

DIVERSIFICATION

INNOVATION

DEREGULATION

THAI REINSURANCE PCL

DIGITAL COMPANY

2016

ANNUAL REPORT

THAI REINSURANCE PCL



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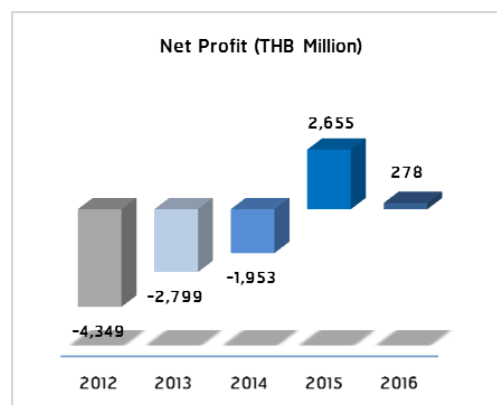
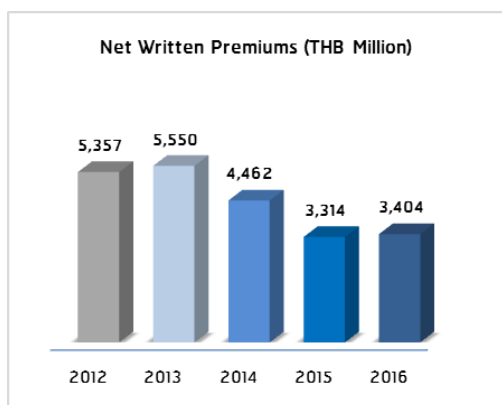
Financial Highlights

(Unit: THB Million)

Operating Results				Growth (Percent)	
	2016	2015	2014	2016/2015	2015/2014
Gross Written Premiums	5,183	5,262	*4,714	(1.5)	11.6
Net Written Premiums	3,404	3,314	*4,462	2.7	(25.7)
Profit before Tax **	347	3,202	(1,339)	(89.2)	339.1
Net Profit (Loss)	278	2,655	(1,953)	(89.5)	235.9
Net Profit (Loss) per Share (THB)	0.07	0.63	(0.52)	(88.9)	220.6

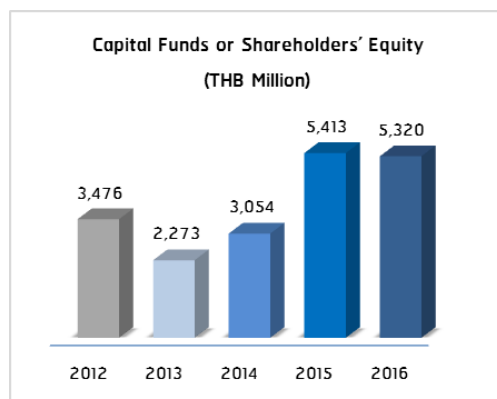
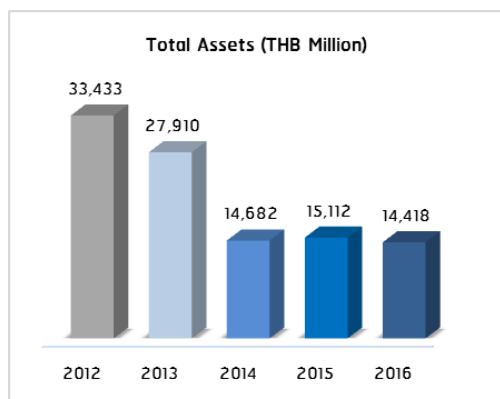
* In 2014, Thaire Life Assurance PCL's status was subsidiary. For comparison purpose, however, the 2014 figures were presented only premiums to compare with 2015 and 2016.

** Less profit of non-controlling interest



(Unit: THB Million)

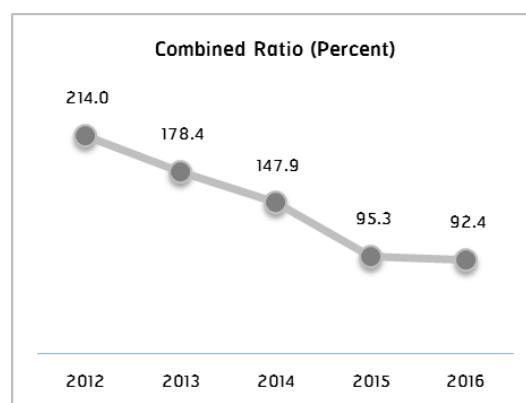
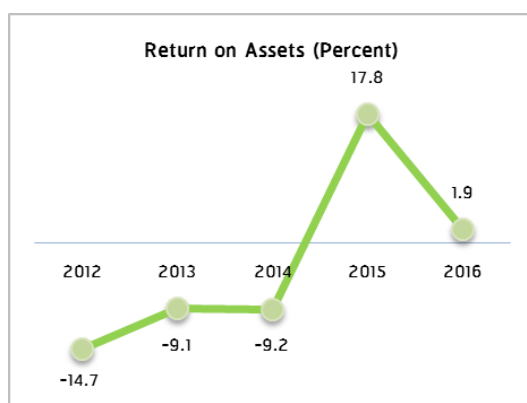
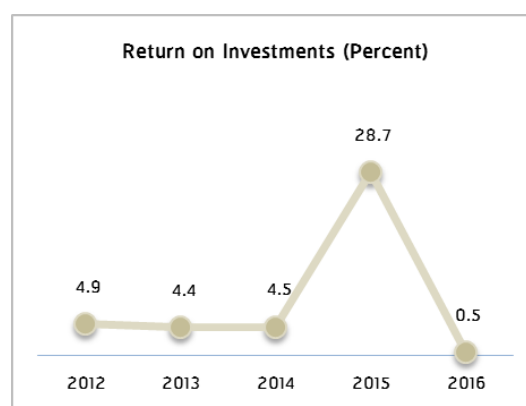
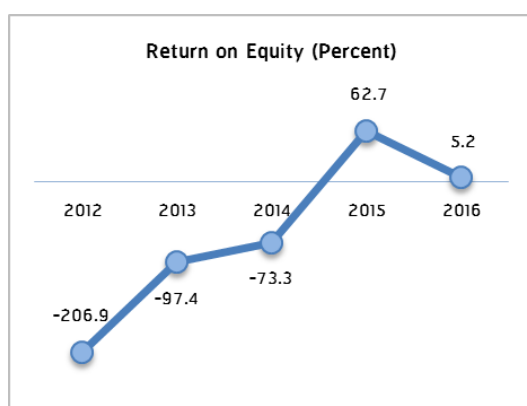
Financial Status at the End of Year				Growth (Percent)	
	2016	2015	2014	2016/2015	2015/2014
Total Assets	14,418	15,112	14,682	(4.6)	2.9
Total Liabilities	9,038	9,656	10,899	(6.4)	(11.4)
Share Capital Issued and Paid-up	4,215	4,215	4,215	-	-
Capital Funds or Shareholders' Equity	5,320	5,413	3,054	(1.7)	77.3
Book Value per Share (THB)	1.26	1.28	0.72	(1.6)	77.8
Dividend per Share (THB)	0.15	-	-	-	-



(Unit: Percent)

Financial Ratios			
	2016	2015	2014
Return on Revenue*	6.9	40.8	(28.2)
Return on Net Premium Written	8.2	80.1	(43.8)
Return on Equity	5.2	62.7	(73.3)
Return on Assets	1.9	17.8	(9.2)
Return on Investments	0.5	28.7	4.5
Combined Ratio	92.4	95.3	147.9

* Total revenues consists of net premium written, investment income and profit, service income and other income.



Letter to Shareholders

Dear Fellow Shareholders,

The Thai economy performed slightly better in 2016 than the previous year as government spending on several long-awaited projects and other development initiatives began to work their way through into the system. It is probable that a rate of growth in real GDP for 2016 will be 3.3%. Growth in the insurance sector remained sluggish and only 3% annual growth in the non-life sector was expected. Future economic growth in 2017 is forecast to be in line with 2016 with the insurance market mirroring the previous year.

ThaiRe's results in 2016 justified the payment of a dividend for the first time in four years and heralds a return to a period of stability where a recurring dividend payment becomes the norm.

In 2016, gross written premiums fell by 1.5% to THB 5.2 billion principally because of rate reductions in the direct market. Net written premium, did however increase 2.7% to THB 3.4 billion.

Underwriting results were good, the loss ratio was stable at 43.6% and expenses and acquisition costs lower at 48.8% producing a combined ratio of 92.4% (95.3% in 2015). This resulted in an underwriting profit net of operational expenses of THB 250 million.

At the end of 2016, the Company held investment assets of THB 9,109 million. Investment income for 2016 was THB 364 million being a 4.68% return on investment; however, this excludes the effect of a reduction of in holding in Thaire Life Assurance PCL. This reduction reclassified the holding from investment in associate to available-for-sale investment. Thus, a reevaluation had to be done and this resulted a loss of THB 318.4 million.

The company's service businesses generated a 9% increase in income to THB 268 million producing net service income of THB 58 million. Growth was achieved by an expansion of the customer base and more additional services. Actuarial services are now being provided following recruitment of qualified actuaries and this will generate additional service income for the Company.

The Company reported a net profit of THB 303 million in the consolidated financial statements and THB 875 million in the separate financial statements. From the balance sheet shareholders' equity stood at THB 5.3 billion at year end 2016, representing a book value of THB 1.262 per share, with total assets of THB 14.4 billion and investment assets of THB 9.11 billion. The capital adequacy ratio (CAR) as at such year-end was higher than 300 percent.

Moving Forward (2017-2019)

The Company remains focused on sustainable growth designed to generate underwriting profits and a portfolio risk management strategy to limit catastrophe exposure together with use of an appropriate retrocession strategy. Four key initiatives will be at play:

1. A focus on personal lines and commercial lines that have a low catastrophe risk exposure.
2. Development of modern distribution channels and application of InsurTech and FinTech innovations to enhance operational efficiency and competitive advantage
3. Penetration into offshore markets, especially in Southeast Asia, by leveraging on products created from THRE experience and expertise; and
4. Streamlining of current products to fit into changing market conditions and respond to consumer demand.

These initiatives together with the importance attached to underwriting, investment and stakeholder satisfaction the Company will be able to achieve sustainable growth and favorable shareholder returns.



Oran Vongsuraphichet
Director and Chief Executive Officer

BOARD OF DIRECTORS

1. Mr. Chai Sophonpanich

Chairman, Chairman of the Remuneration and Nomination Committee and Director of the Investment Committee

Age 73

Date of Appointment: June 1978

Shareholding: 0.09 percent

Experience:

Listed Company

Feb 2016 - present Chairman, Chairman of the Nomination and Remuneration Committee and Director of the Investment Committee, Thai Reinsurance PCL.

Education:

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

Jun 1978 - Feb 2016 Vice Chairman, Chairman of the Nomination and Remuneration Committee and Director of the Investment Committee, Thai Reinsurance PCL.

Training Courses by the Thai Institute of Directors Association (IOD):

- Director Certification Program (DCP)/2002

- Chairman 2000/2004

Aug 2011 - Jul 2013 Vice Chairman, Thaire Life Assurance PCL.

1978 - present Chairman, Bangkok Insurance PCL.

2010 - 2015 Chairman, Executive Chairman, Bangkok Insurance PCL.

1976 - 2009 President, Bangkok Insurance PCL.

1979 - present Chairman, Bumrungrad Hospital PCL.

1986 - present Chairman, Charoong Thai Wire&Cable PCL.

1988 - present Chairman, Furukawa Metal (Thailand) PCL.

Non-Listed Company

- Director, Chainath Co., Ltd.

- Director, Chaiwat Co., Ltd.

2. Mr. Surachai Sirivallop

Vice Chairman Executive Chairman, Director of the Investment Committee

Age 75

Date of Appointment: January 1991

Shareholding: - None -

Experience:

Listed Company

May 2016 - present Vice Chairman, Executive Chairman, Director of the Investment Committee, Thai Reinsurance PCL.

Education:

Bachelor of Laws, Thammasart University

2008 - 2015

Director, Chief Executive Officer and Chairman of Risk Management Committee, Thai Reinsurance PCL.

Training Courses by the Thai Institute of Directors Association (IOD):

- Director Certification Program (DCP)/2002

1991 - 2007

Managing Director, Thai Reinsurance PCL.

2012 - 2016

Director, Chairman of the Executive Board, Chairman of the Enterprise Risk Management Committee, Thaire Life Assurance PCL.

2014 - 2016

Director of the Investment Committee, Thaire Life Assurance PCL

1999 - 2012	Director, Chief Executive Officer, Thaire Life Assurance PCL.
2010 - present	Independent Director, Charoong Thai Wire & Cable PCL.
2007 - present	Independent Director and Director of the Audit Committee, OHTL PCL.
Non-Listed Company	
2011 - present	Chariman, Thaire Actuarial Consulting Co.,Ltd.
2006 - present	Chariman, Thaire Services Co., Ltd.
2001 - present	Chariman, EMCS Thai Co., Ltd.
2015 - 2016	Director, Per Asia Co., Ltd.
2004 - 2016	Chairman, Thaire Training Co., Ltd.
1992 - 2015	Vice Chairman, Thai Insurer Datanet Co., Ltd.

3. Mr. Kerati Panichewa

Independent Director

Age 57

Date of Appointment: April 1992

Shareholding: 0.09 percent

Education:

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

Training Courses by the Thai Institute of Directors Association (IOD):

- Director Certification Program (DCP)/2000

Experience:

Listed Company

May 2016 - present	Independent Director Thai Reinsurance PCL.
Apr 1992-May 2016	Director, Thai Reinsurance PCL.
1993 - present	Director, TTL Industries PCL.

Non-Listed Company

2009 - present	Chief Executive Officer Krung Thai Panich Insurance PCL.
1995 - 2009	Managing Director, Krung Thai Panich Insurance PCL.

4. Mr. Jiraphant Asvatanakul

Director and Director of the Nomination and Remuneration Committee

Age 57

Date of Appointment: April 1992

Shareholding: 0.02 percent

Education:

M.B.A., University of Texas at Austin, U.S.A.

Training Courses by the Thai Institute of Directors Association (IOD):

- Director Accreditation Program (DAP)/2004

Experience:

Listed Company

Apr 1992 - present	Director, Director of the Nomination and Remuneration Committee, Thai Reinsurance PCL.
2012 - 2016	Managing Director, Chief Executive Officer, Thaivivat Insurance PCL.
2016 - present	Director of the Investment Committee, Thaivivat Insurance PCL.
2016 - present	Independent Director, Director of the Audit Committee and Director of the Nomination and Remuneration Committee, Vichitbhan Palmoil PCL.

Others Training Courses:	2014 - 2016	Director, Thaire Life Assurance PCL.
- Thailand Insurance Leadership Program by	Non-Listed Company	
- OIC Advanced Insurance Institute	2000 - present	Vice President, Chairman of the Investment Committee, Road Accident Victims Protection Co., Ltd.
- Top Executive Program in Commerce and Trade by University of the Thai Chamber of Commerce / 2015	2010 - present	Director, T.I.I. Co., Ltd.
	2010 - present	Director, the General Insurance Association of Thailand
	2013 - present	Treasurer Director, the Thai Chamber of Commerce and Board of Trade of Thailand
	2013 - present	Chairman of The Federation of Thai Insurance Organizations

5. Ms. Potjanee Thanavarani

Independent Director and Director of the Audit Committee

Age 70

Date of Appointment: April 2007

Shareholding: 0.005 percent

Education:

M.B.A., **Syracuse** University, U.S.A.

Experience:

Listed Company

Apr 2007 - present Independent Director, Thai Reinsurance PCL.

Apr 2014 - present Director of the Audit Committee, Thai Reinsurance PCL.

Apr 2007-Apr 2014 Director of the Nomination and Remuneration Committee, Thai Reinsurance PCL.

Training Courses by the Thai Institute of Directors Association (IOD):

- Directors Certification Program (DCP)/2002

- The Role of Chairman (RCM)/2006

- Role of the Compensation Committee (RCC)/2007

- Audit Committee Program (ACP)/2010

- Financial Institution Governance Program(FGP)/2010

- Advanced Audit Committee Program (AAP)/2013

Anti-Corruption for Executive Program (ACEP)/2013

- Director Certification Program Update (DCPU)/2014

2007 - present

Chairman, Chairman of the Nomination and Remuneration Committee and Director of the Audit Committee, Univentures PCL.

2007 - present

Director of the Audit Committee and Independent Director, Bangkok Insurance PCL.

2009 - present

Director of the Audit Committee and Independent Director, Oishi Group PCL.

2014 - present

Chairman of the Remuneration Committees and Chairman of Good Corporate Governance Committees, Oishi Group PCL

2012 - present

Chairman of the Audit Committee, Bank of Ayudhya PCL.

2010 - present

Independent Director, Director of the Audit Committee, Bank of Ayudhya PCL.

May 2016 – present

Chairman of the Audit Committee, Big C Supercenter PCL.

Others Training Courses:

- IT Governance (ITG)/2016

- Certificate of Advanced Course in General

Apr 2016 - present

Independent Director, Big C Supercenter PCL.

2009 - 2016

Independent Director, Berli Jucker PCL.

Insurance, Swiss Insurance Training Center, Switzerland	Non-Listed Company	
- Certificate of Advanced Management Program, Australian Management College, Australia	2006 - present 2007 - present 2014 - 2015	Director, The Council of State The Federation of Thai Insurance Councilor, National Reform Council
- Certificate of Executive Development Program, Office of the Civil Service Commission	2010 - 2013 2010 - 2013	Director, BJC Logistics and Warehouse Co., Ltd. Chairman of the Public Sector Audit and Evaluation committee for Ministry of Commerce
- National Defence College		
- Certificate of Top Executive Program, Capital Market Academy		
- Certificate of Top Executive Program in Commerce and Trade Class 3, Commerce Academy		
- Advance Security Management Program Class 2, The National Defence College of Thailand		

6. Mr. Chanin Roonsamram

Independent Director and Director of the Audit Committee

Age 69	Experience:	
Date of Appointment: April 1986	Listed Company	
Shareholding: - None -	Apr 1986 - present	Independent Director and Director of the Audit Committee, Thai Reinsurance PCL.
Education:	2007 - present	Director of the Remuneration and Nominating Committee, Home Product Center PCL.
M.B.A., Fort Hays State University, U.S.A.	2005 - present	Independent Director, Director of the Audit Committee, Home Product Center PCL.
Training Courses by the Thai Institute of Directors Association (IOD):	2003 - 2013	Director, Samaggi Insurance PCL.
- Director Certification Program (DCP)/2002	2006 - 2013	Director of the Audit Committee, Samaggi Insurance PCL.
- The Role of Chairman (RCM)/2002		
- Audit Committee Program (ACP)/2005	2010 - 2013	Chairman of the Risk Management Committee, Samaggi Insurance PCL.
- DCP Refresher / 2006		
	Non-Listed Company	
	2010 - present	Chief Executive Director, SBL Leasing Co., Ltd.
	1996 - 2009	Chief Executive Officer and Managing Director, The Siam Industrial Credit PCL.
	2001 - 2009	Chairman, Chief Executive Director and Director of the Remuneration Committee, CIMB Securities (Thailand) Co., Ltd.
	2002 - 2009	Director and Chief Executive Director, SICCO Advisory Co., Ltd.

7. Mr. Sara Lamsam

Independent Director

Age 46

Date of Appointment: April 2009

Shareholding: 0.08 percent

Education:

M.B.A., Boston University, U.S.A.

Training Courses by the Thai Institute of Directors Association (IOD):

- Directors Certification Program (DCP)/2000

Others Training Courses:

- Global Business Leaders Program LEAD Business Institute, a partner of Cornell University, USA
- Top Executive Program in Commerce and Trade by University of the Thai Chamber of Commerce / 2015
- Harvard Business School Advanced Management Program 186, Boston, USA.

Experience:

Listed Company

May 2016 - present Independent Director, Thai Reinsurance PCL.

Apr 2009 - May 2016 Director, Thai Reinsurance PCL.

2004 - present Director, Phatra Leasing PCL.

2007 - present Chairman of the Executive Committee and Director of the Remuneration and Nomination Committee, Director of Risk Management Committee, Phatra Leasing PCL.

2008 - present Chief Executive Officer and Director, Muang Thai Insurance PCL.

2016 - present Director and Director of Risk Management Committee, Kasikornbank PCL.

Non-Listed Company

2003 - present Director, Muang Thai Life Assurance PCL.

2004 - 2010 Managing Director, Muang Thai Life Assurance PCL.

2010 - present Chief Executive Officer and Managing Director, Muang Thai Life Assurance PCL.

2005 - 2013 Advisor, Market for Alternative Investment

2007 - present Director, T.I.I. Co., Ltd.

2551 - present Director, Muang Thai Group Service Co.,Ltd.

2009 - present Chief Executive Officer and Director, Muang Thai Group Holding Co., Ltd., Muang Thai Holding Co., Ltd.

2016 - present Vice President (Marketing), the Thai Life Assurance Association

2006 - 2010 President, the Thai Life Assurance Association.

2012 - 2016 President, the Thai Life Assurance Association.

2010 - 2012 Vice President (Administration), the Thai Life Assurance Association

2013 - present Director, Group of Finance and Investment, Board of Trade of Thailand

2007 - 2012 Chairman, Group of Finance and Investment, Board of Trade of Thailand

2015 - present Advisor, Board of Trade of Thailand

2009 - 2015 Director, Board of Trade of Thailand

2016 - present President, Thai Financial Planners Association

2015 - 2016	Director, Thai Financial Planners Association
2007 - 2012	Director, Thai Financial Planners Association
2009 - 2013	Director, Thai Listed Companies Association
2015 - present	Chairman, Federation of Thai Insurance Organization
2009 - 2013	Chairman, Federation of Thai Insurance Organization
2015 - present	Advisor, The Society of Actuaries of Thailand Director, Yuphayong Co., Ltd.

8. Mr. Aswin Kongsiri

Independent Director and Chairman of the Audit Committee

Age 71

Date of Appointment: April 1993

Shareholding: 0.005 percent

Experience:

Listed Company

May 2014 - present Independent Director, Chairman of the Audit Committee, Thai Reinsurance PCL.

1993 - May 2014 Independent Director, Director of the Audit Committee, Thai Reinsurance PCL.

2010 - 2012 Chairman, Thoresen Thai Agencies PCL.

2005 - 2010 Director, Executive Director and Chairman of the Board of Risk Management, Krung Thai Bank PCL.

2005 - present Director and Chairman of the Board of Risk Management, Bangkok Aviation Fuel Services PCL.

2003 - 2006 Chairman of Executive Director, Electricity Generating PCL.

2001 - 2012 Vice Chairman, Electricity Generating PCL.

1999 - present Director and Chairman of the Audit Committee, OHTL PCL.

2524 - present Director, Director of the Audit and Nomination Committee, Padang Industries PCL.

1994 - present Director, Ch. Karnchang PCL.

2007 - Present Chairman, Ch. Karnchang PCL.

Non-Listed Company

2003 - present Chairman, AK Place Co., Ltd.

2007 - present Chairman, Ton Poh Thailand Fund

2010 - 2011 Chairman, Krungthai-AXA Life Insurance PCL.

2010 - present Chairman, Thai ORIX Leasing Co., Ltd. Director,

2010 - 2012 Director, the Stock Exchange of Thailand

Education:

B.S. Honor (Philosophy, Politics and Economics), Oxford University, U.K.

Training Courses by the Thai Institute of Directors Association (IOD):

- Directors Certification Program (DCP)/2001
- The Role of Chairman (RCM)/2001
- Chairman 2000/2001

Others Training Courses:

- CG Forum 1/2016 Ethics: Corporate Governance Principle by SET
- Seminar Chairman Forum 1/2016 "Corporate Governance VS Corporate Performance: Duty or Choice?" by IOD
- Seminar on the Audit Committee of Insurance Company, No.1/2015 "Role of the Audit Committee" by OIC
- Seminar on the Audit Committee of Insurance Company, No.2/2015 "IT Governance" by OIC

2011- 2014 Director, The Monetary Policy Committee,
Bank of Thailand

9. Mr. Chandran Ratnaswami

Director and Director of the Investment Committee and Director of the Nomination and Remuneration Committee

Age 67

Date of Appointment: February 2012

Shareholding: - None -

Education:

M.B.A., University of Toronto, Canada

Training Courses by the Thai Institute of Directors Association (IOD): - None -

Experience:

Listed Company

Feb 2012 - present Director, Director of the Investment Committee,
Thai Reinsurance PCL.

May 2014 - present Director of the Nomination and Remuneration
Committee, Thai Reinsurance PCL.

Listed Company in India

May 2016 – present Director, Sanmar Engineering Services Ltd.

Jan 2016 – present Director and Director of the Audit Committee,
Quess Corp. Ltd.

2015 - present Nominee Director National Collateral
Management Services Ltd.

2012 - present Director, IIFL Holdings Ltd.

2012 - present Director, Thomas Cook (India) Ltd.

Listed Company in Canada

2014 - present Chief Executive Officer and Director, Fairfax
India Holdings Ltd.

2010 - present Director and Director of the Audit Committee,
Zoomer Media., TSX Venture Exchange

Non-Listed Company

2015 - present Director, Director of the Investment Committee,
Union Assurance General Ltd.

2005 - present Director, First Capital Insurance Ltd.

2005 - present Director and Chairman of the Investment
Committee, ICICI Lombard General Insurance
Co., Ltd.

1994 - present Managing Director, Hamblin Watsa Investment
Consel Ltd.

10. Mr. Gobinath Arvind**Director**

Age 45

Date of Appointment: April 2012

Shareholding: -None-

Education:

M.B.A., MIT Sloan School of Management

U.S.A.

Training Courses by the Thai Institute of Directors Association (IOD):

- None -

Experience:**Listed Company**

Apr 2012 - present Director, Thai Reinsurance PCL.

Non-Listed Company

Feb 2015 - present Vice Chairman, Falcon Insurance Company (Hong Kong) Ltd., Hong Kong

2008 - Feb 2015 Chief Executive Officer, Falcon Insurance Company (Hong Kong) Ltd., Hong Kong

Feb 2015 - present Regional Director, First Capital Insurance Ltd., Singapore

2006 - Feb 2015 Chief Operating Officer, First Capital Insurance Ltd., Singapore

Feb 2015 - present Vice Chairman, Fairfax Asia Limited

2012 - Feb 2015 Chief Operating Officer, Fairfax Asia Limited

11. Mr. Oran Vongsuraphichet**Director and Chief Executive Officer**

Age 47

Date of Appointment: April 2013

Shareholding: -None-

Education:

Ph.D. (International Business),

Asian Institute of Technology

Training Courses by the Thai Institute of Directors Association (IOD):

- Director Certification Program (DCP)

Others Training Courses:

- Top Executive Program, Capital Market Academy

Experience:**Listed Company**

Jan 2016 - present Director, Chief Executive Officer, Thai Reinsurance PCL.

2013 - 2015 Director, President and Chief Operating Officer, Thai Reinsurance PCL.

2012 - 2013 President, Thai Reinsurance PCL.

Non-Listed Company

2012 - present Director, Falcon Insurance PCL.

2006 - 2012 Director and Chief Executive Officer, Falcon Insurance PCL.

2010 - present Director, Thong Thai Textile Co., Ltd.

2010 - present Director, V.A.S Garment Co., Ltd.

2010 - present Director, Titan Sport Ware Co., Ltd.

2011 - 2016 Director, Thaire Training Co., Ltd.

2011 - present Director, Thaire Services Co., Ltd.

2012 - present Director, EMCS Thai Co., Ltd.

2013 - present Director, Thaire Actuarial Consulting Co., Ltd.

Management

1. Mr. Chuanchai Cheausamut

Executive Vice President and Chief Investment Officer

Age 69

Shareholding: 0.16 percent

Experience:

Listed Company

2008 - 2016 Executive Vice President and Chief Investment Officer, Thai Reinsurance PCL.

Education:

B.A., Chulalongkorn University

2003 - 2007 Deputy Managing Director, Thai Reinsurance PCL.

2014 – July 2016 Director of the Investment Committee, Thaire Life Assurance PCL.

Non-Listed Company

2011- 2016 Director, Thaire Services Co., Ltd.

2011 - 2016 Director, Thaire Actuarial Consulting Co., Ltd.

2000 - 2016 Director, EMCS Thai Co., Ltd.

2011- 2016 Director, Thaire Training Co., Ltd.

2. Mrs. Thitaporn Tarakit

Executive Vice President and Chief Financial Officer

Age 57

Shareholding: 0.012 percent

Experience:

Listed Company

2008 - 2016 Executive Vice President and Chief Financial Officer, Thai Reinsurance PCL.

Education:

M.B.A., Kasetsart University

2003 - 2007 Senior Vice President, Thai Reinsurance PCL.

Non-Listed Company

Mar 2011- present Director, Thaire Services Co., Ltd.

Jan 2011- present Director, Thaire Actuarial Consulting Co., Ltd.

2011 - 2016 Director, Thaire Training Co., Ltd.

3. Mrs. Nantinee Chinwanno

Executive Vice President

Age 53

Shareholding: - None -

Experience:

Listed Company

2011- present Executive Vice President, Thai Reinsurance PCL.

2008 - 2011 Senior Vice President, Thai Reinsurance PCL.

1994 - 2007 Vice President, Thai Reinsurance PCL.

