
National Catastrophe Insurance Fund		17,295,618	48,225,131	15,778,609	47,051,141
Other income		9,400,028	3,998,601	7,560,322	6,239,880
Other expenses		(5,839)	(47,888)	(442)	(47,888)
Profit (loss) from operations		3,292,121,153	(1,566,346,864)	1,834,365,417	(707,515,593)
Contribution to the Office of Insurance Commission		(13,316,393)	(11,977,772)	(13,316,393)	(11,977,772)
Profit (loss) before income tax and finance cost		3,278,804,760	(1,578,324,636)	1,821,049,024	(719,493,365)
Finance cost		(2,460,071)	(918,152)	-	-
Profit (loss) before income tax expenses		3,276,344,689	(1,579,242,788)	1,821,049,024	(719,493,365)
Less: Income tax expenses	15.2	(641,942,839)	(536,454,603)	(324,464,101)	(675,992,012)
Profit (loss) for the year from continuing operations		2,634,401,850	(2,115,697,391)	1,496,584,923	(1,395,485,377)
Discontinued operations					
Profit of the former subsidiary before the change of status					
to associated company	11	95,155,492	364,148,600	-	-
Profit (loss) for the year		2,729,557,342	(1,751,548,791)	1,496,584,923	(1,395,485,377)

The accompanying notes are an integral part of the financial statements.



Thai Reinsurance Public Company Limited and its subsidiaries

Statement of income (continued)

For the year ended 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Profit attributable to:			(Restated)		(Restated)
Equity holders of the Company					
Profit (loss) for the year from continuing operations		2,615,456,113	(2,132,504,555)	1,496,584,923	(1,395,485,377)
Profit for the year from discontinued operations		39,662,234	179,146,231	-	-
Profit (loss) for the year - equity holders of the Company		2,655,118,347	(1,953,358,324)	1,496,584,923	(1,395,485,377)
Non-controlling interests of the subsidiaries					
Profit for the year from continuing operations		18,945,737	16,807,164		
Profit for the year from discontinued operations		55,493,258	185,002,369		
Profit for the year - non-controlling interest of the subsidiaries		74,438,995	201,809,533		
		2,729,557,342	(1,751,548,791)		
Earnings per share	29				
Basic earnings per share					
Equity holders of the Company					
Profit (loss) from continuing operations		0.62	(0.57)	0.36	(0.37)
Profit from discontinued operations		0.01	0.05	-	-
		0.63	(0.52)	0.36	(0.37)
Weighted average number of ordinary shares (shares)		4,214,993,832	3,739,604,117	4,214,993,832	3,739,604,117

The accompanying notes are an integral part of the financial statements.


Thai Reinsurance Public Company Limited and its subsidiaries
Statement of comprehensive income
For the year ended 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
			(Restated)		(Restated)
Profit (loss) for the year		2,729,557,342	(1,751,548,791)	1,496,584,923	(1,395,485,377)
Other comprehensive income					
Continuing operations					
Other comprehensive income to be reclassified to profit or loss in subsequent period:					
Gain (loss) on revaluation of available-for-sale investments		(365,233,292)	104,672,853	(356,548,518)	104,517,660
Income tax effect	15.2	73,046,658	(20,934,571)	71,309,704	(20,903,532)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income taxes		(292,186,634)	83,738,282	(285,238,814)	83,614,128
Other comprehensive income not to be reclassified to profit or loss in subsequent period:					
Actuarial loss		(4,746,069)	-	(2,879,853)	-
Income tax effect	15.2	949,214	-	575,971	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income taxes		(3,796,855)	-	(2,303,882)	-
Other comprehensive income from continuing operations for the year		(295,983,489)	83,738,282	(287,542,696)	83,614,128
Discontinued operations					
Other comprehensive income from discontinued operations		1,548,283	(3,542,766)	-	-
Other comprehensive income from discontinued operations for the year		1,548,283	(3,542,766)	-	-
Total other comprehensive income for the year		(294,435,206)	80,195,516	(287,542,696)	83,614,128
Total comprehensive income					
Total comprehensive income from continuing operations		2,338,418,361	(2,031,959,109)	1,209,042,227	(1,311,871,249)
Total comprehensive income from discontinued operations		96,703,775	360,605,834	-	-
Total comprehensive income for the year		2,435,122,136	(1,671,353,275)	1,209,042,227	(1,311,871,249)
Total comprehensive income attributable to:					
Equity holders of the Company					
Total comprehensive income from continuing operations		2,319,749,529	(2,048,802,761)	1,209,042,227	(1,311,871,249)
Total comprehensive income from discontinued operations		40,304,772	180,797,460	-	-
Total comprehensive income attributable to the equity holders of the Company		2,360,054,301	(1,868,005,301)	1,209,042,227	(1,311,871,249)
Non-controlling interests of the subsidiaries					
Total comprehensive income from continuing operations		18,668,832	16,843,652		
Total comprehensive income from discontinued operations		56,399,003	179,808,374		
Total comprehensive income attributable to non-controlling interests of the subsidiaries		75,067,835	196,652,026		
		2,435,122,136	(1,671,353,275)		

The accompanying notes are an integral part of the financial statements.

Thai Reinsurance Public Company Limited and its subsidiaries
Statement of changes in owners' equity
For the year ended 31 December 2015

	Consolidated financial statements													(Unit: Baht)
	Equity attributable to owners of the company													
	Retained earnings						Other components of equity			Total equity attributable to equity holders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total owners' equity		
							Other comprehensive income	Other changes by the equity	Total other components of equity					
Issued and paid-up share capital	Premium on share capital	Statutory reserve	General reserve	Emergency reserve	Unappropriated (deficit)	Surplus (deficit) on changes in value of available-for-sale investments	Surplus from change in percentage of shareholding in subsidiary							
Balance as at 1 January 2014	3,512,494,860	4,813,717,910	183,726,400	106,000,000	44,000,000	(8,052,486,683)	(3,721,289)	1,703,357,756	1,665,636,467	2,273,088,954	554,973,328	2,828,062,282		
	702,498,972	1,393,247,311	-	-	-	-	-	-	-	2,095,746,283	-	2,095,746,283		
Changing in percentage of investment in the subsidiary without a loss of control	-	-	-	-	-	-	(20,173,243)	572,836,457	552,663,214	552,663,214	114,420,597	667,083,811		
	-	-	500,000	-	-	(500,000)	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-	-	(137,400,284)	(137,400,284)		
Reversal of dividend payable	-	-	-	-	-	70,714	-	-	-	70,714	-	70,714		
	-	-	-	-	-	(1,953,358,320)	-	-	-	(1,953,358,320)	201,809,533	(1,751,548,791)		
	-	-	-	-	-	-	85,353,023	-	85,353,023	85,353,023	(5,157,507)	80,195,516		
Other comprehensive income for the year	-	-	-	-	-	(1,953,358,320)	85,353,023	-	85,353,023	(1,868,005,301)	196,652,026	(1,671,353,275)		
	-	-	-	-	-	-	-	-	-	3,053,563,864	728,645,667	3,782,209,531		
	-	-	-	-	-	-	-	-	-	-	-	-		
Balance as at 31 December 2014	4,214,993,832	6,206,965,221	184,226,400	106,000,000	44,000,000	(10,006,274,293)	27,458,491	2,276,194,213	2,303,652,704	3,053,563,864	728,645,667	3,782,209,531		
Balance as at 1 January 2015	4,214,993,832	6,206,965,221	184,226,400	106,000,000	44,000,000	(10,006,274,293)	27,458,491	2,276,194,213	2,303,652,704	3,053,563,864	728,645,667	3,782,209,531		
Changing in percentage of shareholding in the subsidiary with loss of control	-	-	(60,000,000)	-	-	2,338,798,176	(3,679,364)	(2,276,194,213)	(2,279,873,577)	(1,075,401)	(741,510,600)	(742,586,001)		
	-	(6,206,965,221)	(118,776,400)	(106,000,000)	(44,000,000)	6,475,741,621	-	-	-	-	-	-		
	-	-	2,100,000	-	-	(2,100,000)	-	-	-	-	-	-		
Dividend paid of subsidiaries	-	-	-	-	-	-	-	-	-	-	(18,506,120)	(18,506,120)		
	-	-	-	-	-	115,979	-	-	-	115,979	-	115,979		
	-	-	-	-	-	2,655,118,347	(291,423,406)	-	-	2,655,118,347	74,438,995	2,729,557,342		
Reversal of expired dividend payable	-	-	-	-	-	(3,640,640)	(291,423,406)	-	(291,423,406)	(295,064,046)	628,840	(294,435,206)		
	-	-	-	-	-	2,651,477,707	(291,423,406)	-	(291,423,406)	2,360,054,301	75,067,835	2,435,122,136		
	-	-	-	-	-	1,457,759,190	(267,644,279)	-	(267,644,279)	5,412,658,743	43,696,782	5,456,355,525		
Balance as at 31 December 2015	4,214,993,832	-	7,550,000	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-	-	-	-		

Thai Reinsurance Public Company Limited and its subsidiaries
Statement of changes in owner's equity (continued)
For the year ended 31 December 2015

	Note	Separate financial statements										(Unit: Baht)
		Issued and paid-up share capital	Premium on share capital	Retained earnings				Other components of equity			Total owners' equity	
				Appropriated		Unappropriated (deficit)	Other comprehensive income	Total other components of equity				
				Statutory reserve	General reserve				Emergency reserve			
Balance as at 1 January 2014		3,512,494,860	4,813,717,910	118,776,400	106,000,000	44,000,000	(6,544,968,192)	(64,549,941)	(64,549,941)	1,985,471,037		
Increase share capital	24	702,498,972	1,393,247,311	-	-	-	-	-	-	2,095,746,283		
Reversal of expired dividend payable	30	-	-	-	-	-	70,714	-	-	70,714		
Loss for the year		-	-	-	-	-	(1,395,485,377)	-	-	(1,395,485,377)		
Other comprehensive income for the year		-	-	-	-	-	-	83,614,128	83,614,128	83,614,128		
Total comprehensive income for the year		-	-	-	-	-	(1,395,485,377)	83,614,128	83,614,128	(1,311,871,249)		
Balance as at 31 December 2014		4,214,993,832	6,206,965,221	118,776,400	106,000,000	44,000,000	(7,940,382,855)	19,064,187	19,064,187	2,769,416,785		
Balance as at 1 January 2015		4,214,993,832	6,206,965,221	118,776,400	106,000,000	44,000,000	(7,940,382,855)	19,064,187	19,064,187	2,769,416,785		
Reserves and premium on share capital transferred to offset the Company's accumulated deficit	25	-	(6,206,965,221)	(118,776,400)	(106,000,000)	(44,000,000)	6,475,741,621	-	-	-		
Unappropriated retained earnings transferred to statutory reserve	26	-	-	1,500,000	-	-	(1,500,000)	-	-	-		
Reversal of expired dividend payable	30	-	-	-	-	-	115,979	-	-	115,979		
Profit for the year		-	-	-	-	-	1,496,584,923	-	-	1,496,584,923		
Other comprehensive income for the year		-	-	-	-	-	(2,303,882)	(285,238,814)	(285,238,814)	(287,542,696)		
Total comprehensive income for the year		-	-	-	-	-	1,494,281,041	(285,238,814)	(285,238,814)	1,209,042,227		
Balance as at 31 December 2015		4,214,993,832	-	1,500,000	-	-	28,255,786	(266,174,627)	(266,174,627)	3,978,574,991		
		-	-	-	-	-	-	-	-	-		

The accompanying notes are an integral part of the financial statements.



