

A network diagram with nodes and lines. Nodes are represented by colored circles (blue, yellow, green, purple, red) and are connected by thin lines. The background is light blue with a pattern of small dots. A large, dark blue diagonal shape is on the right side of the image.

Indonesia

Thailand

Cambodia

Vietnam

Laos



ANNUAL REPORT 2017

THAI REINSURANCE PCL.

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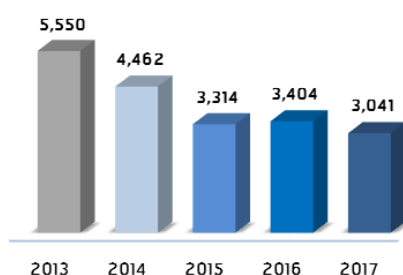
Financial Highlights

(Unit: THB Million)

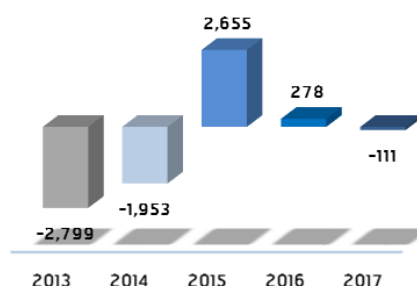
Operating Results				Growth (Percent)	
	2017	2016	2015	2017/2016	2016/2015
Gross Written Premium	4,903	5,183	5,262	(5.4)	(1.5)
Net Written Premium	3,041	3,404	3,314	(10.7)	2.7
Profit before Income Tax **	257	347	3,202	(25.9)	(89.2)
Net Profit (Loss)	(111)	278	2,655	(139.9)	(89.5)
Net Profit (Loss) per Share (THB)	(0.03)	0.07	0.63	(142.9)	(88.9)

** Less profit of non-controlling interest of the subsidiaries

Net Written Premium (THB Million)



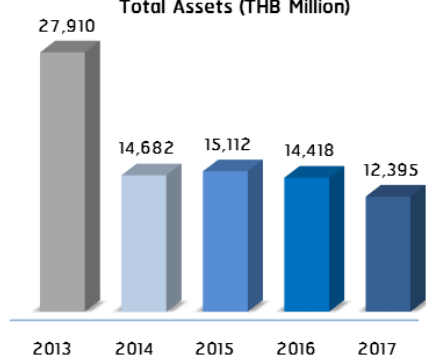
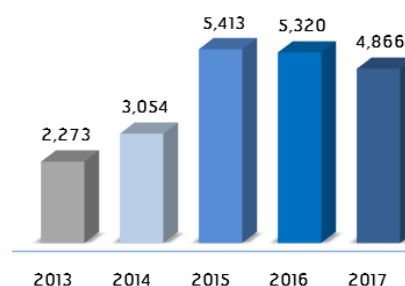
Net Profit (THB Million)



(Unit: THB Million)

Financial Status at the End of Year				Growth (Percent)	
	2017	2016	2015	2017/2016	2016/2015
Total Assets	12,395	14,418	15,112	(14.0)	(4.6)
Total Liabilities	7,529	9,038	9,656	(16.7)	(6.4)
Share Capital Issued and Paid-up	4,215	4,215	4,215	-	-
Capital Funds or Shareholders' Equity	4,866	5,320	5,413	(8.5)	(1.7)
Book Value per Share (THB)	1.15	1.26	1.28	(8.7)	(1.6)
Dividend per Share (THB)	0.10	0.15	-	(33.3)	-

Total Assets (THB Million)

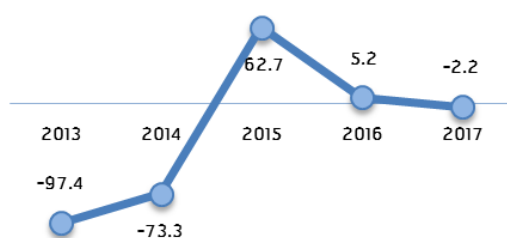
Capital Funds or Shareholders' Equity
(THB Million)

(Unit: Percent)

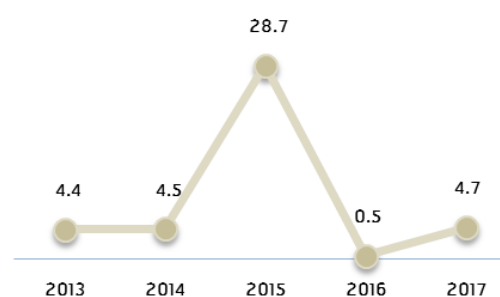
Financial Ratios	2017	2016	2015
Return on Revenue*	(3.1)	7.4	40.8
Return on Net Written Premium	(3.7)	8.2	80.1
Return on Equity	(2.2)	5.2	62.7
Return on Assets	(0.8)	1.9	17.8
Return on Investments	4.7	0.5	28.7
Combined Ratio	105.9	92.4	95.3

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

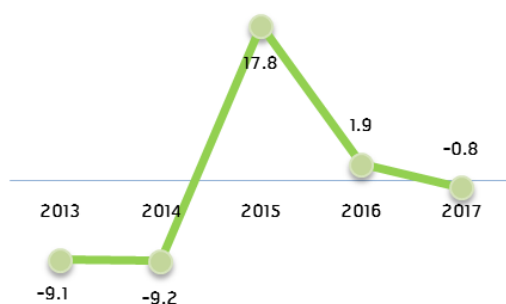
Return on Equity (Percent)



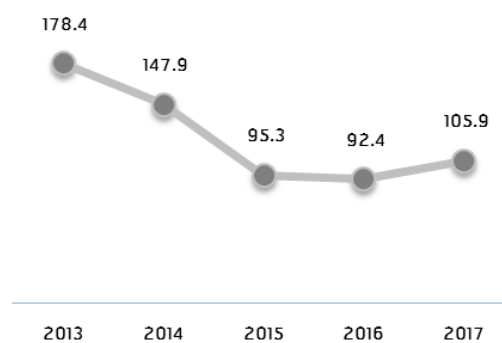
Return on Investments (Percent)



Return on Assets (Percent)



Combined Ratio (Percent)





Thai Reinsurance PCL.

Letter to Shareholders

Dear Fellow Shareholders,

The Thai economy is predicted to expand by 3-4 percent in 2017, its best performance in the past five years. Strong growth in the export of goods and services, a growing tourism sector and a recovery in private consumption provided the main building blocks for GDP growth. The Thai government also announced many projects that are aimed at improving the quality of life, health and property security, these will generate economic activity for many years to come. Also introduced were schemes to help reduce the ever-widening wealth gap which include rice crop insurance, insurance for low-income earners and the underprivileged, and the granting of income tax deduction for health insurance premiums. The buoyant economy has allowed the insurance industry to record an annual growth rate of 4 percent reaching a total of THB 220 billion. Sales of new motor vehicles led to market wide motor insurance premium growth of 4 percent, accident and health insurance grew by 6 percent whilst property and engineering insurance recorded low single digit growth because of competitive pressures in that sector of the market.

Summary of Operating Results

In 2017, the Company posted a net profit of THB 631 million but a loss of THB 111 million is shown in the consolidated results due to the accounting treatment of the investment in Thaire Life Assurance PCL (THREL). The investment has been reclassified from an "Available-for-sale investment" to "Trading investment" in the second and the third quarters. From the fourth quarter, such reclassification will no longer causes differences between the separate financial statement and the consolidated financial statement. A drop of 139.9 percent in the consolidated profit from operations in 2017 compared to a profit of THB 278 million in 2016. More details are as follows: -

Underwriting Income

Gross written premium in 2017 decreased year-on-year by 5.4 percent to THB 4,903 million as the Company remained cautious in its underwriting amid continued competition. The combined ratio increased from 92.4 percent in 2016 to 105.9 percent due to losses in business reinsured in 2009-2010 period with a cover term not exceeding nine years. If these were excluded the combined ratio would have been 93.9 percent.