Education:

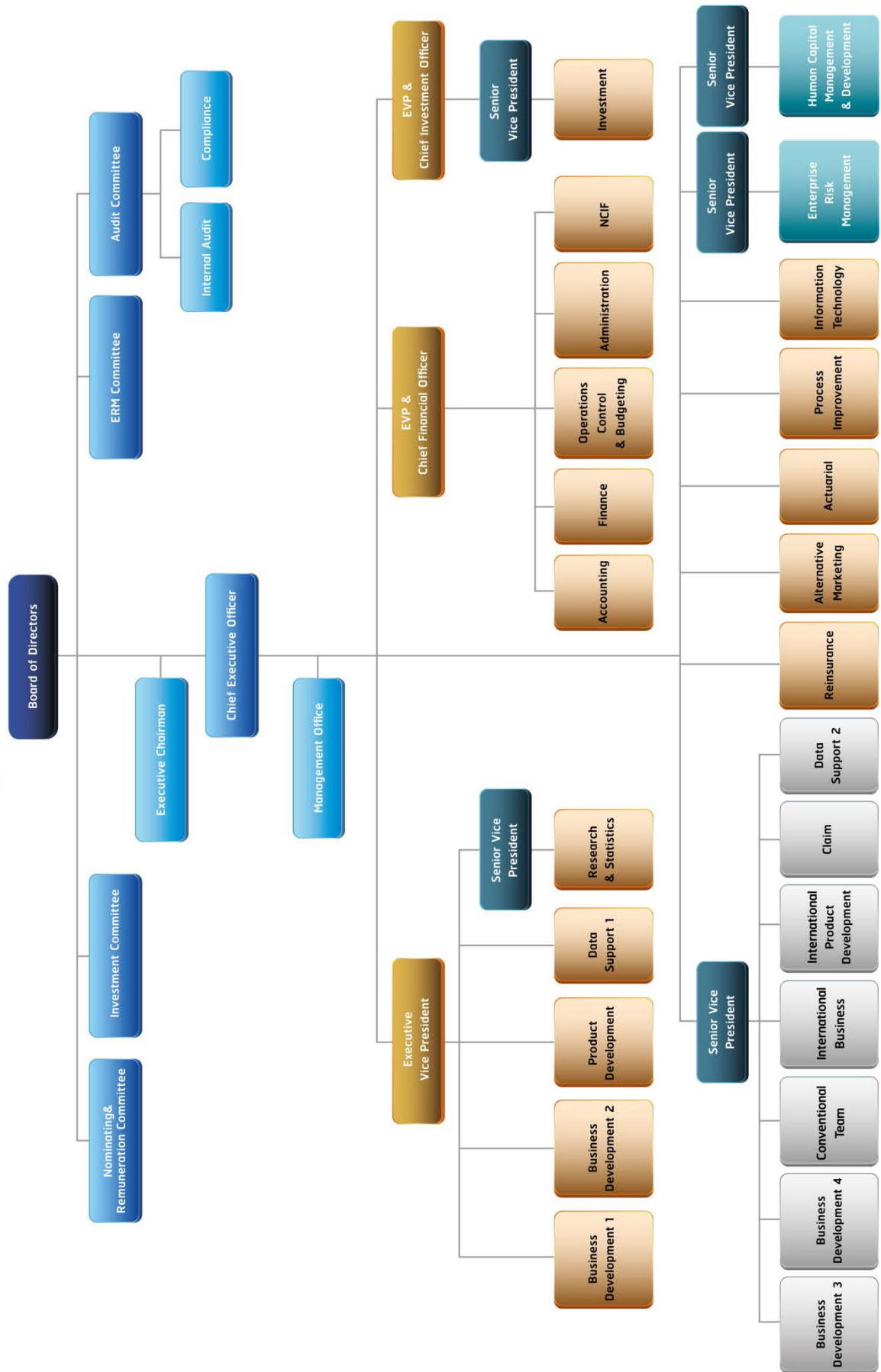
M.B.A., University of Missouri, U.S.A.

Non-Listed Company

Jun 2011- Present Director, Thaire Life Assurance Broker Co., Ltd.

Organization Chart

As at December 31, 2016



Policy and Overview of Business Operation

Thai Reinsurance Public Company Limited (“the Company” or “THRE”) was established on 18 July 1978 through the cooperation and support of numerous agencies involving in the insurance industry both at a government level and in the private sector. The registered name was “Thai Reinsurance Company Limited” with an initial capital of THB 30 million. The Ministry of Commerce granted the reinsurance operating license while shareholdings were allocated amongst insurance companies operating in Thailand at that time. The Company’s main objectives were to offer reinsurance services that aim to benefit the Thai insurance sector and the Thai economy. By retaining reinsurance cover in Thailand, the Company was able to preserve the country’s foreign currency reserves. The Company was registered as the Public Company Limited on 30 December 1993. At present, more than 40 Thai insurance companies own approximately 12.6 percent of the Company through shareholding.

Corporate Vision & Mission



Business Goals

1. Financial stability
 - Maintaining a capital adequacy ratio (CAR) above 300 percent
 - Obtaining a Financial Strength Rating of AA from the rating agencies
2. Participating in the ASEAN Economic Community (AEC).
3. Achieving a minimum Return on Equity (ROE) of 12 percent through:

Reinsurance:

- Providing expanded reinsurance capacity to assist companies meet capital adequacy regulations
- Providing direct marketing abilities to direct insurers
- Developing innovative insurance products that satisfy consumer needs

- Developing personal line products covering where risks are evenly spread and risk exposures are reasonably low
- Limiting exposure to commercial line business where a high risk accumulation and/or a single high value risk can be a great threat to the profitability of the Company
- Developing digital sales channels and applications that are practical and profitable for insurers

Investment

- Focusing on investment policies that seek a long-term consistent return rather than a short term maximum gain
- Maintaining liquidity perfectly in line with present and future cash inflow, with risk contained at a low level
- Reviewing investment policy regularly in order to keep up with the fast changing financial and investment market landscapes
- Complying with OIC's supervisory rules and guidelines

Service Provider

- Expansion of outsourced service business for insurance-related activities.
- Engaging in service provision through five subsidiaries and associated companies with fee based income expected to grow.

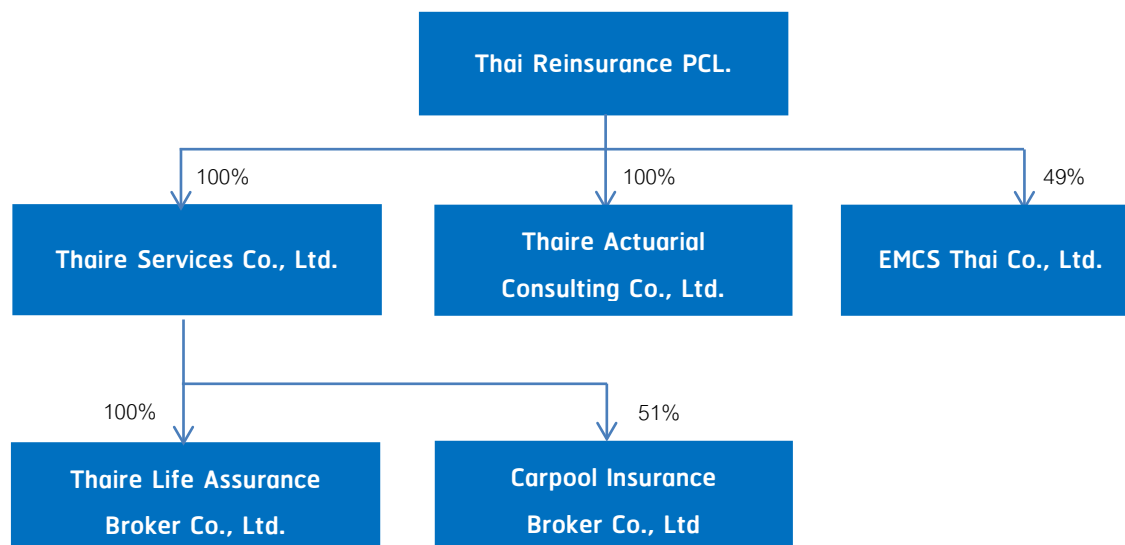
Significant Changes and Developments (over the past 5 years)

February 2012	Following the impact of the major floods in 2011, the Annual General Meeting approved an increase in the registered capital by THB 2,325.1 million from THB 1,187.4 million to THB 3,512.5 million. The registered capital allocated to shareholders holding an initial proportion of 0.75 share per 1 new share was THB 3 per share. The registered capital was also offered for sale to specific investors at THB 3 per share.
March 2012	The Company increased its registered capital, with the amount received from the sale of stock of THB 6,975.4 million. Prior to recapitalization, a strategic investor from Canada, Fairfax, with a shareholding name "HWIC ASIA FUND" showed serious interest in investing in the company. The HWIC ASIA FUND held approximately 22.5 percent of the issued and outstanding shares.
September 2013	Thaire Life Assurance Public Company Limited, "THREL" was listed on the Stock Exchange of Thailand on 9 October 2013 by issuing initial shares to the general public. The Company's shareholding proportion decreased from 100 percent to 50.8 percent.
December 2013	The Company was rated "excellent" in the Corporate Governance Report of Thai Listed Companies (CGR) in 2013 published by the Thai Institute of Directors (IOD).

August 2014	<p>At the Extraordinary General Meeting of Shareholders No. 1/2014 on 4 August, 2 items were approved</p> <ul style="list-style-type: none"> It resolved to approve an increase in the Company's registered capital of THB 702.5 million from THB 3,512.5 million to THB 4,215.0 million. The newly issued shares were allocated partly for a 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. It resolved to approve the amendment of Clause 10 of the Articles 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 completed the capital increase. The gross proceeds of this transaction amounted to THB 2,107.5 million.
November 2014	The Company reduced its investment in Thaire Life Assurance PCL. from 50.8 percent to 41.5 percent
November 2014	The Company sold its entire investment (ownership of 24.5 percent) in an associated company, Thai Insurers Datanet Co., Ltd.
March 2015	The Company diluted its investment in Thaire Life Assurance PCL. from 41.5 percent to 24.8 percent
September 2015	The Fitch Ratings assigned Thai Re's its International Insurer Financial Strength (IFS) Rating of "A-". (Stable)
October 2015	The Company was rated "Very Good" in the Corporate Governance Report of Thai Listed Companies (CGR) in 2015 published by the Thai Institute of Directors (IOD).
May 2016	The Company's remaining shareholding ratio in THREL 17.5 percent therefore, the Company has transferred and adjusted its THREL's investment capital from investment in the associated company to become other investments.
June 2016	The Company purchased common shares of Thaire Actuarial Consulting Co., Ltd. ("THREA") from Thaire Services Co., Ltd. equivalent to 100 percent of the total amount of shares already paid and issued, rendering the Company a 100 percent shareholder of THREA.
July 2016	Thaire Training Co., Ltd., a subsidiary of the Company, became a unit under direct supervision of Thaire Services Co., Ltd.
October 2016	The Company was rated "Very Good" by the Corporate Governance Report of Thai Listed Companies (CGR) in 2016 published by the Thai Institute of Directors (IOD).

Thai Re Group Structure

As of December 31, 2016



General Information of Our Group of Companies

Company & Head Office	Nature of Business	Capital Registered/ Issued & Paid up (THB Million)	Percentage Owned (Percent)
Thaire Services Co., Ltd.	Claims management and operation support services for insurance business	100/100	100.0
Thaire Actuarial Consulting Co., Ltd.	Provision of actuarial services	50/50	100.0
EMCS Thai Co., Ltd.	Provision of computer service in relation to motor insurance claims and related statistics	30/30	49.0
Indirectly shareholding by Thaire Services Co., Ltd.			
Thaire Life Assurance Broker Co., Ltd.	Provision of life insurance broker to support sales through call center.	3/3	100.0
Carpool Insurance Broker Co., Ltd.	Provision of non-life insurance broker	30/7.5	51.0
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	20.3
Thaire Life Assurance PCL.	Provision of life reinsurance business	600/600	17.5

Business Structures and Types

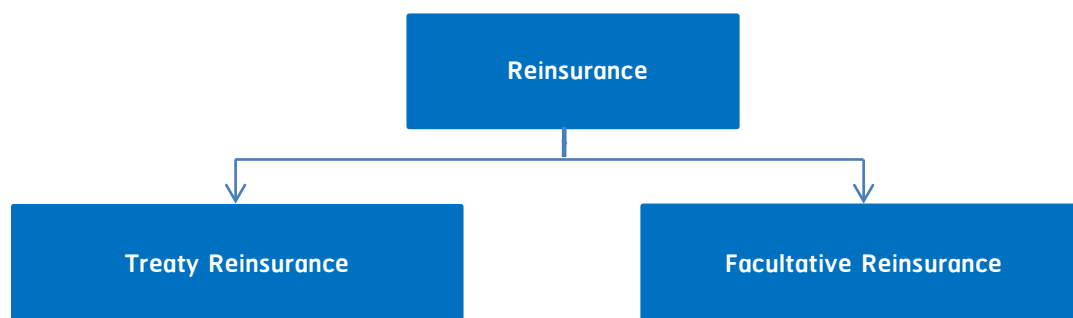
Types of Products and Services

The Company's portfolio is Thai ceded reinsurance. A three-year comparison of the split of reinsurance business classes is shown below: -

(Unit: percent)

	2016	2015	2014
• Domestic			
Property	7.6	8.1	5.5
Marine	1.4	1.4	1.1
Motor	22.1	9.5	9.1
Miscellaneous	69.0	81.0	84.3
Total	100.0	100.0	100.0
• Foreign	0.0	0.0	0.0
Total Non-Life Reinsurance	100.0	100.0	100.0

The Company provides two main types of reinsurance contracts: facultative reinsurance and treaty reinsurance.



1. **Treaty Reinsurance** is a treaty arrangement under which the terms and conditions of reinsurance are pre-negotiated with insurance companies, stipulating the scope of exclusions and the coverage for risks to be reinsured. Treaty contracts are executed separately depending on the type of reinsurance, e.g., Fire, Marine, Motor, Miscellaneous.

The Company offers two major arrangements under treaty reinsurance contracts

1.1 **Market Agreement (MA)** has been entered into between the Company and primary Thai based insurers, requiring that insurers reinsure 5 percent of their non-life insurance portfolio known as a five percent Quota Share Treaty. This arrangement is in line with the original objectives of the Company at the time of its

creation. The concept is to ensure a more even distribution of reinsurance premiums among local insurance companies. Through this agreement the Company also serves as a data gathering centre providing important and necessary market statistics. The Company enters into the agreement with twenty Thai insurers. Once ceded to the Company the members agree for a retrocessional arrangement that provides for an allocation back to all participants in the treaty arrangements.

In 2016, the net reinsurance premium from Market Agreement contracts was 3.5 percent of the total, slightly declined from 3.8 percent in 2015.

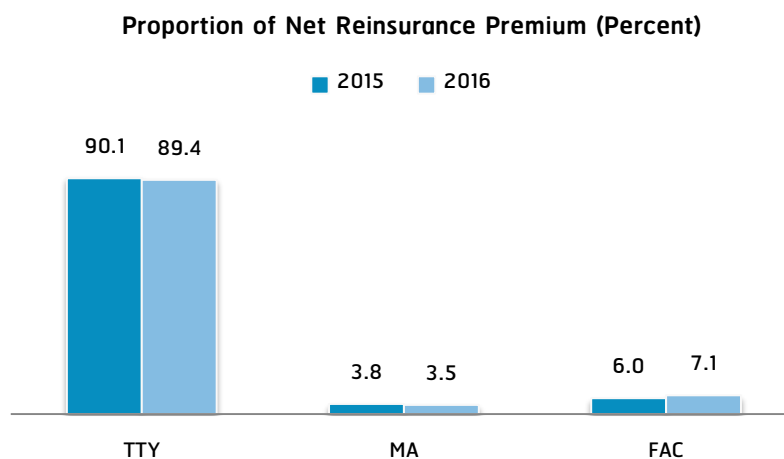
1.2 Other treaty reinsurance agreements (TTY) are in place with Thai based insurance companies. A main difference between these agreements and the Market Agreement is that there is no retrocession agreement. In 2016, the net reinsurance premium under these agreements was 89.4 percent of the total, decreased from 90.1 percent in 2015.

Apart from the retrocession under the Market Agreement contracts, the Company has a policy to make only partial retrocessions for insurance policies that provide protection for more than one year, whilst for other contracts the risk will be retained.

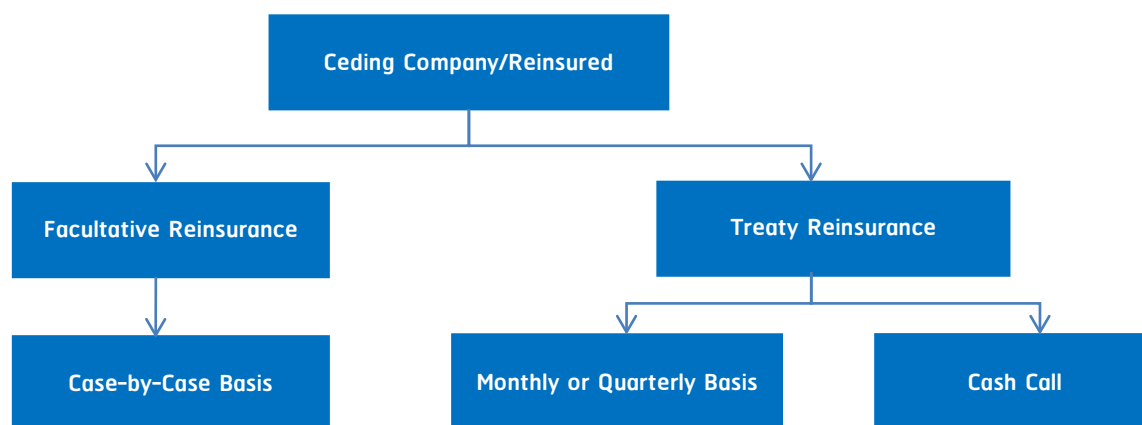
2. Facultative Reinsurance (FAC) is a type of reinsurance contract underwritten for a single risk or an individual policy. The Company has an option to accept or decline to provide reinsurance for any such risk based on its underwriting criteria and limits. The facultative reinsurance is used in the following cases:

- 1) Where the amount insured exceeds the amount by which the ceding company/reinsured can cover under its existing treaties.
- 2) Where the risk is excluded under the ceding company/reinsured's treaty.
- 3) Where the risk or the loss experience is considered "high risk".
- 4) Where the risk requires underwriting skills of the reinsurer.

In 2016, the net reinsurance premium under facultative reinsurance contracts was 7.1 percent of the total, increasing from 6.0 percent in 2015.



Compensation



Claims settlement between the Company and its clients depends on the type of the reinsurance agreement in place. With facultative reinsurance, this is on a case-by-case basis. For treaty reinsurance claims are usually settled on a regular accounting basis, either monthly or quarterly, whereby premiums, claims and reinsurance brokerage are off set and a balance due is settled by the debtor concerned. For large claims where they exceed cash call limits the amount of claim is paid when requested by the cedant. This enables the insurer to pay claims in full without having to wait for a monthly or quarterly settlement between insurer and reinsurer.

Revenue Structure

Revenue structure of the Company and its subsidiaries consists of three major revenue streams;

- (1) Underwriting Income
- (2) Investment Income
- (3) Service Income

(Unit: THB Million)

Business Group	Generated by	2016		2015		2014	
		Amount	Percent	Amount	Percent	Amount	Percent
1.Underwriting Income							
- Net Earned Premium	Thai Re & Subsidiaries	3,349.3	78.2	4,111.6	55.2	4,426.1	86.9
	Thai Re	3,349.3		4,111.6		4,426.1	
- Fee and Commission	Thai Re & Subsidiaries	813.7	19.0	313.6	4.2	84.2	1.7
Income	Thai Re	813.7		313.6		84.2	
2. Net Investment	Thai Re & Subsidiaries	64.4	1.5	2,954.4	39.7	486.5	8.8
Income ^{/1}	Thai Re ^{/2}	806.1		1,570.8		1,405.2	
3. Service Income	Thai Re & Subsidiaries	57.9	1.4	62.9	0.8	97.2	1.9
Total		4,285.3	100.0	7,442.5	100.0	5,094.0	100.0

Note: ^{/1} Included others income.

^{/2} Included dividend income from subsidiaries.

Products and Services

Sources of Funds

The Company strictly raises funds via two sources, shareholders' equity and cash flow from operation, without relying on borrowing and any other sources. However, just like any 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.

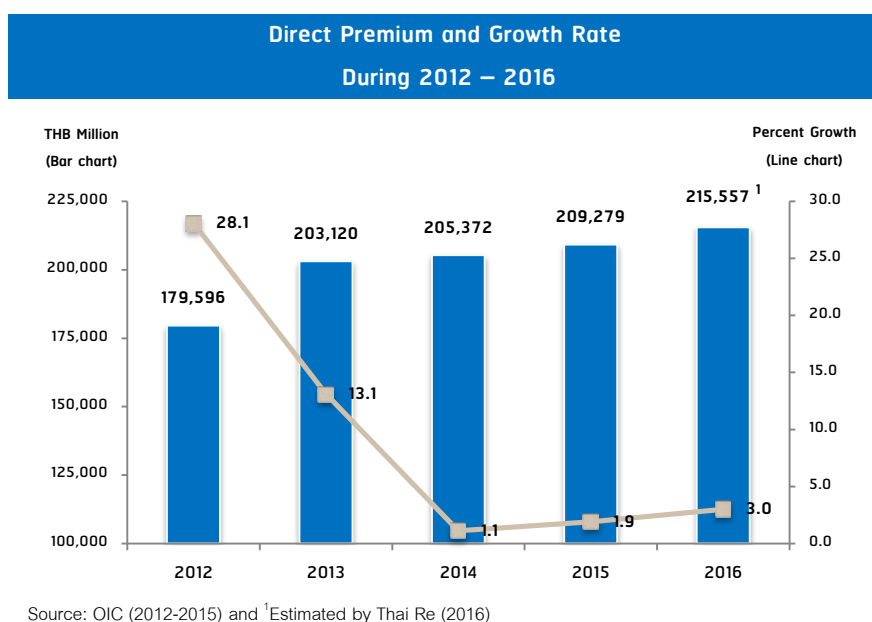
Investment Policy

The Company adopts a conservative investment policy by strongly emphasizing on risk management and rate of return. Rather than expecting solely on 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 the future, while controlling risks at an acceptable low level and adhering strictly to the OIC's regulations. Our investment policy is reviewed regularly in order to correspond with the fast changing financial and investment market landscapes.

Market Situation and Competition

Non-Life Insurance Market

Thailand's sluggish economic circumstances and an unbridled competitive business environment over the past few years has limited many businesses, including those in the non-life insurance industry, ability to expand at rates that were seen in the early part of this millennium. In 2016 the government sector launched an array of stimulus measures and sought to encourage more investment. The use of insurance as a tool to assist farmers in risk management through the rice crop insurance coverage scheme for the 2016/2017 planting season was one of the actions mirroring the government's endeavor to strengthen the Thai people's security in life, which resulted in an increase of as much as THB 2,700 million in premiums written, together with the promotion or provision of accident insurance for 8 million low-income earners. Propelled by these positive factors, the non-life insurance business was predicted to grow by around 3.0 percent in 2016, improving from a year earlier, with direct premiums written rising to THB 215,557 million from THB 209,279 million in 2015. Motor insurance remains the dominant market share leader with 57.5 percent, followed by miscellaneous insurance, 34.9 percent, and 7.6 percent for fire and marine insurance combined. Overall, the non-life insurance sector has been able to generate impressive rates of return, with an ROE of 10.6 percent in 2015.



In 2015, there were 61 non-life insurance companies in the country with the top seven commanding a 51.6 percent market share. Brokers dominated distribution with 55.1 percent of premiums, followed by sales through agent's 14.0 percent and bank's 14.7 percent.

Competition in the non-life market was intense in 2016, particularly in motor insurance where a steep decline in new vehicle sales was expected and consumers became more cost conscious. However, various non-life insurers have increasingly focused on new types of products and greater use of technology and social media, promoting new products and protection plans via non-traditional sales channels and service formats. Competition will surely continue to increase and those insurers that ignore these changes will find it hard to catch up.

Non-Life Reinsurance Market

Over the past five years (2011-2015), reinsurance premiums were in a range of 28.0 - 30.0 percent of direct written premiums. Since 2011 non-life business has not encountered any catastrophic events with severe damage; therefore, it is believed that reinsurance in 2016 will be taken out in a proportion not exceeding the previous year's level (28.9 percent in 2015) or at a total value of THB 62,296 million, a year-on-year increase of roughly 3.0 percent. Of the total reinsurance premiums, 19.9 percent is expected to be reinsurance with local companies, divided into reinsurance premiums acquired by THRE of 8.4 percent or amounting to THB 5,260 million and reinsurance premiums of other local companies of 11.5 percent, while the remaining portion of 80.1 percent will be reinsurance with overseas reinsurers.

	2016 ¹ Non-Life Insurance		
	THB Million	Proportion (Percent of Direct Premium)	Proportion (Percent of Reinsurance Premium)
Direct Premiums Written	215,557	100.0	
Reinsurance Premiums	62,296	28.9	100.0
- Domestic	12,403	5.8	
THRE	5,260	2.4	8.4
Other Companies	7,143	3.3	11.5
- Foreign	49,893	23.1	80.1

Source: ¹Estimated by THRE

Competitive edges in Thai reinsurance market lie in pricing strategy, expertise and professionalism, ability to take risk, financial stability, and customer relations management. The Company believes that there is still plenty of room for market expansion.

Industry Outlook

The Company envisions ongoing growth in the non-life insurance business, encouraged by a favorable political climate and the country's continuing economic development plans. The plans encompass economic stimulus packages through public sector spending, communication infrastructure investments that are expected to begin in the latter half of 2017, promotion and stimulation of tourism, private sector consumption growth buoyed by higher income in the agricultural sector with rising world commodity prices, and export driven growth helped by the recovery of major trading partners.

Non-life insurers are generally seen to take an aggressive approach to business development by putting more emphasis on new distribution channels and to encourage all classes of people to access non-life insurance products at affordable prices. Based on these factors the Company believes that the non-life insurance sector will grow in a range of 3.0 – 3.5 percent in 2017. An of major growth that might happen in 2018 would be if the government approved the transfer the Civil Service medical scheme to the private sector, premiums would be over THB 60 Billion.

Risk Factors

Unexpected changes in the business environment, both internal and external, can have a major impact on the Company's ability to achieve its goals. Being prepared for the unexpected is an important management function that helps minimize the impact of adverse business conditions and the consequent effect on the financial and reputational status of the Company. To respond to this challenge the Company adopted an Enterprise Risk Management practice in 2009 which resulted in the formal establishment of the Enterprise Risk Management Committee in 2010.

An annual risk appetite is established and communicated to all key managers so that the Company's strategies, operations, and decision making processes are in line with its risk appetite. Key risks that could affect the Company's capital, financial stability, reputation, and credit rating are identified, assessed, and managed aiding the Company to achieve its goals. Key Risk Indicators and relative benchmarks are set and monitored whereas risk management execution and the effectiveness of risk management measures are assessed and reported to the Enterprise Risk Management Committee every quarter. Learning from past loss events are considered when the Company revises its risk management measures whilst key risk indicators and benchmarks are revised in response to changes in the business environment.

The Risk and Capital Management policy is embedded in and applied to all the Company's core activities from product design and development, pricing, underwriting, claims management, reinsurance to investment. In addition, risk and capital management is incorporated into the Company's budget planning, capital allocation, and performance management where a risk capital charge is considered along with operating costs, expenses, claims, underwriting results, and investment returns. The overall aim is to ensure an appropriate risk-reward balance throughout the Company's undertakings.

Key risks affecting the Company are as follows:

1. Strategic Risk

Strategic Risk can be defined as the uncertainties and untapped opportunities that reside in the company's strategies and how well the strategies themselves are executed. As such the development of strategy and associated risks are matters that the directors of the company consider and apply across the whole company. Failure in execution of strategy can have serious consequences on earnings, capital, reputation the financial stability of the Company. Monitoring of the Company's strategic plans ensure that they keep up with current and anticipated future market conditions.

The Company has accumulated vast experience, knowledge and a significant database of market statistics during its many years in the reinsurance business. This assists the Company in understanding, managing and controlling its strategic risks so they fall within the risk appetite. Since commercial property reinsurance covers risks that are high sum insured and high accumulation in nature, any catastrophic 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 reinsurance and expanding

business in personal lines reinsurance which covers more diversified and low sum insured risk. This enables the Company to have more stable underwriting performance.

The Company has focused on developing new distribution channels, creating innovative products and services, improving its business processes, organizational structure, and information systems to better serve its customers and enhance their satisfaction. The Company continues to pursue a proactive marketing approach which operates at a lower cost than its rivals. The Company is also committed to employee development and through realizing the potential talent they become the driving force that helps the Company achieve its business objectives and long term sustainable growth.

Innovation Risk

Innovation Risk is the risk arising from the Company's inability to adapt to a rapidly changing competitive environment or lack of development in services, products, operating processes, or business models that create new value or add more value for all stakeholders. Ignoring innovation risk will affect the Company's competitive advantage and operating performance in the future.

Innovation Risk Management

The Company has a multi-faceted approach to communicate and raise awareness of the importance of innovation among its personnel and the promotion of innovative thinking within the Company. A corporate culture that fosters innovative behavior is in place.

Strong Balance Sheet Risk

Strong Balance Sheet Risk is the risk arising from income fluctuation, liquidity problems, lack of profitability, or insufficient capital to cope with unexpected events often resulting in a credit rating downgrade.

Strong Balance Sheet Risk Management

The Company is aware of the potential causes of capital deficiency and has implemented risk management measures to address these issues. Factors affecting insurance, market, credit, and concentration risk capital charges are examined thoroughly and addressed. The Company has integrated the risk and capital management concept into its business strategies and core business activities, including underwriting, product design and development, pricing, claims management, reinsurance, and investment, to ensure that the Company is financially secure and has sufficient capital to cover both current growth and unexpected or potential future exposures.

Customer Concentration Risk

Customer Concentration Risk is the risk arising from too much reliance on income or profit from a company or group of companies where the loss of one may have a disproportionate effect on the Company.