Thai Reinsurance Public Company Limited and its subsidiaries

Statement of cash flows

For the year ended 31 December 2015

(Unit: Baht)

		Consolidated		Separate	
		financial statements		financial statements	
		2015	2014	2015	2014
			(Restated)		(Restated)
Cash flows from operating activities					
Cash paid for reinsurance		(308,473,669)	(8,439,345,863)	(308,473,669)	(8,439,371,398)
Other underwriting expenses		(74,324,311)	(72,287,945)	(74,551,063)	(72,879,132)
Other investment income		297,607,754	542,778,907	273,451,212	544,449,127
Other income		276,808,062	256,321,186	23,144,019	52,185,939
Commissions and brokerages expenses		(571,485,162)	(1,094,168,748)	(571,485,162)	(1,094,168,748)
Operating expenses		(154,801,860)	(143,087,533)	(171,150,865)	(156,776,016)
Other expenses		(181,227,294)	(150,288,122)	(442)	(47,888)
Corporate income tax		(13,951,491)	(12,207,321)	2,165,368	930,686
Net cash used in operating activities					
from continuing operations		(729,847,971)	(9,112,285,439)	(826,900,602)	(9,165,677,430)
Net cash from operating activities					
from discontinuing operations		72,464,583	421,154,651	-	-
Net cash used in operating activities		(657,383,388)	(8,691,130,788)	(826,900,602)	(9,165,677,430)
Cash flows from investing activities					
Cash flows from					
Investments in securities		2,013,308,848	9,470,772,100	1,979,302,667	9,459,730,666
Loans		8,510,856	5,348,431	8,510,856	5,348,431
Cash received from sold a subsidiary		1,179,145,668	819,854,765	1,243,312,500	819,854,765
Cash received from sold an associated company		39,382,830	3,094,342	39,382,830	3,094,342
Dividend received from subsidiaries and associated company		67,044,986	-	115,347,717	152,619,866
Equipment		3,544,598	1,110,608	3,537,098	1,105,140
Net cash from investing activities from continuing operations		3,310,937,786	10,300,180,246	3,389,393,668	10,441,753,210
Net cash from investing activities from discontinued operations		15,030,723	356,972,350	-	-
Net cash from investing activities		3,325,968,509	10,657,152,596	3,389,393,668	10,441,753,210
Cash flows used in					
Investments in securities		(3,006,927,795)	(2,590,419,427)	(2,985,430,512)	(2,573,259,241)
Loans		(2,275,273)	(6,098,900)	(2,275,273)	(6,098,900)
Investment in an associated company		(1,141,838)	-	-	-
Equipment and intangible assets		(61,101,978)	(50,640,997)	(29,774,896)	(7,393,688)
Net cash used in investing activities from continuing operations		(3,071,446,884)	(2,647,159,324)	(3,017,480,681)	(2,586,751,829)
Net cash used in investing activities from discontinued operations		(23,328,473)	(490,404,097)	-	-
Net cash used in investing activities		(3,094,775,357)	(3,137,563,421)	(3,017,480,681)	(2,586,751,829)
Net cash from investing activities from continuing operations		239,490,902	7,653,020,922	371,912,987	7,855,001,381
Net cash used in investing activities from discontinued operations		(8,297,750)	(133,431,747)	-	-
Net cash from investing activities		231,193,152	7,519,589,175	371,912,987	7,855,001,381

The accompanying notes are an integral part of the financial statements.


Thai Reinsurance Public Company Limited and its subsidiaries
Statement of cash flows (continued)
For the year ended 31 December 2015

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
			(Restated)		(Restated)
Cash flows from financing activities					
Proceeds from increase in share capital		-	2,107,496,916	-	2,107,496,916
Related expenses of the offering new shares		-	(11,750,633)	-	(11,750,633)
Dividend paid of subsidiaries		(18,506,120)	(4,650,553)	-	-
Bank overdraft		8,433,456	774,787	-	-
Long-term loans		(6,554,439)	22,690,562	-	-
Net cash from (used in) financing activities from continuing operations		(16,627,103)	2,114,561,079	-	2,095,746,283
Net cash used in financing activities from discontinued operations		-	(132,749,731)	-	-
Net cash from (used in) financing activities		(16,627,103)	1,981,811,348	-	2,095,746,283
Net increase (decrease) in cash and cash equivalents		(442,817,339)	810,269,735	(454,987,615)	785,070,234
Cash and cash equivalents at beginning of year		1,241,515,568	511,038,014	1,216,705,546	431,635,312
Cash and cash equivalents at end of year		798,698,229	1,321,307,749	761,717,931	1,216,705,546

The accompanying notes are an integral part of the financial statements.

Thai Reinsurance Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2015

1. General information

1.1 Corporate information

Thai Reinsurance Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company's major shareholder is HWIC ASIA FUND, which own 30% of its total share capital. The Company is principally engaged in the provision of reinsurance and its registered address is at 48/23-24 Soi Rajchadapisek 20, Rajchadapisek Road, Samsennok, Huaykwang, Bangkok.

1.2 Impact of severe floods and mitigation measures introduced by Office of Insurance Commission

In the fourth quarter of 2011, there was severe flooding in Thailand. The floods materially affected the financial statements of the Company, with the financial impact of the floods reflected in the financial statements as follows:

(Unit: Million Baht)

		Claims reserve refundable from reinsurers	Net claims
	Gross claims		
Loss reserves and outstanding claims	144	(27)	117
Claims paid	32,040	(12,690)	19,350
Total	32,184	(12,717)	19,467
Claims reserve refundable under Excess of Loss contracts			(4)
Claims refundable under Excess of Loss contracts			(3,348)
Net claims expense			16,115
Less: Net claims expense - recognised - year 2011 - 2014			(16,175)
Reversal during the year 2015			(60)



In 2011, there was severe flooding in Thailand. The Company set aside flood loss reserves based on estimates, determined by applying assumptions derived from surveyor reports and using information received from insurance companies. In 2013, the Company reviewed the flood loss amounts recorded, in order to comply with a letter from the Office of Insurance Commission (“the OIC”) and adjust the loss reserves to reflect the subsequent circumstances and evidence. However, until the second quarter of 2014, the Company and its counterparties were in the process of negotiating the losses reported under the surveyor reports, and the Company was in the process of investigating evidence to prove that the loss amounts were in accordance with the terms in the insurance contracts.

In the third quarter of 2014, the Company negotiated and reached final agreements with insurance creditors and entered into payment agreements to settle claims liabilities under insurance contracts. The Company then adjusted claims for flooding damage to reflect the terms of these agreements.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547, and in accordance with Thai accounting practices related to insurance, and the accounting and reporting guidelines prescribed by the Office of Insurance Commission (“the OIC”). The presentation of the financial statements has been made in compliance with the Declaration of Insurance Commission dated 27 May 2010.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2. Basis of consolidation

- (a) The consolidated financial statements include the financial statements of Thai Reinsurance Public Company Limited and its subsidiaries (hereinafter called “the Group”) as follows:

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2015	2014
			%	%
Thaire Life Assurance Plc.	Provision of life reinsurance	Thailand	-*	41.50
Thaire Training Co., Ltd.	Provision of training and consulting services	Thailand	100.00	100.00
EMCS Thai Co., Ltd.	Provision of computer services in relation to motor losses	Thailand	49.00	57.30**
Thaire Services Co., Ltd.	Losses claim management services and marketing service	Thailand	100.00	100.00
Thaire Life Assurance Broker Co., Ltd.	Life insurance Broker	Thailand	100.00	100.00
Thaire Actuarial Consulting Co., Ltd.	Actuarial service	Thailand	100.00	100.00

* Included in the consolidated income statement until the date of loss control

** Direct and indirect interest

- (b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- (c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- (d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- (e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- (f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

- 2.3 The separate financial statements, which present investments in subsidiaries and associate presented under the cost method, have been prepared solely for the benefit of the public.



3. New financial reporting standards

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

3.1 Financial reporting standards that became effective in the current year

The Company has adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, some of these standards involve changes to key principles, which are summarised below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the former standard allowed the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

The Company and its subsidiaries changed the recognition of actuarial gains and losses in the current period from an immediate recognition in profit or loss to an immediate recognition in other comprehensive income but did not restate the prior year's financial statements. It is due to the fact that the prior year's actuarial gains and losses are not material.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the content of TAS 27 Consolidated and Separate Financial Statements dealing with consolidated financial statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over investees and determining which entities have to be included in preparation of the consolidated financial statements.

This standard does not have any impact on the Company's and its subsidiaries' financial statements.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact on the financial statements of the Company and its subsidiaries.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

3.2 Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company's management believes that the revised financial reporting standards will not have any significant impact on the financial statements when it is initially applied, except the following financial reporting standard.

TFRS 4 (revised 2015) Insurance Contracts

The objective of TFRS 4 is to provide guidance on financial reporting for the insurance contracts that an entity issues (including reinsurance contracts) and the reinsurance contracts that it holds, and to require limited improvements to accounting by insurers for insurance contracts until the second phase of the project on financial reporting standards for insurance contracts is completed. This TFRS requires disclosure that identifies and explains the amounts in an insurer's financial statements arising from insurance contracts and prohibits provisions for claims that have not occurred at the end of the reporting period, and requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets. It temporarily exempts insurers from some requirements of other TFRSs, including the requirement for insurers to consider the framework in selecting accounting policies for insurance contracts.



At present, the Company's management is still evaluating the first-year impact to the financial statements and has yet to reach a conclusion.

4. Significant accounting policies

4.1 Revenue recognition

(a) Premium income

Reinsurance premium consists of reinsurance premium less premium of the canceled policy and premium refunded to the policyholders and adjust with unearned premium reserve.

Reinsurance premium income is recognised as income when the reinsurer submits the reinsurance application or the statement of accounts and the Group confirms the coverage under the reinsurance contracts and adjusts with unearned premium reserve.

For long-term insurance policies which coverage periods of longer than 1 year, related revenues are recorded as advance received for premium, and recognised as income over the coverage period.

(b) Commission and brokerage income

Commission and brokerage income are recorded as deferred income and recognised as income monthly in the same portion of unearned premium reserve.

For long-term insurance policies which coverage periods of longer than 1 year, related commission and brokerage income are recorded as advance received for commission, and recognised as income over the coverage period.

(c) Interest income and dividends from investments

Interest income is recognised on an accrual basis based on the effective interest rate. Dividends are recognised when the right to receive the dividends is established.

(d) Gain (loss) on investment

Gain (loss) on investment is recognised as income or expense on the transaction date.

(e) Interest income on loan

Interest income on loan is recognised on an accrual basis, based on the amount of principal outstanding.

(f) Rendering of services

Services revenue is recognised when services have been rendered taking into account the stage of completion.

4.2 Expenses recognition

(a) Ceded premium

Ceded premium is recognised as expenses when the insurance risk is transferred to another reinsurer.

For long-term insurance policies which coverage periods of longer than 1 year, related cede premium are recorded as advance payment for premium, and recognised as expenses over the coverage period.

(b) Commission and brokerage expenses

Commissions and brokerages expenses are recorded as deferred expense and recognised as expense monthly in the same portion of recognised earned premium income.

(c) Claims and losses adjustment expenses

Claims and losses adjustment expenses consist of claims and losses adjustment expenses, and include the amounts of claims, related expenses, and loss adjustments of current and prior period incurred during the year, less residual value and others recoveries (if any) and claims refundable from reinsurers.

Claims and losses adjustment expenses of reinsurance are recognised as expenses when the reinsurer places the loss advice or the statement of accounts with the Company and estimates made by the Company's management. However, the maximum value of claims estimated does not exceed the sum-insured under the relevant policy.

4.3 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.4 Premium receivables and allowance of doubtful accounts

Premium receivable from reinsurance is stated at its net realisable value. The Company set up an allowance for doubtful accounts based on the estimated loss that may incur in collection of the premium receivables, on the basis of collection experiences, analysis of debtor aging and a review of current status of the premium receivables as at the end of reporting period.



4.5 Reinsurance assets and due to reinsurers

- (a) Reinsurance assets are stated at the outstanding balance of amount due from reinsurers, amounts deposit on reinsurance, insurance reserve refundable from reinsurers and deferred commissions and brokerages expense.

Amounts due from reinsurers consist of accrued commission and brokerage income, claims receivable and various other items receivable from reinsurers, excluding facultative reinsurance premium receivable, less allowance for doubtful accounts. The Group records allowance for doubtful accounts for the estimated losses that may be incurred due to inability to make collection, taking into account collection experience and the status of receivables from reinsurers as at the end of the reporting period.

Insurance reserve refundable from reinsurers is estimated based on the related reinsurance contract of loss reserve and outstanding claims in accordance with the law regarding insurance reserve calculation.

- (b) Amounts due to reinsurers are stated at the outstanding balance payable from reinsurance, amounts withheld on reinsurance and deferred commissions and brokerages income.

Amounts due to reinsurers consist of reinsurance premiums and other payable to reinsurers, excluding claims.

The Group presents net of reinsurance to the same entity (reinsurance assets or amounts due to reinsurers) when the following criteria for offsetting are met.

- (1) The entity has a legal right to offset amounts presented in the statements of financial position, and
- (2) The entity intends to receive or pay the net amount recognised in the statements of financial position, or to realise the asset at the same time as it pays the liability.

4.6 Investments

- (a) Investments in trading securities are stated at fair value. Changes in the fair value of these securities are recorded in statement of income.
- (b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.

- (c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income. The debt securities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity.
- (d) Investments in non-marketable equity securities, which the Group classifies as other investments, are stated at cost net of allowance for loss on impairment (if any).
- (e) Investment in associate is accounted for in the consolidated financial statements using the equity method.
- (f) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

The fair value of marketable security is based on the latest bid price of the last working day of the year. The fair value of debt instrument is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trust is determined from its net asset value.