Investment Income

As at year-end 2017, the Company had investment assets of THB 7,392 million a reduction of 18.8 percent from 2016. Net investment income was THB 371 million being an ROI of 5.1 percent, up by 4.2 ppt. from the previous year. Ignoring the reclassification of investment in THREL the net investment income would have been THB 510 million, an ROI of 6.7 percent, up by 2.0 ppt.

In the second quarter the Company invested in 49 percent of the equity in Carpool Insurance Broker (Carpool) which was established with registered capital of THB 30 million. The business will be applying technology to enhance efficiency in insurance-related services known as InsurTech. Carpool has progressed well since its establishment.

Income from Service Businesses

The Company's policy is to play a dual role as not only a reinsurer but also as an insurance sector service provider, service income in 2017 expanded by 20.1 percent and made up 7.4 percent of total revenues compared 5.6 percent in 2016. New services and a larger customer base were the main reasons for this expansion.

Moving Forward

The Company has confidence in and is committed to its three-year strategic plan (2017-2019) for future business operations. In 2017 progress with the four key initiatives was follows: -

1. Reinsurance activities continue to focus on commercial lines with low catastrophe risk exposures, and personal lines. The proportion of personal lines business has expanded from 69 percent in 2011 to 80 percent in 2017.

2. The company has increased the frequency of product modification and development to at least one product per quarter and seeks cooperation with trade partners in developing and launching at least two new products every year. This is to ensure that products protection plans meet customer expectations given the ever-changing customer needs. New products introduced by the Company in 2017 included Vision Insurance, Jet Ski Insurance for renters, and Peer-to-Peer Insurance.

3. The company has deployed new technology into its service business in order to enhance the competitiveness in the future. During the year, the Company has also provided knowledge and experience in technological change to internal staffs and clients to keep up with changes. This will lead to effective business development in the future.

New distribution channels have been developed and these include multi-channels such as Brick-and-Mortar, Click-and-Mortar and Click-and-Click. The Company also acquired additional sales channels through optical stores, hospitals and the newly established InsurTech company "Carpool". The Company also established a new technology unit to develop ways of "increasing income and reducing cost" with insurers.

4. Headway into the Southeast Asian (SEA) reinsurance markets has been made. In 2017 an MOU was signed with partners in Vietnam, Cambodia and Laos and it is expected that revenue will develop during 2018. The Company has also conducted a feasibility studies for the provision of insurance-related services in those countries. Business expansion in SEA is set to benefit future growth of the Company.

Following through with the Company's strategic plan and seizing on new initiatives together with the priority given to investments, stakeholder interests, sound corporate governance and sustainability, the Company will be in a strong position to obtain results in both growth and profitability that will bring benefits to all stakeholders in the years ahead.



(Oran Vongsuraphichet)

Chief Executive Officer

Thai Reinsurance PCL.

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Board of Directors and Executives

BOARD OF DIRECTORS

1. Mr.Surachai Sirivallop

Chairman, Executive Chairman, Director of the Investment Committee,

Director of the Nomination and Remuneration Committee

Age 76

Experience:

Date of Appointment: October 1993

Listed Company

Shareholding: - None -

Aug 2017 - present Chairman, Executive Chairman, Director of the Investment Committee, Director of the Nomination and Remuneration Committee, Thai Reinsurance PCL.

Education:

Bachelor of Laws, Thammasart University

May 2016 - Aug 2017 Vice Chairman, Executive Chairman, Director of the Investment Committee, Thai Reinsurance PCL.

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

Director Certification Program (DCP)/2002

Jan 2016 - May 2016 Director and Executive Chairman, Thai Reinsurance PCL.
 2008 - 2015 Director, Chief Executive Officer and Chairman of Risk Management Committee, Thai Reinsurance PCL.
 1991 - 2007 Managing Director, Thai Reinsurance PCL.
 2010 - present Independent Director, Charoong Thai Wire & Cable PCL.
 2007 - present Independent Director and Director of the Audit Committee, OHTL PCL.
 2014 - 2016 Director of the Investment Committee, Thaire Life Assurance PCL.
 2012 - 2016 Director, Chairman of the Executive Board, Chairman of the Enterprise Risk Management Committee, Thaire Life Assurance PCL.
 1999 - 2012 Director, Chief Executive Officer, Thaire Life Assurance 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.

2. Mr.Chandran Ratnaswami

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

Age 68

Experience:

Date of Appointment: February 2012

Listed Company

Shareholding: - None -

Aug 2017 - present

Vice Chairman, Chairman of the Nomination and Remuneration Committee and Director of the Investment Committee, Thai Reinsurance PCL.

Education:

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

2014 - Aug 2017

Director, Director of the Investment Committee, Director of the Nomination and Remuneration Committee, Thai Reinsurance PCL.

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

- None -

2012 - 2014

Director, Director of the Investment Committee, Thai Reinsurance PCL.

Listed Company in Other Countries.

Jan 2016 - present

Director and Director of the Audit Committee, Director of the Nomination and Remuneration Committee, Quess Corp. Ltd.

2014 - present

Director, Fairfax India Holdings Corporation

2012 - present

Director, IIFL Holdings Ltd.

2012 - present

Director and Director of the Audit Committee, Thomas Cook (India) Ltd.

2010 - present

Director, Zoomer Media Limited

Non-Listed Company

2017 - present

Director, Bangalore International Airport Ltd.

2016 - present

Director and Director of the Audit Committee, Fairfirst Insurance Ltd.

2016 - present

Director, Sanmar Engineering Services Ltd.

2015 - present

Nominee Director, Director of the Nomination and Remuneration, National Collateral Management Services

2015 - present

Director, HW Private Investments Ltd.

2015 - present

Director, I Investments Ltd.

2014 - present

Director, H Investments Ltd.

2014 - present

Director, FIH Mauritius Investments Ltd.

2014 - present

Director, FIH Private Investments Ltd.

2011 - present

Director, Fairbridge Investments(Mauritius) Ltd.

2011 - present

Director, Fairbridge Capital Private Ltd.

2011 - present

Director, Fairbridge Capital (Mauritius)

2008 - present

Director and Advisory Committee Director, Primary Real Estate Investments

2004 - present

Director, FAL Corporation

2004 - present	Director, ORE Holdings Ltd.
2004 - present	Director, Cheran Enterprise Private Ltd.
2002 - present	Director, First Capital Insurance Ltd.
2001 - present	Director, HWIC Asia Fund
2005 - 2017	Director and Chairman of the Investment Committee, ICICI Lombard General Insurance Co., Ltd.

3. Mr.Aswin Kongsiri

Independent Director and Chairman of the Audit Committee

Age 72

Experience:

Date of Appointment: October 1993

Listed Company

Shareholding: 0.005 percent

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

Education:

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

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

2007 - present Chairman, Ch. Karnchang PCL.

1994 - present Director, Ch. Karnchang PCL.

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

- Directors Certification Program (DCP)/2001
- The Role of Chairman (RCM)/2001
- Chairman 2000/2001
- Chairman Forum 1/2016 "Corporate
Governance VS Corporate Performance:
Duty or Choice?" Seminar

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

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

1981 - present Director, Director of the Audit and Nomination Committee,
Padang Industries 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.

Others Training Courses:

- CG Forum 1/2016 Ethics: Corporate
Governance Principle by SET

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

2001 - 2012 Vice Chairman, Electricity Generating PCL.

Non-Listed Company

- Seminar on the Audit Committee of
Insurance Company, No.1/2015 "Role of the
Audit Committee" by OIC

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

2007 - present Chairman, Ton Poh Thailand Fund

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

- Seminar on the Audit Committee of
Insurance Company, No.2/2015 "IT
Governance" by OIC

present Managing Partner, Khomapastr LP

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

2010 - 2012 Director, the Stock Exchange of Thailand

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

4. Mr.Kerati Panichewa

Independent Director

Age 58

Date of Appointment: October 1993

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.

1993 - 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.

present Director, TWWC Co., Ltd.

5. Mr.Jiraphant Asvatanakul

Director and Director of the Nomination and Remuneration Committee

Age 58

Date of Appointment: October 1993

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

Others Training Courses:

- Thailand Insurance Leadership Program by OIC Advanced Insurance Institute

- Top Executive Program in Commerce and Trade by University of the Thai Chamber of Commerce / 2015

- Certificate of Top Executive Program by Capital Market Academy/2016

Experience:

Listed Company

Jun 2012 - present Director, Director of the Nomination and Remuneration Committee, Thai Reinsurance PCL.