Customer Concentration Risk Management

The Company has a policy of business expansion with various non-life insurance companies to diversify its sources of income and reduce reliance on any single insurance company. The Company is continually improving service quality and has adopted a variety of approaches to retain and satisfy its existing customers.

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.

Human Capital Risk

Human Capital Risk is the risk arising from the inability for the workforce to achieve business goals and objectives, insufficient talent, or inability to develop talent in accordance with their expectations and the Company's plans.

Human Capital Risk Management

A workforce with the right knowledge, expertise, and experience is an essential ingredient in the Company's success. Without this the Company's competitive advantage, business opportunities, and operating results suffer. The Company manages this risk with employee development programs which includes functional skills and competency-based training. There is also a talent development program that focuses exclusively on middle management.

Business Process Risk

Business Process Risk is the risk arising from errors in business processes that would affect the accuracy of the Company's Financial Statement, errors in statistical data that will be used for pricing or underwriting, or inability to resume business operations after a significant business disruption.

Business Process Risk Management

Operational manuals are periodically revised to ensure that they are complete and accurate. Internal operations are regularly monitored by the Internal Audit Department to ensure that the conduct of all operations follow the Company's corporate plans and policies. The Company has a Business Continuity Plan which is tested in an annual exercise to ensure that critical operations continue to be available after a disruption.

Information Technology Risk

Information Technology Risk is the risk arising from the Company's inability to utilize its information technology to effectively and efficiently support its operations, an inability to use IT system to enable or enhance business, or an inability to prevent threats to IT systems, data, and infrastructure, now more often referred to as Cyber Risks.

Information Technology Risk Management

Since data and information plays a vital role in business operations, the Company has IT policies and procedures in place which include system security, data security, and backup systems to ensure operational continuity, protection against data loss, and prevention of data breaches. Through Business Continuity Management a Business Continuity Plan is in place to ensure that the Company is prepared and able to manage unexpected situations that might affect its business operations. In addition, the Company has adopted and implemented a new core reinsurance system that promotes operational efficiency throughout the Company.

3. Insurance Risk

Insurance Risk is the risk arising from the conduct of insurance activities for example: product design and development, pricing, underwriting, claims management, and reinsurance.

Insurance Risk Management

Statistical data and innovative new ideas are incorporated into the Company's strategic marketing plans to help the Company develop new profitable products and expand its business into potential profitable target markets. The Company also conducts customer surveys and uses focus groups to obtain input from prospects and develop new products that respond to customer needs.

Along with the focus on insurance knowledge development, the Company places a strong emphasis on underwriting discipline. Underwriting guidelines are developed based on technical knowledge and statistics and revised periodically to keep up with changes in market conditions. Underwriting audits take place to assure that underwriting guidelines are strictly adhered to. The Company's risk taking activities are based on a risk and reward balance. Geographical areas and their related risks are diversified and considered in the underwriting process. Changes in the business cycle and market environment are also taken into consideration and thus reflected in the Company's underwriting strategy.

The Company thoroughly revised its underwriting guidelines for flood, earthquake, and wind storm risks after the 2011 floods. A limit is set for the amount insured on each property depending on the level of risk arising from flood and earthquake. 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. Risk accumulation is monitored monthly. If the amounts reinsured reach 75 percent of the limits it will be reported promptly to the Company Executives so that risk management measures might be taken.

The Company has an excess of loss program to protect the reinsurance contracts underwritten against adverse claims experience. Simulation models for flood and earthquake are already in place whilst knowledge on catastrophe and emerging risks are continually researched.

The Company maintains its capital level well above the minimum requirements set by the OIC. The Company also has a conservative and actuarially sound loss reserving methodology in place.

4. Market Risk

Market Risk is the risk arising from changes in market variables such as interest rates, exchange rates, equity prices, and real estate prices which could lead to fluctuation in the market value of the Company's assets, liabilities, earnings, and capital.

Market Risk Management

The Company has an investment policy and clear guidelines to provide direction for investment and portfolio management. These have been established in accordance with the Non-Life Insurance Acts B.E. 2551, which specifies the types of security that can be invested in and their limits. Changes in the economic, political, and regulatory environment are taken into consideration as part of the Company's ongoing monitoring process and incorporated into 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 invests in high quality securities that are expected to generate reasonable and consistent returns. Major losses on the Company's investment portfolio are not considered likely. Since investment income is the major source 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 debt or default of a financial obligation which may affect the Company's cash flow and overall performance.

Credit Risk Management

The Company regularly analyzes and evaluates its retrocessionaires and issuers of securities' credit quality and monitors their financial stability. The Company has a strict policy to retrocede its business to 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 at less than their fair value, or settlement of financial obligations with costs that are significantly higher than expected. A failure affecting the Company's liquidity risk would affect the Company's earnings and reserves.

Liquidity Risk Management

The Company has established procedures to measure, monitor, and manage its liquid assets and cash flow, ensuring a matching of assets and liabilities. The Company also manages its liquidity position through prudent investment decisions and diversification of assets and liabilities to ensure that sufficient 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 social, technological, economic, environmental, and political developments. 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 continually gathers and analyses all relevant information as it arises 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 considered in all core activities, especially product design and development, pricing, and underwriting, so that the Company's adverse impacts from emerging risks are limited.

Structure of Shareholders and Management

Shareholders

- Ten major shareholders as of September 12, 2016 are as follows:

	Shareholders	No. of Shares	Percentage (Percent)
1	HWIC Asia Fund	1,367,726,268	32.45
2	The Hongkong and Shanghai Banking Corporation Limited, Fund Services Depart	500,507,498	11.87
3	Thai NVDR Co., Ltd.	299,091,911	7.10
4	Viriyah Insurance PCL.	145,925,835	3.46
5	GIC Private Limited	118,584,018	2.81
6	Aberdeen Long Term Equity Fund	115,344,292	2.74
7	Aberdeen Small Cap Fund	106,642,670	2.53
8	Aberdeen Growth Fund	99,495,010	2.36
9	BNP Paribas Securities Services Luxembourg	87,443,230	2.07
10	Bangkok Insurance PCL.	78,952,896	1.87
	Total	2,919,713,628	69.26
11	Other shareholders	1,295,280,204	30.73
	Grand Total	4,214,993,832	100.00

Among the shareholders listed above, Thai NVDR Co., Ltd., which is an issuer of non-voting depository receipts (NVDR), held 299,091,911 shares or 7.10 percent in the Company as of the latest closing date of the shareholders registration book on September 12, 2016. 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 32.45 percent of total shares as of the registration book closing date of September 12, 2016.

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 as long 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, the minimum dividend payout is 40 percent of net profit from separate financial statements after the deductions to all reserves. For subsidiaries' share, the payout is in correspondence to business outcomes.

Dividend Information

Year	2012	2013	2014	2015	2016
Earnings per share (THB)	-1.41	-0.32	-0.37	0.36	0.21
Dividend per share (THB)	0	0	0	0	0.15
Payout Ratio (percent)	0	0	0	0	72.23

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, 2015	No. of Shares as of Dec 31, 2016	Change Increase (Decrease) in 2016	Percentage
Director					
1	Mr. Chai Sophonpanich	3,739,104	3,739,104	-	0.09
	Their spouses and children who have not reached maturity	-	-	-	-
2	Mr. Kerati Panichewa	3,321,882	3,984,582	662,700	0.09
	Their spouses and children who have not reached maturity	-	-	-	-
3	Mr. Jiraphant Asvatanakul	770,616	770,616	-	0.02
	Their spouses and children who have not reached maturity	-	-	-	-
4	Mr. Chanin Roonsamrarn	-	-	-	-
	Their spouses and children who have not reached maturity	-	-	-	-

No.	Name	No. of Shares as of Dec 31, 2015	No. of Shares as of Dec 31, 2016	Change Increase (Decrease) in 2016	Percentage
5	Ms. Potjanee Thanavaranit	204,820	204,820	-	0.005
	Their spouses and children who have not reached maturity	-	-	-	-
6	Mr. Sara Lamsam	-	3,500,000	3,500,000	0.08
	Their spouses and children who have not reached maturity	-	-	-	-
7	Mr. Aswin Kongsiri	200,000	200,000	-	0.005
	Their spouses and children who have not reached maturity	-	-	-	-
8	Mr. Chandran Ratnaswami	-	-	-	-
	Their spouses and children who have not reached maturity	-	-	-	-
9	Mr. Gobinath Arvind Athappan	-	-	-	-
	Their spouses and children who have not reached maturity	-	-	-	-
10	Mr. Surachai Sirivallop	-	-	-	-
	Their spouses and children who have not reached maturity	-	-	-	-
11	Mr. Oran Vongsuraphichet	-	-	-	-
	Their spouses and children who have not reached maturity	-	-	-	-
<u>Management</u>					
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	-	-	-	-

Remark: ¹ Number of common stock issued and Paid-up 4,214,993,832 shares

Management Structure

THRE is not a family-owned business and none of the shareholders have a controlling influence over the Company. The Company has since inception remained steadfast in its determination to be a reinsurance company managed by high quality directors and management recruited from among a group of capable and experienced professionals.

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 a need arises an ad hoc committee will be set up to deal with matters of major significance.

Board of Directors Structure

The Company's mission and vision is that of being a professional reinsurer supporting non-life insurers as business partners and retaining more risk within Thailand.

The Company's Board of Directors comprises of 11 individuals. There are the independent directors, complying with Securities and Exchange Commission rules. A director's term is three years with no limit to the number of terms an individual can serve. A biography of each director is in *Directors and Executive Officers of the registrant*.

The directors elect the Board chairman. The Chairman, vice-chairman, and secretary are elected annually at the first Board meeting following the annual General Shareholders Meeting. To separate the role of policy setting, auditing, and management, the chairman and Chief Executive Officer (CEO) are required to be different persons.

Board of Directors

The Board of Directors of the Company consists of 11 members, nine members are non-executive directors, two members from the management, and five members are independent directors. Nine members hold the Thai Institute of Directors (IOD) qualifications for public company board service.

The Board of Directors is responsible for ensuring that the business is expertly managed and that shareholders' interests are protected at all times through the setting of clear visions and strategies to achieve business objectives and financial success.

As of December 31, 2016, members of the Board of Directors are listed as below:

Board of Directors	Position
1. Mr. Chai Sophonpanich	Chairman, Chairman of Remuneration and Nominating Committee and Chairman of Investment Committee
2. Mr. Surachai Sirivallop	Vice Chairman, Executive Chairman, Director of Investment Committee and Advisor of Enterprise Risk Management Committee
3. Mr. Oran Vongsuraphichet	Director, Chief Executive Officer and Chairman of Enterprise Risk Management Committee
4. Mr. Kerati Panichewa	Independent Director
5. Mr. Jiraphant Asvatanakul	Director and Director of Remuneration and Nominating Committee
6. Ms. Potjanee Thanavarani	Independent Director and Director of Audit Committee

Board of Directors	Position
7. Mr. Sara Lamsam	Independent Director
8. Mr. Chanin Roonsamram	Independent Director and Director of Audit Committee
9. Mr. Aswin Kongsiri	Independent Director and Chairman of Audit Committee
10. Mr. Chandran Ratanaswami	Director, Director of Remuneration and Nominating Committee and Director of Investment Committee
11. Mr. Gobinath Arvind Athappan	Director

The directors authorized to sign on behalf of the Company are Mr. Chai Sophonpanich, Mr. Surachai Sirivallop, Mr. Jiraphant Asvatanakul and Mr. Oran Vongsuraphichet Any two 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 law, objectives and regulations of the Company.

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

- Approval of the Company's operations including the corporate vision and strategic direction, risk management and long term plans
- Approval of the management structure, business strategies, working plans and objectives, and the annual budget
- Hiring or employment termination of the Company's management and approval of salaries and employee benefits. Annual performance evaluation of the Executive Management.
- Approval of rates of salary increases for employees each year
- Approval of the procedure for employees benefits
- Assigning duties or authority to management and their subordinates
- Following up and delivering performance evaluation of management according to the plan and assigned budget.

The Board of Directors delegates management authority to the Executive Chairman and Chief Executive Officer. Responsibility for all management activities is granted except for authority to approve any transactions where there may be a conflict of interest involving the Company or its subsidiaries.

The Scope of Duties, Authorities and Responsibilities of the Chairman

1. The Board Chairman or person designated by the Board Chairman has a duty to call for a meeting of the Board of Directors by submitting an invitation letter at least 14 days before the meeting date allowing directors adequate time to fully consider board matters to be raised at the meeting.

2. The Board Chairman determines the meeting agenda jointly with the Executive Chairman and Chief Executive Officer.

3. The Board Chairman chairs meetings ensuring that it is efficiently run with sufficient time for the presentation of information and participation of all directors from the raising of questions and opinions to the controlling of discussions and the summation of the meeting's resolutions.

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

5. The Board Chairman communicates all essential information to directors.

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

7. The Board Chairman requires the Board of Directors to perform their duties in compliance with the laws and the corporate governance principles of the Company.

Board of Directors and Subcommittee's meeting

Board of Directors meeting

The Board of Directors holds a quarterly meeting according to an annual schedule. Special sessions can be called if needed. In 2016, the Board of Directors held four meetings. The Chairman, Executive Chairman and Chief Executive Officer together determine 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 the meeting agenda and related documents at least 14 days prior to the meeting. During the meeting, high-level management staff attend some sessions for briefing and instructions for future action. Where voting is necessary a simple majority prevails. Where a Director declares conflict of interest he or she may not participate in that item. Meetings usually last two hours. Draft minutes of the meeting are sent to directors to ensure check for accuracy within 14 days of the meeting. The Board-approved minutes are then retained at the head office and remain available for inspection by interested parties.

The Board also conducts an annual meeting of non-executive directors only to evaluate job performance, adjust remuneration, and discuss any issues relating to senior executives. The Chairman will notify the outcome of the evaluations to the Executive Chairman and Chief Executive Officer.

Audit Committee meeting

In 2016, the Audit committee members held four meetings; their main duties can be summarized as follows:

1. Review of the financial statements of the Company prior to submission to the Stock Exchange of Thailand and the Securities Exchange Commission.

2. Nomination of auditors and their remuneration. In 2016, EY Office Limited was nominated and appointed as auditors of the Company for a further year.

3. Holding of joint meetings with the external auditors three sessions took place in 2016. At one meeting without the attendance of management a review of guidelines and the scope of audit performance was conducted. A review of audit plans, results, and recommendations has been undertaken to ensure that all audit processes are done in a manner consistent with auditing standards.

4. Directing, supervising and approving internal annual audit plans 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 auditing standards. This includes monitoring of the proposed revisions to the internal controls system to improve efficiency and effectiveness.

5. A review to ensure compliance with laws and regulations every quarter.

6. A review of transaction reports relating to the parties every quarter.

7. Directing and supervising the Enterprise Risk Management Committee. The ERM review the Company's risk management policies, policy implementation and guidelines for effective risk management. Their reports on risk management are provided to the board and they provide useful feedback on a regular basis.

8. Conducting an annual Audit Committee self-evaluation for review and self-improvement.

9. Provision of an annual internal control evaluation and propose evaluation results to the Board of Directors.

Remuneration and Nominating Committee meeting

In 2016, the Remuneration and Nominating committee 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.

Investment Committee meeting

In 2016, there was one Investment Committee meeting held to pass a resolution to increase investment in a subsidiary.

Enterprise Risk Management Committee meeting

In 2016, The Enterprise Risk Management Committee held five 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 2016 are given below.

Board of Directors		Position	No. of meetings attended / No. of meetings held			
			Board of Directors	Audit Committee	Nomination and Remuneration Committee	Investment Committee
1.	Mr. Chai Sopphonpanich	Chairman, Chairman of Remuneration and Nominating Committee and Chairman of Investment Committee	4/4	-	2/2	1/1
2.	Mr. Surachai Sirivallop	Vice Chairman, Executive Chairman and Director of Investment Committee	3/4 ¹	-	-	1/1
3.	Mr. Kerati Panichewa	Independent Director	4/4	-	-	
4.	Mr. Jiraphant Asvatanakul	Director and Director of Remuneration and Nominating Committee	4/4	-	2/2	
5.	Mr. Chanin Roonsamram	Independent Director and Director of Audit Committee	4/4	4/4	-	
6.	Mr. Sara Lamsam	Independent Director	3/4 ¹	-	-	
7.	Mr. Aswin Kongsiri	Independent Director and Chairman of Audit Committee	4/4	4/4	-	
8.	Ms. Potjanee Thanavaranit	Independent Director and Director of Audit Committee	4/4	4/4		
9.	Mr. Chandran Ratanaswami	Director, Director of Remuneration and Nominating Committee and Director of Investment Committee	3/4 ¹	-	2/2	1/1
10.	Mr. Gobinath Arvind Athappan	Director	3/4 ¹	¹	-	
11.	Mr. Oran Vongsuraphichet	Director and Chief Executive Officer	4/4	-	-	

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

Management

At December 31, 2016, the management of the Company according to definition of the Securities & Exchange Commission was:

Name	Position
1. Mr. Surachai Sirivallop	Vice Chairman & Executive Chairman
2. Mr. Oran Vongsuraphichet	Director & Chief Executive Officer
3. Mr. Chuanchai Cheausamut	Executive Vice President
4. Mrs. Thitaporn Tarakit	Executive Vice President
5. Mrs. Nantinee Chinwanno	Executive Vice President

The scope of duties, authorities and responsibilities of the CEO

1. To follow all legal and regulatory principles and undertake management of the company in accordance with the expectations of the board of directors.

2. To recruit and develop employees of the Company and follow all disciplinary procedures as may be necessary. These authorities do not extend to employees directly employed by the Board.

3. Establish working regulations, job descriptions and manage the Company in accordance with the Company's regulations.

4. Manage business consistent with the Company's regulations and set authority levels for all employees.

5. Act as legal representative of the Company in all business transactions except where the CEO may have a conflict 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 will not be involved in any act which is undertaken by the CEO in violation of the Company's regulations or consent of 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 responsibilities to continue routine activities reporting later to the CEO. The Chairman will be advised when the CEO is unavailable or 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 may select a temporary replacement from the executives to undertake CEO's responsibilities.

Company Secretary

The Board of Directors appointed Mr. Chuanchai Cheausamut as Company secretary from September 1, 2007. The Company secretary is responsible for all matters relating to Board registration, meeting letters, Board meeting reports, annual report, shareholders meeting letters, shareholders meeting reports, including profit and loss reports by the Board or management and other transactions required by Capital Market Supervisory Board. According to measure 89/14, the copy of the profit and loss report should be presented to the Presidents of the Board and Auditor within seven working days of receipt of the report.

Additional duties and responsibilities include:

1. Provide regular advice to the Board of Directors in respect of all legal and regulatory issues.
2. Organise shareholders and Board meetings in compliance with legal and regulatory requirements.
3. Record proceedings of shareholders and Board meetings and ensure decisions agreed at the meetings are implemented.
4. Follow legal and regulatory requirements in the control and disclosure of corporate information.
5. Follow legal and regulatory requirements in respect of Board decisions.

Remunerations for the Directors and Executives

The Remuneration and Nominating Committee is responsible for submitting the remuneration plan to the Board and senior management of the Company. It is important to note that the remuneration plan for the Board of Directors is an agenda item at the Annual Shareholders Meeting. The remuneration plan for the Directors and senior management of the company is in line with industry peers. Incentive pay is offered to those persons in the Company

whose standards of performance are considered vital for the Company. Directors who are members of subcommittees are also rewarded. Each executive's annual performance evaluation is a consideration in his or her remuneration plan.

Monetary Remuneration

a) Remunerations for the Directors

The remunerations in 2016 as the resolution of the Annual General Meeting of Shareholders No. 22 on April 22, 2016 are listed below:

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 Committee	-	-	-	-	-

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

The remunerations¹ in 2016 are listed below:

Board of Directors	Remunerations (Monthly)	Gratuity	Remunerations				
			Board of Directors	Audit Committee	Remuneration and Nominating Committee	Investment Committee	Total
Mr. Suchin Wanglee ²	40,000	-	35,000	-	-	25,000	100,000
Mr. Chai Sophonpanich	230,000	-	130,000	-	50,000	25,000	435,000
Mr. Kerati Panichewa	180,000	-	100,000	-	-	-	280,000
Mr. Jiraphant Aswatanakul	180,000	-	100,000	-	50,000	-	330,000
Mr. Chanin Roonsamram	180,000	-	100,000	140,000	-	-	420,000
Mr. Sara Lamsam	180,000	-	75,000	-	-	-	255,000
Mr. Aswin Kongsiri	180,000	-	100,000	200,000	-	-	480,000
Ms. Potjane Thanavarant	180,000	-	100,000	140,000	-	-	420,000
Mr. Chandran Ratnaswami	180,000	-	75,000	-	50,000	25,000	330,000
Mr. Gobinath Arvind Athappan	180,000	-	75,000	-	-	-	255,000
Mr. Surachai Sirivallop	180,000	-	75,000	-	-	-	255,000
Mr. Oran Vongsuraphichet	180,000	-	100,000	-	-	-	280,000
Total	2,070,000	-	1,065,000	480,000	150,000	-	3,840,000

Remark: ¹ The remuneration for committee did not include in the remuneration as management. Also, there was no remuneration to the Risk Management committee.

² Mr. Suchin Wanglee had resigned as the board of directors' member, effective on 25 February, 2016.

b) Monetary remuneration for executives

In 2016, the Company paid salaries and bonus to five executives, according to the list in the 'Management' Section, the total amount was THB 60 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 executives. In 2016, contribution to such funds was provided for five executives, according to the list in the 'Management' Section as follows:

- Contribution to the provident fund at a rate of 5 -10 percent of salary, totaling THB 3.5 million.
- Contribution to the retirement fund totaling THB 23.7 million, including post-employment benefits for two retired executives, effective from December 31, 2016.

Human Resources

As of December 31, 2016, THRE Group had total workforce of 240 people. The number of employees working on each core business line is listed below:

Department	Employees
Thai Reinsurance	
Business Development	25
Operational Support	19
Finance and Accounting	16
Others	52
Total Thai Reinsurance	112
Service Providers	128
Total	240

Remunerations for Employees

The Company provides all its employees with a fair and reasonable remuneration. The Company ensures that its remuneration levels are comparable with industry standards through remuneration surveys and reviews. The Company introduced a performance evaluation system in 2016 to reward employees based upon their individual performance and assessment of key competencies.

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 personnel development. In 2016, THRE Group paid THB 361 million for employee remuneration, details of which are as follows:

(Unit: THB Million)

Employees expenses	Thai Reinsurance	Service Provider	Total
Salaries and wages	175	128	304
Social security fund	1	3	3
Contribution to provident fund	10	7	16
Defined benefit plans	23	3	24
Other benefits	9	5	14
Total	218	146	361

* Excluding related party transactions with the subsidiaries from the consolidated financial statements.

Human Resource Development Policy

The Company attaches a high level of importance to human resource development and has conducted training needs surveys of all employees to enable them to develop essential skills that are appropriate to their role and career advancement. The Company encourages development of soft skills that focus on team-work, ethics and integrity, a positive attitude at work, a sense of ownership, creative thinking, and efficient customer service. The Company provides scholarships for employees to continue their studies in essential fields both in the country and overseas together with educational loans at low interest rates.

In 2016, the Company assigned 144 employees to attend 143 training courses in and outside the country, as shown in the below table:

Course	Number of Courses	Number of Participants
Within Thailand	135	107
Overseas	5	5
Insurance related courses such as LOMA, CII, ANZIF, CAS	3	2
Total	143	114

Human resource plans include the development of middle managers whose duties are essential in contributing to the overall success of the business. These managers are encouraged to develop their skills to prepare them for senior executive selection in the future. In 2016, the Company launched a middle management development scheme by incorporating training needs into long-term individual development plans. Further entrusting selected middle management with challenging and relevant objectives and measuring their individual success. The Human Capital Management & Development Department are entrusted to follow up on their development.

In mid-2016, the Company introduced the 3D&I strategy aimed at changing the way employees behave at work and create a corporate culture that leads to a competitive organisation that is both sustainable and innovative. The Company has engaged consultants specializing in corporate culture change. A group of staff have been selected for training to enhance their knowledge and prepare them for initiation of corporate change. This will be closely monitored to evaluate its impact.

Internal Control and Risk Management

1. Summary of the Board of Directors' Opinion Regarding Internal Control Systems

At the Board of Directors' Meeting No. 1/2017 held on February 23, 2017, which was attended by all members of the Audit Committee, the Board of Directors examined the Company's internal control systems. The audit committee presented a report covering five aspects: organization and environment, risk management, executive performance control, information technology and communication system, and follow-up system. The Board of Directors believed the Company and its subsidiaries have in place appropriate and adequate components of an internal control system, and have established, maintained and reviewed 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 exist. Authority of the executives and operating officials at all levels are clearly defined in writing, covering any 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 quarterly compliance report that is submitted to the Audit Committee. The Company also monitors and makes sure that all significant information is disclosed in an accurate, complete and timely manner in accordance with the regulations of the SET and the SEC.

2. 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 opinions consistent with the Board of Directors and auditors.

3. Head of Internal Audit Unit

The Company has established a Department of Internal Audit which is under the direct supervision of the Inspection Committee who have full authority to appoint, dismiss and transfer the Head of Internal Audit Department. The Company selected the nomination of Mr. Kitti Wichitsawangwong as the chief inspector at the meeting of the Inspection Committee 5/2012 held on November 12, 2012.

The Inspection Committee monitors the operational activities of the Head of the Internal Audit Department. The Committee supports training programme for the Department's Head to ensure that he or she obtains skills and knowledge appropriate for the role of internal auditor.

4. Head of Compliance Unit

The Company set up a 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. Mr. Kitti Wichitsawangwong is acting Head of Compliance.

During the year, the Compliance Department audits on compliance of all relevant regulations and laws and submits a quarterly compliance report to the Audit Committee for further review.

Corporate Governance

Corporate Governance Policies of Thai Re Group

The Board of Directors of Thai Re and its subsidiaries fully accept that for a firm to realise sustainable growth it must excel in corporate governance. The Directors of the Company insist that the business operates within the standards of a strict corporate governance code and sound management practice. The Company strictly maintains a policy of corporate governance for all directors, executives and staff members to follow. The Company has disclosed such policy in its 2016 Sustainable Development Report from which any interested persons can easily download the report via the Company's website at www.thaire.co.th

Subcommittees

For compliance in all aspects of the business the Board of Directors appoints 4 committees to oversee, monitor and resolve or recommend action. Those committees are Audit Committee, the Remuneration and Nominating Committee, the Enterprise Risk Management Committee, and the Investment Committee. Their structures and accountabilities are as follows:

a. Audit Committee

Audit Committee was established on February 24, 1999 being three independent non-executive directors acting for a three-year term. Current committee members are:

Name	Position
1. Mr. Aswin Kongsiri	Chairman of Audit Committee
2. Mr. Chanin Roonsamrarn	Director of Audit Committee
3. Ms. Potjanee Thanavarani	Director of Audit Committee

All Committee members have a strong accounting and financial background. Their main role is to ensure that Company's business operations, financial reporting disciplines and internal control systems function in the manner intended and that all matters raised by the internal auditors are fully investigated and solutions applied. The committee also recommends the appointment of the external auditor and also deals with issues involving conflicts of interest.

The Scope of Duties and Authority

1. To review and ensure that the Company's financial reporting is accurate and reliable.
2. To review and ensure that the Company's internal controls and internal audit systems are fully functional.
To ensure the internal audit unit is independent. To approve all appointments within the internal audit unit.
3. To review and ensure compliance with the law on securities and exchange and the regulations of the Stock Exchange of Thailand and all other laws and regulations.
4. To consider, select and nominate an independent person for appointment as the Company's auditor and propose the remuneration for such person. To attend a non-management meeting with the auditor at least annually.

5. To consider connected transactions or transactions where there may be a conflict of interest and ensure that they conform to the laws and regulations of the SET, and that they are reasonable transactions that benefit the Company.
6. To prepare an Audit Committee's report which must be signed by the Audit Committee Chairman and containing information required by the SET for publication in the Company's annual report.
7. To review and ensure that the Company has a sound risk management policy fully implemented with clear guidelines 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

Remuneration and Nominating Committee was established on February 20, 2009 being three non-executive independent directors acting for a three-year term. The current members are:

Name	Position
1. Mr. Chai Sophonpanich	Chairman of the Remuneration and Nominating Committee
2. Mr. Jiraphant Asvatanakul	Director of the Remuneration and Nominating Committee
3. Mr. Chandran Ratanaswami	Director of the Remuneration and Nominating Committee

The Scope of Duties and Authority

1. To determine and recommend structure, size, composition, and qualifications of the Board of Directors and committees.
2. To determine policy, criteria, qualifications and nominating procedures for the appointment of directors and committee members to replace outgoing members.
3. To recommend and nominate directors and subcommittee members from qualified candidates and submit proposals to the Directors or at a Shareholders meeting for approval.
4. To select, screen and propose a qualified person to perform the role of Chief Executive Officer (CEO) whenever this is vacant. To propose succession plans and regulations governing key management roles (CEO and top tier managers) for submission to the Board of Directors.
5. To determine a policy and structure for remuneration and other benefits for directors, board advisors, and committee members of the Company. They must be subject to transparent criteria and be commensurate with responsibilities, duties and related risks and focus on increasing shareholder value.
6. To determine a policy for remuneration of senior management that is consistent with the Company's performance and that of the executive management.
7. To determine the remuneration of the Board of Directors and committee members, proposing it to the shareholders meeting for approval.
8. To determine the remuneration of the senior management proposing it 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 Audit Committee.

c. Enterprise Risk Management Committee

Enterprise Risk Management Committee was established on February 25, 2010 with the CEO as the Committee Chairman, the Company President as Vice Chairman, and senior executives from various departments as members. The committee is supervised by the Audit Committee.