The weighted average method is used for computation of the cost of investments.

In the event the Group reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.7 Loans and allowance for doubtful accounts

Loans are stated at net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of loans based on an evaluation of the current status of the debtors taking into consideration the recovery risk and the value of collateral. Increase (decrease) in allowance for doubtful accounts is recognised as expenses during the year.



4.8 Property, buildings and equipment and depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of buildings and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings	- 20 years
Leasehold improvement	- 3 years, 10 years (over the period of lease)
Motor vehicles	- 5 years
Office equipment and furniture	- 5 years
Computer	- 3 years and 5 years

Depreciation is included in determining income.

No depreciation is provided on land and buildings under renovation.

An item of property, buildings and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.9 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The recognised period and the recognised method of such intangible assets are reviewed at least at each financial year end. The recognised expense is charged to the statement of income.

The useful lives of intangible assets with finite useful lives which are computer software are expected to generate economic benefit within 5 years and 10 years.

4.10 Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of property, buildings and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. An impairment loss is recognised in the statement of income.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of income.

4.11 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Group, whether directly or indirectly, or which are under common control with the Group.

They also include associated company and individuals which directly or indirectly own a voting interest in the Group that gives them significant influence over the Group, key management personnel, directors and officers with authority in the planning and direction of the Group's operations.



4.12 Life policy reserves

Life policy reserves are long term insurance contract reserve. As at the end of reporting period, the subsidiary company compares the amounts of gross premium valuation with unearned premium reserve, and if gross premium valuation is higher than unearned premium reserve, the difference is recognised as gross premium valuation in the financial statements.

(a) Unearned premium reserve

Life reinsurance - Treaty	- Monthly average basis (the one-twenty fourth basis)
Life reinsurance - Facultative	- Daily average basis (the one-three hundred and sixty fifth basis)

(b) Gross premium valuation

Gross premium valuation is a life policy reserve, set aside using an actuarial method in accordance with OIC notifications. The main assumptions applied relate to lapse or surrender rate, selling and administrative expenses, mortality, morbidity, discount rate and non-guaranteed dividend payment rate.

4.13 Loss reserve and outstanding claims

Outstanding claims are recorded at the amount to be actually paid. Loss reserve is provided upon receipt of claim advices from the insured based on the claims notified by the insured and estimates made by the Group's management. The maximum value of claims estimate does not exceed the sum-insured under the relevant policy.

The Company has additionally provided reserves for claims incurred but not yet reported (IBNR) to the Company. Such reserves are calculated using an actuarial method based on a best estimate of claims which are expected to be paid in respect of losses occurring before or as at the end of reporting period. The IBNR is calculated for both reported and not reported losses, and net of recorded claims.

4.14 Premium reserve

Premium reserve consists of unearned premium reserve and unexpired risk reserve.

(a) Unearned premium reserve

Unearned premium reserve is calculated based on direct premium before deducting premium ceded as follows:

Fire, motor and miscellaneous insurance - Treaty	- Monthly average basis (the one-twenty fourth basis)
Fire, motor and miscellaneous insurance - Facultative	- Daily average basis (the one-three hundred and sixty fifth basis)
Hull insurance	- Monthly average basis (the one-twenty fourth basis)
Cargo insurance - Treaty	- Net reinsurance premium written for the last three months
Cargo insurance - Facultative and travelling accident with coverage period of not over six-month	- 100% of reinsurance premium as from the date policy is effective

(b) Unexpired risk reserve

Unexpired risk reserve is the reserve for the claims that may be incurred in respect of in-force policies. Unexpired risk reserve is set aside using an actuarial method, at the best estimate of the claims that are expected be incurred during the remaining period of coverage, based on historical claims data.

At the end of reporting period, the Company compares the amounts of unexpired risk reserve with unearned premium reserve, and if unexpired risk reserve is higher than unearned premium reserve, the different is recognised as unexpired risk reserve in the financial statements.

4.15 Long-term leases

Leases of equipment, vehicle and computer software which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are recognised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to the statement of income over the lease period. The asset acquired under finance leases is depreciated over the useful life of the asset.



Leases of equipment and vehicle which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in the statement of income on a straight line basis over the lease term.

4.16 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in the statement of income.

4.17 Employee benefits

(a) Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

(b) Post-employment benefits and other long-term employee benefits

Defined contribution plans

The Group and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the Group's contributions are recognised as expenses when incurred.

Defined benefit plans and other long-term employee benefits

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Group provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plan is determined based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income. Actuarial gains and losses arising from other long-term benefit are recognised immediately in the statement of income.

4.18 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.19 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

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

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

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

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

The Group records deferred tax directly to owners' equity if the tax relates to items that are recorded directly to owners' equity.

4.20 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.



All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ from these estimates. Significant judgments and estimates are as follows:

Consolidation of subsidiary that the Company holds less than half of shares

The management of the Company determined that the Company has control over EMCS Thai Company Limited, even though the Company holds 49% of shares and voting rights that is less than half of shares and voting rights. This is because the Company is a major shareholder and has the ability to direct the significant activities. Moreover, the second largest shareholder, which hold 20% of shares and voting rights, is Thaire Life Assurance Public Company Limited, the associated company, while other shareholders are only minor shareholders. As a result, EMCS Thai Company Limited is deemed to be a subsidiary of the Company and has to be included in the consolidated financial statements from the date on which the Company assumed control.

Lease

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Allowance for doubtful accounts on premium receivables, amount due from reinsurers and loans

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Impairment of investments

The Group treats investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment.

Property, buildings and equipment/Depreciation

In calculating depreciation of buildings and equipment, the management is required to estimate of the useful lives and salvage values of the Group's building and equipment and to review estimate useful lives and salvage values when there are any changes.

In addition, the management is required to review property, buildings and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

**Intangible assets**

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised in respect of temporary differences only to the extent that it is probable that taxable profit will be available against which these differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future profits.

Loss reserve and outstanding claims

At the end of each reporting period, the Group has to estimate loss reserve and outstanding claims taking into account two factors. These are the claims incurred and reported, and the claims incurred but not yet reported (IBNR). The ultimate loss of outstanding claims is established using a range of standard actuarial claims projection techniques.

The main assumptions underlying these techniques relate to historical experience, including the development of claims estimates, paid and incurred losses, average costs per claim and claim numbers, etc. To perform the calculation, it is necessary to perform analysis based on the type of insurance and to use the services of an actuary with expertise, experience, and an understanding of the insurance business and the Company's products.

Nevertheless, such estimates are forecasts of future outcomes, and actual results could differ.

In this regard, the OIC has allowed reserves for loss that has been incurred but not yet reported (IBNR) to be calculated and certified by the management of companies that have received permission from the OIC.

Unexpired risk reserve

Unexpired risk reserve is calculated using an actuarial method, based on a best estimate of the claims expected to incur over the remaining term of the insurance. Estimating the reserve requires the management to exercise judgment, with reference to historical data and the best estimates available at the time.

Post-employment benefits under defined benefit plans and other long-term employee benefit

The obligation under the defined benefit and other long-term employee benefit is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Litigation

The Group has contingent liabilities as a result of litigation. The Group's management has used judgement to assess of the results of the litigation and believes that losses incurred will not exceed the recorded amounts as at the end of reporting period.

6. Cash and cash equivalents

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash on hand	96,500	99,500	35,000	35,000
Deposits at banks with no fixed maturity date				
Saving and current accounts	150,312,034	283,699,515	130,229,106	250,851,936
Investment in money market funds	638,289,695	816,008,734	631,453,825	780,818,610
Deposits at banks with fixed maturity date and certificate of deposit	2,097,500,000	2,768,500,000	2,069,000,000	2,332,000,000
Total cash and deposits at financial institutions	2,886,198,229	3,868,307,749	2,830,717,931	3,363,705,546
Less: Deposits at banks which amounts maturing in over 3 months	(2,087,500,000)	(2,547,000,000)	(2,069,000,000)	(2,147,000,000)
Cash and cash equivalents	798,698,229	1,321,307,749	761,717,931	1,216,705,546

As at 31 December 2015, bank deposits in saving accounts, fixed deposits and short-term investment carried interests between 0.10 and 3.00 percent per annum (2014: between 0.30 and 3.70 percent per annum).

7. Premium receivables

The balances as at 31 December 2015 and 2014 of premium receivables are classified by aging from the maturity date as specified in inward statements as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Not yet due	33,092,436	35,614,512	33,092,436	25,415,337
Not over 30 days	2,970,336	3,195,721	2,970,336	3,195,721
Over 30 days to 60 days	380,493	1,913,688	380,493	1,913,688
Over 60 days to 90 days	335,489	785,000	335,489	785,000
Over 90 days to 1 year	1,257,925	1,742,669	1,257,925	1,742,669
Over 1 year	4,751,121	6,764,224	4,751,121	6,764,223
Total premium receivables	42,787,800	50,015,814	42,787,800	39,816,638
Less: Allowance for doubtful accounts	(608,287)	(690,507)	(608,287)	(690,507)
Total premium receivables, net	42,179,513	49,325,307	42,179,513	39,126,131



8. Reinsurance assets

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Amounts deposit on reinsurance	602,619,331	596,635,956	602,619,331	521,358,198
Amounts due from reinsurers, net	177,726,335	661,910,831	177,726,335	408,594,415
Insurance reserve refundable from reinsurers	2,108,046,524	1,060,425,115	2,108,046,524	1,057,094,627
Deferred commissions and brokerages expenses	863,630,642	887,424,823	863,630,642	813,610,601
Reinsurance assets, net	<u>3,752,022,832</u>	<u>3,206,396,725</u>	<u>3,752,022,832</u>	<u>2,800,657,841</u>

Insurance reserve refundable from reinsurers as at 31 December 2015 include insurance reserve refundable from reinsurers from flooding loss amounting to Baht 31 million as described in Note 1.2 to the financial statements (2014: Baht 76 million).

The balances as at 31 December 2015 and 2014 of amounts due from reinsurers are classified by aging as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Not yet due	126,599,868	533,036,093	126,599,868	285,124,439
Not over 12 months	21,232,674	74,831,234	21,232,674	69,426,472
Over 1 year to 2 years	28,710,767	53,229,364	28,710,767	53,229,364
Over 2 years	19,961,449	44,429,785	19,961,449	44,429,785
Total amounts due from reinsurers	196,504,758	705,526,476	196,504,758	452,210,060
Less: Allowance for doubtful accounts	(18,778,423)	(43,615,645)	(18,778,423)	(43,615,645)
Total amounts due from reinsurers, net	<u>177,726,335</u>	<u>661,910,831</u>	<u>177,726,335</u>	<u>408,594,415</u>



9. Investments in securities

9.1 Classified by type of investment

9.1.1 Trading investments

Consolidated financial statements

					(Unit: Baht)
2015					
	Cost	Unrealised gain	Unrealised loss	Fair value	Percentage of investments to total assets
Private enterprises securities					
Equity securities	209,036,468	4,617,932	-	213,654,400	1.41
Total trading investments	209,036,468	4,617,932	-	213,654,400	1.41
					(Unit: Baht)
2014					
	Cost	Unrealised gain	Unrealised loss	Fair value	Percentage of investments to total assets
Private enterprises securities					
Equity securities	292,464,862	9,500,001	(746,863)	301,218,000	2.05
Total trading investments	292,464,862	9,500,001	(746,863)	301,218,000	2.05

**Separate financial statements**

(Unit: Baht)

	2015				Percentage of investments to total assets
	Cost	Unrealised gain	Unrealised loss	Fair value	
Private enterprises securities					
Equity securities	209,036,468	4,617,932	-	213,654,400	1.57
Total trading investments	209,036,468	4,617,932	-	213,654,400	1.57
					(Unit: Baht)
	2014				Percentage of investments to total assets
	Cost	Unrealised gain	Unrealised loss	Fair value	
Private enterprises securities					
Equity securities	211,197,999	9,500,001	-	220,698,000	1.72
Total trading investments	211,197,999	9,500,001	-	220,698,000	1.72

9.1.2 Available-for-sale investments

Consolidated financial statements

(Unit: Baht)