1993 - Jun 2012 Director, Thai Reinsurance PCL.

2017 - present Chief Executive Officer, President Thaivivat Insurance 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.

2014 - 2016 Director, Thaire Life Assurance PCL.

Non-Listed Company

2017 - present Director, M.A. International Co., Ltd.

2017 - present Director, Tang Jai Man Co., Ltd.

2017 - present Secretary General, the Thai Chamber of Commerce and Board of Trade of Thailand

2013 - Mar 2017 Treasurer Director, the Thai Chamber of Commerce and Board of Trade of Thailand

2017 - present President, Thai General Insurance Association

2010 - 2016 Director, Thai General Insurance Association

2013 - present	Director, The Federation of Thai Insurance Organizations
2010 - present	Director, T.I.I. Co., Ltd.
2000 - present	Vice President, Chairman of the Investment Committee, Road Accident Victims Protection Co., Ltd

6. Mr.Chanin Roonsamrarn

Independent Director and Director of the Audit Committee

Age 70

Experience:

Date of Appointment: October 1993

Listed Company

Shareholding: - None -

1999 - present Independent Director and Director of the Audit Committee,
Thai Reinsurance PCL.

Education:

M.B.A., Fort Hays State University, U.S.A.

1993 - 1999 Independent Director, Thai Reinsurance PCL.

2007 - present Director of the Remuneration and Nominating Committee,
Home Product Center PCL.

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

- Director Certification Program (DCP)/2002

2005 - present Independent Director, Director of the Audit Committee,
Home Product Center PCL.

- The Role of Chairman (RCM)/2002

2010 - 2013 Chairman of the Risk Management Committee,
Samaggi Insurance PCL.

- Chairman 2000/2002

2006 - 2013 Director of the Audit Committee, Samaggi Insurance PCL.

- Audit Committee Program (ACP)/2005

2003 - 2013 Director, Samaggi Insurance PCL.

- DCP Refresher/2006

Non-Listed Company

2010 - present Executive Chairman, SBL Leasing Co., Ltd.

2002 - 2009 Director and Chief Executive Director,
SICCO Advisory Co., Ltd.

2001 - 2009 Chairman, Chief Executive Director and Director of the
Remuneration Committee,
CIMB Securities (Thailand) Co., Ltd.

1996 - 2009 Chief Executive Officer and Managing Director,
The Siam Industrial Credit PCL.

7. Ms.Potjanee Thanavaranit

Independent Director and Director of the Audit Committee

Age 71

Experience:

Date of Appointment: April 2007

Listed Company

Shareholding: 0.005 percent

Apr 2014 - present

Independent Director, Director of the Audit Committee, Thai Reinsurance PCL.

Education:

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

2012 - Apr 2014

Independent Director, Director of the Nomination and Remuneration Committee, Thai Reinsurance PCL.

2007 - 2012

Independent Director, Thai Reinsurance PCL.

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

Nov 2017 - present

Independent Director, Chairman of Risk Management Committee, Berli Jucker PCL.

- Directors Certification Program (DCP)/2002

2009 - 2016

Independent Director, Berli Jucker PCL.

- The Role of Chairman (RCM)/2006

2014 - present

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

- Role of the Compensation Committee (RCC)/2007

- Audit Committee Program (ACP)/2010

2009 - present

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

- Financial Institution Governance Program (FGP)/2010

2012 - present

Chairman of the Audit Committee, Bank of Ayudhya PCL.

- Advanced Audit Committee Program (AACP)/ 2013

2010 - present

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

- Anti-Corruption for Executive Program (ACEP)/2013

2007 - present

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

- Director Certification Program Update (DCPU)/2014

Others Training Courses:

2007 - present

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

- IT Governance (ITG)/2016

- Certificate of Advanced Course in General Insurance, Swiss Insurance Training Center, Switzerland

May 2016-Nov 2017

Chairman of the Audit Committee, Big C Supercenter PCL.

Apr 2016-Nov 2017

Independent Director, Big C Supercenter PCL.

Non-Listed Company

- Certificate of Advanced Management Program, Australian Management College, Australia

Aug 2017 - present

Chairman of the Audit Committee, Thai Institute of Directors Association

Jun 2017 - present

Vice Chairman, Thai Institute of Directors Association

- Certificate of Executive Development Program by Office of the Civil Service Commission

May 2017-Jun 2017

Director, Thai Institute of Directors Association

Mar 2017 - present

Director, Thai Investors Association

2007 - present

Director, The Federation of Thai Insurance

- Thailand National Defence College

2006 - present

Director, The Council of State

- Certificate of Top Executive Program by Capital Market Academy

2014 - 2015

Councilor, National Reform Council

2010 - 2013

Director, BJC Logistics and Warehouse Co., Ltd.

- Certificate of Top Executive Program in Commerce and Trade Class 3 by Commerce Academy

2008 - 2013

Chairman of the Public Sector Audit and Evaluation committee for Ministry of Commerce

- Advance Security Management Program
Class 2 by Thailand National Defence
College of Thailand

8. Mr.Sara Lamsam

Independent Director

Age 47

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
- Industrial and Investment Development for Executive (IBID)/2013
- The Program of Senior Executive on Justice Administration/ 2012
- Metropolitan Development Training Course for the Top Executives / 2011
- Thailand Insurance Leadership Program /2011 by OIC Advanced Insurance Institute
- Top Executive Program by Capital Market Academy

Experience:

Listed Company

- May 2016 - present Independent Director, Thai Reinsurance PCL.
- 2009 - 2016 Director, Thai Reinsurance PCL.
- 2016 - present Director and Director of Risk Management Committee, Kasikornbank PCL.
- 2008 - present Chief Executive Officer and Director, Muang Thai Insurance PCL.
- 2007 - present Chairman of the Executive Committee and Director of the Remuneration and Nomination Committee, Director of Risk Management Committee, Phatra Leasing PCL.
- 2004 - present Director, Phatra Leasing PCL.

Non-Listed Company

- 2010 - present Chief Executive Officer and Managing Director, Muang Thai Life Assurance PCL.
- 2004 - 2010 Managing Director, Muang Thai Life Assurance PCL.
- 2003 - present Director, Muang Thai Life Assurance PCL.
- 2017 - present Director, Fuchsia Venture Capital Co., Ltd.
- 2017 – present Board of Director Advisor and Risk Management Committee Advisor – The Thai Chamber of Commerce.
- 2017 - present Director, Federation of Thai Insurance Organization
- 2015 - 2016 Chairman, Federation of Thai Insurance Organization
- 2009 - 2013 Chairman, Federation of Thai Insurance Organization
- 2016 - present Vice President (Marketing), the Thai Life Assurance Association
- 2010 - 2012 Vice President (Administration), the Thai Life Assurance Association
- 2012 - 2016 President, the Thai Life Assurance Association.
- 2006 - 2010 President, the Thai Life Assurance Association.
- 2016 - present President, Thai Financial Planners Association

- Executive Course in Applied Psychology Administration /2005	2015 - 2016	Director, Thai Financial Planners Association
	2007 - 2012	Director, Thai Financial Planners Association
	2015 - present	Advisor, The Society of Actuaries of Thailand
	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
	2009 - present	Chief Executive Officer and Director, Muang Thai Group Holding Co., Ltd., and Muang Thai Holding Co., Ltd.
	2008 - present	Director, Muang Thai Group Service Co., Ltd.
	2008 - present	Director, Muang Thai Real Estate PCL.
	2007 - present	Director, T.I.I. Co., Ltd.
	2012 - present	Director, Yuphayong Co., Ltd.
	2012 - present	Director, Yupong Co., Ltd.
	2015 - 2016	Advisor, Board of Trade of Thailand
	2009 - 2015	Director, Board of Trade of Thailand
	2009 - 2013	Director, Thai Listed Companies Association
	2005 - 2013	Advisor, Market for Alternative Investment

9. Mr.Gobinath Arvind Athappan

Director

Age 46

Date of Appointment: April 2012

Shareholding: -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

Education:

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

U.S.A.