The Scope of Duties and Authority

1. To determine a risk management policy and ensure that it is consistent with the board-approved business policy and targets of the Company.
2. To monitor, assess and integrate risk management activities such as the identification and assessment of all risks faced by the Company and to follow-up on the progress and result of each risk management measure to control risks at an appropriate level.
3. To encourage the translation of risk management measures into practice and ensure that the results can be monitored and evaluated.
4. To promote the development of necessary infrastructure for the enterprise risk management program, including information technology, risk management tools, and a monitoring and reporting system.
5. To encourage the development of an enterprise risk management culture so that employees at all levels are aware of and participate in the management of risks associated with their responsibilities.
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 with the consent of the Audit Committee.

d. Investment Committee

Investment Committee was established on February 28, 1994 being three non-executive independent directors. The Investment Committee is responsible for recommending an investment policy and for providing advice on all investment matters to management. The current members are:

Name	Position
1. Mr. Chai Sophonpanich	Chairman of Investment Committee
2. Mr. Chandran Ratanaswami	Director of Investment Committee
3. Mr. Surachai Sirivallop	Director of Investment Committee

The Scope of Duties and Authority

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 ensure that the Company's investment plans are in alignment with the investment policy and risk management policy framework.
3. To monitor and ensure that investments, other related business activities and investment fund management conform with the investment policy, risk management policy, all rules and procedures for investment and all relevant legal provisions.

4. To monitor corporate governance issues ensuring transparency and the prevention of conflict of interest associated with investment transactions and other related business activities of the Company.
5. To monitor work systems, personnel and data used for the Company's investments and ensure that they are appropriate for investment management functions.
6. To report results of investment activities and other related business activities to the Board of Directors on a regular basis.
7. To perform any other duties as assigned by the Board of Directors with the consent of the Audit Committee.

The committee may also appoint other subcommittees to manage critical issues from time to time.

Nomination and Appointment of Directors and Top Management

Nomination and Appointment of Independent Directors

The Company sets out the criteria for the 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.

Nomination of Directors and Senior 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 Thai Re's Board of Directors is composed of 11 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. Most of the directors finished their studies in the field of business administration and economics and some of them graduated in accounting and law.

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 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 and group of shareholders 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.

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 operations, 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 executive chairman and 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 shareholder's 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 measures that limits the 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 a 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

1. 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 2016, a total of THB 3,880,000 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 2,530,000 and an audit fee for the four subsidiaries of THB 1,330,000. For a subsidiaries company, totaling THB 20,000 was paid to Account work Ltd.

2. Non-Audit Fee

In the fiscal year 2016, 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 non-audit service fees; and
- Did not bear any future expenses arising from unfinished assignments.

Compliance with Good Corporate Governance Principles by the Company in 2016

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 and also made it available for download via its website at www.thaire.co.th 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 respects the rights of shareholders who are entitled in their capacity as both investors and owners of the Company, to exercise their basic rights under the law.

In addition, the Company recognizes that shareholders' rights beyond such basic rights include the right to have access to critical information in a timely manner through the Company's website and the right to communicate with the Board of Directors through the channels designated by the Company.

1.2 Shareholders' Meeting

- In 2016, the Company held the Annual General Meeting of Shareholders No. 23 on April 22, 2016, which was attended by nine out of the total 11 directors.
- The notice of the meeting, meeting agenda with the Board of Directors' opinion, proxy forms prescribed by Ministry of Commerce and all 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. In 2016, the Company posted the notice of the shareholders' meeting on its website 37 days prior to the meeting date.

- In 2016, the Company submitted the notice of the shareholders' meeting and relevant documents to the shareholders 22 days in advance. The shareholders would have sufficient time to study the meeting agenda in advance.
- The Company facilitates and encourages all shareholders, to participate in a shareholder meeting in order to allow for all shareholders to equally exercise their rights at the meeting.
- A barcode system is used for meeting registration and vote counting to ensure accuracy, convenience, and speedy results.
- The meeting starts with introducing the Board of Directors, the management, the auditors and legal advisors who have been assigned as inspectors of the meeting to the shareholders.
- The Company's legal advisors are assigned to serve as inspectors to independently monitor.
- 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.
- The Company disclosed the meeting resolutions and voting results immediately after the meeting date.
- The Company made the minutes containing all material information available within 14 days after each meeting in accordance with SET requirements and 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.

[Chapter 2: Equitable Treatment of Shareholders](#)

2.1 Treatment of Shareholders

- The Company allows shareholders to suggest meeting agenda and to participate in the meeting. The shareholders can also propose the names of the candidate to become the member of the Board in 2016 Annual General Meeting of shareholders in advance starting from September 1, 2015 to December 31, 2015.
- The Company organizes the shareholders' meeting as identified in the meeting agenda and invitation letter. Also, the Company has consistently performed its business regarding established policies without adding more meeting agendas or without prior notification to the shareholders.
- All shareholders have an equal access to the Company's information. The information is always disclosed via the Company's website, Annual Report 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.

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. At the annual general meeting held in April 2016, a total number of 304 shareholders attended the meeting, 121 attended the meeting in person and 183 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.

Chapter 3: Awareness of Stakeholders' Roles

3.1 Non-Violation of Human Rights

The Company respects stakeholders' rights under the law 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. The details are available in its good governance handbook and can be downloaded from the Company's website at www.thaire.co.th.

3.2 Treatment of All Groups of Stakeholders

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

Treatment of Shareholders

- The Company ensures that shareholders receive adequate and appropriate information by disclosing all information, both financial and non-financial, to shareholders in an accurate, complete and timely manner through various channels including the Company's website, press releases.
- The Company encourages shareholders to exercise their right to attend shareholders' meetings, to cast votes at meetings, and any other rights to which they are entitled.
- The Company grants rights to shareholders to express their opinions or lodge complaints regarding the Company's business through channels indicated on the Company's website.

Treatment of Employees

The Company has provided reinsurance business including various businesses relevant to the insurance company with consideration on high quality products and customers' requirements. Therefore, employees are regarded as significant resources for the Company's sustainable growth and success. The Company strives to instill an organizational pride while simultaneously encourage every employees' career advancement. The Company, thus, realizes the importance in continuously developing and elevating its personnel's capacity while treating them fairly, providing them with an acceptable compensation compared to other organizations in the same industry. Furthermore, the Company has put a strong emphasis on employees' well-being by continually improving the Company's surrounding as well as equipment and office appliances to be safe, ready-to-use and in good condition at all times. Employees will be provided with health benefits and recreational activities as deemed appropriate. In 2016, there has been no single report of any accidents or illnesses due to the Company's business operation.

Treatment of Customers

The Company practices a code of best practices towards customers, which includes fair and non-discriminatory treatment of customers, promotion of good and sustainable relationships as specified in the Company's good management practices and anti-fraud policy:

Treatment of Business Partners, Competitors and Creditors

The Company treats 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.

In the past year, the Company had no disputes with its customers, partners, competitors and creditors which could cause a material impact.

Treatment of Regulatory Bodies and Government Agencies

The Company complies with all laws, notifications, rules and regulations stipulated by regulatory bodies and government agencies. The Company also cooperates and collaborates in corporate governance and anti-corruption measures that have been supported by 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 the environment. 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 the promotion of an efficient use of resources. The Company is determined to operate its business with fairness and display responsibility for society in general and the environment and all groups of stakeholders in its core business processes. The Company assesses the impact of its activities on society the economy and the environment. The Company also identifies operational goals that cause no impact on society and environment. Such information can be found in the Company's 2016 Sustainable Development Report or can be downloaded via the Company's website at www.thaire.co.th

3.3 Whistleblowing and Complaints Report

The Company, with the Board of Directors' approval, has adopted a policy on complaints and whistleblowing management and whistleblower protection. The details are presented in the Corporate Governance Handbook which can be downloaded from the Company's website at www.thaire.co.th.

Chapter 4: Information Disclosure and Transparency

4.1 Disclosure of Information

- It is important that the Company discloses all significant information such as business activity and financial reports to the public through various channels required by law or by authorities in a strict, complete and timely manner, by ensuring that the information disclosed is accurate, precise and relevant.
- Press releases 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 committees, the number of meetings and attendance record 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 has a requirement to report all trading transactions of securities holdings of directors and executives. The Company Secretary is assigned to collect all of such information to report to the Board of Directors.

4.2 Investor Relations

The company has provided key responsible for Investor Relations and Information Disclosure for Investor Relations in the Company's website, titled "Investor Relations".

4.4 Report on Interests

The Company has established guidelines and rules and procedures for reporting the interests of directors, executives and their related persons, which were duly approved by the Board of Directors. Such reports show compliance with 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.

[Chapter 5: Board of Directors' Responsibility](#)

5.1 Responsibility of the Board of Directors

- The Board of Directors has adopted a corporate governance policy and code of ethics and this has been disseminated to all employees. All employees must acknowledge and comply with the policy and code of ethics which will be reviewed to ensure full compliance by all employees on a regular basis.
- The Board of Directors has a duty to determine the Company's vision and mission to put executives and employees in a position to work towards a common goal. In 2016, the Board of Directors reviewed and approved the vision, mission, strategy, targets and direction of the business of the Company. At the same time a review of the Company's policies ensured that the company operated under the rules of sound corporate governance and ethical business practice such as the policy on corporate governance, the adoption of an anti-corruption policy.
- The Board of Directors monitors and ensures that the Company's strategies are put into practice. At every quarterly meeting, the Board of Directors follow up on the management 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 being 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.

5.2 Self-Evaluation of the 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 2016 equal to 3.80 points out of 4 points, an decrease from the 2015 score of 3.83 points.

Apart from that, the Board of Directors also arranged for an evaluation of the committees. The overall evaluation result of the year 2016 showed that all committees 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 the CEO and other top executives on an annual basis at the last meeting of the year to be a basis for consideration of their compensation. In this respect, the Remuneration and Nominating Committee shall consider and recommend compensation rate for the 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 are able to develop and improve their skills.

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.

In addition, the Company has prepared a succession plan for the 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.

Corporate Social Responsibility

Policy Overview

Thai Re and its subsidiary and associate companies' main objectives are to operate their business to optimum levels to benefit the Thai insurance sector and the country's overall economy. The Company strongly adheres to a good governance policy and social responsibility to strengthen the insurance industry and the overall economy of the country which supports the Company's sustainability into the future.

The commitment of the Company is to build a strong society that leads to sustainable growth and long term development through: -

- The establishment of long term development for the insurance industry and Thai society through introduction of new products and service innovation to encourage mutually beneficial partnerships with all consumers and businesses.
- Financial security for customers, business partners, shareholders, employees as well as direct and indirect stakeholders of the Company and insurance business by utilization of its own resources and business skills.
- The establishment of social awareness and environmental protection through the integration of socially responsible principles into every business operation of the Company.

CSR Activities and Reports

In its core business processes, the Company is mindful of the adverse impact on society, stakeholders and the environment these may have. As a result, the Company ensures that its business does not affect neighboring communities and society in general, all of which is in line with its policy on corporate, social and environmental responsibilities. Sound corporate governance practices, observance of the law and the rights of individuals are all taking into consideration. The generation of financial returns sustainable business development for shareholders and stakeholders' interests are sought without harming society and the environment.

In 2016, the Company produced its first Sustainable Development Report to publicize its CSR activities that support sustainable development in tandem with the Global Reporting Initiative (GRI) framework so that all stakeholders have access to relevant information. The report is available in Thai and English and can be downloaded from the Company's website at www.thaire.co.th.

Anti-Corruption Activities

Since 2000 the Company has seriously adopted a policy to act against corruption and bribery for commercial benefit. The policy is a part of the Company's business ethics code in respect of best practices towards customers, competitors, and state agencies. Details about THRE's CSR activities in 2016 are provided in the Sustainable Development Report 2016, which can be downloaded from the Company's website at www.thaire.co.th.

CSR Plan

The Company commits to operate in a safe, fair, and socially and environmentally responsible manner towards society, the environment and all groups of stakeholders involved in the core business processes of the Company.

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 the Audit Committees to review and issue quarterly report to the Board of Directors. In the 2016 report, the Audit Committees also agreed that transactions and related activities were disclosed completely and righteously. The related party transactions are summarized as shown below.

Reinsurance

(Unit: THB Million)

Company Involved	Written Premium		Account Receivable		Premium Ceded		Account Payable		Name of Directors
	2016	2015	2016	2015	2016	2015	2016	2015	
Krungthai Panich Insurance PCL.	5.2	5.2	4.0	1.6	0.1	0.1	3.3	2.3	Mr. Kerati Panichewa
Thaivivat Insurance PCL.	154.6	128.1	28.9	4.3	54.1	0.1	3.8	0.4	Mr. Jiraphant Asavatanakul
Bangkok Insurance PCL.	363.6	347.5	33.6	25.6	45.8	39.4	16.6	16.5	Mr. Chai Sophonpanich Ms. Potjanee Thanavarant
Bangkok Life Assurance PCL.	-	31.9	-	-	-	-	-	-	Mr. Chai Sophonpanich
The Navakij Insurance PCL.	19.4	71.0	-	10.8	1.9	8.4	-	3.3	Mr. Suchin Wanglee
Falcon Insurance PCL.	82.6	51.0	8.3	2.9	3.9	3.9	2.5	2.2	Mr. Suchin Wanglee Mr. Oran Vongsuraphichet
Muang Thai Insurance. PCL.	821.0	373.2	30.5	5.0	1.5	0.2	48.0	10.4	Mr. Sara Lamsam
Muang Thai Life Assurance PCL.	-	68.5	-	-	-	-	-	-	Mr. Sara Lamsam
Thai Life Insurance PCL.	-	0.4	-	-	-	0.9	-	-	Mr. Apirak Thaipatanagul
Total	1,446.4	1,076.8	105.3	50.2	107.3	53.0	74.2	35.1	

Company Involved	Commission & Brokerage Income		Commission & Brokerage Expenses		Claims Recovery		Claims Expenses		Name of Director
	2016	2015	2016	2015	2016	2015	2016	2015	
Krungthai Panich Insurance PCL.	-	0.1	0.6	0.8	3.7	6.0	(0.9)	10.5	Mr. Kerati Panichewa
Thaivivat Insurance PCL.	25.6	-	61.4	53.1	1.3	(4.6)	16.2	18.3	Mr. Jiraphant Asavatanakul
Bangkok Insurance PCL.	18.1	15.8	129.1	123.2	34.4	50.9	144.2	80.2	Mr. Chai Sophonpanich Ms. Potjanee Thanavaranit
Bangkok Life Assurance PCL.	-	-	-	8.5	-	-	-	34.5	Mr. Chai Sophonpanich
The Navakij Insurance PCL.	0.8	4.0	8.0	28.1	0.4	(36.4)	7.7	43.0	Mr. Suchin Wanglee
Falcon Insurance PCL.	1.6	1.5	35.6	27.8	(8.1)	1.3	28.9	(0.2)	Mr. Suchin Wanglee Mr. Oran Vongsuraphichet
Muang Thai Insurance PCL.	0.3	0.2	318.9	147.5	10.9	15.6	355.3	189.9	Mr. Sara Lamsam
Muang Thai Life Assurance PCL.	-	-	-	11.2	-	-	-	24.3	Mr. Sara Lamsam
Thai Life Insurance PCL.	-	0.2	-	-	-	0.2	-	-	Mr. Apirak Thaipatanagul
Total	46.4	21.8	553.6	400.2	42.6	33.0	551.4	400.5	

Other Services (Performed by Subsidiary Companies)

(Unit: THB Million)

Company Involved	Service Income		Account Receivable		Accrued Revenue		Name of Director
	2016	2015	2016	2015	2016	2015	
Krungthai Panich Insurance PCL.	1.3	0.5	-	-	-	-	Mr. Kerati Panichewa
Road Accident Victims PCL.	0.4	0.2	-	-	-	-	Mr. Jiraphant Asavatanakul
Thaivivat Insurance PCL.	0.2	0.2	-	-	-	-	Mr. Jiraphant Asavatanakul
Bangkok Insurance PCL.	8.1	5.8	0.6	0.5	-	-	Mr. Chai Sophonpanich
The Navakij Insurance PCL.	-	1.9	-	-	-	0.3	Mr. Suchin Wanglee
Falcon Insurance PCL.	0.2	0.3	-	-	-	-	Mr. Suchin Wanglee Mr. Oran Vongsuraphichet
Muang Thai Insurance PCL.	19.7	16.6	1.2	1.6	-	-	Mr. Sara Lamsam
Muang Thai Life Assurance PCL.	-	1.5	-	-	-	-	Mr. Sara Lamsam
Total	29.9	27.0	1.8	2.1	-	0.3	

Investment in Securities

(Unit: THB Million)

Company Involved	Type of Investment	Investment Fund (Market Value)		Dividend / Interest		Name of Director
		2559	2558	2559	2558	
Bangkok Insurance PCL.	Common Stock	422.2	440.7	15.7	14.8	Mr. Chai Sophonpanich Ms. Potjanee Thanavarani
Muang Thai Insurance PCL.	Common Stock	25.8	28.1	1.2	1.1	Mr. Sara Lamsam
Total		448.0	468.8	16.9	15.9	

All of the investments mentioned above were traded in the Stock Exchange of Thailand as long-term investments. 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 1.9 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	Service income		Service expenses		Dividend income		Acquisition of land and building		Name of Director
	2016	2015	2016	2015	2016	2015	2016	2015	
Thaire Training Co., Ltd.	0.1	0.6	0.3	0.4	4.3	3.6	-	-	Mr. Surachai Sirivallop Mr. Oran Vongsuraphichet
Thaire Life Assurance PCL.	-	0.4	-	-	-	25.0	-	-	Mr. Surachai Sirivallop / Mr. Jiraphant Asavatanakul Mr. Oran Vongsuraphichet
Thaire Services Co., Ltd.	0.1	-	13.0	9.3	-	-	-	-	Mr. Surachai Sirivallop Mr. Oran Vongsuraphichet
Thaire Actuarial Consulting Co., Ltd.	3.5	-	-	-	-	-	-	-	Mr. Surachai Sirivallop Mr. Oran Vongsuraphichet
EMCS Thai Co., Ltd.	-	-	-	-	12.3	19.7	58.0	-	Mr. Chai Sophonpanich/ Mr. Surachai Sirivallop Mr. Oran Vongsuraphichet
Total	3.7	1.0	13.3	9.7	16.6	48.3	58.0	-	

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.

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

Overall Performance

As for 2016 overall performance, the Company recorded net profit at THB 278 million, a decline of 89.5 percent compared to the previous year. The Company's net profit from regular business performance equaled THB 551 million, representing a drop of 11.0 percent.

Nevertheless, the Company's profits derived from its reinsurance business with net premium written amounted to THB 3,404 million, representing an increase of 2.7 percent. The Combined ratio was 92.5 percent, better than that of 2015 which recorded at 95.3 percent while investment income on its regular business was THB 364 million, representing an increase of 9.6 percent.

Overall performance of non-conventional VS conventional business

Non-Conventional

(Unit : THB Million)

	2016	2015	Growth (Percent)
Gross Premium Written	3,665	4,266	-14.1
Net Premium Written	2,133	2,536	-15.9
Underwriting Profit (Loss) ¹	166	52	218.3
Loss Ratio (Percent)	46.5	50.2	-3.7 ppt.
Combined Loss and Commission Ratio (Percent)	92.7	99.2	-6.5 ppt.

Note: ¹ Excluded operating expenses

The Company has continued to emphasize on non-conventional reinsurance by cooperating with customers to successfully develop new products and distribution channels. In 2016, the Company initiated more than 20 new contracts. However, the Company had managed its risk to be in line with risk-based capital set forth by Office of Insurance Commission. Therefore, the Company had a partial of retrocession for contract with coverage of more than one year. Consequently, net premium written were recorded at THB 2,133 million, a drop of 15.9 percent, resulting from a decrease in claims amount in 2016 compared to the previous year. In 2015, loss ratio was recorded at 50.2 percent and dropped to 46.5 percent in 2016 while combined ratio was 92.7 percent, better than 99.2 percent in 2015.

Conventional

(Unit : THB Million)

	2016	2015	Growth (Percent)
Gross Premium Written	1,518	996	52.3
Net Premium Written	1,271	778	63.3
Underwriting Profit (Loss) ¹	284	356	-20.1
Loss Ratio (Percent)	37.8	15.5	22.3 ppt.
Combined Loss and Commission Ratio (Percent)	74.3	54.5	19.8 ppt.

Note: ¹ Excluded operating expenses

The Company's conventional business recorded its net premium written at THB 1,271 million, representing a growth of 63.3 percent. A major factor for such growth was a continued expansion in the Company's motor insurance with a combined ratio of 74.3 percent, an increase from 54.5 percent in 2015. As for 2016 and 2015, the Company had no reported any major loss, coupled with a revised outstanding loss to lower 2015 pending claim; thus, the combined ratio was deemed satisfactory.

Reinsurance Results

(Unit : THB Million)

	2016	2015	Growth (Percent)
Gross Premium Written			
Property	367	369	-0.5
Marine	60	62	-3.2
Motor	752	315	138.7
Miscellaneous	4,004	4,515	-11.3
Total	5,183	5,261	-1.5
Net Premium Written			
Property	258	267	-3.4
Marine	47	45	4.4
Motor	752	315	138.7
Miscellaneous	2,347	2,686	-12.6
Total	3,404	3,313	2.7
Underwriting Profit (Loss) ¹			
Property	118	137	-13.9
Marine	31	14	121.4
Motor	99	122	-18.9
Miscellaneous	197	124	58.9
Total	445	397	12.1
Loss Ratio (Percent)			
Property	8.6	3.0	5.6 ppt.

	2016	2015	Growth (Percent)
Marine	-4.4	15.3	-19.7 ppt.
Motor	51.8	30.0	21.8 ppt.
Miscellaneous	46.8	49.1	-2.3 ppt.
Total	43.7	44.2	-0.5 ppt.
Combined Loss and Commission Ratio (Percent)			
Property	54.0	46.5	7.5 ppt.
Marine	43.5	67.9	-24.4 ppt.
Motor	81.3	63.3	18 ppt.
Miscellaneous	88.0	94.5	-6.2 ppt.
Total	83.5	88.5	-5.0 ppt.

Note: ¹ Excluded operating expenses

- **Property:** In 2016, the Company experienced a cancellation of market agreement from some customers, resulting in a decline of gross premium written and net premium written to be reported at THB 367 million and THB 258 million respectively, representing a decline of 0.5 percent and 3.4 percent from the year earlier respectively. However, the combined ratio in 2016 was 54.0 percent compared to 46.5 percent in 2015, representing an increase of 7.5 percentage points as a result of higher claims incurred. Loss ratio was recorded at 8.6 percent, enabling the Company to gain underwriting profits of THB 118 million.

- **Marine:** In 2016, the Company's gross premium written was equivalent to the previous year, representing 1 percent of total gross premium written within local. Gross premium written equaled THB 60 million, a drop of 3.2 percent whereas net premium written were recorded at THB 47 million, an increase of 4.4 percent since the Company had retained higher than. As for 2016, loss ratio was minus 4.4 percent due to a reduction of the outstanding loss of pending claims. Therefore, in 2016, the Company's underwriting profits before deducting operating expenses were at THB 31 million, a rise of 121.4 percent from the year before.

- **Motor:** In 2016, the proportion of gross premium written for motor insurance was equivalent to 15 percent of total gross premium written within local, representing a rise of 6 percent from the previous year owing to business expansion policy of motor insurance sector. In 2016, the Company's gross premium written and net premium written were equally recorded at THB 752 million, an increase of 138.7 percent from the year earlier. Loss ratio was 51.8 percent, an increase of 21.8 points compared to the previous year. This was due to the fact that an increase of motor insurance was primarily general vehicles and vehicles used for commercial purpose. Such vehicle sector had a loss ratio during 2014-2015 no less than 60 percent (referred from data of Office of Insurance Commission) Consequently, profits from motor business before deducting operating expensed were THB 99 million, representing a decline of 18.9 percent.

- **Miscellaneous:** This type of insurance includes all other insurances apart from those three categories mentioned above; for example, personal accident and health insurance etc. As for 2016, the proportion of gross premium written was at THB 4,004 million or equivalent to 77 percent while net premium written was THB 2,347 million, a decline of 11.3 and 12.6 percent owing to the fact that the Company had a partial of retrocession for contract with

coverage of more than one year. Loss ratio was 46.8 percent, a drop of 2.3 points while profits before deducting operating expenses were THB 197 million, representing a rise of 58.9 percent.

Overseas Non-Life Reinsurance

(Unit : THB Million)

	2016	2015	Growth (Percent)
Gross Premium Written	0.2	1.3	-100.0
Net Premium Written	0.1	1.3	-100.0
Underwriting Profit (Loss) ¹	(5.1)	23.5	-121.7
Loss Ratio (Percent)	2,131.7	(1,736.5)	
Combined Loss and Commission Ratio (Percent)	2,217.3	(1,670.7)	

Note: ¹ Excluded operating expenses

The Company is in the process of product research and development in order to penetrate AEC market. Therefore, the Company has not set any insurance premiums for newly acquired overseas contracts. Current contracts are existing contracts that have been extended their expiration date.

As for 2016, the Company had paid claims incurred for reinsurance contracts acquired before 2016, resulting in the losses of THB 5 million from its reinsurance business.

According to the overview of underwriting performance in 2016, the Company recorded gross premium written at THB 5,183 million, a decline of 1.5 percent from the year earlier and such amount was lower than the expansion of reinsurance premiums of industry which had been expanded at approximately 3.0 percent (referred from information provided by the Company's Research Department) Moreover, net premium written were at THB 3,404million, an increase of 2.7 percent. The Company's profits after deducting operating expenses were recorded at THB 451 million, representing an increase of 10.5 percent. Loss ratio is equivalent to the previous year which was 43.6 percent while the combined ratio was recorded at 86.4 percent or a decrease of 4.1 points compared to the year before.

(Unit : THB Million)

	2016	2015	Growth (Percent)
Gross Premium Written	5,183	5,262	-1.5
Net Premium Written	3,404	3,314	2.7
Underwriting Profit (Loss) ¹	451	408	10.5
Loss Ratio (Percent)	43.6	43.6	0 ppt.
Combined Loss (Percent)	86.4	90.5	-4.1 ppt.

Note: ¹ Excluded operating expenses

Investment

(Unit : THB Million)

Investment Assets	December 31, 2016		December 31, 2015	
	Amount	Proportion (Percent)	Amount	Proportion (Percent)
Bonds and Treasury Bills	1,890	20.7	1,161	11.8
Stocks ^{/1}	2,304	25.3	2,905	29.5
Deposits	2,046	22.5	2,248	22.8
Loan	38	0.4	24	0.2
Unit Trusts	2,831	31.1	3,512	35.7
Total	9,109	100.0	9,850	100.0

^{/1}
Note: Included Investment in Subsidiaries

As of the end of 2016, the Company recorded investment assets of THB 9,109 million, a partial of which was allocated for investment in THREL. In 2015, THREL's status was one of the Company's subsidiaries and had been changed to become an associated company. THREL's investment proportion was reduced by 24.83 percent in the first quarter of 2015. Subsequently, the Company had reduced the ratio of THREL investment once again in the second quarter of 2016 which was 17.47 percent. Investment money was changed to available-for-sale investment to enable THREL investment to be wholly employed as the Company's funds according to CAR ratio set forth by Office of the Insurance Commission.

As a result of such implementation, the value investment funds have been adjusted to a fair value in each period of change in investment funds to be in compliance with accounting standard issue no. 105 "Accounting for investment funds in debt and equity Securities", resulting in a deficit of THB 318.4 million in 2016 whereas in 2015, the Company had profits of THB 2,580 million owing to a status change of investment funds.

Incomes derived from investment in 2016 (not included an impact from the decrease of investment ratio in THREL) accounted for THB 364 million while return on investment (including tax benefits) was estimated at 4.68 percent

The Operating Result of the Subsidiaries (Service providers)

(Unit: THB Million)

Company Name	Nature of Business	Share (percent)	Income *	Profit (Loss) *
EMCS Thai Co., Ltd. (EMCS)	Provision of computer service in relation to motor insurance claims and related statistics	49	116.3	44.9
Thaire Services Co., Ltd.	Provision of computer service, health insurance claims and supporting services.	100	160.6	16.6
Thaire Life Assurance Broker Co., Ltd.	life insurance broker	100	3.3	1.0
Thaire Actuarial Consulting Co., Ltd.	Actuarial service	100	2.5	(3.3)

* Income and Profit (Loss) before deduction of related party transactions

The subsidiaries and associate companies' operating performance, when compared to income calculated by equity method, represent approximately 6.5 percent of the Company's net premium written. The overall operating performance calculated by equity method was THB 36 million, which was similar to the previous year.

Financial Information

Assets

At the end of 2016, the Company and its subsidiaries had total assets under the consolidated statement of financial position of THB 14,418 million, a decline of 4.6 percent compared to the year 2015.

The proportion of major assets include investment assets 64 percent, reinsurance assets and receivables from reinsurance contracts, making up the total of 20 percent, including land, building, equipment and other assets which are accounted for 16 percent.

- Investment assets have a ratio of 64 percent of total assets which are estimated at THB 9,109 million, a drop of 7.5 percent from the previous year. Investment assets consist of capital stocks, unit trusts and bank deposits.
- Reinsurance assets and receivables from reinsurance contracts make up the ratio of 20 percent of total assets or equivalent to THB 2,924 million which is almost the same compared to the previous year. Reinsurance assets are premiums reserves recovered from the reinsurer which were recorded at 1,946 million, drop of 7.7 percent. For receivables from reinsurance contracts, were recorded at THB 1,001 million, an increase of 21.7 percent resulting from expansion in underwriting during the last quarter of 2016. Such premium will be due in the first quarter of 2017.
- Property, building, equipment and other assets employed in the reinsurance business comprise the ratio of 16 percent of total assets or equipment to THB 2,362 million which is similar to that of the year before.