	2015				Percentage of investments to total assets
	Cost	Unrealised gain	Unrealised loss	Fair value	
Private enterprises securities					
Equity securities	1,029,735,778	97,940,880	(264,081,168)	863,595,490	5.71
Unit trusts	3,054,538,100	51,392,933	(218,592,785)	2,887,338,248	19.11
Total	4,084,273,878	149,333,813	(482,673,953)	3,750,933,738	24.82
Less: Allowance for impairment	(13,502,016)	-	-	(13,502,016)	(0.09)
Total available-for-sale investments	<u>4,070,771,862</u>	<u>149,333,813</u>	<u>(482,673,953)</u>	<u>3,737,431,722</u>	<u>24.73</u>
(Unit: Baht)					
	2014				Percentage of investments to total assets
	Cost	Unrealised gain	Unrealised loss	Fair value	
Private enterprises securities					
Equity securities	693,798,675	187,400,809	(9,969,856)	871,229,628	5.93
Unit trusts	2,257,073,811	41,170,210	(169,372,292)	2,128,871,729	14.50
Total	2,950,872,486	228,571,019	(179,342,148)	3,000,101,357	20.43
Less: Allowance for impairment	(6,966)	-	-	(6,966)	-
Total available-for-sale investments	<u>2,950,865,520</u>	<u>228,571,019</u>	<u>(179,342,148)</u>	<u>3,000,094,391</u>	<u>20.43</u>

**Separate financial statements**

					(Unit: Baht)
2015					
	Cost	Unrealised gain	Unrealised loss	Fair value	Percentage of investments to total assets
Private enterprises securities					
Equity securities	1,029,735,778	97,940,880	(264,081,168)	863,595,490	6.37
Unit trusts	3,051,538,101	51,392,933	(217,970,930)	2,884,960,104	21.26
Total	4,081,273,879	149,333,813	(482,052,098)	3,748,555,594	27.63
Less: Allowance for impairment	(13,502,016)	-	-	(13,502,016)	(0.10)
Total available-for-sale investments	<u>4,067,771,863</u>	<u>149,333,813</u>	<u>(482,052,098)</u>	<u>3,735,053,578</u>	<u>27.53</u>
					(Unit: Baht)
2014					
	Cost	Unrealised gain	Unrealised loss	Fair value	Percentage of investments to total assets
Private enterprises securities					
Equity securities	642,623,901	147,284,349	(8,864,100)	781,044,150	6.09
Unit trusts	1,885,099,205	27,153,549	(141,743,565)	1,770,509,189	13.81
Total	2,527,723,106	174,437,898	(150,607,665)	2,551,553,339	19.90
Less: Allowance for impairment	(6,966)	-	-	(6,966)	-
Total available-for-sale investments	<u>2,527,716,140</u>	<u>174,437,898</u>	<u>(150,607,665)</u>	<u>2,551,546,373</u>	<u>19.90</u>

9.1.3 Held-to-maturity investments

Consolidated financial statements

(Unit: Baht)

	2015		2014	
	Cost/ Amortised cost	Percentage of investments to total assets	Cost/ Amortised cost	Percentage of investments to total assets
Government and state enterprise securities				
Thai government bonds	1,061,140,008	7.02	1,837,556,564	12.52
State enterprise bonds	100,430,187	0.67	213,719,537	1.46
Debentures	-	-	40,000,000	0.27
Total	1,161,570,195	7.69	2,091,276,101	14.25
Private enterprises debt securities				
Debentures	-	-	25,000,000	0.17
Total	-	-	25,000,000	0.17
Deposit at financial institutions which amounts maturing in over 3 months				
Deposits at banks	2,087,500,000	13.81	2,547,000,000	17.35
Total	2,087,500,000	13.81	2,547,000,000	17.35
Total held-to-maturity investments	3,249,070,195	21.50	4,663,276,101	31.77

Separate financial statements

(Unit: Baht)

	2015		2014	
	Cost/ Amortised cost	Percentage of investments to total assets	Cost/ Amortised cost	Percentage of investments to total assets
Government and state enterprise securities				
Thai government bonds	1,057,847,997	7.80	1,524,957,188	11.90
State enterprise bonds	100,430,187	0.74	100,582,393	0.78
Total	1,158,278,184	8.54	1,625,539,581	12.68
Deposit at financial institutions which amounts maturing in over 3 months				
Deposits at banks	2,069,000,000	15.25	2,147,000,000	16.75
Total	2,069,000,000	15.25	2,147,000,000	16.75
Total held-to-maturity investments	3,227,278,184	23.79	3,772,539,581	29.43



9.1.4 Other investments

Consolidated financial statements

	2015		2014	
	Percentage of		Percentage of	
	Cost	investments to total assets	Cost	investments to total assets
Equity securities	5,370,390	0.04	7,476,110	0.05
Total other investments	5,370,390	0.04	7,476,110	0.05

Separate financial statements

	2015		2014	
	Percentage of		Percentage of	
	Cost	investments to total assets	Cost	investments to total assets
Equity securities	5,370,390	0.04	5,370,390	0.04
Total other investments	5,370,390	0.04	5,370,390	0.04

9.2 Classified by remaining periods of debt securities

Investments in debt securities as at 31 December 2015 and 2014 will be matured redemption as follows:

Consolidated financial statements

	2015			
	Period to maturity			Total
	Within 1 year	1 - 5 years	Over 5 years	
Held-to-maturity investments				
Government and state enterprise securities				
Thai government bonds	377,315,729	603,824,279	80,000,000	1,061,140,008
State enterprise bonds	-	100,430,187	-	100,430,187
Total	377,315,729	704,254,466	80,000,000	1,161,570,195
Deposit at financial institutions with amounts maturing in over 3 months				
Deposits at banks	2,087,500,000	-	-	2,087,500,000
Total	2,087,500,000	-	-	2,087,500,000
Total held-to-maturity investments	2,464,815,729	704,254,466	80,000,000	3,249,070,195

(Unit: Baht)

	2014			
	Period to maturity			Total
	Within 1 year	1 - 5 years	Over 5 years	
Held-to-maturity investments				
Government and state enterprise securities				
Thai government bonds	540,939,503	1,075,610,404	221,006,657	1,837,556,564
State enterprise bonds	-	213,719,537	-	213,719,537
Debentures	-	20,000,000	20,000,000	40,000,000
Total	540,939,503	1,309,329,941	241,006,657	2,091,276,101
Private enterprises debt securities				
Debentures	-	25,000,000	-	25,000,000
Total	-	25,000,000	-	25,000,000
Deposit at financial institutions with amounts maturing in over 3 months				
Deposits at banks	2,452,000,000	95,000,000	-	2,547,000,000
Total	2,452,000,000	95,000,000	-	2,547,000,000
Total held-to-maturity investments	2,992,939,503	1,429,329,941	241,006,657	4,663,276,101

Separate financial statements

(Unit: Baht)

	2015			
	Period to maturity			Total
	Within 1 year	1 - 5 years	Over 5 years	
Held-to-maturity investments				
Government and state enterprise securities				
Thai government bonds	375,316,743	602,531,254	80,000,000	1,057,847,997
State enterprise bonds	-	100,430,187	-	100,430,187
Total	375,316,743	702,961,441	80,000,000	1,158,278,184
Deposit at financial institutions with amounts maturing in over 3 months				
Deposits at banks	2,069,000,000	-	-	2,069,000,000
Total	2,069,000,000	-	-	2,069,000,000
Total held-to-maturity investments	2,444,316,743	702,961,441	80,000,000	3,227,278,184



(Unit: Baht)			
2014			
	Period to maturity		
	Within 1 year	1 - 5 years	Over 5 years
	Total		
Held-to-maturity investments			
Government and state enterprise securities			
Thai government bonds	460,071,793	984,885,395	80,000,000
State enterprise bonds	-	100,582,393	-
Total	460,071,793	1,085,467,788	80,000,000
Deposit at financial institutions with amounts maturing in over 3 months			
Deposits at banks	2,147,000,000	-	-
Total	2,147,000,000	-	-
Total held-to-maturity investments	2,607,071,793	1,085,467,788	80,000,000

9.3 Other component of owners' equity - Revaluation surplus on available-for-sale investments

(Unit: Baht)			
	Consolidated financial statements		Separate financial statements
	2015	2014	2015
			2014
Revaluation surplus (deficit) on available-for-sale investments - beginning of the year	34,323,114	(47,151,611)	23,830,233
Gain (loss) on revaluation during the year	(377,533,993)	153,660,144	(369,803,253)
Loss transferred to be recognised in statements of income	13,495,049	-	13,495,049
Gains on sales of available-for-sale investments during the year transferred to be recognised in statements of income	(240,314)	(46,968,865)	(240,314)
Decrease from changing in percentage of shareholding in subsidiary	(4,599,205)	(25,216,554)	-
Revaluation surplus (deficit) on available-for-sale investments - end of the year	(334,555,349)	34,323,114	(332,718,285)
Add (less): Income taxes	66,911,070	(6,864,623)	66,543,658
Revaluation surplus (deficit) on available-for-sale investments - net of income tax	(267,644,279)	27,458,491	(266,174,627)

9.4 Investments subject to restriction

As at 31 December 2015, government bonds totaling Baht 305 million (2014: Baht 312 million) have been placed as a security in the normal course of the Company's business.

The Company pledged its securities with the Registrar as discussed in Notes 31 and 32 to the financial statements.

10. Loans and accrued interest

The ending balances of loans and accrued interest as at 31 December 2015 and 2014 consist of loans provided to employees in accordance with employee benefit plans. Interest is charged on the loans at rates of 0.01% to MLR -3.00% per annum, with reference to the MLR rate announced by commercial bank, depending on the type of loans. The full balance is classified as not yet due and no interest was accrued as of the reporting date. The loans are as follows:

	(Unit: Baht)	
	Consolidated and separate financial statements	
	2015	2014
Collateralised loans		
Principle	24,080,739	30,305,025
Personal guarantee loans		
Principle	335,082	346,378
Total loans	24,415,821	30,651,403



11. Investments in subsidiaries

Company's name	Nature of business	Country of incorporation	Paid-up capital		Percentage holding	
			2015	2014	2015	2014
			Thousand Baht	Thousand Baht	%	%
Investments in subsidiaries directly held by the Company						
Thaire Life Assurance Plc.	Provision of life reinsurance	Thailand	-	600,000	-	41.50
Thaire Training Co., Ltd.	Provision of training and consulting services	Thailand	500	500	100.00	100.00
EMCS Thai Co., Ltd.	Provision of computer services in relation to motor losses	Thailand	30,000	30,000	49.00	49.00
Thaire Services Co., Ltd.	Losses claim management services and marketing service	Thailand	60,000	60,000	100.00	100.00
Investment in subsidiary held through Thaire Life Assurance Plc.						
EMCS Thai Co., Ltd.	Provision of computer services in relation to motor losses	Thailand	30,000	30,000	4.86	8.30
Investments in subsidiaries held through Thaire Services Co., Ltd.						
Thaire Life Assurance Broker Co., Ltd.	Life Assurance Broker	Thailand	3,000	2,000	100.00	100.00
Thaire Actuarial Consulting Co., Ltd.	Insurance actuarial service, training and consulting service	Thailand	3,000	2,000	100.00	100.00

(Unit: Thousand Baht)

Company's name	Separate financial statements							
	Cost		Allowance for impairment loss		Carrying amount based on cost method, net		Dividend received for the year ended	
	2015	2014	2015	2014	2015	2014	2015	2014
Subsidiaries								
Thaire Life Assurance Plc.	-	249,000	-	-	-	249,000	25,004	137,250
Thaire Training Co., Ltd.	500	500	-	-	500	500	3,600	1,000
EMCS Thai Co., Ltd.	14,700	14,700	-	-	14,700	14,700	19,698	7,350
Thaire Services Co., Ltd.	60,000	60,000	-	-	60,000	60,000	-	7,020
	<u>75,200</u>	<u>324,200</u>	<u>-</u>	<u>-</u>	<u>75,200</u>	<u>324,200</u>	<u>48,302</u>	<u>152,620</u>

Significant events related to investment in subsidiary during the year 2015**(a) Disposal of investment in Thaire Life Assurance Public Company Limited**

In March 2015, the Company sold 100 million ordinary shares in Thaire Life Assurance Public Company Limited to a third party for the net amount of Baht 1,243 million. The Company recognised gain on investment of Baht 1,143 million in the separate financial statement. After the sale, the Company's proportion shareholding decreased from 41.50% to 24.83%. The Company assessed its controls over Thaire Life Assurance Public Company Limited and concluded that it lost control over such subsidiary company. The Company therefore recognised the sale of investment as the loss of control in subsidiary and changed the status of the investment in Thaire Life Assurance Public Company Limited from investment in subsidiary to investment in associated company as follows.

- (1) Derecognise the assets and liabilities of the former subsidiary from the consolidated statement of financial position.
- (2) Recognise the investment retained in the former subsidiary as investment in associated company at the fair value as at the date the control is lost. The fair value is recognised as the cost on initial recognition of investment in the associate in the consolidated financial statements and the difference arising from the adjustment to fair value amounting to Baht 1,546 million is recognised as profit in the consolidated income statement.
- (3) Transfer surplus from change in percentage of shareholding in such subsidiary amounting to Baht 2,276 million in the consolidated financial statements to retained earnings in the consolidated financial statements
- (4) Recognise gain resulting from the sale of investment amounting to Baht 1,031 million as gain from investment in the consolidated income statement.