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

- None -

10. Mr.Oran Vongsuraphichet

Director, Director of the Investment Committee, and Chief Executive Officer

Age 48

Date of Appointment: April 2013

Shareholding: -None-

Experience:

Listed Company

Aug 2017 - present Director of the Investment Committee,
Thai Reinsurance PCL.

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.

2014 - 2016

Director, Thaire Life Assurance PCL.

Education:

Ph.D. (International Business),

Asian Institute of Technology

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

- Director Certification Program (DCP)/2016

Non-Listed Company

2013 - present

Director, Thaire Services Co., Ltd.

2013 - present

Director, Thaire Actuarial Consulting Co., Ltd.

2012 - present

Director, EMCS Thai Co., Ltd.

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.

2013 - 2016

Director, Thaire Training Co., Ltd.

Others Training Courses:

- Thailand Insurance Leadership Program
(Class 3)

- Top Executive Program, Capital Market
Academy

Executives

1. Mrs.Nantinee Chinwanno

Executive Vice President

Age 54

Shareholding: - None –

Education:

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

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.

2. Ms.Pojaman Fuangaromya

Executive Vice President

Age 44

Shareholding: 0.004 percent

Education:

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

Experience:

Listed Company

2017 - present

Executive Vice President, Thai Reinsurance PCL.

2012 - 2016

Senior Vice President, Thai Reinsurance PCL.

2007 - 2012

Vice President, Thai Reinsurance PCL.

3. Mr.Chamroen Phusit

Senior Vice President

Age 55

Shareholding: 0.000002 percent

Education:

B.B.A., Dhurakij Pundit University

Experience:

Listed Company

2011 - present

Senior Vice President, Thai Reinsurance PCL.

2003 - 2010

Vice President, Thai Reinsurance PCL.

1986 - 2002

Assistant Vice President, Thai Reinsurance PCL.

4. Dr.Piyawadee Khovidhunkit

Senior Vice President

Age 47

Shareholding: -None-

Education:

Ph.D. - Risk, Insurance and Healthcare

Temple University, U.S.A.

Experience:

Listed Company

2011 - present

Senior Vice President - Enterprise Risk

Management, Thai Reinsurance PCL.

5. Mr.Wichai Chaochaicharoenkul

Senior Vice President

Age 43

Shareholding: -None-

Education:

Master of Arts-Industrial – Organizational
Psychology, Minnesota State University,
U.S.A.

Experience:

Listed Company

2017 - present

Senior Vice President - Administration, Thai
Reinsurance PCL.

2015 - present

Senior Vice President – Human Capital Management
& Development, Thai Reinsurance PCL.

Non-Listed Company

2011 - 2015

Management, PTT Green Energy Pte. Ltd.

6. Mr.Chatchai Payakarintarangkura

Senior Vice President

Age 45

Shareholding: -None-

Education:

Master of Arts, Chulalongkorn University

Experience:

Listed Company

Nov 2017 - present

Senior Vice President - Accounting, Finance, and
Operations Control & Budgeting,
Thai Reinsurance PCL.

Non-Listed Company

2004 - present

Director, M to M Consulting Co., Ltd.

2013 - 2017

Director, Burda Holdings (Thailand) Co., Ltd.

2003 - 2017

Director, Burda (Thailand) Co., Ltd.

Company Secretary

Mr.Chuanchai Cheausamut

Company Secretary

Age 70

Shareholding: 0.14 percent

Education:

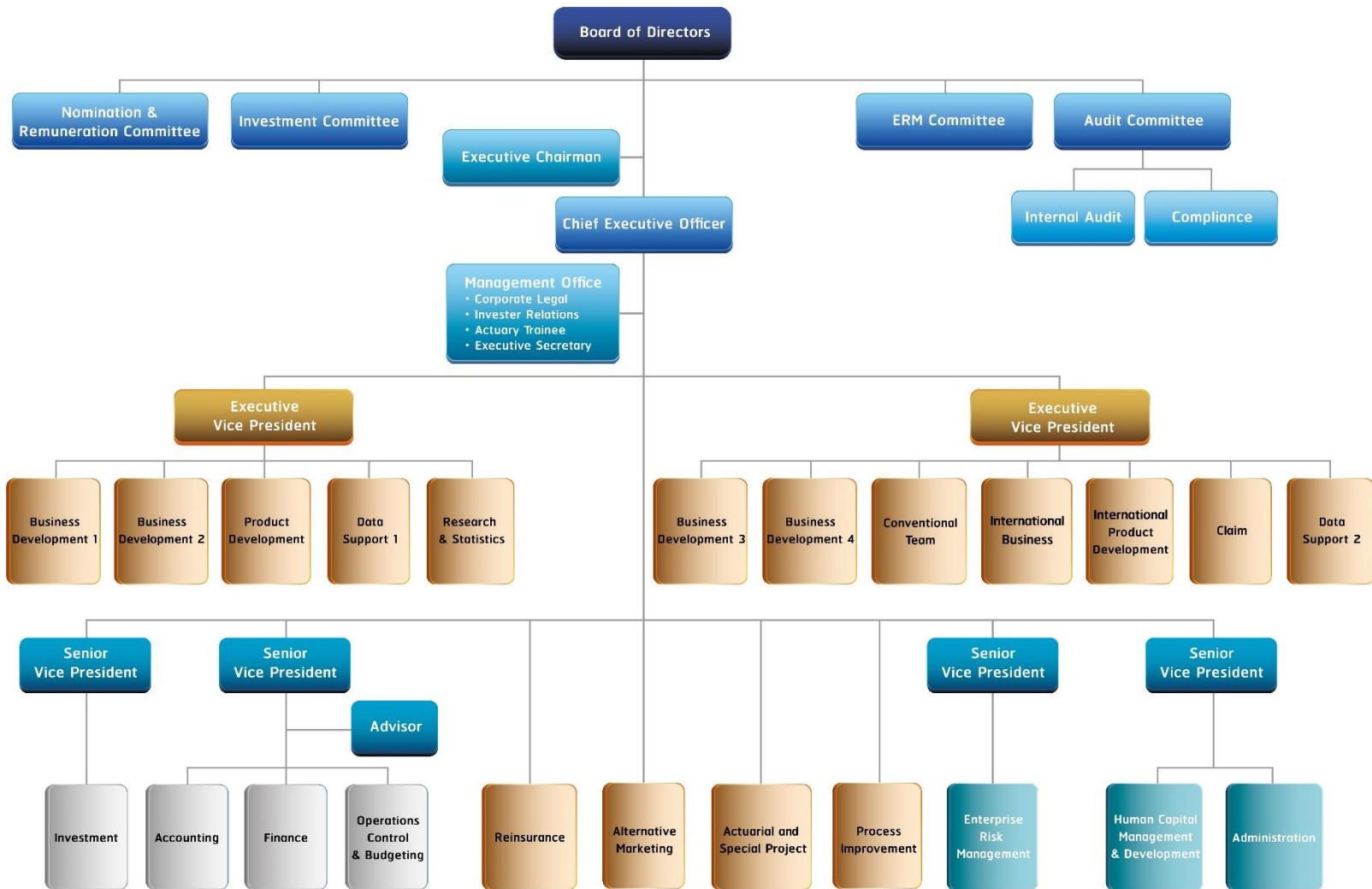
B.A., Chulalongkorn University

Experience:

Listed Company

2007 - present

Company Secretary, Thai Reinsurance PCL.



Policy and Overview of Business Operation

Thai Reinsurance Public Company Limited (“the Company” or “THRE”) was established on 18 July 1978, its creation was enabled by the cooperative effort of many insurance industry participants at both a government and private sector level. The registered name was “Thai Reinsurance Company Limited” with an initial capital of THB 30 million. The Ministry of Commerce granted a reinsurance operating license and the allocation of shares in the company was spread among insurance companies conducting business Thailand at that time. The Company’s principal objective was to provide reinsurance capacity and related services to support the Thai insurance sector and benefit the country’s economic progress. The Company was registered as a Public Company Limited on 30 December 1993, with registered capital of THB 90 million. As at 31st December 2017 the Company has registered and paid-up capital of THB 4,215 million.