Liability

Liabilities according to the consolidated financial statements at the end of 2016 were THB 9,015 million, representing a decline of 6.6 percent. Major liabilities include reinsurance liabilities which will be discussed below:

- Insurance contracts liabilities and due to reinsurers had a ratio of 61 percent of total liabilities or equivalent to THB 5,534 million, representing an increase of 2.9 percent. Most liabilities from insurance contracts consist of premium and compensation claim reserves which are accounted for THB 4,183 million, a decrease of 1.0 percent. Liabilities from creditors of the reinsurance company are estimated at THB 1,351 million, an increase of 17.1 percent. Major items are partial reinsurance contracts with coverage of more than a year which will be paid in the beginning of 2017.
- Net advance received for premiums equal THB 2,521 million or 28 percent of total liabilities, resulting from long-term reinsurance policy premiums received in advance, recognized as revenue by installments throughout the duration of policy coverage.

Owner's equity

Owner's equity in the Company according to the consolidated financial statement at the end of 2016 was recorded at THB 5,320 million, a decline of 1.7 percent with the accounting value of 1.262 baht per share, a decline of 0.02 baht per share compared to the previous year. Major items consist of the following:

- **Retained earnings Un-appropriated** of THB 1,267 million, a decline from that of 2015 since during 2016, the Company paid the interim dividend from profits based on financial budget of special business performed between January and June 2016 at the rate of 0.10 baht per share, making up a total of THB 421 million. Legal reserves were estimated at THB 44 million while net profits from operating performance in 2016 equaled THB 278 million.
- **Statutory reserve** in 2016, the Company recorded net profits from its business operations at THB 875 million. Of this amount, the Company had allocated THB 44 million as legal reserves as indicated in Section 116 of Public Limited Companies Act 2535.

Financial Highlights (Ten-Year Record)

(Unit: Thousand Baht)

Consolidated financial statements	2016	2015	2014** (Restated)	2014	2013	2012	2011	2010* (Restated)	2009	2008	2007
Gross Written Premium	5,182,854	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
Net Written Premiums	3,403,849	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
Net Underwriting Profit (Loss) ¹	263,601	275,516	(2,149,961)	(1,812,367)	(4,320,460)	(6,092,599)	(2,352,098)	267,336	568,682	484,218	348,785
Net Investment Income	37,640	2,843,658	591,202	591,202	741,306	727,168	272,128	440,137	146,364	168,362	295,003
Net Income (Loss) from Services	57,868	62,872	49,015	49,015	61,809	44,647	21,242	(14,702)	(594)	14,998	12,902
Profit (Loss) before tax	346,932	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
Net Profit (Loss)	277,655	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
Total Assets	14,417,932	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
Total Liabilities	9,037,635	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
Share capital paid up	4,214,994	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
Capital Funds (Shareholders' Equity)	5,320,426	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
Book Value per share (Baht)	1.26	1.28	0.72	0.72	0.65	0.99	0.61	2.50	2.04	1.73	2.08
Dividend Per Share (Baht)	0.15	-	-	-	-	-	0.20	0.41	0.40	0.36	0.38

Consolidated financial statements	2016	2015	2014** (Restated)	2014	2013	2012	2011	2010* (Restated)	2009	2008	2007
Ratio (Percent)											
Return on Revenue	6.9	40.8	(28.2)	(28.2)	(42.7)	(69.1)	(26.8)	13.6	13.7	12.9	15.7
Return on Net Written Premiums	8.2	80.1	(43.8)	(32.2)	(50.4)	(81.2)	(28.8)	15.7	14.7	13.7	17.4
Return on Equity	5.2	62.7	(73.3)	(73.3)	(97.4)	(206.9)	(89.9)	20.4	23.2	20.9	21.4
Return on Assets	1.9	17.8	(9.2)	(9.2)	(9.1)	(14.7)	(9.5)	6.9	10.1	9.6	10.7
Return on Investment	0.5	28.7	4.5	4.5	4.4	4.9	3.4	9.3	3.8	4.6	7.8
Loss Ratio ²	43.6	43.6	101.2	85.3	136.1	169.9	103.7	48.9	40.8	42.3	44.2
Acquisition Ratio ³	48.8	51.7	46.7	44.4	42.3	44.1	43.1	43.9	42.0	42.1	41.5
Combined Ratio	92.4	95.3	147.9	129.7	178.4	214.0	146.8	92.8	82.8	84.4	85.7
Solvency Ratio	157.7	127.7	59.7	43.9	51.8	39.2	32.1	77.0	63.2	65.6	81.1
Current Ratio (times)	1.2	1.1	1.1	1.1	1.0	1.1	1.1	1.1	0.5	0.6	0.6
Reserve Ratio ⁴	249.8	227.2	151.3	111.2	218.7	272.2	120.3	144.3	132.5	125.3	150.6

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.

2. Capital Fund (shareholder's 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

* 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".

Note:

1. Net of other operating expenses, bad debts and doubtful accounts

2. Loss incurred expressed as a percentage of earned premiums

3. A ratio of total commission to earned premium plus total incurred expenses to net written premiums

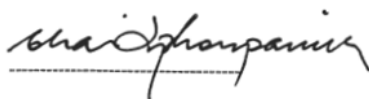
4. Aggregation of Unpaid losses, Unearned premium reserve and Life policy reserve

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

The Board of Directors of Thai Reinsurance Public Company Limited has duty and responsibility in monitoring the business operations to be in compliance with good governance policy. The Board is also accountable for the Company and its subsidiaries' financial statement, including any financial information that can be seen in the Company's annual report. This year's financial statement terminated on December 31, 2016 and was established with regard to financial reporting standards issued under the Accounting Profession Act B.E. 2547 as well as accounting methods concerning to insurance business in Thailand and relevant criteria specified by Office of Insurance Commission. The Company has employed and consistently adhered to appropriate to accounting strategy. In addition, the Company has adequately disclosed information in the Notes to consolidated financial statements which has been inspected and approved by the Company's auditor.

The Board of Directors has set up and upheld risk management, internal control, internal audit and appropriate monitoring policies to ensure that the Company has recorded accurate and complete accounting data on time, in order to maintain its assets as well as prevent any risks arising from its business operations or any irregular operations. To achieve this purpose, the Board of Directors has appointed the Audit Committee comprising of independent directors who are not a Board member and are deemed experts in the insurance business to be responsible for monitoring such issues. The opinion and suggestion of the Audit Committee are disclosed in the audit report which in turn has been presented in the Company's Annual Report.

The Board of Directors recognizes that the Company's overall internal control is adequate and appropriate; therefore, the Company's and its subsidiaries' financial statement are trustworthy and credible on their statement of financial position, including operating performance and cash flows have been properly disclosed.



Chai Sophonpanich
Chairman



Oran Vongsuraphichet
Director and Chief Executive Officer

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 Thanavarani. 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 2016, 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 2016 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 2016).
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 as follows:

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

Opinion

I have audited the accompanying consolidated financial statements of Thai Reinsurance Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of income, comprehensive income, changes in owners' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Thai Reinsurance Public Company Limited for the same period.

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 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

I draw attention to the matters as discussed in Notes 2 and 3 to the consolidated financial statements that during the current year, the Company's financial statements are presented in accordance with the new format as specified in the Notification of the Office of Insurance Commission dated 4 March 2016, which became effective as from 1 January 2016, and the Company adopted revised and new financial reporting standards as issued by the Federation of Accounting Professions. My opinion is not qualified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Recognition of reinsurance premiums

The majority of the Company's revenue was earned reinsurance premiums amounting to Baht 3,349 million, representing 74 percent of total revenues of the Group. For the reinsurance business, the Company has entered into both facultative reinsurance and treaty reinsurance contracts with clients that are non-life insurance companies. The contracts contain various conditions relating to the type of business, percentage of reinsurance and coverage periods, among others. In addition, for reinsurance premiums under these reinsurance contracts to be recognised, the reinsurance contracts have to meet the criteria and definition of insurance contracts under Thai Financial Reporting Standards. The Company's management is required to exercise judgment in considering this and reviewing the classification of insurance contracts. Therefore, I addressed the measurement and occurrence of earned reinsurance premiums as a key audit matter.

The audit procedures I performed were to assess and test, on a sampling basis, the Company's internal controls relevant to the recognition of revenue from each type of reinsurance contracts, assessing the methodology and assumptions used in the tests of insurance contract classification and testing the accuracy and completeness of the data used by the Company for the tests of classification. I also examined, on a sampling basis, the amounts of reinsurance premiums which occurred during the year and near the period-end against the statements of account received from reinsurers. In addition, I performed analytical procedures of the gross premiums disaggregated into premiums by type of reinsurance.

Claim reserves

As discussed in Note 16 to the consolidated financial statements, as at 31 December 2016 the Company's claim reserves, which is part of insurance contract liabilities, amounted to Baht 2,144 million, representing 24 percent of total liabilities of the Group. The claim reserves and outstanding claims are estimates of losses from both claims incurred and reported and claims incurred but not reported made by the management of the Group and the major assumptions used are determined with reference to actual historical data. These assumptions require management to exercise substantial judgment and are inherently uncertain. Such estimates are also dependent on the accuracy of the data related to the number, amounts and pattern of both current and historical claims incurred. I therefore addressed the adequacy of claim reserves as a key audit matter.

I performed audit procedures by evaluating and testing, on a sampling basis, the Company's internal controls relevant to recording of claims, and assessing the appropriateness of methodology and assumptions used in estimating the claim reserves. On a sampling basis, I examined the data used in the estimation against the Company's current and historical claims data, and examined supporting documents and loss reports from reinsurers for major claims files against accounting records of such losses.

Deferred tax assets

As discussed in Note 15 to the consolidated financial statements, as at 31 December 2016, the Company had deferred tax assets in respect of loss carry forwards amounting to Baht 858 million. According to the Company's management, it is highly probable that the Company's taxable profit will be sufficient to allow the utilisation of the deferred tax assets in the future. In determining whether there will be sufficient future taxable profit to utilise taxable

losses, significant management judgment is required with respect to the preparation of projections of future taxable profit. Therefore, I addressed the value of deferred tax assets as a key audit matter.

I gained an understanding of the process by which the Company forecast the utilisation of the tax loss carryforwards for deferred tax asset recognition purposes, which was approved by the Company's Board of Directors. I assessed the future taxable profit projections by checking, on a sampling basis, the required information and key assumptions used in the projections against information from both internal and external sources. I also tested the calculation of estimated future taxable profits based on the above information and assumptions, and reviewed the disclosures made in relation to the deferred tax assets.

Profit commissions from reinsurance contract

During the year 2016, the Company had profit commissions from a ceded reinsurance contract amounting to Baht 255 million, representing 6 percent of total revenues of the Group. These profit commissions were included in the commissions and brokerages income account. Such transaction is a shared profit under a ceded reinsurance contract made with a reinsurance company, whereby the Company is to receive a percentage of the cumulative reinsurance profit over the term of the reinsurance contract.

As discussed in Note 4.2 to the consolidated financial statements, the accounting policy for recognition of profit commissions from reinsurance contract requires the Company to estimate the year-on-year increase in the profit commissions to be recognised as income for each year. The Company's management is required to exercise judgement in estimating the loss ratios that are expected to be incurred in the future, over the term of the contract. I therefore addressed the estimation of profit commissions from reinsurance contract as a key audit matter.

I gained an understanding of the process by which profit commissions from reinsurance contract is estimated and assessed the estimates by checking the required information and key assumptions used in the estimation process. I also performed comparative analysis of key assumptions used and the Company's historical claims development data, and tested the calculation of the estimates on the basis of the above information and assumptions.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Miss Ratana Jala.



Ratana Jala

Certified Public Accountant (Thailand) No. 3734

EY Office Limited

Bangkok: 23 February 2017

Thai Reinsurance Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated			Separate		
		financial statements			financial statements		
		31 December 2016	31 December 2015 (Restated)	1 January 2015	31 December 2016	31 December 2015 (Restated)	1 January 2015
Assets							
Cash and cash equivalents	6	833,694,269	798,698,229	1,321,307,749	745,545,538	761,717,931	1,216,705,546
Accrued investment income		15,321,566	24,562,090	53,858,894	15,101,409	24,462,489	42,475,632
Reinsurance assets	7	1,946,076,294	2,108,046,524	1,060,425,115	1,946,076,294	2,108,046,524	1,057,094,627
Receivables from reinsurance contracts	8, 21	1,001,003,782	822,525,179	1,307,872,094	1,001,003,782	822,525,179	969,078,744
Investment assets							
Investments in securities	9, 21, 31, 32	8,237,470,777	7,205,526,707	7,972,064,602	8,167,243,882	7,181,356,552	6,550,154,344
Loans	10	37,749,050	24,415,821	30,651,403	37,749,050	24,415,821	30,651,403
Investments in subsidiaries	11	-	-	-	164,699,420	75,199,685	324,199,615
Investments in associated companies	11, 12.1	-	1,821,844,213	-	-	145,770,230	-
Property, buildings and equipment	13	281,231,620	224,249,411	267,229,437	159,541,981	94,113,660	106,539,720
Intangible assets	14	90,004,362	51,072,433	17,005,377	66,640,442	36,992,895	12,508,236
Deferred tax assets	15.1	900,371,123	966,991,715	1,543,377,380	896,639,754	1,267,365,020	1,519,943,447
Other assets							
Deferred commissions and brokerages expenses	21	842,370,417	863,630,642	887,424,823	842,370,417	863,630,642	813,610,601
Cash pledged as collateral securities		99,777,756	99,063,028	112,715,427	99,777,756	99,063,028	112,715,427
Corporate income tax refundable		30,214,403	32,521,295	34,178,265	22,425,124	25,597,981	27,763,954
Deferred excess of loss		3,966,667	-	7,200,000	3,966,667	-	7,200,000
Others	21	98,680,124	68,800,405	66,322,408	54,753,727	36,150,309	26,686,864
Total assets		14,417,932,210	15,111,947,692	14,681,632,974	14,223,535,243	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 2016

(Unit: Baht)

	Note	Consolidated			Separate		
		financial statements			financial statements		
		31 December 2016	31 December 2015 (Restated)	1 January 2015	31 December 2016	31 December 2015 (Restated)	1 January 2015
Liabilities and owners' equity							
Liabilities							
Bank overdraft from financial institution	19	-	10,962,523	1,715,435	-	-	-
Long-term loans	20	13,457,000	18,365,000	23,273,000	-	-	-
Insurance contract liabilities	16, 21	4,182,976,974	4,222,955,137	4,757,042,715	4,182,976,974	4,222,955,137	4,299,655,049
Due to reinsurers	17, 21	1,351,050,222	1,153,266,526	845,308,548	1,351,050,222	1,153,266,526	562,258,023
Income tax payables		4,654,354	4,439,640	43,352,940	-	-	-
Employee benefit obligations and payables	18	71,963,175	44,927,182	38,992,123	58,087,205	34,100,758	28,233,093
Deferred tax liabilities		-	-	202,052	-	-	-
Other liabilities							
Advance received for premium, net	21	2,521,041,006	3,555,955,316	4,796,381,042	2,521,041,006	3,555,955,316	4,796,381,042
Deferred commissions and brokerages income	21	272,254,410	295,972,233	25,257,012	272,254,410	295,972,233	25,222,618
Cash received to pledge as collateral		242,758,058	242,758,058	234,566,519	242,758,058	242,758,058	234,566,519
Profit commission reserve for reinsurance contract	8	238,579,449	-	-	238,579,449	-	-
Advance received for claim recovery		49,615,708	49,052,434	66,218,750	49,615,708	49,052,434	66,218,750
Dividend payables		2,284,037	2,330,391	2,462,672	2,284,037	2,330,391	2,446,371
Others	21	87,001,035	54,607,727	64,650,635	58,173,966	31,442,102	32,929,910
Total liabilities		9,037,635,428	9,655,592,167	10,899,423,443	8,976,821,035	9,587,832,955	10,047,911,375
Owners' Equity							
Share capital	24						
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	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	4,214,993,832	4,214,993,832
Premium on share capital		-	-	6,206,965,221	-	-	6,206,965,221
Retained earnings							
Appropriated							
Statutory reserve	23	52,000,000	7,550,000	184,226,400	45,500,000	1,500,000	118,776,400
General reserve		-	-	106,000,000	-	-	106,000,000
Emergency reserve		-	-	44,000,000	-	-	44,000,000
Unappropriated (deficits)		1,267,427,399	1,457,759,190	(10,006,274,293)	437,166,329	28,255,786	(7,940,382,855)
Other components of owners' equity	9.3	(213,995,624)	(267,644,279)	2,303,652,704	549,054,047	(266,174,627)	19,064,187
Equity attributable to owners of the Company		5,320,425,607	5,412,658,743	3,053,563,864	5,246,714,208	3,978,574,991	2,769,416,785
Non-controlling interests of the subsidiaries		59,871,175	43,696,782	728,645,667	-	-	-
Total owners' equity		5,380,296,782	5,456,355,525	3,782,209,531	5,246,714,208	3,978,574,991	2,769,416,785
Total liabilities and owners' equity		14,417,932,210	15,111,947,692	14,681,632,974	14,223,535,243	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 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015 (Restated)	2016	2015 (Restated)
Continuing operations					
Revenues					
Gross reinsurance premium written		5,182,854,311	5,262,398,334	5,182,854,311	5,262,398,334
Less: Premium ceded to reinsurers		(1,779,005,045)	(1,948,519,286)	(1,779,005,045)	(1,948,519,286)
Net reinsurance premium written		3,403,849,266	3,313,879,048	3,403,849,266	3,313,879,048
Add (less): Unearned premium reserves decreased (increased)					
from prior year		(54,558,219)	797,674,345	(54,558,219)	797,674,345
Net earned premium		3,349,291,047	4,111,553,393	3,349,291,047	4,111,553,393
Commissions and brokerages income	8	813,735,710	313,608,759	813,735,710	313,608,759
Net investments income		294,550,389	265,597,323	347,780,023	379,763,677
Loss on impairment of investments		(17,980,207)	(13,780,585)	(17,980,207)	(13,495,049)
Gain on investments	11	19,367,799	1,067,053,989	486,133,036	1,187,158,581
Fair value gain (loss) on investments	11	(239,702,448)	1,541,579,209	(11,490,428)	(4,761,469)
Share of profit from investment in associates	12.2	7,591,710	70,067,831	-	-
Service income		268,095,601	246,178,341	-	-
Other income		19,107,059	40,697,448	20,259,059	38,857,742
Total revenues		4,514,056,660	7,642,555,708	4,987,728,240	6,012,685,634
Expenses					
Gross claims		2,516,189,081	2,562,972,385	2,516,189,081	2,562,972,385
Less: claim recovery from reinsurers		(1,055,474,135)	(769,265,772)	(1,055,474,135)	(769,265,772)
Commissions and brokerages expenses		2,147,933,176	2,135,805,202	2,147,933,176	2,135,805,202
Other underwriting expenses		103,521,945	87,640,704	103,642,545	87,867,456
Operating expenses	25	187,255,280	132,493,201	200,400,095	141,946,644
Investment expenses		18,595,915	16,791,442	18,595,915	16,791,442
Service expenses		210,227,946	183,306,145	-	-
Finance cost		1,413,977	2,460,071	-	-
Other expenses		12,411,732	14,007,641	13,981,256	15,519,253
Total expenses		4,142,074,917	4,366,211,019	3,945,267,933	4,191,636,610
Profit before income tax expenses		371,981,743	3,276,344,689	1,042,460,307	1,821,049,024
Income tax expenses	15.2	(69,276,261)	(641,942,839)	(167,153,825)	(324,464,101)
Profit for the year from continuing operations		302,705,482	2,634,401,850	875,306,482	1,496,584,923
Discontinued operation					
Profit of the former subsidiary before the change of status					
to associated company	11	-	95,155,492	-	-
Profit for the year		302,705,482	2,729,557,342	875,306,482	1,496,584,923

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 2016**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015 (Restated)	2016	2015 (Restated)
Profit attributable to:					
Equity holders of the Company					
Profit for the year from continuing operations		277,655,308	2,615,456,113	875,306,482	1,496,584,923
Profit for the year from discontinued operation		-	39,662,234	-	-
Profit for the year - equity holders of the Company		277,655,308	2,655,118,347	875,306,482	1,496,584,923
Non-controlling interests of the subsidiaries					
Profit for the year from continuing operations		25,050,174	18,945,737		
Profit for the year from discontinued operation		-	55,493,258		
Profit for the year - non-controlling interest of the subsidiaries		25,050,174	74,438,995		
		302,705,482	2,729,557,342		
Earnings per share	28				
Basic earnings per share					
Equity holders of the Company					
Profit from continuing operations		0.07	0.62	0.21	0.36
Profit from discontinued operation		-	0.01	-	-
		0.07	0.63	0.21	0.36

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 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015 (Restated)	2016	2015 (Restated)
Profit for the year		302,705,482	2,729,557,342	875,306,482	1,496,584,923
Other comprehensive income					
Continuing operations					
Other comprehensive income to be reclassified to profit or loss in subsequent period	15.2				
Gain (loss) on revaluation of available-for-sale investments		67,121,516	(365,233,292)	1,019,035,843	(356,548,518)
Income tax effect		(13,424,303)	73,046,658	(203,807,169)	71,309,704
Other comprehensive income to be reclassified to profit or loss in subsequent period - net of income taxes		53,697,213	(292,186,634)	815,228,674	(285,238,814)
Other comprehensive income not to be reclassified to profit or loss in subsequent period	15.2				
Actuarial loss		(2,733,951)	(4,746,069)	(1,178,639)	(2,879,853)
Income tax effect		546,790	949,214	235,728	575,971
Other comprehensive loss not to be reclassified to profit or loss in subsequent period - net of income taxes		(2,187,161)	(3,796,855)	(942,911)	(2,303,882)
Other comprehensive income from continuing operations for the year		51,510,052	(295,983,489)	814,285,763	(287,542,696)
Discontinued operation					
Other comprehensive income from discontinued operation		-	1,548,283	-	-
Other comprehensive income from discontinued operation for the year		-	1,548,283	-	-
Total other comprehensive income for the year		51,510,052	(294,435,206)	814,285,763	(287,542,696)
Total comprehensive income					
Total comprehensive income from continuing operations		354,215,534	2,338,418,361	1,689,592,245	1,209,042,227
Total comprehensive income from discontinued operation		-	96,703,775	-	-
Total comprehensive income for the year		354,215,534	2,435,122,136	1,689,592,245	1,209,042,227
Total comprehensive income attributable to:					
Equity holders of the Company					
Total comprehensive income from continuing operations		329,219,892	2,319,749,529	1,689,592,245	1,209,042,227
Total comprehensive income from discontinued operation		-	40,304,772	-	-
Total comprehensive income attributable to the equity holders of the Company		329,219,892	2,360,054,301	1,689,592,245	1,209,042,227
Non-controlling interests of the subsidiaries					
Total comprehensive income from continuing operations		24,995,642	18,668,832		
Total comprehensive income from discontinued operation		-	56,399,003		
Total comprehensive income attributable to non-controlling interests of the subsidiaries		24,995,642	75,067,835		
		354,215,534	2,435,122,136		

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 2016

		Consolidated Financial statements												(Unit: Baht)
		Attributable to equity holders of the Company												
		Issued and paid-up share capital	Premium on share capital	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		
				Statutory reserve	Appropriated General reserve	Emergency reserve	Unappropriated (deficits)	Other comprehensive income	Other changes by the equity				Surplus from change in percentage of shareholding in subsidiary	
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		11	-	-	-	-	2,338,798,176	(3,679,364)	(2,276,194,213)	(2,279,873,577)	(1,075,401)	(741,510,600)	(742,586,001)	
Reserves and premium on share capital transferred to offset the Company's accumulated deficits		22	-	(6,206,965,221)	(118,776,400)	(106,000,000)	(44,000,000)	6,475,741,621	-	-	-	-	-	
Unappropriated retained earnings transferred to statutory reserve		23	-	-	2,100,000	-	(2,100,000)	-	-	-	-	-	-	
Dividend paid of subsidiaries		29	-	-	-	-	-	-	-	-	-	(18,506,120)	(18,506,120)	
Reversal of dividend payable			-	-	-	-	-	115,979	-	-	-	115,979	-	
Profit for the year			-	-	-	-	2,655,118,347	-	-	-	2,655,118,347	74,438,995	2,729,557,342	
Other comprehensive income for the year			-	-	-	-	(3,640,640)	(291,423,406)	-	(291,423,406)	(295,064,046)	628,840	(294,435,206)	
Total comprehensive income for the year			-	-	-	-	2,651,477,707	(291,423,406)	-	(291,423,406)	2,360,054,301	75,067,835	2,435,122,136	
Balance as at 31 December 2015			4,214,993,832	-	7,550,000	-	-	1,457,759,190	(267,644,279)	-	(267,644,279)	5,412,658,743	43,696,782	5,456,355,525
Balance as at 1 January 2016			4,214,993,832	-	7,550,000	-	-	1,457,759,190	(267,644,279)	-	(267,644,279)	5,412,658,743	43,696,782	5,456,355,525
Acquisition of subsidiary with non-controlling inte			-	-	-	-	-	-	-	-	-	3,675,025	3,675,025	
Unappropriated retained earnings transferred to statutory reserve		23	-	-	44,450,000	-	-	(44,450,000)	-	-	-	-	-	
Dividend paid		30	-	-	-	-	-	(421,499,383)	-	-	(421,499,383)	(12,496,274)	(433,995,657)	
Reversal of dividend payable		29	-	-	-	-	-	46,355	-	-	46,355	-	46,355	
Profit for the year			-	-	-	-	277,655,308	-	-	-	277,655,308	25,050,174	302,705,482	
Other comprehensive income for the year			-	-	-	-	(2,084,071)	53,648,655	-	53,648,655	51,564,584	(54,532)	51,510,052	
Total comprehensive income for the year			-	-	-	-	275,571,237	53,648,655	-	53,648,655	329,219,892	24,995,642	354,215,534	
Balance as at 31 December 2016			4,214,993,832	-	52,000,000	-	-	1,267,427,399	(213,995,624)	-	(213,995,624)	5,320,425,607	59,871,175	5,380,296,782

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 (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Note	Separate financial statements										Total owners' equity
		Issued and paid-up share capital	Premium on share capital	Retained earnings				Other components of equity				
				Appropriated		Unappropriated (deficits)	Other comprehensive income	Total other components of equity				
				Statutory reserve	General reserve				Emergency reserve			
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	19,064,187	2,769,416,785	
Reserves and premium on share capital transferred to offset the Company's accumulated deficits	22	-	(6,206,965,221)	(118,776,400)	(106,000,000)	(44,000,000)	6,475,741,621	-	-	-	-	
Unappropriated retained earnings transferred to statutory reserve	23	-	-	1,500,000	-	-	(1,500,000)	-	-	-	-	
Reversal of dividend payable	29	-	-	-	-	-	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	
Balance as at 1 January 2016		4,214,993,832	-	1,500,000	-	-	28,255,786	-	(266,174,627)	(266,174,627)	3,978,574,991	
Unappropriated retained earnings transferred to statutory reserve	23	-	-	44,000,000	-	-	(44,000,000)	-	-	-	-	
Dividend paid	30	-	-	-	-	-	(421,499,383)	-	-	-	(421,499,383)	
Reversal of dividend payable	29	-	-	-	-	-	46,355	-	-	-	46,355	
Profit for the year		-	-	-	-	-	875,306,482	-	-	-	875,306,482	
Other comprehensive income for the year		-	-	-	-	-	(942,911)	-	815,228,674	815,228,674	814,285,763	
Total comprehensive income for the year		-	-	-	-	-	874,363,571	-	815,228,674	815,228,674	1,689,592,245	
Balance as at 31 December 2016		4,214,993,832	-	45,500,000	-	-	437,166,329	-	549,054,047	549,054,047	5,246,714,208	

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 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015 (Restated)	2016	2015 (Restated)
Cash flows from (used in) operating activities				
Cash received from (paid for) reinsurance	161,980,069	(308,473,669)	161,980,069	(308,473,669)
Interest income	74,132,937	123,898,650	73,179,054	140,418,384
Dividend received from subsidiaries and associated company	31,437,189	67,044,986	54,523,649	115,347,717
Dividend income from other companies	231,041,324	142,886,868	230,811,927	142,822,175
Other investments income (expense)	90,531,210	30,822,236	84,418,108	(9,789,347)
Other income	283,589,633	290,809,864	20,258,725	38,662,830
Commissions and brokerages expenses	(259,309,025)	(571,485,162)	(259,309,025)	(571,485,162)
Other underwriting expenses	(118,196,838)	(87,512,118)	(118,317,438)	(87,738,870)
Operating expenses	(140,273,498)	(141,614,053)	(152,251,980)	(157,963,058)
Other expenses	(207,625,437)	(195,229,096)	(12,520,178)	(15,519,253)
Income tax expenses	(13,077,660)	(13,951,491)	3,173,463	2,165,368
Investments in securities	62,590,040	(993,618,947)	108,468,508	(1,006,127,845)
Loans	(13,333,229)	6,235,583	(13,333,229)	6,235,583
Cash paid for purchase of investment in subsidiaries	-	-	(89,999,700)	-
Cash paid for purchase of investment in an associated company	(1,334,700)	(1,141,838)	-	-
Cash received from sale and got return of capital from investment in subsidiaries	-	1,179,145,668	499,965	1,243,312,500
Cash received from sale of investment in associated companies	422,758,126	39,382,830	422,725,085	39,382,830
Net cash from (used in) operating activities from continuing operations	604,910,141	(432,799,689)	514,307,003	(428,749,817)
Net cash from operating activities from discontinuing operation	-	64,507,569	-	-
Net cash from (used in) operating activities	604,910,141	(368,292,120)	514,307,003	(428,749,817)
Cash flows from (used in) investing activities				
Cash received from sale of equipment	5,372	3,544,598	374	3,537,098
Cash paid for purchase of property, building, equipment and intangible asset	(118,639,316)	(61,101,978)	(108,980,387)	(29,774,896)
Net cash used in investing activities from continuing operations	(118,633,944)	(57,557,380)	(108,980,013)	(26,237,798)
Net cash used in investing activities from discontinued operation	-	(340,736)	-	-
Net cash used in investing activities	(118,633,944)	(57,898,116)	(108,980,013)	(26,237,798)
Cash flows from (used in) financing activities				
Dividend paid	(433,995,657)	(18,506,120)	(421,499,383)	-
Bank overdraft	(11,155,632)	8,433,456	-	-
Long-term loans	(6,128,868)	(6,554,439)	-	-
Net cash used in financing activities from continuing operations	(451,280,157)	(16,627,103)	(421,499,383)	-
Net cash used in financing activities	(451,280,157)	(16,627,103)	(421,499,383)	-
Net increase (decrease) in cash and cash equivalents	34,996,040	(442,817,339)	(16,172,393)	(454,987,615)
Cash and cash equivalents at beginning of the year	798,698,229	1,241,515,568	761,717,931	1,216,705,546
Cash and cash equivalents at end of the year	833,694,269	798,698,229	745,545,538	761,717,931

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 2016

1. General 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 32% of its total share capital (2015: 30%). 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.