For the separate financial statement, the investment in such associated company was recognised using the cost method by recording the carrying amount of the investment as an initial investment cost as at the date the control is lost.

The loss of control in the subsidiary was treated as a deemed disposal of subsidiary that meets the definition of a discontinued operation in accordance with Thai Financial Reporting Standard 5, Non-current Assets Held for Sale and Discontinued Operations.



The operating results of the former subsidiary before 13 March 2015 included in the consolidated statements of income and comprehensive income for the year ended 31 December 2015 and 2014 were presented separately as profit from discontinued operations in accordance with the relevant accounting standard. Given the limitations of information available, the Company used the subsidiary's financial statements for the period as from 1 January 2015 to 28 February 2015 instead of the financial statements as of 13 March 2015, as detailed below.

	(Unit : Million Baht)	
	For the period as from 1 January 2015 - 28 February 2015	For the year ended 31 December 2014
Income		
Underwriting income	219	1,586
Expenses		
Underwriting expenses	102	1,212
Operating expenses	7	36
Total underwriting expenses	109	1,248
Profit from underwriting	110	338
Net investment income	8	107
Profit from operation	118	445
Contribution to the Office of Insurance Commission	-	(3)
Profit before income tax expenses	118	442
Less: Income tax expense	(23)	(78)
Profit for the period	95	364
Other comprehensive income		
Other comprehensive income or loss to be reclassified to profit or loss in subsequent periods:		
Gain (loss) on revaluation of available-for-sale investments	2	(4)
Less: Income tax effect	-	1
Other comprehensive income - net of income tax	2	(3)
Total comprehensive income for the period	97	361

The net cash flows incurred by the former subsidiary included in the consolidated statements of cash flows for the year ended 31 December 2015 and 2014 are as follows:

	(Unit Million Baht)	
	For the period as from 1 January 2015 to 28 February 2015	For the year ended 31 December 2014
Operating activities	72	421
Investing activities	(8)	(133)
Financing activities	-	(270)
Net cash inflow	64	18

According to the relevant financial reporting standard, the Company is to determine the fair value of assets and liabilities acquired by investment in an associate. Currently, the Company is in the process of preparing the valuation which will be completed within 12 months from the date on which the investment is recognised as investment in an associate.

(b) Additional of investment in Thaire Actuarial Consulting Co., Ltd.

On 24 December 2015, the Board of Directors' meeting passed a resolution to make additional investment in Thaire Actuarial Consulting Co., Ltd. which is 100% held by Thaire Services Co., Ltd., a subsidiary of the Company as following details:

- Approve a Group restructuring involving the purchase all 29,997 ordinary shares of Thaire Actuarial Consulting Co., Ltd. held by Thaire Services Co., Ltd. (a 100% owned subsidiary of the Company), representing 100% of its issued and paid-up share capital, for Baht 100 per share, or for a total of Baht 3 million.
- Approve investment in 470,000 additional ordinary shares of Thaire Actuarial Consulting Co., Ltd. at Baht 100 each, amounting to Baht 47 million, for a total current investment of Baht 50 million.

The board of Directors' resolutions are currently being implemented by the Company.



Significant event of investment in subsidiary during the year 2014

In 2014, the Company sold 56 million ordinary shares in Thaire Life Assurance Public Company Limited to a third party, totaling Baht 824.6 million. As a result, the Company's shareholding decreased from 50.83% to 41.50% and Thaire Life Assurance Public Company Limited remains a subsidiary of the Company. The Company recorded the change in its ownership interest in the subsidiary without loss of control amounting to Baht 573 million under surplus from change in shareholding percentage in subsidiary in the consolidated financial statement (represented as gain on investment of Baht 768 million in the separate financial statements).

12. Investments in associates

12.1 Detail of investments in associates

(Unit: Thousand Baht)

			Consolidated financial statements							
Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Allowance for impairment loss		Carrying amounts based on equity method	
			2015	2014	2015	2014	2015	2014	2015	2014
			(%)	(%)						
Investments in associate directly held by the Company										
Thaire Life Assurance Plc.	Provision of life reinsurance	Thailand	24.30	-	145,770	-	-	-	1,821,844	-
Investments in associate held by Thaire Services Co., Ltd.										
Per Asia Co., Ltd.	Consultation to minimize damage after disasters	Thailand	30.00	-	1,142	-	(286)	-	-	-
Total					146,912	-	(286)	-	1,821,844	-

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements					
			Shareholding percentage		Cost		Carrying amounts based on cost method - net	
			2015	2014	2015	2014	2015	2014
			(%)	(%)				
Thaire Life Assurance Plc.	Provision of life reinsurance	Thailand	24.30	-	145,770	-	145,770	-
Total					145,770	-	145,770	-

As mentioned in Note 11 to the financial statements, in the first quarter of 2015, the Company sold a part of ordinary shares in a subsidiary (Thaire Life Assurance Public Company Limited). After the sale, the Company lost control over such company and changed the status of the investment from investment in subsidiary to investment in associated company. The Company's proportion shareholding decreased from 41.50% to 24.83%.

In addition in the fourth quarter of 2015, the Company sold 3.2 million ordinary shares in such company for the net amount of Baht 39.4 million and recognised loss from investment of Baht 0.4 million in the consolidated financial statements and recognised gain on investment of Baht 36.2 million in the separate financial statements. After the sale, the Company's proportion shareholding decreased from 24.83% to 24.30%.

12.2 Share of comprehensive income and dividend income

During the years, the Company has recognised its share of profit/loss from investments in associate companies in the consolidated financial statements and dividend income in the separate financial statements as follows:

Company's name	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	Share of profit (loss) from investments in associates during the year		Share of other comprehensive income from investments in associates during the year	
	2015	2014	2015	2014
Thaire Life Assurance Plc.	70.9	-	(6.7)	-
Per Asia Co., Ltd.	(0.8)	-	-	-
Thai Insurer Datanet Co., Ltd.	-	(0.9)	-	-
Total	70.1	(0.9)	(6.7)	-

12.3 Fair value investments in listed associate

In respect of investments in associated companies that are listed companies on the Stock Exchange of Thailand, their fair values are as follows:

Company's name	(Unit: Million Baht)	
	Fair value as at 31 December 2015	2014
Thaire Life Assurance Plc.	1,632.6	-
Total	1,632.6	-



12.4 Summarised financial information about material associate

Summarised information about financial position

	(Unit: Million Baht)
	Thaire Life Assurance Plc.
	2015
Total assets	2,012.4
Total liabilities	742.9
Net assets	1,269.5
Shareholding percentage (%)	24.3
Share of net assets	308.5
Difference arising from adjustment to fair value as the loss control date (Note 11)	1,513.3
Carrying amount of associate based on equity method	1,821.8

Summarised information about comprehensive income

	(Unit: Million Baht)
	Thaire Life Assurance Plc.
	For the year ended
	31 December 2015
Revenue	1,892.9
Profit	388.4
Other comprehensive income	(25.8)
Total comprehensive income	362.6

As at 31 December 2015, the value of the Company's investment in Thaire Life Assurance Plc., associated company, was determined under the equity method based on the basis of financial information for recording in the Company's consolidated financial statements. The financial statements of associated company were reviewed by its auditor as the auditor report dated on 23 February 2016.



13. Property, building and equipment

Consolidated financial statements

(Unit: Baht)

	Land	Buildings	Leasehold improvement	Motor vehicles	Office equipment and furniture	Computer	Building under improvement	Total
Cost								
1 January 2014	95,107,416	107,237,989	835,047	25,935,319	58,047,292	49,182,043	9,757,416	346,102,522
Additions	22,272,000	40,950	5,932	46,636	852,343	5,689,127	15,419,398	44,326,386
Disposals	-	-	-	(7,402,460)	(89,508)	(1,687,585)	-	(9,179,553)
31 December 2014	117,379,416	107,278,939	840,979	18,579,495	58,810,127	53,183,585	25,176,814	381,249,355
Decrease in subsidiary's asset due to the loss of control	(17,640,000)	(30,937,145)	-	(3,008,606)	(3,304,293)	(596,903)	-	(55,486,947)
Additions	-	6,207,618	-	-	875,898	6,970,699	8,024,171	22,078,386
Disposals	-	-	(274,017)	(6,314,996)	(157,738)	(2,949,602)	-	(9,696,353)
31 December 2015	99,739,416	82,549,412	566,962	9,255,893	56,223,994	56,607,779	33,200,985	338,144,441
Accumulated depreciation								
1 January 2014	-	13,733,868	399,012	16,865,548	30,895,352	40,583,220	-	102,477,000
Depreciation for the year	-	5,373,917	83,850	3,123,559	7,526,202	4,614,870	-	20,722,398
Depreciation for the disposals	-	-	-	(7,402,458)	(89,488)	(1,687,534)	-	(9,179,480)
31 December 2014	-	19,107,785	482,862	12,586,649	38,332,066	43,510,556	-	114,019,918
Decrease in subsidiary's asset due to the loss of control	-	(6,171,767)	-	(1,501,014)	(2,232,842)	(441,976)	-	(10,347,599)
Depreciation for the year	-	3,828,596	84,100	2,376,820	6,802,061	4,841,738	139,253	18,072,568
Depreciation for the disposals	-	-	-	(4,935,143)	(69,532)	(2,845,182)	-	(7,849,857)
31 December 2015	-	16,764,614	566,962	8,527,312	42,831,753	45,065,136	139,253	113,895,030
Net book value								
31 December 2014	117,379,416	88,171,154	358,117	5,992,846	20,478,061	9,673,029	25,176,814	267,229,437
31 December 2015	99,739,416	65,784,798	-	728,581	13,392,241	11,542,643	33,061,732	224,249,411
Depreciation for the year:								
2014								20,722,398
2015								18,072,568

As at 31 December 2015 and 2014, land and buildings thereon of a subsidiary with net book values totaling Baht 78.5 million and Baht 72.9 million respectively, were mortgaged with financial institution to secure credit facilities and long-term loan granted by these financial institution, as described in Note 21 and 22 to the financial statements.



Separate financial statements

(Unit: Baht)

	Land	Buildings	Motor vehicles	Office equipment and furniture	Computer	Total
Cost						
1 January 2014	36,624,000	51,351,367	20,629,517	44,820,972	21,764,267	175,190,123
Additions	-	40,950	-	398,547	1,105,265	1,544,762
Disposals	-	-	(7,402,460)	(52,304)	(1,655,685)	(9,110,449)
31 December 2014	36,624,000	51,392,317	13,227,057	45,167,215	21,213,847	167,624,436
Additions	-	-	-	528,537	877,101	1,405,638
Disposals	-	-	(6,314,996)	-	(320,650)	(6,635,646)
31 December 2015	36,624,000	51,392,317	6,912,061	45,695,752	21,770,298	162,394,428
Accumulated depreciation						
1 January 2014	-	2,836,322	15,043,079	20,767,114	18,933,437	57,579,952
Depreciation for the year	-	2,568,089	2,059,486	6,185,718	1,801,862	12,615,155
Depreciation for the disposals	-	-	(7,402,458)	(52,298)	(1,655,635)	(9,110,391)
31 December 2014	-	5,404,411	9,700,107	26,900,534	19,079,664	61,084,716
Depreciation for the year	-	2,569,616	1,941,848	6,270,403	1,669,959	12,451,826
Depreciation for the disposals	-	-	(4,935,143)	-	(320,631)	(5,255,774)
31 December 2015	-	7,974,027	6,706,812	33,170,937	20,428,992	68,280,768
Net book value						
31 December 2014	36,624,000	45,987,906	3,526,950	18,266,681	2,134,183	106,539,720
31 December 2015	36,624,000	43,418,290	205,249	12,524,815	1,341,306	94,113,660
Depreciation for the year:						
2014						12,615,155
2015						12,451,826

As at 31 December 2015, certain equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to Baht 60.6 million (the Company only: Baht 33.2 million) (2014: the Group: Baht 60.3 million and the Company only: Baht 33.0 million).