Corporate Vision-Mission

Vision

“Our task is to offer solutions to insurance companies in ASEAN”

“We sell innovation and services through reinsurance capacity and expertise”

Mission

To continuously develop insurance products and services throughout the region.

To maintain financial stability as well as deliver a competitive and sustainable return to shareholders, investors and partners.

To create a creative and valuable experience for customers, partners, employees, and shareholders.

Recognising the pace of change in both the business environment and in consumer expectations, the Company continually reviews its business strategies and ensures that it able to provide needed capacity and meet the new competitive challenges that emerge.

The Company's sustainable growth will progress through four key strategies which are:

1. Developing current products to suit the changing market conditions and designing new products for the market in response to consumers and business partners' needs whilst simultaneously managing expenses at a level where the Company can realise the status of a valued business partner.
2. Implementing a two- fold growth strategy for the Company one in reinsurance and the other in insurance industry consultancy & services. The purpose being to add value to the core business, minimize fluctuations in business performance, diversify business risk, and identify opportunities for expansion into new markets, principally in Southeast Asia. All ultimately leading to the Company's long-term growth prospects.
3. Exercising prudent and consistent underwriting standards when providing reinsurance based on risk exposure thereby limiting the possibility of an undesirable impact on results. Managing business expansion under capital adequacy regulations thus maintaining financial stability and providing positive returns for shareholders.
4. Applying technology to increase efficiency and create innovations in the insurance value chain and provide business opportunities for customers and business partners through joint product development in new and existing distribution channels.

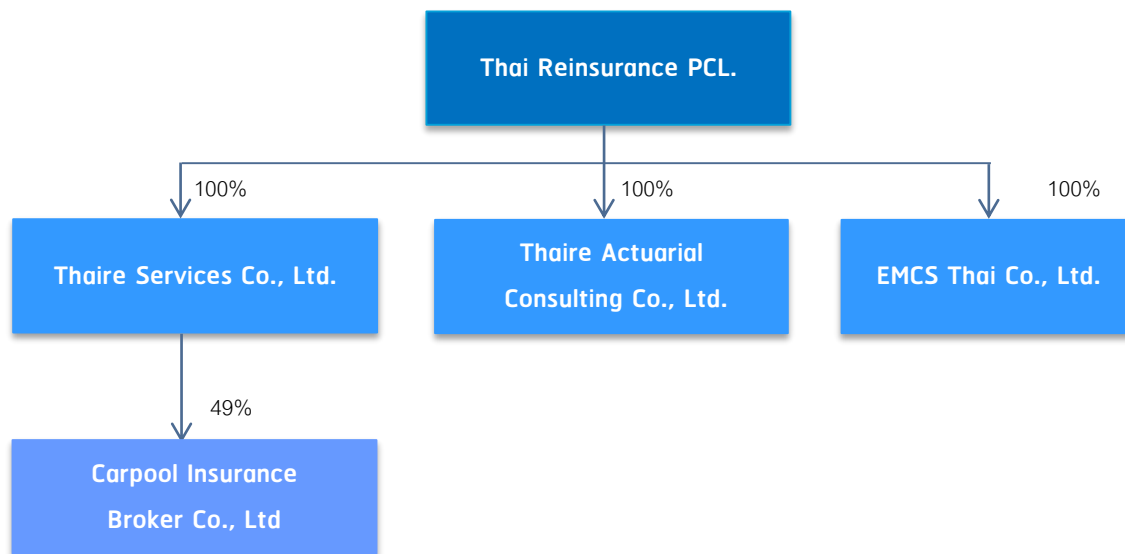
Significant Changes and Developments (over the past 5 years)

December 2017	Thaire Life Assurance Broker Co., Ltd., a subsidiary that the Company indirectly held 100 percent through Thaire Services Co., Ltd., was dissolved and registered its liquidation.
November 2017	The Company acquired all the ordinary shares in EMCS Thai Co., Ltd. ("EMCS") from existing shareholders and now holds 100 percent equity in EMCS.
October 2017	The Company was rated "Very Good" in the Corporate Governance Report of Thai Listed Companies (CGR) in 2017, published by the Thai Institute of Directors (IOD).
September 2017	The Company reduced its investment in THREL to 15.5 percent and reclassified all investment in THREL from "available-for-sale" investment to "trading" investment.
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).
July 2016	Thaire Training Co., Ltd., a subsidiary of the Company, became a unit under direct supervision of Thaire Services Co., Ltd.
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.

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.
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).
September 2015	The Fitch Ratings assigned Thai Re's its International Insurer Financial Strength (IFS) Rating of "A-". (Stable)
March 2015	The Company diluted its investment in Thaire Life Assurance PCL. from 41.5 percent to 24.8 percent
November 2014	The Company sold its entire investment (ownership of 24.5 percent) in an associated company, Thai Insurers Datanet Co., Ltd.
November 2014	The Company reduced its investment in Thaire Life Assurance PCL. from 50.8 percent to 41.5 percent
September 2014	The Company completed the capital increase. The gross proceeds of this transaction amounted to THB 2,107.5 million.
August 2014	At the Extraordinary General Meeting of Shareholders No. 1/2014 on 4 August, 2 items were approved <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.
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).
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.

Thai Re Group Structure

As of December 31, 2017



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.	Health 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	100.0

Indirectly shareholding by Thaire Services Co., Ltd.

Carpool Insurance Broker Co., Ltd.	Provision of non-life insurance broker	30/30	49.0
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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	15.5

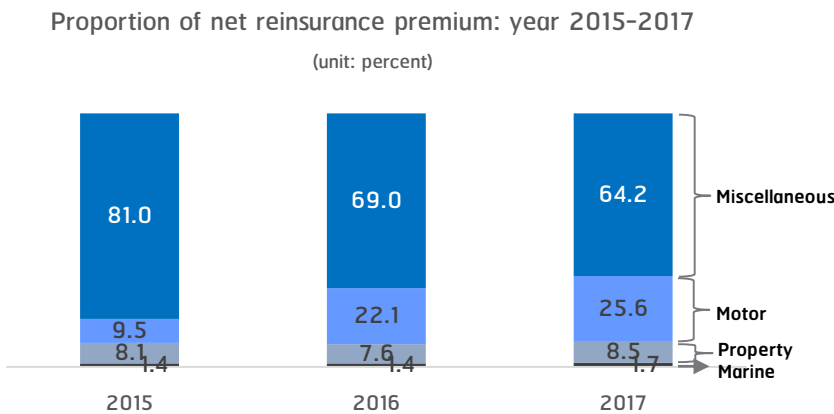


Thai Reinsurance PCL.

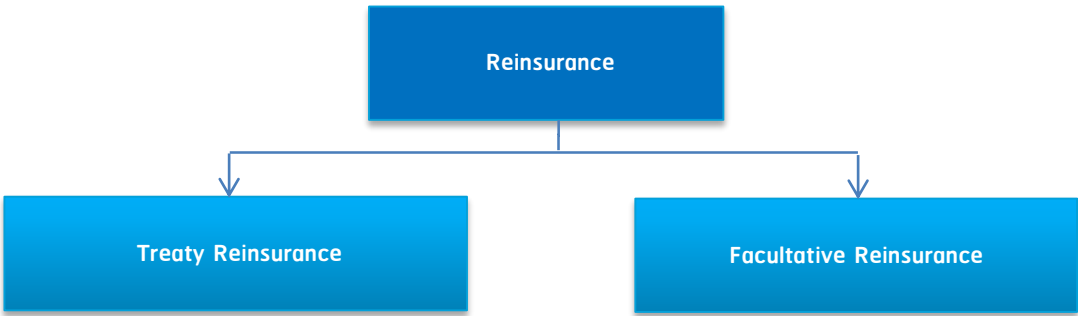
Business Structures and Types

Types of Products and Services

The Company’s portfolio is Thai ceded reinsurance. A three-year comparison of the proportion of net reinsurance premium by business classes is shown below: -



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



1. Treaty Reinsurance (TTY)

Treaty reinsurance is a treaty arrangement under which the terms and conditions of reinsurance are pre-negotiated with either local or international insurance companies, stipulating the scope of exclusions and the maximum coverage for risks to be reinsured. Treaty contracts are executed according to the type of reinsurance, e.g., Fire, Marine, Miscellaneous, Motor, etc.