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 format of financial statements specified in the Notification of the OIC regarding criteria, procedures, terms and conditions for preparation and submission of financial statements and operating performance reports of non-life insurance companies B.E. 2559 dated 4 March 2016, which became effective since 1 January 2016. The format of the above financial statements has been changed and as a result items in the statements of financial position, income, comprehensive income and cash flows of the prior year, presented as comparative information, have needed reclassified to be consistent with the current year’s classification. In addition, the statement of financial position as at 1 January 2015 has been presented as comparative information.

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	
			2016	2015
			%	%
Thaire Life Assurance Plc.	Provision of life reinsurance	Thailand	-	-*
Thaire Training Co., Ltd.	Provision of training and consulting services	Thailand	-	100.0
EMCS Thai Co., Ltd.	Provision of computer services in relation to motor losses	Thailand	49.0	49.0
Thaire Services Co., Ltd.	Losses claim management services and marketing service	Thailand	100.0	100.0
Thaire Life Assurance Broker Co., Ltd.	Life insurance Broker	Thailand	100.0	100.0
Thaire Actuarial Consulting Co., Ltd.	Actuarial service	Thailand	100.0	100.0
Carpool Insurance Broker Co., Ltd.	Non-life Insurance Broker	Thailand	51.0	-

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

- (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 Basis of separate financial statements preparation

The separate financial statements present investments in subsidiaries and associates under the cost method.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become 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, 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 Group's financial statements. Financial reporting standard with significant changes that is directly relevant to the Company is as follows.

TFRS 4 (revised 2015) Insurance Contracts

The objective of Thai Financial Reporting Standard No. 4 (TFRS 4) is to specify the financial reporting for insurance contracts (including reinsurance contracts) issued by any entity and the reinsurance contracts held by an entity, and to provide limited amendments in accounting for insurance contracts until the second phase of the project on the financial reporting standard regarding insurance contracts is completed. In particular, this standard requires disclosure that identifies and explains the amounts in an insurer's financial statements arising from insurance contracts and prohibits provisions for possible claims under contracts that are not in existence at the end of the reporting period. It also requires insurers to test for the adequacy of recognised insurance contract liabilities and perform an impairment test for reinsurance assets, including determination for the insurers to maintain insurance contract liabilities in their financial position statements until their obligations under insurance contracts are discharged or cancelled, or expire, and to present insurance contract liabilities without offsetting them against related reinsurance assets. Moreover, this standard temporarily exempts insurers from some requirements of other standards, including the requirement to consider the framework in selecting accounting policies for insurance contracts.

In addition to stipulating the treatment of insurance contracts, this financial reporting standard also stipulates consideration of characteristic of insurance contracts whereby an insurance contract is a contract under which the insurer accepts significant insurance risk from another party (the insured) by agreeing to compensate the insured if a specified uncertain future event adversely affects the insured. Determination of whether a significant insurance risk has been accepted is based on comparison of the amount of benefits payable to the insured under the contract if an insured event occurs with the amount of obligation to the insured if the insured event does not occur.

The first time adoption of this standard has no significant impact on the Company's financial statements since the Company's management has already considered and reviewed the classification of insurance contracts (including reinsurance contracts) and reinsurance contracts held by the Company and can be concluded that all of its insurance contracts meet the definition of insurance contracts under this standard. Furthermore, the recognition of loss reserves, the liability adequacy testing of recognised insurance contract liabilities, the impairment testing for reinsurance assets and the recognition of insurance contract liabilities have no impact on the Company's financial statements since the Company has always implemented the similar treatment before

this standard became effective. However, the Company has disclosed additional information for insurance contracts related to the assets, liabilities, revenues and expenses recognised in the financial statements and the nature and extent of the insurance risk arising from insurance contracts in the relevant notes to the 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 financial reporting standards and interpretations (revised 2016) which is effective for fiscal years beginning on or after 1 January 2017. 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 management of the Group believes that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the Company and its subsidiaries' financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

4. Significant accounting policies

4.1 Reinsurance contracts classification

The Company classifies reinsurance and retrocession contracts (hereinafter referred to as "reinsurance contracts") based on the characteristics of the contract. Reinsurance contracts are contracts whereby the reinsurer accepts significant insurance risk from the reinsured and agrees to compensate the reinsured if specified uncertain future events (the insured event) adversely affect the reinsured. To determine whether a significant insurance risk has been accepted, the insurer compares the amount of benefits payable if an insured event occurs with the amount of benefits payable if the insured event did not occur. If the above condition is not met, the Company classifies the reinsurance contract as an investment contract. Investment contracts are the contracts that have the legal form of insurance contracts and transfer financial risk to the reinsurer, but not significant insurance risk. Financial risks are as interest rate risk, exchange rate risk, or financial instrument price risk.

The Company classifies its contracts by assessing the significant of each contract's reinsurance risk. If any contract has been classified as reinsurance contracts, it will continue its status until all rights and obligations are cancelled or terminated. Any contract which had been initially classified as investment contracts, will be

classified as a reinsurance contract in the later time if the Company has been found exposed to reinsurance risk significantly from such contracts.

4.2 Revenue recognition

(a) Reinsurance income

Reinsurance premium consists of reinsurance premium less premium of the cancelled policy and premium refunded to the policyholders.

Reinsurance premium income is recognised as income when the reinsurer submits the reinsurance application or the statement of accounts and the Company 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) Commissions and brokerage income

Commissions and brokerage income are commissions that receive at a percentage of premium ceded, profit commissions from reinsurance contracts and other commissions income.

Commissions and brokerage income, that receive at a percentage of premium ceded, are recorded as deferred income and recognised as income monthly in the same portion of ceded premium recognised as expense.

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.

Profit commissions from reinsurance contract

Profit commissions from reinsurance contract is recognised as income on an accrual basis, based on an estimate of reinsurance profits over the term of the reinsurance contract calculated using the method and profit commission rate stipulated in the reinsurance contract.

At the end of each reporting period, the Company calculates profit commission from reinsurance contract based on the portion of cumulative reinsurance profits from effective date of reinsurance contract and to issue the statement of accounts. If the Company has additional profit commission from the prior period, this additional profit is recorded as amount due from reinsurer, under assets in the statement of financial position and recognised additional profit commission which calculated by estimating reinsurance profits over the term of reinsurance contract as commissions and brokerage income in the statement of income and recognised the remaining amount as profit commission reserve for reinsurance contract, under liabilities in the statement of financial position.

(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 investments

Gain (loss) on investments are 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.

(g) Claim recovery from reinsurers

Claims recovery from reinsurers is recognised in proportion to the ceded portion of claims and loss adjustment expenses recognised as expenses in the statement of income, on the basis of estimates made with reference to the ceded reinsurance contract. The Company presents the claims recoverable amount as a deduction from gross claims in the statement of income.

4.3 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 is recorded as advance payment for premium, and recognised as expenses over the coverage period.

(b) Claims and losses adjustment expenses

Claims and losses adjustment expenses consist of claims and losses adjustment expenses, presented 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 recovery 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.

(c) Commissions and brokerage expenses

Commissions and brokerage are recognised as expenses incurred.

Commissions and brokerages expenses are recorded as deferred expenses and recognised as expenses monthly in the same portion of recognise ceded premium.

For commissions and brokerage expenses of reinsurance which coverage periods of longer than 1 year, related commissions and brokerage expenses are recorded as deduction from advance received for premium and recognised as expenses over the coverage period.

4.4 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.

4.5 Reinsurance assets and allowance for impairment

Reinsurance assets are presented at an amount equal to the recoverable portion of reserves from reinsurance, which is estimated with reference to the reinsurance contracts related to unearned premium reserves, claims reserves and outstanding claims, in accordance with the law regarding insurance reserve calculation.

At the end of the reporting period, the Company performs impairment reviews in respect of the reinsurance assets. Reinsurance assets are considered to be impaired whenever there are object evidences as a result of the events, that occurred after the initial recognition of reinsurance assets, and the Company may not receive whole of reinsurance recoverable amount according to reinsurance conditions and the effects of such amount can be measured with reliability.

An impairment loss is recognised in the statement of income.

4.6 Receivables from reinsurance contracts and due to reinsurers

- (a) Receivables from reinsurance contracts are stated at the outstanding balance of amount due from reinsurers and amounts deposit on reinsurance.

Amounts due from reinsurers consist of accrued commission and brokerage income, claims receivable and various other items receivable from reinsurers, less allowance for doubtful accounts. The Company 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.

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

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

The Company 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.

4.7 Investments

Investment assets

(a) Investment in securities

Investments in trading securities are stated at fair value, with changes in the fair value recorded in the statement of income. Investments are classified as investments in trading securities if the Company intends to sell them in the near future.

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 the statement of income when the securities are sold.

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.

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).

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 statement of income.

(b) 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.

Investment in subsidiaries and associate

Investment in associate is accounted for in the consolidated financial statements using the equity method.

Investments in subsidiaries and associate are accounted for in the separate financial statements using the cost method net of allowance for impairment (if any). Loss on impairment is recognised as expense in the statement of income.

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 statement of income when the asset is derecognised.

4.9 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment loss (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 amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to the statement of income.

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

No amortisation is provided on computer software under development.

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 individuals or enterprises 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 or enterprises 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 Insurance contract liabilities

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 Company's management. The maximum value of claims estimate does not exceed the sum-insured under the relevant policy.

Outstanding claim provision 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 the reporting periods for both reported and not reported losses including loss adjustment expense. The different of the calculated outstanding claim provision which are higher than the loss reserve that recognised into financial statement, the Company has additionally provided reserves for claims incurred but not yet reported (IBNR).

Premium reserves

Premium reserves consist of unearned premium reserves and unexpired risk reserves.

(a) Unearned premium reserves

Unearned premium reserves are 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 reserves

Unexpired risk reserves are the reserves for the claims and relevant expenses that may be incurred in respect of in-force policies. Unexpired risk reserve is calculated using an actuarial method based on a best estimate of the claims that are expected to be incurred during the remaining period of coverage, with reference to 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 difference is recognised as unexpired risk reserves in the financial statements.

4.13 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 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 assets.

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.

4.14 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.

4.15 Employee benefit obligations

(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.

4.16 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.

4.17 Income tax

Income tax expense represents the sum of current income tax and deferred income tax.

Current income 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 recognises deferred tax liabilities for all taxable temporary differences while it recognises 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.

4.18 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 Group applies 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 Group measures 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 Group determines 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. 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.

Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgement to whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

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.

Allowance for doubtful accounts on receivables from reinsurance contracts and loans

In determining the allowance for doubtful accounts on receivables from reinsurance contracts and loans, the management needs to exercise judgement and estimate loss for each debtor based upon past collection history, the aging profile of the outstanding debts and the prevailing economic conditions.

Allowance for impairment on reinsurance assets

In determining allowance for impairment on reinsurance assets, the management needs to exercise judgement and estimate losses on reinsurance assets based on conditions in contracts and occurred events that may result in the Company being unable to receive the entire amount under the terms of the contracts.

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.

Impairment of investments in securities

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 of the management.

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 and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses 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 taxable profits.

Reinsurance contracts classification

In considering whether reinsurance contracts meet the definition of insurance contracts under Thai Financial Reporting Standards, the Company is required to test whether the contracts transfer significant insurance risk to the reinsurers, using an actuarial technique based on assumptions regarding historical claims data and other assumptions. The management is required to exercise judgement in determining these assumptions.

Profit commission from reinsurance contract

Profit commission from reinsurance contract is estimated at a percentage of cumulative reinsurance profit over the term of the reinsurance contract. Cumulative profit is calculated by deducting the best estimates of the cumulative claims and relevant expenses over the term of the reinsurance contract from the cumulative insurance premiums. The management is required to exercise judgement, with reference to historical claims data and the best estimates available at the time.

Loss reserve and outstanding claims

At the end of each reporting period, the Company has to estimate loss reserve, outstanding claims and claim management expenses taking into account two factors. These are the claims incurred and reported, and the claims incurred but not yet reported (IBNR) which is calculated by using an international standard actuarial method.

The main assumptions underlying these techniques relate to historical experience, consisting of ultimate loss ratio and unallocated loss adjustment expense ratio. To perform the calculation, it is necessary to perform analysis based on the type of insurance and to use 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.

Unexpired risk reserve

Unexpired risk reserve is calculated using an actuarial method, based on a best estimate of the claims and relevant expenses 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 Company has contingent liabilities as a result of litigation. The Company 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	
	2016	2015	2016	2015
Cash on hand	96,500	96,500	35,000	35,000
Deposits at banks with no fixed maturity date				
Saving and current accounts	156,049,978	150,312,034	113,667,395	130,229,106
Investment in money market funds	553,547,791	638,289,695	507,843,143	631,453,825
Deposits at banks with fixed maturity date and certificate of deposit	124,000,000	10,000,000	124,000,000	-
Total cash and cash equivalents	833,694,269	798,698,229	745,545,538	761,717,931

As at 31 December 2016, bank deposits in saving accounts, fixed deposits and short-term investment carried interest between 0.10% to 1.55% per annum (2015: between 0.10% to 1.80% per annum).

7. Reinsurance assets

(Unit: Baht)

	Consolidated and separate financial statements	
	2016	2015
Insurance reserve refundable from reinsurers		
Claim reserves	1,055,185,766	1,144,851,794
Unearned premium reserves	890,890,528	963,194,730
Total reinsurance assets	1,946,076,294	2,108,046,524

Insurance reserve refundable from reinsurers as at 31 December 2016 includes insurance reserve refundable from reinsurers from flooding loss amounting to Baht 16 million (2015: Baht 31 million).

8. Receivables from reinsurance contracts

(Unit: Baht)

	Consolidated and separate financial statements	
	2016	2015
Amount deposited on reinsurance	686,348,274	602,619,331
Amount due from reinsurers	319,020,411	239,292,558
Less: Allowance for doubtful accounts	(4,364,903)	(19,386,710)
Total receivables from reinsurance contracts	1,001,003,782	822,525,179

During the year 2015, the Company entered into a long-term ceded reinsurance contract with a reinsurer. This contract specifies the profit commissions that the Company will receive at a percentage of the cumulative reinsurance profit over the term of the reinsurance contract, and that the profit commissions will be adjusted every year. Cumulative profit is calculated by deducting cumulative claims and other expenses as stated in the reinsurance contract from the cumulative reinsurance premiums. The amount of profit commissions to be

recognized in each period will be determined based on estimated total reinsurance profit over the full term of the contract.

As at 31 December 2016, the Company recognised profit commissions from reinsurance contract amounting to Baht 255 million as commissions and brokerage income in the statement of income, and deferred a portion of Baht 239 million, recording it as profit commission reserve for reinsurance contracts under liabilities in the statement of financial position.

The balances as at 31 December 2016 and 2015 of receivables from reinsurance contracts are classified by aging as follows:

	(Unit: Baht)	
	Consolidated and separate financial statements	
	2016	2015
Not yet due	168,906,438	159,692,307
Not over 12 months	129,679,074	26,176,916
Over 1 year to 2 years	10,520,748	30,164,106
Over 2 years	9,914,151	23,259,229
Total receivables from reinsurance contracts	319,020,411	239,292,558

9. Investments in securities

9.1 Classified by type of investment

As at 31 December 2016 and 2015, carrying amount of investments in securities are classified as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Trading investments	252	214	252	214
Available-for-sale investments	4,323	3,738	4,321	3,735
Held-to-maturity investments	3,657	3,249	3,589	3,227
Other investments	5	5	5	5
Total investments in securities	8,237	7,206	8,167	7,181

As described in Note 11 to the financial statements, in May 2016, the Company lost significant influence over Thaire Life Assurance Public Company Limited, the Company's proportion shareholding remains 17.47% (104.8 million ordinary shares held by the Company). The Company therefore changed the status of the investment from investments in associated company to available-for-sale investments which initiate cost at fair value amounting to Baht 1,058.4 million in the consolidated financial statements.

Consolidated financial statements

(Unit: Baht)

	2016		2015	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading investments				
Equity securities	209,036,468	204,702,400	209,036,468	213,654,400
Unit trusts	50,000,000	47,461,572	-	-
Total	259,036,468	252,163,972	209,036,468	213,654,400
Add: Unrealised gain (loss)	(6,872,496)	-	4,617,932	-
Total trading investments	252,163,972	252,163,972	213,654,400	213,654,400
Available-for-sale investments				
Equity securities	2,310,730,472	2,093,726,448	1,029,735,778	863,595,490
Unit trusts	2,311,790,898	2,261,074,165	3,054,538,100	2,887,338,248
Total	4,622,521,370	4,354,800,613	4,084,273,878	3,750,933,738
Less: Unrealised loss	(267,720,757)	-	(333,340,140)	-
Less: Allowance for impairment	(31,482,223)	(31,482,223)	(13,502,016)	(13,502,016)
Total available-for-sale investments	4,323,318,390	4,323,318,390	3,737,431,722	3,737,431,722
Held-to-maturity investments				
Government and state enterprise bonds	1,890,118,025		1,161,570,195	
Deposits at banks	1,766,500,000		2,087,500,000	
Total held-to-maturity investments	3,656,618,025		3,249,070,195	
Other investments				
Equity securities	5,370,390		5,370,390	
Total other investments	5,370,390		5,370,390	

Separate financial statements

(Unit: Baht)

	2016		2015	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading investments				
Equity securities	209,036,468	204,702,400	209,036,468	213,654,400
Unit trusts	50,000,000	47,461,572	-	-
Total	259,036,468	252,163,972	209,036,468	213,654,400
Add: Unrealised gain (loss)	(6,872,496)	-	4,617,932	-
Total trading investments	252,163,972	252,163,972	213,654,400	213,654,400
Available-for-sale investments				
Equity securities	1,357,135,739	2,093,726,448	1,029,735,778	863,595,490
Unit trusts	2,308,790,898	2,258,517,748	3,051,538,101	2,884,960,104
Total	3,665,926,637	4,352,244,196	4,081,273,879	3,748,555,594
Add: Unrealised gain (loss)	686,317,559	-	(332,718,285)	-
Less: Allowance for impairment	(31,482,223)	(31,482,223)	(13,502,016)	(13,502,016)
Total available-for-sale investments	4,320,761,973	4,320,761,973	3,735,053,578	3,735,053,578
Held-to-maturity investments				
Government and state enterprise bonds	1,858,947,547		1,158,278,184	
Deposits at banks	1,730,000,000		2,069,000,000	
Total held-to-maturity investments	3,588,947,547		3,227,278,184	
Other investments				
Equity securities	5,370,390		5,370,390	
Total other investments	5,370,390		5,370,390	

9.2 Classified by remaining periods of debt securities

Investments in debt securities as at 31 December 2016 and 2015 will be matured redemption as follows:

Consolidated financial statements

(Unit: Baht)

	2016			
	Period to maturity			Total
	Within 1 year	1 - 5 years	Over 5 years	
Held-to-maturity investments				
Government and state enterprise bonds	1,453,498,934	436,619,091	-	1,890,118,025
Deposits at banks	1,766,500,000	-	-	1,766,500,000
Total held-to-maturity debt securities	3,219,998,934	436,619,091	-	3,656,618,025

(Unit: Baht)

	2015			
	Period to maturity			Total
	Within 1 year	1 - 5 years	Over 5 years	
Held-to-maturity investments				
Government and state enterprise bonds	377,315,729	704,254,466	80,000,000	1,161,570,195
Deposits at banks	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

Separate financial statements

(Unit: Baht)

	2016			
	Period to maturity			Total
	Within 1 year	1 - 5 years	Over 5 years	
Held-to-maturity investments				
Government and state enterprise bonds	1,422,609,055	436,338,492	-	1,858,947,547
Deposits at banks	1,730,000,000	-	-	1,730,000,000
Total held-to-maturity debt securities	3,152,609,055	436,338,492	-	3,588,947,547

(Unit: Baht)

	2015			
	Period to maturity			Total
	Within 1 year	1 - 5 years	Over 5 years	
Held-to-maturity investments				
Government and state enterprise bonds	375,316,743	702,961,441	80,000,000	1,158,278,184
Deposits at banks	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

9.3 Other component of owners' equity - Revaluation surplus on available-for-sale investments

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Revaluation surplus (deficit) on available-for-sale investments - beginning of the year	(334,555,349)	34,323,114	(332,718,285)	23,830,233
Gain (loss) on revaluation during year	(5,810,990)	(378,118,535)	946,379,080	(369,803,253)
Loss transferred to be recognised in statements of income	18,195,253	14,079,591	17,980,207	13,495,049
Loss (gain) on sales of available-for-sale investments during the year transferred to be recognised in statements of income	54,676,557	(240,314)	54,676,557	(240,314)
Decrease from changing in percentage of shareholding in subsidiary	-	(4,599,205)	-	-
Revaluation surplus (deficit) on available-for-sale investments - end of the year	(267,494,529)	(334,555,349)	686,317,559	(332,718,285)
Add (less): Income taxes revenue (expense)	53,498,905	66,911,070	(137,263,512)	66,543,658
Revaluation surplus (deficit) on available-for-sale investments - net of income taxes	(213,995,624)	(267,644,279)	549,054,047	(266,174,627)

9.4 Investments subject to restriction

As at 31 December 2016, government bonds totaling Baht 290 million (2015: Baht 305 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 described in Notes 31 and 32 to the financial statements.

10. Loans and interest receivables

The ending balances of loans and interest receivables consist of loans provided to employees in accordance with employee benefit plans. Interest is charged on the loans at rates 0.01% to MLR-3% 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	
	2016	2015
Collateralised loans		
Principals	37,666,661	24,080,739
Personal guarantee loans		
Principals	82,389	335,082
Total loans	37,749,050	24,415,821

11. Investments in subsidiaries

Company's Name	Nature of Business	Country of	Paid-up Capital		Percentage Holding	
		Incorporation	2016	2015	2016	2015
			Thousand Baht	Thousand Baht	%	%
Investments in subsidiaries directly held by the Company						
Thaire Training Co., Ltd.	Provision of training and consulting services	Thailand	-	500	-	100.0
EMCS Thai Co., Ltd.	Provision of computer services in relation to motor losses	Thailand	30,000	30,000	49.0	49.0
Thaire Services Co., Ltd.	Losses claim management services and marketing services	Thailand	100,000	60,000	100.0	100.0
Thaire Actuarial Consulting Co., Ltd.	Insurance actuarial service, training and consulting service	Thailand	50,000	-	100.0	-
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	-	4.9
Investments in subsidiaries held through Thaire Services Co., Ltd.						
Thaire Life Assurance Broker Co., Ltd.	Life Assurance Broker	Thailand	3,000	3,000	100.0	100.0
Thaire Actuarial Consulting Co., Ltd.	Insurance actuarial service, training and consulting service	Thailand	-	3,000	-	100.0
Carpool Insurance Broker Co., Ltd.	Non-life insurance broker	Thailand	7,500	-	51.0	-

11.1 Details of investment in subsidiaries as presented in separate financial statements are as follows:

(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 periods ended	
	2016	2015	2016	2015	2016	2015	2016	2015
Subsidiaries								
Thaire Life Assurance Plc.	-	-	-	-	-	-	-	25,004
Thaire Training Co., Ltd.	-	500	-	-	-	500	4,259	3,600
EMCS Thai Co., Ltd.	14,700	14,700	-	-	14,700	14,700	12,348	19,698
Thaire Services Co., Ltd.	100,000	60,000	-	-	100,000	60,000	-	-
Thaire Actuarial Consulting Co., Ltd.	50,000	-	-	-	50,000	-	-	-
	<u>164,700</u>	<u>75,200</u>	<u>-</u>	<u>-</u>	<u>164,700</u>	<u>75,200</u>	<u>16,607</u>	<u>48,302</u>

11.2 Details of investments in subsidiaries that have material non-controlling interests

Company's name	Proportion of equity		Accumulated balance of		Profit/loss allocated to		Dividend paid to non-	
	interest held by		non-controlling interests		non-controlling interests		controlling interests	
	non-controlling interests		non-controlling interests		during the year		during the year	
	2016	2015	2016	2015	2016	2015	2016	2015
	(%)	(%)						
EMCS Thai Co., Ltd.	51.0	46.1	56,425	43,697	25,279	18,946	12,496	18,506

11.3 Summarised financial information that based on amounts before inter-company elimination about subsidiary that has material non-controlling

(a) Summarised information about financial position

	(Unit: Thousand Baht)	
	EMCS Thai Co., Ltd.	
	2016	2015
Current assets	100,160	60,637
Non-current assets	33,932	54,961
Current liabilities	13,027	15,180
Non-current liabilities	6,463	5,636

(b) Summarised information about comprehensive income

	(Unit: Thousand Baht)	
	EMCS Thai Co., Ltd.	
	For the years ended 31 December	
	2016	2015
Revenue	121,422	105,600
Profit	45,139	41,731
Other comprehensive income	(118)	(595)
Total comprehensive income	45,021	41,136

(c) Summarised information about cash flow

	(Unit: Thousand Baht)	
	EMCS Thai Co., Ltd.	
	For the years ended 31 December	
	2016	2015
Cash flow from operating activities	40,899	50,614
Cash flow from investing activities	(26,191)	3,263
Cash flow from financing activities	(25,200)	(40,200)
Net increase (decrease) in cash and cash equivalents	(10,492)	13,677

Significant events related to investments in the Group

(a) Disposal of investment in Thaire Life Assurance Public Company Limited

Thaire Life Assurance Public Company Limited was a subsidiary of the Company until the first quarter of 2015. The Company made a decision to sell investments in such company to reduce the impact under a condition of the Office of Insurance Commission's 2015 notification on the risk-based capital calculation of non-life insurance companies, from 1 January 2016, investments in ordinary shares of subsidiary or associated companies which is not be counted as total capital available.

In the first quarter of 2015, the Company sold 100 million ordinary shares of the subsidiary to a third party at a net price of Baht 1,243 million and recognised a gain on the sale of Baht 1,143 million in the separate financial statements. Following the sale, the Company's shareholding had decreased from 41.50% to 24.83% and because of this reduction in shareholding of that company, the Company assessed its control over Thaire Life Assurance Public Company Limited in accordance with Thai Financial Reporting Standards. The Company concluded that it had lost control of this company, and the status of the investment in Thaire Life Assurance Public Company Limited therefore changed from investment in subsidiary to investment in associated company. The Company recognised the sale of the investment resulting in loss of control as follows:

- (1) Derecognise the assets and liabilities of the former subsidiary from the consolidated statement of financial position.
- (2) Recognise the remained investments in the former subsidiary as investment in associated company at the fair value (Baht 12.50 per share) 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 investments amounting to Baht 1,031 million as gain on investments in the consolidated income statement.

For the separate financial statements, 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 result of the former subsidiary before 13 March 2015 included in the consolidated statements of income and comprehensive income for the three-month period ended 31 March 2015 was 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
Income	
Underwriting income	219
Net investment income	8
Total revenue	<u>227</u>
Expenses	
Underwriting expenses	102
Operating expenses	7
Total underwriting expenses	<u>109</u>
Profit before income tax expense	<u>118</u>
Less: Income tax expense	(23)
Profit for the period	<u>95</u>
Other comprehensive income	
Other comprehensive income or loss to be reclassified to profit or loss in subsequent periods:	
Gain on revaluation of available-for-sale investments	2
Less: Income tax effect	-
Other comprehensive income - net of income tax	<u>2</u>
Total comprehensive income for the period	<u><u>97</u></u>

The net cash flows incurred by the former subsidiary before 13 March 2015 included in the consolidated statements of cash flows for the three-month period ended 31 March 2015 are as follows:

	(Unit: Million Baht)
	For the period as from
	1 January 2015 to 28
	February 2015
Operating activities	<u>65</u>
Investing activities	<u>(1)</u>
Net cash inflow	<u><u>64</u></u>

Following the change in status of the investment from investment in subsidiary to investment in associated company, the fair value of the investment in associated company in the consolidated financial statements, which is its initial cost, is adjusted to include the operating result of the associated company, in proportion to the Company's shareholding, to provide the new carrying value in the consolidated financial statements. This carrying value was Baht 12.70 per share at the date the investment was sold in the first quarter of 2016 and Baht 12.57 per share in April 2016.

In the first quarter of 2016, the Company sold 32.7 million ordinary shares of Thaire Life Assurance Public Company Limited, which is an associated company, at a net price of Baht 336.4 million. The Company recognised loss from the sale of the investment of Baht 73.6 million arising from the difference of selling price and carrying value in the consolidated financial statements and recognised gain on investment of Baht 303.7 million, arising from the difference of selling price and cost, in the separate financial statements. Following the sale, the Company's shareholding had decreased from 24.30% to 18.84%.