14. Intangible asset - software

Consolidated financial statements

(Unit: Baht)

	Computer software	Computer software under development	Total
Cost			
1 January 2014	70,461,676	2,000,000	72,461,676
Additions	3,848,805	2,942,313	6,791,118
31 December 2014	74,310,481	4,942,313	79,252,794
Additions	3,139,379	34,781,465	37,920,844
Disposals	(344,260)	-	(344,260)
Transfer in/(out)	4,979,313	(4,979,313)	-
Decrease in subsidiary's asset due to the loss of control	(437,277)	-	(437,277)
31 December 2015	81,647,636	34,744,465	116,392,101
Accumulated amortisation			
1 January 2014	59,481,522	-	59,481,522
Amortisation for the year	2,765,895	-	2,765,895
31 December 2014	62,247,417	-	62,247,417
Amortisation for the year	3,335,852	-	3,335,852
Amortisation on disposals	(142,143)	-	(142,143)
Decrease in subsidiary's asset due to the loss of control	(121,458)	-	(121,458)
31 December 2015	65,319,668	-	65,319,668
Net book value			
31 December 2014	12,063,064	4,942,313	17,005,377
31 December 2015	16,327,968	34,744,465	51,072,433
Amortisation for the year			
2014			2,765,895
2015			3,335,852



Separate financial statement

(Unit: Baht)

	Computer software	Computer software under development	Total
Cost			
1 January 2014	49,022,973	-	49,022,973
Additions	3,886,613	1,962,313	5,848,926
31 December 2014	52,909,586	1,962,313	54,871,899
Additions	3,023,480	23,383,465	26,406,945
Transfer in/(out)	1,962,313	(1,962,313)	-
31 December 2015	57,895,379	23,383,465	81,278,844
Accumulated amortisation			
1 January 2014	40,532,732	-	40,532,732
Amortisation for the year	1,830,931	-	1,830,931
31 December 2014	42,363,663	-	42,363,663
Amortisation for the year	1,922,286	-	1,922,286
31 December 2015	44,285,949	-	44,285,949
Net book value			
31 December 2014	10,545,923	1,962,313	12,508,236
31 December 2015	13,609,430	23,383,465	36,992,895
Amortisation for the year			
2014			1,830,931
2015			1,922,286

As at 31 December 2015 and 2014, certain software have been fully amortised but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to Baht 52.6 million (the Company only: Baht 38.4 million) (2014: the Group: Baht 51.1 million and the Company only: Baht 37.0 million).

15. Deferred tax assets/deferred tax liabilities and income tax expenses

15.1 Deferred tax assets/deferred tax liabilities

The components of deferred tax assets/deferred tax liabilities are the tax effects arose from the following transactions:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Deferred tax assets arose from:				
Loss reserves	204,749	278,918	204,749	271,260
Unearned premium reserve	-	14,170	-	14,170
Commission payable from reinsurance	4,139	38,175	4,139	5,971
Deferred commissions and brokerages income	59,194	5,051	59,194	5,045
Loss brought forwards	1,079,736	1,366,306	1,079,625	1,366,259
Unrealised loss from changes in values of available-for-sale investment	66,668	60	66,544	-
Allowance for doubtful accounts	4,008	8,989	3,877	8,861
Unrealised gain from changes in values of available-for-sale investment	-	(9,906)	-	(4,766)
Gain from recognising fair value of associated company	(302,667)	-	-	-
Deferred commissions and brokerages expense	(172,726)	(177,485)	(172,726)	(162,722)
Others	23,891	19,099	21,963	15,865
Deferred tax assets	966,992	1,543,377	1,267,365	1,519,943
Deferred tax liabilities arose from:				
Others	-	202	-	-



15.2 Income tax expenses

Income tax expenses for the years ended 31 December 2015 and 2014 are made up as follows:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Current income tax:				
Continuing operations				
Current income tax charge for the year	15,173	13,840	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	626,770	522,615	324,464	675,992
Income tax expenses from continuing operations	641,943	536,455	324,464	675,992
Discontinued operations				
Income tax expenses from discontinued operations	22,749	78,278	-	-
Total income tax expenses	664,692	614,733	324,464	675,992

Reconciliation between income tax expenses and the product of accounting profit (loss) for the years ended 31 December 2015 and 2014 and the applicable tax rates are as follows:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Continuing operations				
Accounting profit (loss) before income tax expenses	3,276,345	(1,579,243)	1,821,049	(719,493)
Applicable tax rates	15-20%	15-20%	20%	20%
Income taxes at the applicable tax rates	681,298	(284,306)	364,210	(143,899)
Tax effect of:				
Tax loss expected to be unused	-	883,297	-	883,297
Non-taxable revenues	(42,069)	(67,901)	(41,823)	(67,471)
Stock dividends received - taxable revenues	981	9,750	981	9,750
Non-deductible expenses	1,860	2,371	1,546	887
Others	(127)	(6,756)	(450)	(6,572)
Total	(39,355)	820,761	(39,746)	819,891
Income tax expenses - continuing operations	641,943	536,455	324,464	675,992
Discontinued operations				
Income tax expenses - discontinued operations	22,749	78,278	-	-
	664,692	614,733	324,464	675,992

As at 31 December 2014 the Company has estimation of unused tax losses approximately Baht 4,416 million, on which deferred tax assets have not been recognised as the Company believes future taxable profits may not be sufficient to allow utilisation of the unused tax losses. These unused tax losses will expired by 2019.

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2015 and 2014 are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2015	2014	2015	2014
Deferred income taxes relating to:				
Transactions to be reclassified to profit or loss in subsequent periods:				
Gain (loss) on changing in value of available-for-sale investments	(72,999)	26,578	(71,262)	26,547
Loss on sales of available-for-sale investments transferred to be recognised in statement of income	(48)	(5,643)	(48)	(5,643)
Transactions not to be reclassified to profit or loss in subsequent periods:				
Actuarial losses	(949)	-	(576)	-
Income tax as reported in the statements of comprehensive income from continuing operations	(73,996)	20,935	(71,886)	20,904
Income tax as reported in the statements of comprehensive income from discontinued operations	387	(886)	-	-
Total income tax expense (revenue)	(73,609)	20,049	(71,886)	20,904



16. Due to reinsurers

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Outward premium payables	2,393,196	3,976,492	2,393,196	3,820,227
Deferred commission and brokerages income	295,972,233	25,257,012	295,972,233	25,222,618
Amounts withheld on reinsurance	704,580,251	18,842,791	704,580,251	18,842,791
Other reinsurance payables	446,293,079	822,489,265	446,293,079	539,595,005
Total due to reinsurers	<u>1,449,238,759</u>	<u>870,565,560</u>	<u>1,449,238,759</u>	<u>587,480,641</u>

17. Life policy reserves

	Consolidated financial statements	
	For the years ended 31 December	
	2015	2014
Beginning balances of year	215,830,021	215,816,596
Life policy reserves for premium received during the year	53,198,638	215,830,021
Decreases in reserves for enforced policies	(94,124,812)	(215,816,596)
Decrease in life reserve due to the loss of control of the subsidiary	(174,903,847)	-
Ending balances of year	<u>-</u>	<u>215,830,021</u>

18. Loss reserves and outstanding claims

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2015	2014	2015	2014
Beginning balance	2,380,790,096	13,748,224,795	2,342,504,276	13,703,812,248
Claims and loss adjustment expenses for the year	2,635,181,357	6,130,890,683	2,555,621,469	5,482,492,465
Claims and loss adjustment expenses paid during the year	(2,786,291,672)	(17,498,325,382)	(2,729,529,867)	(16,843,800,437)
Decrease in claims and loss adjustment expenses due to the loss of control of the subsidiary	(61,083,903)	-	-	-
Ending balance	2,168,595,878	2,380,790,096	2,168,595,878	2,342,504,276

Loss reserves and outstanding claims as at 31 December 2015 includes loss reserves and outstanding claims from flooding claim amounting to Baht 144 million as described in Note 1.2 to the financial statements (2014: Baht 438 million).

19. Premium reserve

19.1 Unearned premium reserve

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31		For the years ended 31	
	December		December	
	2015	2014	2015	2014
Beginning balance	2,158,651,296	2,127,632,794	1,955,379,471	1,948,019,434
Premium written for the year	5,455,562,037	5,409,204,816	5,262,398,334	4,713,729,602
Premium earned for the current year	(5,167,770,298)	(5,378,186,314)	(5,167,770,298)	(4,706,369,565)
Decrease due to the loss of control of the subsidiary	(396,435,528)	-	-	-
Ending balance	2,050,007,507	2,158,651,296	2,050,007,507	1,955,379,471



19.2 Unexpired risk reserve

(Unit: Baht)

	Consolidated financial		Separate financial statements	
	statements			
	For the years ended		For the years ended	
	31 December		31 December	
	2015	2014	2015	2014
Beginning balance	1,280,676,169	1,192,833,565	1,129,464,703	1,067,918,852
Estimated claims for the year	3,033,876,005	2,332,490,307	2,973,195,510	1,813,292,422
Risk expired during the year	(3,007,456,125)	(2,244,647,703)	(2,912,807,053)	(1,751,746,571)
Decrease due to the loss of control of the subsidiary	(117,242,889)	-	-	-
Ending balance	<u>1,189,853,160</u>	<u>1,280,676,169</u>	<u>1,189,853,160</u>	<u>1,129,464,703</u>

20. Employee benefit obligations

Provisions for employee benefits are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Short-term employee benefit	16,043	5,352	9,603	3,183
Long-term employee benefit	44,927	38,993	34,101	28,233
Employee benefit obligations	<u>60,970</u>	<u>44,345</u>	<u>43,704</u>	<u>31,416</u>

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Defined benefit obligation at beginning of year	38,993	35,869	28,233	23,231
Included in profit or loss:				
Defined benefit obligation				
- Current service cost	1,666	1,891	1,033	982
- Interest cost (reversal)	799	(3,524)	633	1,078
- Actuarial loss	-	4,757	-	2,942
- Other long-term employee benefit	1,321	-	1,321	-
	3,786	3,124	2,987	5,002
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
- Demographic assumptions changes	3,526	-	2,179	-
- Financial assumptions changes	(1,353)	-	(1,206)	-
- Experience adjustments	2,483	-	1,908	-
Total actuarial losses	4,656	-	2,881	-
Decrease due to the loss of control of the subsidiary	(2,508)	-	-	-
Defined benefit obligation at end of year	44,927	38,993	34,101	28,233

Long-term employee benefit expenses included in the statements of income for the years ended 31 December 2015 and 2014 were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Continuing operations				
Loss adjustment expenses	143	209	143	209
Other underwriting expenses	371	513	371	513
Investments expenses	93	709	93	709
Management expenses from National Catastrophe Insurance Fund	96	107	96	107
Operating expenses	3,083	5,513	2,284	3,464
Discontinued operations				
Long-term employee benefit expense	-	(3,927)	-	-
Total expenses recognised in the statement of income	3,786	3,124	2,987	5,002



The Company and its subsidiaries expected that no long-term employee benefits to be paid during the next year.

As at 31 December 2015, the weighted average duration of the liabilities for long-term employee benefit is 7.8 years (Separate financial statements: 6.0 years) (2014: 6.2 years, separate financial statements: 5.2 years).

Principal actuarial assumptions at the valuation date were as follows:

(Unit: Percent per annum)

	Consolidated financial		Separate financial statements	
	statements			
	2015	2014	2015	2014
Discount rate	3.12	4.00	3.12	4.00
Salary increase rate	6.50	8.00	6.50	8.00
Staff turnover rate	5.05 - 25.19	4.89 - 25.40	5.05 - 25.19	4.89 - 25.40

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2015 are summarised below.

	Consolidated financial statements			
	Assumption	Amount increase	Assumption	Amount increase
	increase	(decrease)	decrease	(decrease)
	(Percent per annum)	Million Baht	(Percent per annum)	Million Baht
Discount rate	0.04	(0.1)	0.08	0.2
Salary increase rate	1.5	5.1	1.5	(4.1)
Staff turnover rate	2.5	(2.5)	2.5	2.9

	Separate financial statements			
	Assumption	Amount increase	Assumption	Amount increase
	increase	(decrease)	decrease	(decrease)
	(Percent per annum)	Million Baht	(Percent per annum)	Million Baht
Discount rate	0.04	(0.1)	0.08	0.2
Salary increase rate	1.5	3.2	1.5	(2.6)
Staff turnover rate	2.5	(1.6)	2.5	1.8

21. Bank overdraft with financial institution

A subsidiary was granted an overdraft facility by a financial institution with interest at rate MOR, which is secured by the mortgage of the land and buildings of the subsidiary, as described in Note 13 to the financial statements.

22. Long-term loans

(Unit: Baht)

	Consolidated financial statements	
	2015	2014
Current - portion	4,908,000	4,908,000
Long-term loans, net of current - portion	13,457,000	18,365,000
Total	18,365,000	23,273,000

A subsidiary obtained a long-term loan amounting to Baht 24.5 million from a commercial bank, which carried interest at the rate of MLR+1.25% per annum. The repayment is to be made in 60 monthly installments, starting from October 2014.