Under the treaty contract made in the form of “Market Agreement,” the members agree to a retrocessional arrangement that provides for a partial allocation back to all participants in a definite ratio as specified in the treaty arrangement. In other treaty reinsurance agreements, risk is entirely retained by the Company. The Company also has a policy to make only partial retrocessions for insurance policies that provide protection for more than one year.

In 2017, the net reinsurance premium under TTY agreements was 92.1 percent of the total, decreasing from 92.9 percent in 2016.

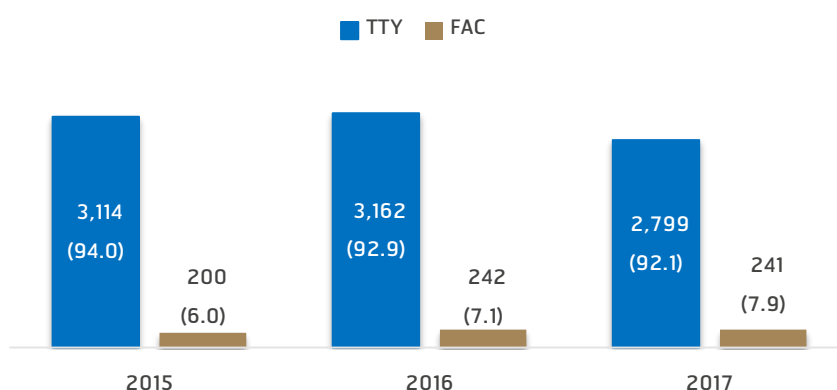
2. Facultative Reinsurance (FAC)

Facultative reinsurance 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.

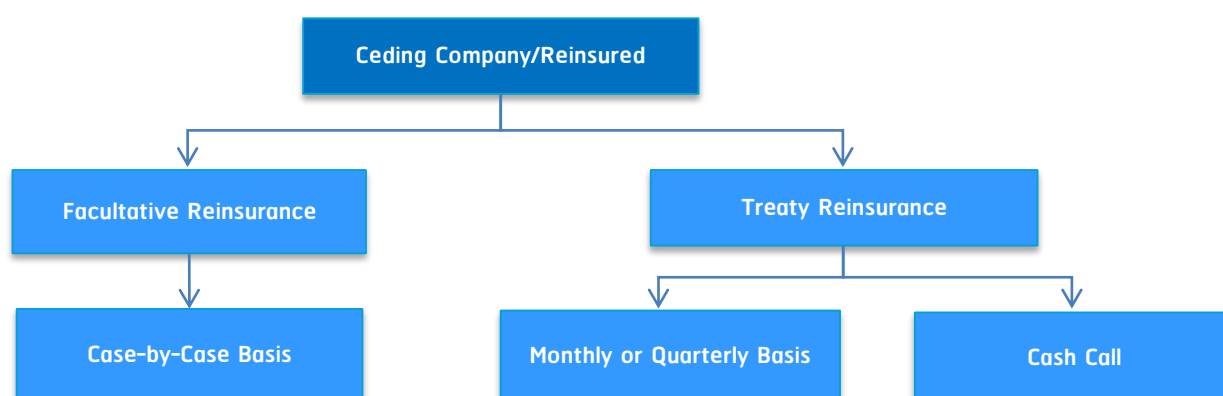
In 2017, the net reinsurance premium under facultative reinsurance contracts was 7.9 percent of the total, increasing from 7.1 percent in 2016.

Net reinsurance premium: Year 2015-2017

Unit: THB Million (percent)



Compensation



When loss is incurred, the cedant will so notify the Company, as its reinsurer, in order to set aside a loss reserve pro rata to the amount reinsured. The Company may or may not participate in a risk survey, but will be provided with a survey report in case of major loss.

Claim settlement:

- For treaty reinsurance, a cash call limit is provided in the agreement. For large claims where they exceed the cash call limit, the Company will pay the amount of claim promptly. Claims that are below the cash call limit will be settled on a regular accounting basis.

- For facultative reinsurance, claims are settled on a case-by-case basis as agreed upon between the insurance company and the insured.

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	2017		2016		2015	
		Amount	Percent	Amount	Percent	Amount	Percent
1.Underwriting Income							
- Net Earned Premium	Thai Re & Subsidiaries	3,171.4	78.1	3,349.3	78.2	4,111.6	55.2
	Thai Re	3,171.4		3,349.3		4,111.6	
- Fee and Commission Income	Thai Re & Subsidiaries	435.0	10.7	813.7	19.0	313.6	4.2
	Thai Re	435.0		813.7		313.6	
2. Net Investment Income ^{/1}	Thai Re & Subsidiaries	381.1	9.4	64.4	1.5	2,954.4	39.7
	Thai Re ^{/2}	1,363.8		806.1		1,570.8	
3. Service Income	Thai Re & Subsidiaries	71.4	1.8	57.9	1.4	62.9	0.8
Total		4,058.9	100.0	4,285.3	100.0	7,442.5	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.

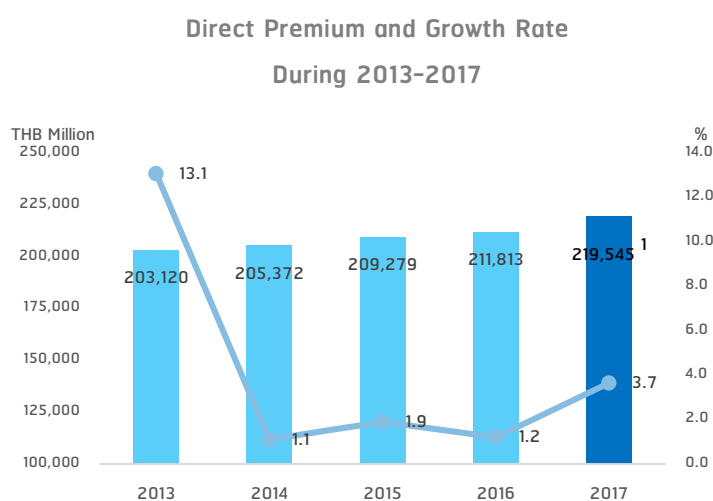
Investment Policy

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.

7 Thai Reinsurance PCL. Market Situation and Competition

In 2017 the Thai economy expanded at a faster pace than the previous year leading to strong growth in many sectors including insurance. Several factors contributed to its growth including increased exports and trade with major partners, higher tourist numbers and domestic consumption. Increased private sector investment also led to further insurance industry expansion. In the public sector government promoted insurance schemes for rice, low income earners and the underprivileged. A change in tax treatment of health insurance premiums also encouraged growth in that class of business. Major public investments in the country's communication infrastructure was another factor contributing to the insurance sectors performance.

The general insurance industry predicted an almost 3.7 percent rise in 2017 up to THB 220 billion. By class of business the growth figures are; PA & Health 6 percent, Motor 4 percent, Marine 2 percent, while property insurance classes remain unchanged from last year. Growth in the property classes has been inhibited by excessive competitive pressures driving prices down. The non-life insurance sector predicted an ROE of 8.2 percent in 2016.



Source: OIC and ¹Estimated by Thai Re

At the start of 2017 there were 61 licensed non-life insurance companies. The top seven companies wrote 51 percent of the total market. Distribution channels were insurance brokers 55.5 percent, agencies 16.4 percent, banks 13.1 percent with direct and internet sales making up the balance.

Competitive pressures intensified during 2017 especially in the motor and property classes. The market has developed through competition as insurers offer enhanced and new products at pricing levels to suit consumer's needs. Technology has also allowed the development of new distribution opportunities and this is expected continue to gain momentum in the coming years. Insurers need to adapt and respond to these innovations otherwise they will be left behind in the race to succeed in the new operating environments.