In April 2016, the Company sold 8.2 million ordinary shares of Thaire Life Assurance Public Company Limited for a net price of Baht 86.3 million. The Company recognised loss on the sale of the investment of Baht 16.6 million, arising from the difference of selling price and carrying value, in the consolidated financial statements and gain on investment of Baht 78.1 million, arising from the difference of selling price and cost, in the separate financial statements. Following the sale, the Company's shareholding had decreased from 18.84% to 17.47%.

On 10 May 2016, a key director who is a related director of the Company and Thaire Life Assurance Public Company Limited (THREL) resigned as director of THREL. As a result of the resignation of this key director, the Company had no representation in THREL. The result of the investment sold, the resignation of key director and no representation in THREL, the Company had lost the participation in the financial policy and operations decisions of THREL. The Company therefore assessed whether it had significant influence over THREL in accordance with TAS 28, Investments in Associates and Joint Ventures, and concluded that it had lost significant influence over this company. The status of the investment in THREL therefore changed from investment in associated company to available-for-sale investments. The Company therefore recognised the loss of significant influence as follows:

- (1) Derecognised investment in associated company and related accounts from the consolidated and separate statements of financial position.
- (2) Recognised the former investment in associated company at fair value (Baht 10.10 per share) as available-for-sale investment at the date the significant influence was lost. The difference arising from the adjustment to fair value, amounting to Baht 228.2 million, was recognised as loss from adjustment to fair value in the consolidated income statement.
- (3) Recognised the difference arising from the adjustment to fair value, amounting to Baht 953.6 million as fair value gain on investments in the separate comprehensive income statement.

In the consolidated financial statements, the fair value as at the date of the change in status was treated as the initial investment cost of the available for sale investment.

(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:

- Approved 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.

- Approved to invest 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.

On 15 March 2016, a Board of Directors' meeting passed a resolution to make payment for the additional share capital of this company. In June and September 2016, the Company made payment for these shares totaling Baht 50 million and Thaire Actuarial Consulting Co., Ltd duly registered its share capital to Baht 50 million on 20 September 2016.

(c) Investment in additional share capital of Thaire Services Co., Ltd.

On 25 February 2016, the Board of Directors' meeting passed a resolution to make additional investment of Baht 40 million in the additionally issued share capital of Thaire Services Co., Ltd, which increased its registered share capital from Baht 60 million to Baht 100 million. This increase was made in two tranches of Baht 20 million each. In June and September 2016, the Company made payment for additionally shares totaling Baht 40 million to Thaire Services Co., Ltd, which duly registered its share capital to Baht 100 million on 20 September 2016.

On 1 June 2016, the OIC issued a letter granting approval for the investment in Thaire Actuarial Consulting Co., Ltd. and additional investment in the additional share capital of Thaire Services Co., Ltd., totaling Baht 90 million.

(d) The dissolution of Thaire Training Co., Ltd.

On 25 April 2016, the Annual General Meeting of Shareholders of Thaire Training Co., Ltd. which operated in the provision of training and consulting services, passed a special resolution to dissolve the company and agree to operate training and consulting services under Thaire Services Co., Ltd. instead. Currently, the dissolution and liquidation is completed.

(e) Investment in Carpool Insurance Broker Co., Ltd.

On 1 November 2016, the Board of Directors' meeting of Thaire Services Co., Ltd., a subsidiary of the Company, passed a resolution approving investment of Baht 15.3 million in 152,999 shares at Baht 100 each, representing 51.0% of its share capital. Carpool Insurance Broker Co., Ltd., principally engaged in the non-life insurance broker.

On 28 November 2016, the Board of Directors' meeting of Carpool Insurance Broker Co., Ltd. passed a resolution to call up the first payment of share capital of Baht 25 per share, from the par value of Baht 100 per share, or a total of Baht 7.5 million. Thaire Services Co., Ltd. made the first payment of share capital amounting to Baht 3.8 million on 1 December 2016.

12. Investments in associated companies

12.1 Detail of investments in associated companies

(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	
			2016	2015	2016	2015	2016	2015	2016	2015
			(%)	(%)						
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						Carrying amounts based on cost method	
			Shareholding percentage		Cost					
			2016	2015	2016	2015	2016	2015	2016	2015
			(%)	(%)						
Thaire Life Assurance Plc.	Provision of life reinsurance	Thailand	-	24.30	-	145,770	-		-	145,770
Total					-	145,770	-		-	145,770

12.2 Share of profit (loss) and dividend income

During the year, the Company has recognised its share of profit (loss) from investments in associated companies in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements				Separate financial statements	
	Share of profit from investments in associates during the years ended		Share of other comprehensive income from investments in associates during the years ended		Dividend received during the years ended	
	31 December		31 December		31 December	
	2016	2015	2016	2015	2016	2015
Thaire Life Assurance Plc.	7,592	70,924	8,722	(6,707)	37,916	67,045
Total	7,592	70,924	8,722	(6,707)	37,916	67,045

Share of profit from investment in associates for the year ended 31 December 2016, amounting to Baht 7.6 million, is the Company's proportionate share of profit from the investment until the change in its status, amounting to Baht 34.0 million, net of amortisation of intangible assets amounting to Baht 26.4 million.

The change in the status of the investment in Thaire Life Assurance Public Company Limited from investment in associated company to available-for-sale investment occurred on 10 May 2016. Given the information available, the Company realised share of profit and share of comprehensive income from investment in Thaire Life Assurance Public Company Limited using financial information for the period as from 1 January 2016 to 30 April 2016 provided by the management of such company.

12.3 Fair value investment in listed associate

In respect of investment in associated company that is listed company on the Stock Exchange of Thailand, their fair values are as follows:

(Unit: Million Baht)

Company's name	Fair value as at	
	2016	2015
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.	
	2016	2015
Total assets	-	2,012.4
Total liabilities	-	742.9
Net assets	-	1,269.5

(Unit: Million Baht)

Thaire Life Assurance Plc.

	2016	2015
Shareholding percentage (%)	-	24.3
Share of net assets	-	308.5
Difference arising from adjustment to fair value as the loss control date		
- net (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 period as from 1 January 2016 to 30 April 2016	For the year ended 31 December 2015
Revenue	516.3	1,892.9
Profit	161.0	388.4
Other comprehensive income	39.9	(25.8)
Total comprehensive income	200.9	362.6

13. Property, buildings 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 2015	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	-	1,186,916	274,017	-	875,898	6,970,699	12,770,855	22,078,385
Disposals	-	-	(274,017)	(6,314,996)	(157,738)	(2,949,602)	-	(9,696,353)
31 December 2015	99,739,416	77,528,710	840,979	9,255,893	56,223,994	56,607,779	37,947,669	338,144,440
Additions	-	-	246,040	1,400,935	2,580,258	18,282,266	52,126,662	74,636,161
Disposals	-	-	(566,962)	-	(1,257,387)	(4,011,212)	-	(5,835,561)
31 December 2016	99,739,416	77,528,710	520,057	10,656,828	57,546,865	70,878,833	90,074,331	406,945,040
Accumulated depreciation								
1 January 2015	-	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	-	3,967,773	84,175	2,376,820	6,802,061	4,841,738	-	18,072,567
Depreciation for the disposals	-	-	-	(4,935,143)	(69,532)	(2,845,182)	-	(7,849,857)
31 December 2015	-	16,903,791	567,037	8,527,312	42,831,753	45,065,136	-	113,895,029
Depreciation for the year	-	4,006,308	41,989	639,681	6,784,551	6,179,905	-	17,652,434
Depreciation for the disposals	-	-	(566,962)	-	(1,256,304)	(4,010,777)	-	(5,834,043)
31 December 2016	-	20,910,099	42,064	9,166,993	48,360,000	47,234,264	-	125,713,420
Net book value								
31 December 2015	99,739,416	60,624,919	273,942	728,581	13,392,241	11,542,643	37,947,669	224,249,411
31 December 2016	99,739,416	56,618,611	477,993	1,489,835	9,186,865	23,644,569	90,074,331	281,231,620
Depreciation for the year:								
2015								18,072,567
2016								17,652,434

As at 31 December 2016, land and buildings thereon of a subsidiary with net book values totaling Baht 91.9 million (2015: Baht 78.5 million) were mortgaged with financial institution to secure credit facilities and long-term loan granted by these financial institutions, as described in Note 19 and 20 to the interim financial statements.

Separate financial statements

(Unit: Baht)

	Land	Buildings	Motor vehicles	Office equipment and furniture	Computer	Building under improvement	Total
Cost							
1 January 2015	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
Additions	27,040,000	-	1,400,935	1,484,638	959,340	44,844,257	75,729,170
Disposals	-	-	-	(101,358)	(3,692)	-	(105,050)
31 December 2016	63,664,000	51,392,317	8,312,996	47,079,032	22,725,946	44,844,257	238,018,548
Accumulated depreciation							
1 January 2015	-	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
Depreciation for the year	-	2,569,616	408,111	6,365,698	957,384	-	10,300,809
Depreciation for the disposals	-	-	-	(101,319)	(3,691)	-	(105,010)
31 December 2016	-	10,543,643	7,114,923	39,435,316	21,382,685	-	78,476,567
Net book value							
31 December 2015	36,624,000	43,418,290	205,249	12,524,815	1,341,306	-	94,113,660
31 December 2016	63,664,000	40,848,674	1,198,073	7,643,716	1,343,261	44,844,257	159,541,981
Depreciation for the year:							
2015							12,451,826
2016							10,300,809

As at 31 December 2016, 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 68.7 million (the Company only: Baht 40.9 million) (2015: the Group: Baht 60.6 million and the Company only: Baht 33.2 million).

14. Intangible asset - Computer software

Consolidated financial statements

(Unit: Baht)

	Computer software	Computer software under development	Total
Arising from internally development			
Cost			
1 January 2015	22,500	-	22,500
Addition development costs	79,421	-	79,421
31 December 2015	101,921	-	101,921
31 December 2016	101,921	-	101,921
Accumulated amortisation			
1 January 2015	2,164	-	2,164
Amortisation for the year	2,272	-	2,272
31 December 2015	4,436	-	4,436
Amortisation for the year	10,192	-	10,192
31 December 2016	14,628	-	14,628
Purchase /subsequently acquisition			
Cost			
1 January 2015	74,287,981	4,942,313	79,230,294
Additions	3,059,958	34,781,465	37,841,423
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	81,545,715	34,744,465	116,290,180
Additions	7,867,956	36,109,489	43,977,445
Disposals	(450,000)	-	(450,000)
Transfer in/(out)	54,368,296	(54,368,296)	-
31 December 2016	143,331,967	16,485,658	159,817,625

(Unit: Baht)

	Computer software	Computer software under development	Total
Purchase /subsequently acquisition (continued)			
Accumulated amortisation			
1 January 2015	62,245,253	-	62,245,253
Amortisation for the year	3,333,580	-	3,333,580
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	65,315,232	-	65,315,232
Amortisation for the year	4,667,874	-	4,667,874
Amortisation on disposals	(82,550)	-	(82,550)
31 December 2016	69,900,556	-	69,900,556
Net book value			
31 December 2015	16,327,968	34,744,465	51,072,433
31 December 2016	73,518,704	16,485,658	90,004,362
Amortisation for the year			
2015			3,335,852
2016			4,678,066

Separate financial statement

(Unit: Baht)

	Computer software	Computer software under development	Total
Purchase /subsequently acquisition			
Cost			
1 January 2015	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
Additions	714,665	32,510,831	33,225,496
Disposals	(450,000)	-	(450,000)
Transfer in/(out)	54,368,296	(54,368,296)	-
31 December 2016	112,528,340	1,526,000	114,054,340
Accumulated amortisation			
1 January 2015	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
Amortisation for the year	3,210,500	-	3,210,500
Amortisation on disposals	(82,551)	-	(82,551)
31 December 2016	47,413,898	-	47,413,898
Net book value			
31 December 2015	13,609,430	23,383,465	36,992,895
31 December 2016	65,114,442	1,526,000	66,640,442
Amortisation for the year			
2015			1,922,286
2016			3,210,500

As at 31 December 2016 and 2015, certain computer software have been fully amortised but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to Baht 53.9 million (the Company only: Baht 39.4 million) (2015: the Group: Baht 52.6 million and the Company only: Baht 38.4 million).

15. Deferred tax assets and income tax expenses

15.1 Deferred tax assets

The components of deferred tax assets are the tax effects arose from the following transactions:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deferred tax assets arose from:				
Claim reserves	217,703	204,749	217,703	204,749
Commission payable from reinsurance	50,025	4,139	50,025	4,139
Deferred commissions and brokerages income	54,451	59,194	54,451	59,194
Loss brought forwards	859,279	1,079,736	858,132	1,079,625
Unrealised loss from changes in values of available-for-sale investments	53,544	66,668	-	66,544
Allowance for doubtful accounts	1,020	4,008	873	3,877
Unrealised gain from changes in values of available-for-sale investments	-	-	(137,264)	-
Gain from adjusting fair value of investments as the date of changing in investment type	(190,719)	(302,667)	-	-
Deferred commissions and brokerages expenses	(168,474)	(172,726)	(168,474)	(172,726)
Others	23,542	23,891	21,194	21,963
Total deferred tax assets	900,371	966,992	896,640	1,267,365

As at 31 December 2016, the Company has deferred tax assets amounting to Baht 858 million, which relate to unused tax losses amounting to Baht 4,290 million that will expire by 2019.

As at 31 December 2016 and 2015, the Company had unused tax losses of approximately Baht 4,416 million for which deferred tax assets have not been recognised, because the Company believes future taxable profits may not be sufficient to allow utilisation of these unused tax losses.

15.2 Income tax expenses

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December			
	2016	2015	2016	2015
Current income tax:				
Continuing operations				
Current income tax charge for the year	15,240	15,173	-	-
Deferred tax:				
Relating to origination and reversal of				
temporary differences	54,036	626,770	167,154	324,464
Income tax expense from continuing operations	69,276	641,943	167,154	324,464
Discontinued operation				
Income tax expense from discontinued operation	-	22,749	-	-
Total income tax expense	69,276	664,692	167,154	324,464

Reconciliation between income tax expenses and the product of accounting profits for the years ended 31 December 2016 and 2015 and the applicable tax rates are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Continuing operations				
Accounting profit before income tax expenses	371,982	3,276,345	1,042,460	1,821,049
Applicable tax rate	0 - 20 %	15 - 20 %	20 %	20 %
Income taxes at the applicable tax rates	74,281	681,298	208,492	364,210
Tax effect of:				
Non - taxable revenues	(47,036)	(42,069)	(46,695)	(41,823)
Stock dividends received-taxable revenues	-	981	-	981
Non-deductible expenses	5,046	1,860	4,583	1,546
Accounting loss from sale of investments in associated company	28,154	-	-	-
Others	8,831	(127)	774	(450)
Total	(5,005)	(39,355)	(41,338)	(39,746)
Income tax expenses - continuing operations	69,276	641,943	167,154	324,464
Discontinued operation				
Income tax expense - discontinued operation	-	22,749	-	-
	69,276	664,692	167,154	324,464

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

Consolidated financial statements

(Unit: Baht)

	2016			2015		
	Income tax			Income tax		
	Balance before income tax	revenue (expense) effects	Net balance of income tax	Balance before income tax	revenue (expense) effects	Net balance of income tax
Gain (loss) on revaluation of available-for-sale investments	67,121,516	(13,424,303)	53,697,213	(365,233,292)	73,046,658	(292,186,634)
Actuarial gain (loss)	(2,733,951)	546,790	(2,187,161)	(4,746,069)	949,214	(3,796,855)
Other comprehensive income from continuing operations	64,387,565	(12,877,513)	51,510,052	(369,979,361)	73,995,872	(295,983,489)
Other comprehensive income from discontinued operation	-	-	-	1,935,354	(387,071)	1,548,283
Total	64,387,565	(12,877,513)	51,510,052	(368,044,007)	73,608,801	(294,435,206)

Separate financial statements

(Unit: Baht)

	2016			2015		
	Income tax			Income tax		
	Balance before income tax	revenue (expense) effects	Net balance of income tax	Balance before income tax	revenue (expense) effects	Net balance of income tax
Gain (loss) on revaluation of available-for-sale investments	1,019,035,843	(203,807,169)	815,228,674	(356,548,518)	71,309,704	(285,238,814)
Actuarial gain (loss)	(1,178,639)	235,728	(942,911)	(2,879,853)	575,971	(2,303,882)
Total	1,017,857,204	(203,571,441)	814,285,763	(359,428,371)	71,885,675	(287,542,696)

16. Insurance contract liabilities

(Unit: Baht)

	Consolidated and separate financial statements					
	2016			2015		
	Insurance contract liabilities	Reinsurance of liabilities	Net	Insurance contract liabilities	Reinsurance of liabilities	Net
Claim reserves						
- Provision for reported claims	1,556,379,684	(825,268,115)	731,111,569	1,597,721,336	(893,961,694)	703,759,642
- Provision for claims incurred but not reported	587,319,662	(229,917,651)	357,402,011	570,874,542	(250,890,100)	319,984,442
Premium reserves						
- Unearned premium reserves	2,032,261,525	(890,890,528)	1,141,370,997	2,050,007,507	(963,194,730)	1,086,812,777
Other insurance liabilities	7,016,103	-	7,016,103	4,351,752	-	4,351,752
Total	4,182,976,974	(1,946,076,294)	2,236,900,680	4,222,955,137	(2,108,046,524)	2,114,908,613

16.1 Claim reserves

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Beginning balance	2,168,595,878	2,380,790,096	2,168,595,878	2,342,504,276
Claim expenses for the year	2,938,176,013	2,903,153,109	2,938,176,013	2,772,085,883
Change in claim reserves of prior year	(427,904,825)	(303,351,988)	(427,904,825)	(216,482,201)
Claim expenses paid during the year	(2,535,167,720)	(2,750,911,436)	(2,535,167,720)	(2,729,512,080)
Decrease in claim expenses due to the loss of control of the subsidiary	-	(61,083,903)	-	-
Ending balance	2,143,699,346	2,168,595,878	2,143,699,346	2,168,595,878

Claim reserves as at 31 December 2016 includes claim reserves from flooding claim amounting to Baht 48 million (2015: Baht 144 million).

16.2 Unearned premium reserves

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Beginning balance	2,050,007,507	2,158,651,296	2,050,007,507	1,955,379,471
Premium written for the year	5,182,854,311	5,455,562,037	5,182,854,311	5,262,398,334
Premium earned for the current year	(5,200,600,293)	(5,167,770,298)	(5,200,600,293)	(5,167,770,298)
Decrease due to the loss of control of the subsidiary	-	(396,435,528)	-	-
Ending balance	2,032,261,525	2,050,007,507	2,032,261,525	2,050,007,507

16.3 Claims development table

(a) Gross claims table

(Unit: Million Baht)

Reporting year / underwriting year	Prior year 2011	2011	2012	2013	2014	2015	2016	Total
Estimate of cumulative ultimate claims incurred:								
- As at reporting year	956	15,618	670	684	630	705	951	20,214
- Next one year	3,323	23,501	1,219	1,085	1,045	1,177	-	31,350
- Next two years	4,428	30,878	1,377	1,065	1,037	-	-	38,785
- Next three years	4,728	34,892	1,574	1,058	-	-	-	42,252
- Next four years	5,780	35,097	1,672	-	-	-	-	41,549
- Next five years	6,650	35,233	-	-	-	-	-	41,883
Estimate of cumulative ultimate claims incurred	6,650	35,233	1,672	1,058	1,037	1,177	951	47,778
Cumulative payments to date	5,491	35,059	1,603	1,028	981	1,051	421	45,634
Total gross claims	1,159	174	69	30	56	126	530	2,144

(b) Net claims table

(Unit: Million Baht)

Reporting year / underwriting year	Before 2011	2011	2012	2013	2014	2015	2016	Total
Estimate of cumulative ultimate claims incurred:								
- As at reporting year	658	4,594	626	632	584	668	894	8,656
- Next one year	2,498	10,090	1,155	1,026	996	1,133	-	16,898
- Next two years	3,435	14,627	1,317	1,008	988	-	-	21,375
- Next three years	3,865	17,526	1,461	1,002	-	-	-	23,854
- Next four years	4,402	17,570	1,495	-	-	-	-	23,467
- Next five years	4,565	17,484	-	-	-	-	-	22,049
Estimate of cumulative ultimate claims incurred	4,565	17,484	1,495	1,002	988	1,133	894	27,561
Cumulative payments to date	4,306	17,402	1,454	973	933	1,008	396	26,472
Total net claims	259	82	41	29	55	125	498	1,089

Key assumptions and the methods, which used in determining the key assumptions, for estimates claim reserves are as described in Note 37.1 to the financial statements.

17. Due to reinsurers

(Unit: Baht)

	Consolidated and separate financial statements	
	2016	2015
Amount withheld on reinsurance	750,504,114	704,580,251
Other reinsurance payables	600,546,108	448,686,275
Total due to reinsurers	1,351,050,222	1,153,266,526

18. Employee Benefit Obligations and payables

The movements of provision for long-term employee benefits for the years ended 31 December 2016 and 2015 were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Defined benefit obligation at beginning of year				
Included in profit or loss:				
Defined benefit obligation				
▪ Current service cost	2,513	1,666	1,315	1,033
▪ Actuarial loss	987	799	653	633
▪ Other long-term employee benefit	1,394	1,321	1,394	1,321
	4,894	3,786	3,362	2,987
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
▪ Demographic assumptions changes	(1,560)	3,526	(1,363)	2,179
▪ Financial assumptions changes	148	(1,353)	658	(1,206)
▪ Experience adjustments	4,109	2,483	1,884	1,908
Total actuarial losses	2,697	4,656	1,179	2,881
	52,518	47,435	38,642	34,101
Decrease due to the loss of control of the subsidiary	-	(2,508)	-	-
Defined benefit obligation at end of year	52,518	44,927	38,642	34,101
Additional employee benefits	19,445	-	19,445	-
Total employee benefit obligations and payables	71,963	44,927	58,087	34,101

Long-term employee benefit expenses included in the statements of income for the years ended 31 December 2016 and 2015 were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Loss adjustment expenses	149	143	149	143
Other underwriting expenses	422	371	422	371
Investments expenses	100	93	100	93
Management expenses from National Catastrophe Insurance Fund	211	96	211	96
Operating expenses	23,457	3,083	21,925	2,284
Total expenses recognised in the statement of income	24,339	3,786	22,807	2,987

The Company and its subsidiaries expected that amount Baht 28.3 million of long-term employee benefits to be paid during the next year.

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 8.8 years (Separate financial statements: 6.8 years) (2015: 7.8 years, separate financial statements: 6.0 years).

Principal actuarial assumptions at the valuation date were as follows:

	(Unit: Percent per annum)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Discount rate	3.48, 3.52	3.12	3.48	3.12
Salary increase rate	6.50	6.50	6.50	6.50
Staff turnover rate	5.49 - 24.42	5.05 - 25.19	5.49 - 24.42	5.05 - 25.19

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised belows.

Consolidated financial statements

	2016			
	Amount increase		Amount increase	
	Assumption increase	(decrease)	Assumption decrease	(decrease)
	(Percent per annum)	Million Baht	(Percent per annum)	Million Baht
Discount rate	1.0	(2.9)	1.0	2.9
Salary increase rate	1.5	5.3	1.5	(5.1)
Staff turnover rate	1.8	(1.6)	1.8	2.9

2015

	Amount increase		Amount increase	
	Assumption increase	(decrease)	Assumption 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

2016

	Amount increase		Amount increase	
	Assumption increase	(decrease)	Assumption decrease	(decrease)
	(Percent per annum)	Million Baht	(Percent per annum)	Million Baht
Discount rate	1.0	(1.7)	1.0	2.0
Salary increase rate	1.5	2.9	1.5	(2.4)
Staff turnover rate	1.8	(1.3)	1.8	1.4

2015

	Amount increase		Amount increase	
	Assumption increase	(decrease)	Assumption 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

19. 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.

20. Long-term loans

(Unit: Baht)

	Consolidated financial statements	
	2016	2015
Current - portion	4,908,000	4,908,000
Long-term loans, net of current - portion	8,549,000	13,457,000
Total	13,457,000	18,365,000

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 is required to 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.

21. Related party transactions

21.1 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 summarized below:

Name of related parties	Relationship with the Company
Thaire Life Assurance Plc. ²⁾	Associated company
Bangkok Insurance Plc.	Related by way of common directors and shareholding
The Navakij Insurance Plc. ³⁾	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. ¹⁾	Related by way of common directors
Bangkok Life Assurance Plc. ¹⁾	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

¹⁾ This entity has been considered a related party until the first quarter of 2015, which was the period when there is no more related common director.

²⁾ This entity has been considered a related party as an associated company until 10 May 2016, which was the status of investment has been changed.

³⁾ This entity has been considered a related party until the first quarter of 2016, which was the period when there is no more related common director.

21.2 Significant related party transactions

During the year, the Group had significant business transactions with its related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Group and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		
	For the years ended		For the years ended		
	31 December		31 December		Pricing policy
	2016	2015	2016	2015	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Service income	-	-	4	1	At cost
Service expenses	-	-	13	10	At cost
Dividend income	-	-	17	48	As declared
Acquisition of land and building under development	-	-	58	-	As appraisal
<u>Transactions with related parties</u>					
Premium income	1,446	1,077	1,446	976	Normal ceded rates depending on type of insurance and reinsurance contracts
Commission income	46	22	46	22	Normal ceded rates
Dividend income	17	16	17	16	As declared
Service income	30	27	-	-	Normal of business rates
Claim refundable income	43	33	43	33	As per identified in each contract
Premium ceded	107	53	107	52	Normal ceded rates depending on type of insurance and reinsurance contract
Claim expenses	551	400	551	342	As per identified in each contract
Commission expenses	554	400	554	380	Normal ceded rates

21.3 Outstanding balances

As at 31 December 2016 and 2015, the Group had the outstanding balances with its related parties as follows:

(Unit: Thousand Baht)					
		Consolidated		Separate	
		financial statements		financial statements	
	Note	2016	2015	2016	2015
<u>Transactions with related parties</u>					
Investments in securities - stocks	9	448,086	468,815	448,086	468,815
Amounts deposited on reinsurance	8	195,451	98,045	195,451	98,045
Due from reinsurers	8	105,303	50,137	105,303	50,137
Deferred commissions and brokerages expenses		223,572	126,375	223,572	126,375
Accounts receivable ⁽¹⁾		1,871	2,181	-	-
Amounts withheld on reinsurance	17	122	122	122	122
Due to reinsurers	17	74,279	34,978	74,279	34,978
Claim reserves	16.1	574,173	345,203	574,173	345,203
Deferred commissions and brokerages income		14,205	11,418	14,205	11,418
Advance received for premium, net		120,673	146,754	120,673	146,754
Revenue received in advance ⁽²⁾		77	393	-	-

⁽¹⁾ Including in "Other assets" in statements of financial position

⁽²⁾ Including in "Other liabilities" in statements of financial position

Transactions with subsidiaries and associate are not significant, and therefore no disclosure of such transactions is made.

Directors and management personnel's remuneration

During the years ended 31 December 2016 and 2015, the Group had employment benefits expense to their directors and management as below.

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term benefits	80,568	69,944	67,338	60,903
Long-term benefits	25,428	7,394	23,707	4,232
Total	105,996	77,338	91,045	65,135

22. 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.

23. 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.

According to the Civil and Commercial Code, the subsidiary is required to set aside a statutory reserve an amount equal to at least 5% of its net income each time the subsidiary pay out a dividend, until such reserve reaches 10% of the subsidiary's registered share capital. The statutory reserve cannot be used for dividend payment.

During the year 2016, the Group set aside net income to statutory reserve amounting to Baht 44.5 million (The Company only: Baht 44.0 million) (2015: the Group: Baht 2.1 million and the Company only: Baht 1.5 million).

24. Share capital

As at 31 December 2016 and 2015, the Company has the registered, issued and paid-up share capital of Baht 4,215 million, consisting of 4,214,993,832 million ordinary shares at par value Baht 1 per share.

25. Operating expenses

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Continuing operations				
Personal expenses	139,162,283	94,568,468	139,262,538	94,744,387
Premises and equipment expenses which are not expense for underwriting	21,405,663	18,214,138	34,426,223	27,467,662
Taxes and duties	170,761	388,792	170,761	388,792
Reversal of bad debts and doubtful accounts	(13,942,339)	(24,152,539)	(13,942,339)	(24,152,539)
Other operating expenses	40,458,912	43,474,342	40,482,912	43,498,342
Total operating expenses from continuing operations	187,255,280	132,493,201	200,400,095	141,946,644
Discontinued operations				
Operating expenses	-	6,136,766	-	-
Total operating expenses	187,255,280	138,629,967	200,400,095	141,946,644

26. Expenses by nature

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Continuing operations				
Claim incurred	2,510,271,188	2,555,603,682	2,510,271,188	2,555,603,682
Claim recovery from reinsurers	(1,055,474,135)	(769,265,772)	(1,055,474,135)	(769,265,772)
Commissions and brokerages expenses	2,150,152,387	2,141,327,612	2,147,933,176	2,135,805,202
Other underwriting expenses	67,937,215	53,610,022	68,057,215	53,836,774
Personal expenses	367,167,512	299,707,244	209,900,898	165,303,074
Premises and equipment expenses	42,123,571	39,403,591	36,475,189	29,707,200
Reversal of bad debts and doubtful accounts	(13,942,339)	(24,152,539)	(13,942,339)	(24,152,539)
Other expenses	73,839,518	69,977,179	42,046,741	44,798,989
Total expenses from continuing operations	4,142,074,917	4,366,211,019	3,945,267,933	4,191,636,610
Discontinued operation				
Personal expenses	-	5,088,539	-	-
Total expenses	4,142,074,917	4,371,299,558	3,945,267,933	4,191,636,610

27. 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 2016, the Group contributed Baht 16 million to the fund (the Company only: Baht 9 million) (2015: the Group: Baht 14 million and the Company only: Baht 9 million).