The loan is secured by the subsidiary's mortgage of land and construction thereon. Under the loan agreement, the subsidiary must comply with certain financial covenants as specified in the agreement, including the maintenance of debt to equity and debt service coverage ratios according to the agreement, among other things.



23. Related party transactions

23.1 Nature of relationship

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The relationships between the Group and its related parties are summarised below:

Name of related parties	Relationship with the Group
Bangkok Insurance Plc.	Related by way of common directors and shareholding
Bamrungrad Hospital Plc.	Related by way of common directors and shareholding
The Navakij Insurance Plc.	Related by way of common directors and shareholding
Thaivivat Insurance Plc.	Related by way of common directors and shareholding
Krungthai Panich Insurance Plc.	Related by way of common directors and shareholding
The Falcon Insurance Plc.	Related by way of common directors and shareholding
Thai Life Insurance Plc.	Related by way of common directors
Bangkok Life Assurance Plc.	Related by way of common directors and shareholding
Muang Thai Insurance Plc.	Related by way of common directors
Muang Thai Life Assurance Plc.	Related by way of common directors and shareholding

23.2 Significant related party transactions

During the years, the Group had significant business transactions with its related parties. Such transactions, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Group and those related parties are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		
	For the years ended 31 December		For the years ended 31 December		
	2015	2014	2015	2014	Pricing policy
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Service income	-	-	4	3	At cost
Dividend income	-	-	48	153	As declared
<u>Transactions with related parties</u>					
Premium income	1,077	1,784	976	974	Normal ceded rates depending on types of insurance and reinsurance contract
Claim refundable income	33	(12)	33	(13)	As proportion identified in each insurance contract
Commission income	22	25	22	24	Normal ceded rates
Dividend income	16	19	16	15	As declared
Service income	33	49	-	-	Normal business rates
Premium ceded	53	58	52	56	Normal ceded rates depending on types of insurance and reinsurance contracts
Claim expense	400	778	342	497	As proportion identified in each contract
Commission expense	400	603	380	319	Normal ceded rates



23.3 Outstanding balances

As at 31 December 2015 and 2014, the Group had the outstanding balances with its related parties as follows:

	Note	(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		2015	2014	2015	2014
<u>Transactions with related parties</u>					
Investments in securities - stocks	9	468,815	620,789	468,815	480,178
Amounts deposited on reinsurance	8	98,045	101,715	98,045	96,282
Due from reinsurers	8	33,215	105,788	33,215	27,863
Premium receivables	7	16,942	22,352	16,942	16,771
Deferred commissions and brokerage expenses	8	126,375	212,431	126,375	192,102
Accounts receivable ⁽¹⁾		2,552	4,956	-	-
Amounts withheld on reinsurance	16	28	75	28	75
Due to reinsurers	16	34,291	200,770	34,291	45,725
Outward premium payables	16	687	1,026	687	874
Loss reserve and outstanding claims	18	345,203	279,772	345,203	273,396
Deferred commission and brokerage income	16	11,418	11,362	11,418	11,356
Advance received for premium-net		146,754	189,445	146,754	189,445
Revenue received in advance ⁽²⁾		393	443	-	-

⁽¹⁾ Included in "Other assets" in statements of financial position

⁽²⁾ Included in "Other liabilities" in statements of financial position

Transactions with subsidiaries and associate companies are not significant, and therefore no disclosure of such transactions is made.

Directors and management's benefits

During the years, the Group had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Short-term employee benefits	69,944	82,124	60,903	51,380
Long-term benefits	7,394	(1,523)	4,232	1,999
Total	77,338	80,601	65,135	53,379

24. Registered and paid-up share capital

Movements in the number of ordinary shares, the paid-up share capital and premium on ordinary shares for the year 2014 are as follows:

	Number of ordinary shares (Thousand Shares)	Paid-up share capital (Thousand Baht)	Premium on ordinary shares (Thousand Baht)
<u>Registered share capital</u>			
At the beginning of the year	3,512,495		
Increase during the year	702,499		
At the end of the year	4,214,994		
<u>Issued and paid-up share capital</u>			
At the beginning of the year	3,512,495	3,512,495	4,813,718
Increase during the year	702,499	702,499	1,404,998
Less: Related expenses of the offering new shares	-	-	(11,751)
At the end of the year	4,214,994	4,214,994	6,206,965



The Extraordinary General Meeting of Shareholders No. 1/2014 on 4 August 2014 resolved to increase the registered capital of the Company, from the existing registered capital of Baht 3,512.5 million to Baht 4,215.0 million, by issuing 702.5 million new ordinary shares with a par value of Baht 1 per share and allocating the new shares to the groups as detailed below.

1. Up to 351.2 million newly issued ordinary shares with the par value of Baht 1 each shall be allocated to the existing shareholders of the Company in proportion to their shareholding percentage (Right Offering) at the offering price of Baht 3.00 per share in the allocation ratio of 10 existing shares to 1 newly issued share (share fractions derived from calculation shall be rounded down). In the case where there are newly issued shares left after the first round allocation, the Company will re-allocate those unsubscribed shares to all shareholders who have expressed their intention to oversubscribe shares in excess of their existing shareholding percentage. If there are still shares remained after the right offering and the oversubscription allocation, the Company will allocate the remaining shares to private placement subscribers as specified in 2.

The Board of Director's meeting also set the date for determining the names of shareholders who shall be entitled to new share subscription and allocation to be on 13 August 2014 and the date for share register closing and share transfer suspension to be on 14 August 2014.

The Company received full payment for the additionally registered capital of Baht 1,053.7 million from existing shareholders in September 2014.

2. Up to 351.2 million newly issued ordinary shares with the par value of Baht 1 each shall be allocated to HWIC Asia Fund, the major shareholder of the Company, at the offering price of Baht 3.00 per share (Private Placements).

The Company received full payment for the additionally registered capital of Baht 1,053.7 million from HWIC Asia Fund in September 2014, resulting in HWIC Asia Fund having 29% of equity stake in the Company.

Even though the offering of the newly issued shares under Private Placements will result in the Company being held by foreigners more than 49% of its total voting and paid-up shares, the Company has been approved to do so per the Office of Insurance Commission ("The OIC")'s letter no. 4220/2385 dated 15 August 2013 which allows foreigners to hold more than 49% of the Company's total voting and paid-up shares. Furthermore, the Extraordinary General Meeting of Shareholders approved the amendment of the Company's Article of Association according to the above change. The Company duly registered such amendment with the Ministry of Commerce on 15 August 2014.

The Company duly registered the increased of share capital with the Ministry of Commerce on 15 September 2014 and the trading of the newly issued ordinary shares commenced on 18 September 2014.

25. Equity

On 22 April 2015, the Annual General Meeting of the Company's shareholders passed the resolution approving the transfer of general reserve amounting to Baht 106 million, emergency reserve amounting to Baht 44 million, statutory reserve amounting to Baht 119 million and share premium amounting to Baht 6,207 million to offset the Company's accumulated deficit.

26. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

Under Section 1202 of the Civil and Commercial Code, the subsidiaries are required to set aside a statutory reserve equal to at least 5% of its net income each time the subsidiaries pay out a dividend, until such reserve reaches 10% of the subsidiaries' registered share capital. The statutory reserve could not use to offset with deficit and could not use for dividend payment.

During 2015, the Group set aside net income to statutory reserve amounting to Baht 2.1 million (The Company only: Baht 1.5 million) (2014: the Group: Baht 0.5 million and the Company only: nil).



27. Operating expenses

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Continuing operations				
Personal expenses which are not				
expenses for underwriting and claims	94,568,468	78,715,738	94,744,387	79,078,814
Premises and equipment expenses which				
are not expense for underwriting	18,214,138	18,338,721	27,467,662	27,080,028
Taxes and duties	388,792	728,108	388,792	728,108
Bad debts and doubtful account				
(Reversal)	(24,152,539)	41,313,696	(24,152,539)	41,313,696
Other operating expenses	43,474,342	40,688,151	43,498,342	40,688,151
Total operating expenses from continuing				
operations	132,493,201	179,784,414	141,946,644	188,888,797
Discontinued operations				
Operating expenses	6,136,766	35,921,809	-	-
Total operating expenses	138,629,967	215,706,223	141,946,644	188,888,797

28. Employee expenses

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Continuing operations				
Salaries and wages	260,736,427	226,206,913	155,425,335	133,432,519
Contributions to social security fund	3,116,726	2,935,479	1,078,139	1,089,611
Contributions to provident fund	14,352,956	12,684,607	8,944,507	7,944,630
Post-employment benefits and other				
long-term employee benefits	3,786,525	7,050,097	2,986,917	5,001,846
Other benefits	10,963,653	9,414,403	8,086,980	6,184,569
Total employee expenses from				
continuing operations	292,956,287	258,291,499	176,521,878	153,653,175
Discontinued operations				
Employee expenses	5,088,539	22,486,424	-	-
Total employee expenses	298,044,826	280,777,923	176,521,878	153,653,175

Provident Fund

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The fund is contributed to by both the employees and the Group on a monthly basis, at rates ranging from 5% to 10% of the employees' basic salaries, based on the length of employment. The fund is managed by Ayudhya Fund Management Company Limited and will be paid to employees upon termination in accordance with the fund rules. During the year 2015, the Group contributed Baht 14 million to the fund (the Company only: Baht 9 million) (2014: the Group: Baht 13 million and the Company only: Baht 8 million).

29. Earnings per share

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

30. Reversal of expired dividend payable

During the year 2015, the Company reversed expired dividend payable amounting to Baht 0.12 million (2014: Baht 0.07 million) for which the statutory period per Civil and Commercial Code has expired. The effect of such reversal has already been reflected in the Company's unappropriated retained earnings.

31. Assets pledged with the Registrar

As at 31 December 2015 the following assets have been pledged with the Registrar in accordance with the Non-Life Insurance Act (2014: including assets pledged in accordance with Life Insurance Act).

		(Unit: Million Baht)							
		Consolidated financial statements				Separate financial statements			
		2015		2014		2015		2014	
		Fair		Fair		Fair		Fair	
		Cost	value	Cost	value	Cost	value	Cost	value
Bonds		14.0	14.3	35.0	33.9	14.0	14.3	14.0	14.5



32. Assets reserved with the Registrar

As at 31 December 2015 the following assets have been pledged as non-life insurance policy reserve with the Registrar in accordance with the Non-Life Insurance Act. (2014: including assets pledged as life assurance policy reserve in accordance with Life Insurance Act.)

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	2015		2014		2015		2014	
	Fair		Fair		Fair		Fair	
	Cost	value	Cost	value	Cost	value	Cost	value
Bonds	365.7	375.5	556.7	575.5	365.7	375.5	465.7	481.0

33. Assets deposited to guarantee securities

As at 31 December 2015, the Company recorded guarantees totaling Baht 99.1 million (2014: Baht 112.7 million) for performance bonds required by the Company in the normal course of its business.

34. Commitments and contingent liabilities

34.1 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements of office building space, motor vehicles and services. The terms of the agreements are generally between 1 and 5 years. As at 31 December 2015, the Company and its subsidiaries had future minimum lease payments required under these non-cancellable operating lease contracts were as follows:

(Unit: Million Baht)

	Consolidated financial statements	Separate financial statements
Payable:		
Within 1 year	7.8	5.7
Over 1 year and not over 5 years	10.4	10.2

34.2 Capital commitments

As at 31 December 2015, the Company and its subsidiaries had capital commitments of Baht 40.7 million (2014: Baht 14.0 million), relating to the development of computer software.

35. Litigation

As at 31 December 2015, the Company had been sued as insurer for damages totaling approximately Baht 298 million (amount claimed and related interest expenses) and had net related expenses of Baht 11 million. The cases had yet to be finalised. However, the Company had pledged government bonds of Baht 280 million as guarantee to the court as described in Note 9.4 to the financial statements and set aside reserves for contingent losses in the financial statements amounting to approximately Baht 296 million, with the recoverable portion from reinsurers amounting to approximately Baht 215 million. The Company's management believes that such reserves are adequate.

36. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the Chief Operating Decision Maker in order to make decisions about the allocation of resources to the segment and assess its performance. The Chief Operating Decision Maker has been identified as Chairman of Executive Board.

For management purposes, the Group is organised into business units based on its business types; reinsurance business and other service business. The reinsurance divides by types of products and services and have two reportable segments are "conventional products" and "non-conventional products". Segments are differentiated based on the design of the product, and specifically whether they are a traditional product line available in the current market and a new type of product in expectation of market demand and the Group can continuously service.