Non-Life Reinsurance Market

There has been little change over 5 years in the proportion of reinsurance premiums ceded being 29.4 percent of direct written premiums. Total reinsurance premium was THB 64.5 billion 5 percent above the previous year. Of the total, 22.2 percent is reinsurance ceded by Thai domestic insurers. Reinsurance written by Thai Re was THB 4.9 billion or 7.6 percent, while the remaining proportion of 77.8 is reinsurance ceded to overseas reinsurers.

	2017 Non-Life Reinsurance Premiums ¹		
	THB Million	Proportion (Percent of Direct Premium)	Proportion (Percent of Reinsurance Premium)
Direct written premiums	219,545	100.0	
Reinsurance ceded premiums	64,530	29.4	100.0
- Domestic	14,313	6.5	
Thai Re	4,903	2.2	7.6
Other companies	9,410	4.3	14.6
- Foreign	50,217	22.9	77.8

Source: ¹ Estimated by Thai Re

With its high level of expertise and professional standards combined with its strong financial position and market knowledge the Company is well placed to exploit market opportunities in the coming years.

Industry Outlook

A stable political climate with strong economic forecasts will provide the platform for continuing insurance sector expansion. Insurers are responding to changing market conditions, particularly embracing new technologies in the push to spread insurance penetration to a much greater proportion of the Thai population. This also includes product innovation and premium levels that offer real value for money.

In 2018 the non-life insurance sector is predicted to expand by over 4.4 percent with total premiums reaching THB 230 billion.

8 Risk Factors

The growing intensity of VUCA in the business environment is creating a whole new world of risks that are more volatile, uncertain, complex, and ambiguous than the Company could have imagined and inevitably affects the Company's ability to achieve its goals. The Company, therefore, needs effective and efficient enterprise risk management that enables the Company to take advantage of VUCA environment and put itself on a sustainable path of continuous growth and long-term prosperity.

As a result, the level of risk the Company is prepared to accept to achieve its strategic objectives is reviewed annually. A comprehensive risk appetite framework is embedded in the Company strategy and risk culture to ensure 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, managed, and controlled. 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 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 and their risk management measures are as follows:

1. Strategic Risk

Strategic risk is the risk arising from the formulation of business policy, strategic plans, operation plans, and their executions that are inappropriate or not responsive to changes in the Company's internal and external environments.

Management of strategic risks is integral in the development of strategy and the decision making process for major business initiatives. The Company's strategic plans which align the Company's mission with its vision are continuously monitored and reviewed to ensure that they keep up with current and anticipated future market conditions.

The Company has focused on creating innovative products and services, improving its business processes, organizational structure, and information systems to better serve its customers and support business operations. 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 as 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 newly developed services, products, operating processes, or business models that create new value or add more value for all key stakeholders.

The Company has a multi-faceted approach to manage innovation risk. The importance of change and innovation is constantly communicated in conjunction with a broad improvement of innovation awareness among a Company's employees via training programs, company activities, and innovation prize. A corporate culture that fosters innovative behavior is in place to translate that awareness into action.

Strong Balance Sheet Risk

Strong balance sheet risk is the risk arising from income fluctuation, liquidity problems, or insufficient capital to cope with unexpected events often resulting in financial distress or a credit rating downgrade.

The Company is well 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 to ensure that the Company is financially secure and has sufficient capital to cover both current growth and unexpected 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 or a few may have a disproportionate effect on the Company.

The Company has a policy of expansion into new business with several different non-life insurance companies to diversify income sources and reduce any risk of over-dependence from any single insurer. The Company continues to improve service quality in a variety of ways to ensure high levels of customer satisfaction and customer retention.

Reputation Risk

Reputation risk is a risk of negative publicity resulting from the Company's business practices, below standard service, lost revenue, destruction of shareholder value, or violation of minimum capital adequacy requirements, which would ultimately affect the trust placed in the Company by its key stakeholders.

The Company regularly conducts a customer satisfaction survey and uses it as an imperative tool for improving weak areas of operation and increasing levels of customer loyalty and satisfaction. The Company is committed to achieve stable and sustainable growth and safeguard its reputation through compliance with applicable laws, regulations, and international standards. The Company consistently promotes professional development and employee engagement activities, constantly creates a happy workplace environment, and offers competitive compensation and benefits.

Competitive Advantage Risk

Competitive advantage risk is the risk of losing the Company's competitive edge i.e. professional domestic reinsurance company that provides a full spectrum of insurance-related services for the Thai insurance market.

The Company has maintained its competitive advantage through constant development of insurance products, innovative distribution channels, and insurance-related service as well as a strong capital position and a capital adequacy ratio of at least 300%.

2. Operational Risk

Operational risk is the risk arising from inadequate or lack of control over internal processes, people, systems, or external events.

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.

Since a workforce with the right knowledge, expertise, and experience is an essential ingredient in the Company's success the Company's recruitment and selection process has been constantly improved to secure the best talent in the market. Individual development plans have been used as a tool to assist employees in career and personal development. A talent development program for middle management and a succession plan for senior management have also been deployed.

Business Process Risk

Business process risk is the risk arising from inefficient or ineffective business processes. The Company has developed and implemented control measures to manage this risk. 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 as well as legal requirements. Information technology systems that integrate business functions across the enterprise have been used to support business operations.

Information Technology Risk

Information technology risk is the risk arising from the Company's inability to utilize its information technology to effectively support its operations, inability to use IT system to enable or enhance business, or inability to prevent threats to IT systems, data, and infrastructure.

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 fluctuations in the timing, frequency and severity of insured events, relative to the expectations of the Company at the time of underwriting or fluctuations in the timing and amount of claim settlements.

Statistical data and insights are incorporated into marketing plans to help the Company developing new profitable products with long-term growth potential. The Company places a strong emphasis on underwriting discipline of individuals. Underwriting guidelines are developed based on technical knowledge and updated statistics and revised periodically to keep up with changes in market conditions. Underwriting audit is in place to assure that underwriting guidelines are strictly followed. Geographical areas and its related risks are diversified and taken into account in the underwriting process. Changes in the business cycle and market environment are taken into consideration and also reflected in the Company's underwriting strategy.

The Company has updated its underwriting guideline for flood, earthquake, and wind storm after the 2011 mega flood. A limit is set for the amount insured on each property depending on the level of risk arising from floods and earthquakes. A limit is also set for the amount insured in each industrial estate in Bangkok and its vicinity as well as a limit per province, per region, and per basin, depending on its risk characteristics. Risk accumulation is closely and timely monitored on a monthly basis. If the amount of sum reinsured reaches 75% of the total sum reinsured, it will be reported promptly to the Company Senior Executives so that additional measures might be taken. Simulation models for flood and earthquake are already in place as well as the Company's excess of loss program to protect the reinsurance contracts underwritten against adverse claims experience.

The Company maintains a strong capital position and is in compliance with the OIC's capital adequacy requirements. The Company has a conservative and actuarially sound loss reserve calculation.

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.

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.

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.

The Company has established procedures to measure, monitor, and manage its liquid assets and cash flow. Matching assets are held in relation to liabilities incurred. 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.

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

1. Ten major shareholders as of September 18, 2017 are as follows:

	Shareholders	No. of Shares	Percentage (Percent)
1	HWIC Asia Fund	1,472,782,448	34.94
2	The Hongkong and Shanghai Banking Corporation Limited, Fund Services Depart	395,451,318	9.38
3	Thai NVDR Co., Ltd.	235,114,549	5.58
4	Viriyah Insurance PCL.	145,925,835	3.46
5	Aberdeen Long Term Equity Fund	115,344,292	2.74
6	Aberdeen Small Cap Fund	115,006,670	2.73
7	Aberdeen Growth Fund	99,495,010	2.36
8	Bangkok Insurance PCL.	79,452,896	1.89
9	The Navakij Insurance PCL.	63,657,919	1.51
10	GIC Private Limited	51,721,701	1.23
	Total	2,773,952,638	65.82
11	Other shareholders	1,441,041,194	34.18
	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 235,114,549 shares or 5.58 percent in the Company as of the latest closing date of the shareholders registration book on September 18, 2017. 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.