28. Earnings per share

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

29. Reversal of expired dividend payable

During the year 2016, the Company reversed expired dividend payable amounting to Baht 0.05 million (2015: Baht 0.12 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.

30. Dividends paid

Interim dividend declared during the period is as follows:

	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
Interim dividend of operating results for the six-month period ended 30 June 2016	Board of Director meeting on 25 August 2016	421.5	0.10
Total dividend paid during the year 2016		421.5	0.10

31. Assets pledged with the Registrar

As at 31 December 2016, the following assets have been pledged with the Registrar of the Office of Insurance Commission in accordance with the Non-Life Insurance Act

(Unit: Million Baht)

	Consolidated and separate financial statements			
	2016		2015	
	Cost	Fair value	Cost	Fair value
Government bonds	14.0	14.7	14.0	14.3

32. Assets reserve with the Registrar

As at 31 December 2016, the following assets have been pledged as non-life insurance policy reserves with the Registrar of the Office of Insurance Commission in accordance with the Non-Life Insurance Act

(Unit: Million Baht)

	Consolidated and separate financial statements			
	2016		2015	
	Cost	Fair value	Cost	Fair value
Government and state enterprise bonds	150.0	153.3	365.7	375.5

33. Commitments and contingent liabilities**33.1 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 2016, 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	4.2	3.7
Over 1 year and not over 5 years	1.5	1.5

33.2 Service commitments

As at 31 December 2016, the Company and its subsidiaries had outstanding service commitment and future minimum service fees amounting to Baht 10.3 million.

33.3 Capital commitments

As at 31 December 2016, the Company and its subsidiaries had capital commitments of Baht 6.4 million (2015: Baht 87.9 million), relating to the development of computer software and improvement of building.

34. Litigations

As at 31 December 2016, the Company had been sued as insurer for damages totaling approximately Baht 293 million (amount claimed and related interest expenses) and had net related expenses of Baht 10 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.

35. 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.

The Chief Operating Decision Maker has reviewed the operating results of the operating segments separately for the purpose of making decisions about the allocation of resources 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 as of 31 December 2016 and 2015 can be classified by type of products as follows:

(Unit: Baht)

	2016		
	Non - life insurance	Other	Total
Total assets	14,048,612,361	369,319,849	14,417,932,210
Total liabilities	8,976,816,300	60,819,128	9,037,635,428

(Unit: Baht)

	2015		
	Non - life insurance	Other	Total
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

Operating segment information can be classified by type of insurance products as follows:

(Unit: Baht)

	For the year ended 31 December 2016		
	Conventional products	Non-conventional products	Total
Underwriting income			
Premium written	1,517,561,781	3,665,292,530	5,182,854,311
Less: Premium ceded	(246,953,603)	(1,532,051,442)	(1,779,005,045)
Net premium written	1,270,608,178	2,133,241,088	3,403,849,266
Add: Unearned premium reserves decreased (increased) from prior year	(157,470,939)	102,912,720	(54,558,219)
Earned premium	1,113,137,239	2,236,153,808	3,349,291,047
Underwriting expenses			
Claims expenses	420,649,359	1,040,065,587	1,460,714,946
Commissions and brokerages expenses, net	392,552,592	941,644,874	1,334,197,466
Other underwriting expenses	15,576,107	87,945,838	103,521,945
Total underwriting expenses	828,778,058	2,069,656,299	2,898,434,357
Profit from underwriting	284,359,181	166,497,509	450,856,690
Operating expenses			(201,197,619)
Profit from operation			249,659,071
Reversal bad debts and doubtful account			13,942,339
Profit before service income and investment income			263,601,410
Net income on services			57,867,655
Net investment income			37,639,618
Share of profit from investment in associates			7,591,710
Other income			5,281,350
Profit before income tax			371,981,743
Income tax expenses			(69,276,261)
Profit for the year			302,705,482

(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 reserves decreased from prior year	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 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	9,316,759	78,323,945	87,640,704
Total underwriting expenses	426,289,398	3,277,254,362	3,703,543,760
Profit from underwriting	355,670,080	52,339,553	408,009,633
Operating expenses			(156,645,740)
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			2,843,658,494
Share of gain from associates			70,067,831
Other income			24,229,736
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 operation			
Profit for the year from discontinued operation			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.

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 2016, Baht 1,947 million of the Group's net premium written was received from two major insurance companies (2015: Baht 2,118 million of the Group's net premium written was received from two major insurance companies).

36. Reclassification

The Company reclassified the following transactions in the prior year's financial statements to conform on current year's classification in accordance with the Notification of the Office of Insurance Commission dated 4 March 2016, which become effective since 1 January 2016. The reclassification, which does not have any impact to previously reported profit or owner's equity, is summarised below.

Consolidated financial statement

(Unit: Thousand Baht)

	31 December 2015		1 January 2015	
	As reclassified	As previously reported	As reclassified	As previously reported
Statement of financial position				
Assets:				
Premium receivables	-	42,180	-	49,325
Reinsurance assets	2,108,047	3,752,023	1,060,425	3,206,397
Receivables from reinsurance contracts	822,525	-	1,307,872	-
Deferred commissions and brokerages expenses	863,631	-	887,425	-
Liabilities				
Due to reinsurers	1,153,267	1,449,239	845,309	870,566
Deferred commissions and brokerages income	295,972	-	25,257	-
Employee benefit obligations	44,927	60,971	38,992	44,345
Liability under lease agreement	-	-	-	336
Others	54,608	38,564	64,651	58,962

(Unit: Thousand Baht)

For the year ended 31 December 2015

	As reclassified	As previously reported
Statement of income		
Revenue:		
Gross premium written	5,262,398	-
Premium ceded to reinsurers	(1,948,519)	-
Unearned premium reserves decreased from prior year	797,674	-
Net earned premium	4,111,553	4,111,553
Net investments income	265,597	246,750
Gain on investments	1,067,054	1,069,110
Net management income from National Catastrophe Insurance Fund	-	17,296
Other income	40,697	9,400
Expenses:		
Gross claims	2,562,972	1,793,707
Claim recovery from reinsurers	(769,265)	-
Other underwriting expenses	87,640	74,324
Contribution to the Office of Insurance Commission	-	13,316
Investment expenses	16,791	-
Other expenses	14,008	6

Separate financial statement

(Unit: Thousand Baht)

	31 December 2015		1 January 2015	
	As reclassified	As previously reported	As reclassified	As previously reported
Statement of financial position				
Assets:				
Premium receivables	-	42,180	-	39,126
Reinsurance assets	2,108,047	3,752,023	1,057,095	2,800,658
Reinsurance receivables from reinsurance contracts	822,525	-	969,079	-
Deferred commissions and brokerages expenses	863,631	-	813,610	-
Liabilities				
Due to reinsurers	1,153,267	1,449,239	562,258	587,481
Deferred commissions and brokerages income	295,972	-	25,223	-
Employee benefit obligations	34,101	43,704	28,233	31,416
Others	31,442	21,839	32,930	29,747

(Unit: Thousand Baht)

For the year ended 31 December 2015

	As reclassified	As previously reported
Statement of income		
Revenue:		
Gross premium written	5,262,398	-
Premium ceded to reinsurers	(1,948,519)	-
Unearned premium reserves decreased from prior year	797,674	-
Net earned premium	4,111,553	4,111,553
Net investments income	379,764	360,917
Gain on investments	1,187,159	1,189,214
Net management income from National Catastrophe Insurance Fund	-	15,779
Other income	38,858	7,560
Expenses:		
Gross claims	2,562,972	1,793,707
Claim recovery from reinsurers	(769,265)	-
Other underwriting expenses	87,867	74,551
Contribution to the Office of Insurance Commission	-	13,316
Investment expenses	16,791	-
Other expenses	15,519	-

37. Risks and risk management policies

37.1 Reinsurance risks

Reinsurance risk is the risk arising from the conduct of reinsurance activities, including the risk of changes in various factors that cause them to deviate from the assumptions used in product design and development, pricing, underwriting, reinsurance, and calculating insurance technical reserves.

The Company's risk management is based on balancing risks and rewards, monthly monitoring of risk accumulation, and use of simulation models to estimate insurance loss and excess of loss. Moreover, the Company has a policy to retrocede only to retrocessionaires with a credit rating of at least A-, and to perform regular assessments of the quality, creditworthiness and financial position of its retrocessionaires.

The Company requires that its actuaries approve the prices of new products, test the transfer of insurance risks for the purpose of classifying contracts, and review contract pricing.

The Company's insurance technical reserve policy ensures that reserves are adequate to meet the Group's future obligations to policyholders. The reserve is calculated using generally accepted actuarial methods and is certified by actuaries of the Group with the status of Fellow, who consistently monitor and analyse changes and other factors that would affect the amount of the reserves.

Reinsurance Liabilities as at 31 December 2016 and 2015 by reinsurance sectors are as follows.

(Unit: Million Baht)

	2016			2015		
	Premium reserves			Premium reserves		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Fire	106	(19)	87	117	(22)	95
Marine	3	(1)	2	14	(3)	11
Motor	276	-	276	113	-	113
Personal accident	414	(17)	397	488	(22)	466
Miscellaneous	1,233	(854)	379	1,318	(916)	402
Total	2,032	(891)	1,141	2,050	(963)	1,087

(Unit: Million Baht)

	2016			2015		
	Claim reserves			Claim reserves		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Fire	1,114	(773)	341	1,220	(839)	381
Marine	61	(5)	56	74	(7)	67
Motor	256	-	256	143	-	143
Personal accident	167	(9)	158	192	(5)	187
Miscellaneous	546	(268)	278	540	(294)	246
Total	2,144	(1,055)	1,089	2,169	(1,145)	1,024

Key assumptions and the method, which used in determining the key assumptions, for estimate claim reserves are as follows.

(a) Ultimate Loss Ratio

The Company determines the Ultimate Loss Ratio based on the Chain ladder method as applied to historical premiums and claims development pattern. The Ultimate Loss Ratio is then used as an input in the Expected Loss Ratio method, which is an actuarial method, in order to determine loss reserves by multiplying ultimate loss ratio to earned premium.

(b) Unallocated Loss Adjustment Expense Ratio (ULAE) which are categorised into 2 types as claim reserves type as follows.

▪ The average of ULAE per claim

The Company used the total ULAE and the total number of claims in the last fiscal year to calculate the average ULAE per claim. Such average value is used to estimate ULAE reserves for claims that have been reported but not be closed.

▪ ULAE to total paid claim ratio

The Company used ULAE and the value of paid claims in the current fiscal year to calculate the ratio of ULAE to total paid claims. Such ULAE ratio will be used to estimate ULAE reserves for claims that have been incurred but not reported.

The result of sensitivity analysis for significant assumptions that affect the value of claim reserves as at 31 December 2016 and 2015 are summarised below.

		2016			
		Claim reserves		Impact on	
		Gross claim reserves	Net claim reserves	Profit before income tax expenses	Owners' equity
Assumption increase		increase	increase	decrease	decrease
(Percent per annum)		Million Baht	Million Baht	Million Baht	Million Baht
Ultimate Loss Ratio					
(Claim reserves of underwriting year 2015 - 2016)	5.0	80	75	(75)	(60)
Changes in claim reserves					
(Claim reserves of underwriting year before 2015)	5.0	72	52	(52)	(41)
Unallocated Loss Adjustment Expense Ratio	5.0	0.2	0.2	(0.2)	(0.2)

		2016			
		Claim reserves		Impact on	
		Gross claim reserves	Net claim reserves	Profit before income tax expenses	Owners' equity
Assumption decrease		decrease	decrease	increase	increase
(Percent per annum)		Million Baht	Million Baht	Million Baht	Million Baht
Ultimate Loss Ratio					
(Claim reserves of underwriting year 2015 - 2016)	5.0	(66)	(62)	62	50
Changes in claim reserves					
(Claim reserves of underwriting year before 2015)	5.0	(72)	(52)	52	41
Unallocated Loss Adjustment Expense Ratio	5.0	(0.2)	(0.2)	0.2	0.2

		2015			
		Claim reserves		Impact on	
		Gross claim reserves	Net claim reserves	Profit before income tax expenses	Owners' equity
		increase	increase	decrease	decrease
		Million Baht	Million Baht	Million Baht	Million Baht
Assumption	(Percent per annum)				
Ultimate Loss Ratio					
(Claim reserves of underwriting year 2015 - 2016)	5.0	79	75	(75)	(60)
Changes in claim reserves					
(Claim reserves of underwriting year before 2015)	5.0	77	55	(55)	(44)
Unallocated Loss Adjustment					
Expense Ratio	5.0	0.7	0.7	(0.7)	(0.6)

		2015			
		Claim reserves		Impact on	
		Gross claim reserves	Net claim reserves	Profit before income tax expenses	Owners' equity
		decrease	decrease	increase	increase
		Million Baht	Million Baht	Million Baht	Million Baht
Assumption	(Percent per annum)				
Ultimate Loss Ratio					
(Claim reserves of underwriting year 2015 - 2016)	5.0	(54)	(53)	53	42
Changes in claim reserves					
(Claim reserves of underwriting year before 2015)	5.0	(77)	(55)	55	44
Unallocated Loss Adjustment					
Expense Ratio	5.0	(0.7)	(0.7)	0.7	0.6

37.2 Financial risks

37.2.1 Financial instruments

The Group's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, 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.

(a) Credit risk

Credit risk is the risk of default by the Group's counterparties or of changes in the credit quality of the Group's retrocessionaires.

The Group is exposed to credit risk with respect to amounts due from reinsurers, and collateralised loans. The Group's Executives have established policies and procedures to effectively control credit limits and a strict policy to retrocede its business to retrocessionaires that have credit ratings of at least "A-."

Risks related to the concentration of loans to are not substantial since the Company provides loans only to its employees and the loan collateral provided is adequate to cover the loan amount. The ratio of loans to collateral values is in accordance with the requirements set by the Office of Insurance Commission.

The Group, therefore does not have material exposure to credit risk. The maximum exposure to credit risk is limited to the book value of assets after deduction of allowance for doubtful accounts as stated in the statements of financial position.

(b) Market risk

Market risk is the risk that changes in interest rate, exchange rate, and equity prices could lead to volatility in the financial position of the Group.

■ Interest rate risk

Interest rate risk is the risk that the value of the Group's financial instruments will change due to movements in interest rates.

The Group manages its interest rate risk by taking into account its finance costs, expected returns on investment, and possible interest rate movements before making investment decisions. Changes in interest rates are closely monitored whereas the effects on the Group's exposure are periodically analysed.

As at 31 December 2016 and 2015, significant assets and liabilities classified by type of interest rate are summarized in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the pricing date (if this occurs before the maturity date).

Consolidated financial statements

(Unit: Million Baht)

2016							
Fixed interest rates							
Based on repricing date or maturity date							
from 31 December 2016							
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
Financial Assets							
Cash and cash equivalents	124.0	-	-	709.6	0.1	833.7	1.55
Receivables from reinsurance contracts	-	-	-	-	1,001.0	1,001.0	-
Investments in securities							
Government and state enterprise securities	1,453.5	356.6	-	80.0	-	1,890.1	1.53
Deposits at financial institutions	1,766.5	-	-	-	-	1,766.5	1.70
Loans	0.1	-	-	37.7	-	37.8	4.61
Total	3,344.1	356.6	-	827.3	1,001.1	5,529.1	
Financial Liabilities							
Long-term loan	-	-	-	13.5	-	13.5	7.50
Due to reinsurers	-	-	-	-	1,351.1	1,351.1	-
Total	-	-	-	13.5	1,351.1	1,364.6	

(Unit: Million Baht)

2015							
Fixed interest rates							
Based on repricing date or maturity							
date from 31 December 2015							
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
Financial Assets							
Cash and cash equivalents	10.0	-	-	788.6	0.1	798.7	1.80
Receivables from reinsurance contracts	-	-	-	-	822.5	822.5	-
Investments in securities							
Government and state enterprise securities	377.3	704.3	-	80.0	-	1,161.6	1.62
Deposits at financial institutions	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	822.6	4,894.7	
Financial Liabilities							
Bank overdraft	-	-	-	11.0	-	11.0	7.50
Long-term loan	-	-	-	18.4	-	18.4	7.75
Due to reinsurers	-	-	-	-	1,153.3	1,153.3	-
Total	-	-	-	29.4	1,153.3	1,182.7	

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(Unit: Million Baht)

2016							
Fixed interest rates							
Based on repricing date or maturity date							
from 31 December 2016							
	Within 1		Over 5	Floating	Non-interest		Effective
	year	1-5 years	years	interest rate	bearing	Total	interest rate
							(% per annum)
Financial Assets							
Cash and cash equivalents	124.0	-	-	621.5	-	745.5	1.55
Receivables from reinsurance contracts	-	-	-	-	1,001.0	1,001.0	-
Investments in securities							
Government and state enterprise securities	1,422.6	356.3	-	80.0	-	1,858.9	1.53
Deposits at financial institutions	1,730.0	-	-	-	-	1,730.0	1.70
Loans	0.1	-	-	37.7	-	37.8	4.61
Total	3,276.7	356.3	-	739.2	1,001.0	5,373.2	
Financial Liabilities							
Due to reinsurers	-	-	-	-	1,351.1	1,351.1	-
Total	-	-	-	-	1,351.1	1,351.1	

(Unit: Million Baht)

2015							
Fixed interest rates							
Based on repricing date or maturity date							
from 31 December 2015							
Within 1		Over 5	Floating	Non-interest		Effective	
year	1-5 years	years	interest rate	bearing	Total	interest rate	
							(% per annum)
Financial Assets							
Cash and cash equivalents	-	-	-	761.7	-	761.7	1.80
Receivables from reinsurance contracts	-	-	-	-	822.5	822.5	-
Investments in securities							
Government and state enterprise securities	375.3	703.0	-	80.0	-	1,158.3	1.62
Deposits at financial institutions	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	822.5	4,835.9	
Financial Liabilities							
Due to reinsurers	-	-	-	-	1,153.3	1,153.3	-
Total	-	-	-	-	1,153.3	1,153.3	

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 since it has determined that such risk has no significant effect to the financial statements, having compared the potential impact with the cost of risk management.

As at 31 December 2016 and 2015, the balances of financial assets and liabilities denominated in foreign currencies are summarised belows.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2016	2015	2016	2015	2016	2015
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	0.22	-	2.49	-	35.7843	36.0417
South Korean Won	1.58	0.07	1.62	0.53	0.0297	0.0308

Equity risk

Equity risk is the risk involved in holding equity which may lead to fluctuations in the market value of the Group's earnings or financial assets.

The Group has adopted a prudent investment policy and procedures. Changes in economic environments are taken into consideration as part of the Group's ongoing monitoring process and incorporated into the Group's investment strategy and portfolio management. The Group avoids speculative investments that would jeopardize its capital and invests in high quality securities that are expected to generate reasonable and consistent returns.

(c) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet commitments at maturity dates due to inability to liquidate its financial assets and/or procure sufficient funds to discharge its obligations in a timely manner, resulting in the occurrence of a financial loss.

The Group manages its liquidity position through prudent investment decisions and diversification of assets and liabilities to ensure that sufficient cash is available when needed. The Group's liquid assets are measured and monitored every month whereas its liquidity position is set to be higher than the level of liquidity required by the Office of Insurance Commission.

Counting from the financial position date, the periods to maturity of financial assets and liabilities held as at 31 December 2016 and 2015 are as follows:

Consolidated financial statements

(Unit: Million Baht)

2016						
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets						
Cash and cash equivalents	710	124	-	-	-	834
Receivables from reinsurance contracts	-	985	15	1	-	1,001
Investments in securities						
Equity securities	2,298	-	-	-	5	2,303
Unit trusts	2,277	-	-	-	-	2,277
Government and state enterprise securities	-	1,453	437	-	-	1,890
Deposits at banks	-	1,767	-	-	-	1,767
Loans	-	4	12	22	-	38
Total	5,285	4,333	464	23	5	10,110
Financial liabilities						
Long-term loan	-	5	8	-	-	13
Due to reinsurers	-	1,340	8	3	-	1,351
Total	-	1,345	16	3	-	1,364

(Unit: Million Baht)

2015						
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets						
Cash and cash equivalents	789	10	-	-	-	799
Reinsurance receivables	-	789	34	-	-	823
Investments in securities						
Equity securities	1,077	-	-	-	5	1,082
Unit trusts	2,874	-	-	-	-	2,874
Government and state enterprise securities	-	377	704	80	-	1,161
Deposits at banks	-	2,088	-	-	-	2,088
Loans	-	3	10	11	-	24
Total	4,740	3,267	748	91	5	8,851
Financial liabilities						
Bank overdraft	11	-	-	-	-	11
Long-term loan	-	5	13	-	-	18
Due to reinsurers	-	1,127	24	2	-	1,153
Total	11	1,132	37	2	-	1,182

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(Unit: Million Baht)

2016						
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets						
Cash and cash equivalents	622	124	-	-	-	746
Receivables from reinsurance contracts	-	985	15	1	-	1,001
Investments in securities						
Equity securities	2,298	-	-	-	5	2,303
Unit trusts	2,275	-	-	-	-	2,275
Government and state enterprise securities	-	1,423	436	-	-	1,859
Deposits at banks	-	1,730	-	-	-	1,730
Loans	-	4	12	22	-	38
Total	5,195	4,266	463	23	5	9,952
Financial liabilities						
Due to reinsurers	-	1,340	8	3	-	1,351
Total	-	1,340	8	3	-	1,351

(Unit: Million Baht)

2015						
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets						
Cash and cash equivalents	762	-	-	-	-	762
Reinsurance receivables	-	789	34	-	-	823
Investments in securities						
Equity securities	1,077	-	-	-	5	1,082
Unit trusts	2,871	-	-	-	-	2,871
Government and state enterprise securities	-	375	703	80	-	1,158
Deposits at banks	-	2,069	-	-	-	2,069
Loans	-	3	10	11	-	24
Total	4,710	3,236	747	91	5	8,789
Financial liabilities						
Due to reinsurers	-	1,127	24	2	-	1,153
Total	-	1,127	24	2	-	1,153

Counting from the financial position date, the periods to maturity of assets and liabilities from insurance contracts held as at 31 December 2016 and 2015 are as follows:

Consolidated and separate financial statements

(Unit: Million Baht)

2016						
	At call	Within 1 year	1-5 years	Over 5 years	Unspecified	Total
Assets from insurance contracts						
Insurance reserve refundable						
from reinsurers						
Claim reserves	-	344	701	10	-	1,055
Total	-	344	701	10	-	1,055
Liabilities from insurance contracts						
Claim reserves	-	1,121	962	61	-	2,144
Other insurance liabilities	-	-	7	-	-	7
Total	-	1,121	969	61	-	2,151

(Unit: Million Baht)

2015						
	At call	Within 1 year	1-5 years	Over 5 years	Unspecified	Total
Assets from insurance contracts						
Insurance reserve refundable						
from reinsurers						
Claim reserves	-	331	803	11	-	1,145
Total	-	331	803	11	-	1,145
Liabilities from insurance contracts						
Claim reserves	-	1,158	957	54	-	2,169
Other insurance liabilities	-	-	4	-	-	4
Total	-	1,158	961	54	-	2,173

37.2.2 Fair value of financial instruments

As of 31 December 2016 and 2015, the Group had the following assets and liabilities that were measured at fair value and assets for which fair value and disclosed by fair value levels as follows:

Consolidated financial statements

(Unit: Million Baht)

		2016			
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Cash and cash equivalents					
Investment in money market funds	554	-	554	-	554
Trading investments					
Equity securities	205	205	-	-	205
Unit trusts	47	-	47	-	47
Available-for-sale investments					
Equity securities	2,094	2,094	-	-	2,094
Unit trusts	2,230	835	1,395	-	2,230
Assets for which fair value are disclosed					
Held-to-maturity investments					
Government and state enterprise securities	1,890	-	1,912	-	1,912
Deposits at financial institutions with maturity period over 3 months	1,767	-	1,767	-	1,767
Other investments	5	-	-	19	19
Loans	38	-	-	38	38
Liabilities for which fair value are disclosed					
Long-term loan	13	13	-	-	13

(Unit: Million Baht)

		2015			
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Cash and cash equivalents					
Investment in money market funds	638	-	638	-	638
Trading investments					
Equity securities	214	214	-	-	214
Available-for-sale investments					
Equity securities	864	864	-	-	864
Unit trusts	2,874	1,160	1,714	-	2,874
Assets for which fair value are disclosed					
Held-to-maturity investments					
Government and state enterprise securities	1,161	-	1,202	-	1,202
Deposits at financial institutions with maturity					
period over 3 months	2,088	-	2,088	-	2,088
Other investments	5	-	-	19	19
Loans	24	-	-	24	24
Liabilities for which fair value are disclosed					
Bank overdraft	11	11	-	-	11
Long-term loan	18	18	-	-	18

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(Unit: Million Baht)

		2016			
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Cash and cash equivalents					
Investment in money market funds	508	-	508	-	508
Trading investments					
Equity securities	205	205	-	-	205
Unit trusts	47	-	47	-	47
Available-for-sale investments					
Equity securities	2,094	2,094	-	-	2,094
Unit trusts	2,227	835	1,392	-	2,227
Assets for which fair value are disclosed					
Held-to-maturity investments					
Government and state enterprise securities	1,859	-	1,881	-	1,881
Deposits at financial institutions with maturity					
period over 3 months	1,730	-	1,730	-	1,730
Other investments	5	-	-	19	19
Loans	38	-	-	38	38

(Unit: Million Baht)

		2015			
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Cash and cash equivalents					
Investment in money market funds	631	-	631	-	631
Trading investments					
Equity securities	214	214	-	-	214
Available-for-sale investments					
Equity securities	864	864	-	-	864
Unit trusts	2,871	1,160	1,711	-	2,871
Assets for which fair value are disclosed					
Held-to-maturity investments					
Government and state enterprise securities	1,158	-	1,199	-	1,199
Deposits at financial institutions with maturity period over 3 months	2,069	-	2,069	-	2,069
Other investments	5	-	-	19	19
Loans	24	-	-	24	24

The fair value hierarchy of financial assets presents according to Note 4.18 to the financial statements. The methods and assumptions used by the Company in estimating the fair value of financial instruments are as follows:

- Financial assets and liabilities maturing in the short-term, which consist of as cash and cash equivalents, and bank overdraft, their fair values are estimated based on the carrying amount in the statement of financial position.
- Investments in debts securities are presented at fair values based on market prices or prices determined using the yield curve as announced by the Thai Bond Market Association.
- Investments in equity securities which are marketable securities, presented at fair values based on the last bid price of the last working day of the year. Non-marketable unit trusts, the fair values are determined by using the net assets value per unit as announced by the fund manager. In case of non-marketable securities, the fair values are determined approximately using the price per book value ratio.
- Loans are presented at fair value, which are estimated by discounting expected future cash flow by the current market interest rate.
- Receivables from reinsurance contracts are presented at their value, which is the book value deducted for doubtful allowance accounts as presented in the statement of financial position.
- Long-term loan that pay interest at rates close to the market rate is presented at fair value, which is the book value presented in the statement of financial position.

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. Events after the reporting period

- 39.1 During December 2016 to January 2017, there was flooding in the South of Thailand. The Company has not received notification of preliminary losses from insurers, but since the Management exercised judgement in determining and concluding that since such an event is considered a normal occurrence in that part of Thailand, the losses incurred should be recorded under the caption of claims development, which is used in calculating loss reserves under an actuarial method, and has already been reflected in the financial statements.

However, based on the Company's assessment of maximum exposure and estimates derived from historical data, including the conditions of coverage under reinsurance contract clauses, the management estimated the Company's obligation at not more than Baht 20 million.

- 39.2 On 23 February 2017, the Board of Director's Meeting passed a resolution to propose for approval by the annual General Meeting of the Shareholders to be held in April 2017 a dividends of Baht 0.05 per share in respect of the second half-year operating results of 2016, or a total dividend of Baht 211 million.

40. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Director on 23 February 2017.

General Information

Company Name

Thai Reinsurance PCL

Location	48/22,23,24 Soi Rajchadapisek 20, Rajchadapisek Road, Samsennok, Huaykwang, Bangkok 10310
Phone	0-2660-6111 0-2290-3111
Fax:	0-2660-6100 0-2290-3100
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

Direct Shareholding

1. Company 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
Registered Number	0105549052511
Issued and Paid-up/ Registered Capital	10,000,000 ordinary shares of THB 10 each, Total THB 100,000,000
Percentage Owned	100 percent

2. Company 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 services
Registered Number	0105554004694
Issued and Paid-up/ Registered Capital	500,000 ordinary shares of THB 100 each, Total THB 50,000,000
Percentage Owned	100 percent

3. Company 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/ Registered Capital	6,000,000 ordinary shares of THB 5 each, Total THB 30,000,000
Percentage Owned	49.0 percent

4. Company 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/ Registered Capital	215,000 ordinary shares of THB 100 each, Total THB 21,500,000
Percentage Owned	20.3 percent

5. Company 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,
Registered Capital	Total THB 600,000,000
Percentage Owned	17.5 percent

Indirect Shareholding by Thaire Services Co., Ltd.**1. Company 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,
Registered Capital	Total THB 3,000,000
Percentage Owned	100 percent

2. Company Name

Carpool Insurance Broker Co., Ltd.	
Location	3 Promphan 3 Building, Unit no. 505-507 Soi Ladprao 3, Chompon, Jatujak, Bangkok 10900
Phone	0-2024-6649-50
Fax:	-
Nature of Business	Provision of non-life insurance broker
Registered Number	0105559189374
Issued and Paid-up/	300,000 ordinary shares of THB 100 each,
Registered Capital	Total THB 30,000,000
Percentage Owned	51 percent

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
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