During the current year, there was no change in the organisation structure of its reportable segments, except for discontinuing life insurance operation since the sale of investments in Thaire Life Assurance Plc. which resulting in the loss of control as described in Note 11 to the financial statements.

No operating segments have been aggregated to form the above reportable operating segments.



The Chief Operating Decision Maker has reviewed the operating results of the operating segments separately for the purpose of making decisions and assessing performance. Segment performance is measured based on operating profit or loss and total assets on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

Operating segment information for the year ended 31 December 2015 and 2014 can be classified by type of products as follows:

(Unit: Baht)

	2015			Total
	Non-life insurance	Other	Discontinued (Life insurance)	
Total assets	14,857,459,110	254,488,582	-	15,111,947,692
Total liabilities	9,587,813,674	67,778,493	-	9,655,592,167

(Unit: Baht)

	2014			Total
	Non-life insurance	Other	Discontinued (Life insurance)	
Total assets	12,485,905,157	236,169,363	1,959,558,454	14,681,632,974
Total liabilities	10,047,890,799	62,921,989	788,610,655	10,899,423,443

Operating segment information can be classified by type of insurance products as follows:

(Unit: Baht)

	For the year ended 31 December 2015		
	Conventional products	Non- conventional products	Total
Continuing operations			
Underwriting income			
Premium written	996,107,291	4,266,291,043	5,262,398,334
Less: Premium ceded	(218,254,037)	(1,432,492,855)	(1,650,746,892)
Less: Premium ceded from premium written of previous year ⁽¹⁾	-	(297,772,394)	(297,772,394)
Net premium written	777,853,254	2,536,025,794	3,313,879,048
Add: Unearned premium reserve	4,106,224	793,568,121	797,674,345
Earned premium	781,959,478	3,329,593,915	4,111,553,393
Underwriting expenses			
Claims and losses adjustment expenses	121,423,726	1,672,282,887	1,793,706,613
Commissions and brokerages expenses, net	295,548,913	1,526,647,530	1,822,196,443
Other underwriting expenses	6,796,130	67,528,181	74,324,311
Total underwriting expenses	423,768,769	3,266,458,598	3,690,227,367
Profit from underwriting	358,190,709	63,135,317	421,326,026
Operating expenses			(169,962,133)
Profit from operation			251,363,893
Reversal bad debts and doubtful account			24,152,539
Profit before service income and investment income			275,516,432
Net income on services			62,872,196
Net investment income			2,841,198,423
Share of gain from associates			70,067,831
Other income			26,689,807
Gain before income tax			3,276,344,689
Income tax expenses			(641,942,839)
Profit for the year from continuing operations			2,634,401,850
Discontinued operations			
Profit for the year from discontinued operations			95,155,492
Profit for the year			2,729,557,342

(1) In the third quarter of 2015, the Company entered into a reinsurance contract with a foreign reinsurer to transfers risk from reinsurance by ceded reinsurance premium during the year 2015 amounting to Baht 1,705 million including reinsurance premium during July to December 2014 amounting to Baht 298 million.



(Unit: Baht)

For the year ended 31 December 2014

	Conventional products	Non- conventional products	Total
Continuing operations			
Underwriting income			
Premium written	1,037,585,420	3,676,144,182	4,713,729,602
Less: Premium ceded	(222,404,442)	(28,976,293)	(251,380,735)
Net premium written	815,180,978	3,647,167,889	4,462,348,867
Add (less): Unearned premium reserve	45,055,023	(81,313,707)	(36,258,684)
Earned premium	860,236,001	3,565,854,182	4,426,090,183
Underwriting expenses			
Claims and losses adjustment expenses	2,553,642,670	1,924,229,060	4,477,871,730
Commissions and brokerages expenses, net	316,161,395	1,529,945,705	1,846,107,100
Other underwriting expenses	6,275,700	66,012,243	72,287,943
Total underwriting expenses	2,876,079,765	3,520,187,008	6,396,266,773
Profit (loss) from underwriting	(2,015,843,764)	45,667,174	(1,970,176,590)
Operating expenses			(191,128,016)
Loss from operation			(2,161,304,606)
Bad debts and doubtful account			(634,170)
Loss before service income and investment income			(2,161,938,776)
Net income on services			49,014,967
Net investment income			482,450,557
Share of loss from associate			(945,380)
Other income			52,175,844
Loss before income tax			(1,579,242,788)
Income tax expenses			(536,454,603)
Loss for the year from continuing operations			(2,115,697,391)
Discontinued operations			
Profit for the year from discontinued operations			364,148,600
Loss for the year			(1,751,548,791)

Geographic information

The Group operates in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

Major customers

During the year ended 31 December 2015, Baht 2,118 million of the Group's net premium written was received from two major insurance companies (2014: Baht 2,869 million of the Group's net premium written was received from one major insurance company).

37. Financial instruments

37.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, premium receivables, amounts due from/to reinsurers, investments in securities, loans to and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to premium receivables, amounts due from reinsurers, and loans. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of premium receivables, amounts due from reinsurers and loans as stated in the statement of financial position.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its deposits at financial institutions, investments in debts securities, loans, bank overdraft and long-term loans. Most of the Group's financial assets and liabilities bear floating rates or fixed rates which are close to the market rates.

As at 31 December 2015 and 2014, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

**Consolidated financial statements**

(Unit: Million Baht)

	2015						
	Fixed interest rates				Non-		Weighted
	Within	1-5	Over	Floating	interest		average
	1 year	years	5 years	interest rate	bearing	Total	interest rate
							(% per annum)
Financial assets							
Cash and cash equivalents	10.0	-	-	788.6	0.1	798.7	1.80
Investments in securities							
Government and state							
enterprise securities	377.3	704.3	-	80.0	-	1,161.6	1.62
Deposits at banks	2,087.5	-	-	-	-	2,087.5	2.14
Loans	-	0.3	-	24.1	-	24.4	4.68
Total	2,474.8	704.6	-	892.7	0.1	4,072.2	
Financial liabilities							
Bank overdrafts	-	-	-	11.0	-	11.0	7.50
Long-term loans	-	-	-	18.4	-	18.4	7.75
Total	-	-	-	29.4	-	29.4	

(Unit: Million Baht)

	2014						
	Fixed interest rates				Non-		Weighted
	Within	1-5	Over	Floating	interest		average
	1 year	years	5 years	interest rate	bearing	Total	interest rate
							(% per annum)
Financial assets							
Cash and cash equivalents	221.5	-	-	1,099.7	0.1	1,321.3	2.60
Investments in securities							
Government and state							
enterprise securities	540.9	1,309.3	54.8	186.3	-	2,091.3	2.19
Private enterprises debt							
securities	-	25.0	-	-	-	25.0	2.88
Deposits at banks	2,452.0	95.0	-	-	-	2,547.0	2.83
Loans	-	0.3	-	30.3	-	30.6	4.59
Total	3,214.4	1,429.6	54.8	1,316.3	0.1	6,015.2	
Financial liabilities							
Bank overdrafts	-	-	-	1.7	-	1.7	7.43
Long-term loans	-	-	-	23.3	-	23.3	8.00
Total	-	-	-	25.0	-	25.0	



Separate financial statements

(Unit: Million Baht)

	2015						Weighted average interest rate (% per annum)
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	
	Within	1-5	Over				
	1 year	years	5 years				
Financial assets							
Cash and cash equivalents	-	-	-	761.7	-	761.7	1.80
Investments in securities							
Government and state							
enterprise securities	375.3	703.0	-	80.0	-	1,158.3	1.62
Deposits at banks	2,069.0	-	-	-	-	2,069.0	2.14
Loans	-	0.3	-	24.1	-	24.4	4.68
Total	2,444.3	703.3	-	865.8	-	4,013.4	

(Unit: Million Baht)

	2014						
	Fixed interest rates				Non-		Weighted
	Within	1-5	Over	Floating	interest		average
	1 year	years	5 years	interest rate	bearing	Total	interest rate
							(% per annum)
Financial assets							
Cash and cash equivalents	185.0	-	-	1,031.7	-	1,216.7	2.60
Investments in securities							
Government and state							
enterprise securities	460.1	1,085.5	-	80.0	-	1,625.6	2.18
Deposits at banks	2,147.0	-	-	-	-	2,147.0	3.07
Loans	-	0.3	-	30.3	-	30.6	4.59
Total	2,792.1	1,085.8	-	1,142.0	-	5,019.9	

Except for the above financial assets, cash, premium receivables, investments in equity securities and amounts due from/to reinsurers are financial assets and financial liabilities that their values do not expose to the risk from the changes in market interest rates.



Equity position risk

Equity position risk is the risk that changes in the market prices of equity securities will result in fluctuations in revenues and in the value of financial assets.

As at 31 December 2015 and 2014, the Group has risk from its investments in securities of which the price will change with reference to market conditions.

Foreign currency risk

The Group's exposure to foreign currency risk arises mainly from underwriting and reinsurance transactions that are denominated in foreign currencies. The Group does not utilise forward foreign currency contracts to mitigate its exposure to foreign currency risk.

As at 31 December 2015, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2015	2014	2015	2014	2015	2014
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	-	0.02	-	0.02	36.0417	32.9187
Hong Kong Dollar	-	0.05	-	0.05	4.6511	4.2436
South Korean Won	0.07	-	0.53	-	0.0308	0.0300

37.2 Fair value of financial instruments

The estimated fair value of financial instruments, in comparison with the related amounts carried in the statement of financial position as at 31 December 2015 and 2014, is as follows:

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	(Unit : Million Baht)						
	2015					2014	
	Carrying	Fair value				Carrying	Fair
	value					value	value
		Level 1	Level 2	Level 3	Total		
Assets measured at fair value							
Cash and cash equivalents							
Money market mutual fund	638	-	638	-	638	816	816
Trading investments							
Equity securities	214	214	-	-	214	301	301
Available-for-sale investments							
Equity securities	864	864	-	-	864	871	871
Unit trusts	2,874	1,160	1,714	-	2,874	2,129	2,129
Assets disclosed at fair value							
Held-to-maturity debt securities							
Government and state							
enterprise securities	1,161	-	1,202	-	1,202	2,091	2,142
Private enterprises debt							
securities	-	-	-	-	-	25	26
Deposit at financial institutions							
which amounts maturing in							
over 3 months	2,088	-	2,088	-	2,088	2,547	2,547
Other investments	5	-	-	19	19	8	22
Loans	24	-	-	24	24	31	31
Liabilities disclosed at fair value							
Bank overdraft	11	11	-	-	11	2	2
Long-term loans	18	18	-	-	18	23	23



Separate financial statement

(Unit : Million Baht)

	2015					2014	
	Carrying value	Fair value			Total	Carrying value	Fair value
		Level	Level	Level			
		1	2	3			
Assets measured at fair value							
Cash and cash equivalents							
Money market mutual fund	631	-	631	-	631	781	781
Trading investments							
Equity securities	214	214	-	-	214	221	221
Available-for-sale investments							
Equity securities	864	864	-	-	864	781	781
Unit trusts	2,871	1,160	1,711	-	2,871	1,771	1,771
Assets disclosed at fair value							
Held-to-maturity debt securities							
Government and state							
enterprise securities	1,158	-	1,199	-	1,199	1,626	1,669
Deposit at financial institutions							
which amounts maturing in							
over 3 months	2,069	-	2,069	-	2,069	2,147	2,147
Other investments	5	-	-	19	19	5	19
Loans	24	-	-	24	24	31	31

The method used for fair value measurement depends upon the characteristics of the financial instrument. Fair value is determined with reference to the latest quoted market price or determined using an appropriate valuation technique. The Group establishes the fair value of its financial instruments by adopting the following methods:

- (a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, loans, bank overdraft from financial institution and accounts payable, their carrying amounts in the statement of financial position are approximate their fair value.
- (b) Investments in debts securities, their fair value is generally derived from quoted market prices or determined by using the yield curve as announced by the Thai Bond Market Association.

- (c) Investments in equity securities are presented at fair values are based on market prices. In case of non-marketable equity securities, the fair values are determined approximately using the price to book value ratio.
- (d) Loans are presented at fair value, which are estimated by discounting expected future cash flow by the current market interest rate.
- (e) For premium receivables and reinsurance assets, their carrying value net of allowance for doubtful in the statement of financial position are approximates their fair value
- (f) For long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position are approximates their fair value.

During the current year, there were no transfers within the fair value hierarchy.

38. Capital management

The primary objectives of the Company's capital management are to ensure that it has an appropriate financial structure in order to continue its business as a going concern, to provide a return to its shareholders and other related parties, and to maintain risk-based capital in accordance with Declaration of the OIC.

39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Director on 25 February 2016.