2. 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 34.94 percent of total shares as of the registration book closing date of September 18, 2017.

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	2013	2014	2015	2016	2017
Earnings per share (THB)	-0.32	-0.37	0.36	0.21	0.15
Dividend per share (THB)	0	0	0	0.15	0.10
Payout Ratio (percent)	0	0	0	72.23	66.67

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, 2016 ¹	No. of Shares as of Dec 31, 2017 ¹	Change Increase (Decrease) in 2017	Percentage
Director					
1	Mr. Surachai Sirivallop	-	-	-	-
	Their spouses and children who have not reached maturity	-	-	-	-
2	Mr. Chandran Ratnaswami	-	-	-	-
	Their spouses and children who have not reached maturity	-	-	-	-
3	Mr. Aswin Kongsiri	200,000	200,000	-	0.005
	Their spouses and children who have not reached maturity	-	-	-	-

No.	Name	No. of Shares as of Dec 31, 2016 ¹	No. of Shares as of Dec 31, 2017 ¹	Change Increase (Decrease) in 2017	Percentage
4	Mr. Kerati Panichewa	3,984,582	3,984,582	-	0.09
	Their spouses and children who have not reached maturity	-	-	-	-
5	Mr. Jiraphant Asvatanakul	770,616	770,616	-	0.018
	Their spouses and children who have not reached maturity	-	-	-	-
6	Mr. Chanin Roonsamrarn	-	-	-	-
	Their spouses and children who have not reached maturity	-	-	-	-
7	Ms. Potjane Thanavaranit	204,820	204,820	-	0.005
	Their spouses and children who have not reached maturity	-	-	-	-
8	Mr. Sara Lamsam	3,500,000	3,500,000	-	0.08
	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. Oran Vongsuraphichet	-	-	-	-
	Their spouses and children who have not reached maturity	-	-	-	-
Management					
1	Mrs. Nantinee Chinwanno	-	-	-	-
	Their spouses and children who have not reached maturity	-	-	-	-
2	Ms. Pojaman Fuangaromya	155,832	155,832	-	0.0004
	Their spouses and children who have not reached maturity	-	-	-	-
3	Mr. Chamroen Phusit	90	90	-	0.000002
	Their spouses and children who have not reached maturity	-	-	-	-
4	Dr. Piyawadee Khovidhunkit	-	-	-	-
	Their spouses and children who have not reached maturity	-	-	-	-
5	Mr. Wichai Chaochaicharoenkul	-	-	-	-
	Their spouses and children who have not reached maturity	-	-	-	-
6	Mr. Chatchai Payakarintarangkura	-	-	-	-
	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

Thai Re 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 three subcommittees, namely the Audit Committee, the Nomination and Remuneration Committee, and the Investment Committee. There is one Management Committee as Enterprise Risk Management 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 Board of Directors comprises of 10 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.

The Board of Directors' Meeting No. 3/2017 on August 31, 2017 resolved to appoint Mr. Surachai Sirivallop, the current Executive Chairman, to assume the post of Chairman of the Board of Directors to succeed the resigning director. The Company clearly segregates the roles and responsibilities of the Board of Directors from the management of the business, all employees are made aware of the details of these requirements and how the business functions in practice.

Board of Directors

The Board of Directors of the Company consists of 10 members, nine members are non-executive directors, two members from the management, and five members are independent directors. Eight 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, 2017, members of the Board of Directors are listed as below:

Board of Directors	Position
1. Mr. Surachai Sirivallop	Chairman, Executive Chairman, Director of Investment Committee, Director of Nomination and Remuneration Committee and Advisor of Enterprise Risk Management Committee
2. Mr. Chandran Ratanaswami	Vice Chairman, Chairman of the Nomination and Remuneration Committee, and Director of Investment Committee
3. Mr. Oran Vongsuraphichet	Director, Chief Executive Officer, Director of Investment Committee, and Chairman of Enterprise Risk Management Committee

Board of Directors	Position
4. Mr. Kerati Panichewa	Independent Director
5. Mr. Jiraphant Asvatanakul	Director and Director of Nomination and Remuneration Committee
6. Ms. Potjanee Thanavarant	Independent Director and Director of Audit Committee
7. Mr. Sara Lamsam	Independent Director
8. Mr. Chanin Roonsamrarn	Independent Director and Director of Audit Committee
9. Mr. Aswin Kongsiri	Independent Director and Chairman of Audit Committee
10. Mr. Gobinath Arvind Athappan	Director

The directors authorized to sign on behalf of the Company are 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

- Supervision of the Company's compliance with all laws and regulations, corporate objectives and shareholder interests
- Responsibility to review, vote, and approve corporate policies including the following: -
 - Approval of business operations including the corporate vision and strategy, risk management, long term plans, management structure, business strategies, operational plans and objectives, and annual budget
 - Approval of the hiring or termination of the Company's management, approval of salaries and employee benefits and annual performance evaluation of the Executive Management.
 - Approval of the rate of salary increases for employees each year, and regulations on the welfare of employees.
 - Assigning of responsibility and authority to management and their subordinates
 - Following up, evaluating performance of management according to the plans and budget allocation.
- Put in place a robust financial reporting and auditing system and an efficient internal control and risk management process.
- Ensure that the Company follows sound corporate governance practices, business ethics and corporate social responsibilities.
- Consider and approve all connected transactions, acquisition and disposal of assets, and any other acts as required by law or supervising authority to avoid all conflicts of interest.
- Consider the establishment of subcommittees where issues require such consideration

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 2017, 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, on November 30, 2017, 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 Chief Executive Officer.

Audit Committee meeting

In 2017, the Audit committee members held five 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 2017, 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 2017. 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.

Nomination and Remuneration Committee meeting

In 2017, the Nomination and Remuneration committee held three 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 2017, the investment Committee held one meeting to revise the Company's investment policy and investment categories to allow alignment with capital market conditions and future capital adequacy regulations.

Enterprise Risk Management Committee meeting

In 2017, The Enterprise Risk Management Committee held four 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 2017 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. Surachai Sirivallop	Chairman, Executive Chairman, Director of Investment Committee, Director of Nomination and Remuneration Committee and Advisor of Enterprise Risk Management Committee	4/4	-	1/3 ¹	1/1
2. Mr. Chandran Ratanaswami	Vice Chairman, Chairman of the Nomination and Remuneration Committee, and Director of Investment Committee	4/4	-	3/3	1/1
3. Mr. Kerati Panichewa	Independent Director	4/4	-	-	
4. Mr. Jiraphant Asvatanakul	Director and Director of Nomination and Remuneration Committee	3/4 ²	-	3/3	
5. Mr. Chanin Roonsamrarn	Independent Director and Director of Audit Committee	3/4 ²	5/5	-	
6. Mr. Sara Lamsam	Independent Director	1/4 ²	-	-	
7. Mr. Aswin Kongsiri	Independent Director and Chairman of Audit Committee	4/4	4/5 ²	-	
8. Ms. Potjanee Thanavarant	Independent Director and Director of Audit Committee	4/4	5/5		
9. Mr. Gobinath Arvind Athappan	Director	3/4 ²	-	-	
10. Mr. Oran Vongsuraphichet	Director, Chief Executive Officer, Director of Investment Committee, and Chairman of Enterprise Risk Management Committee	4/4	-	-	0/1 ³

Remark: ¹ Appointed as Director of Nomination and Remuneration Committee in August, 2017.

² The director was granted a leave of absence from the meeting.

³ Appointed as Director of Investment Committee in August, 2017

Management

At December 31, 2017, the management of the Company according to definition of the Securities & Exchange Commission was:

	Name	Position
1.	Mr. Surachai Sirivallop	Chairman & Executive Chairman
2.	Mr. Oran Vongsuraphichet	Director & Chief Executive Officer
3.	Mrs. Nantinee Chinwanno	Executive Vice President
4.	Ms. Pojaman Fuangaromya	Executive Vice President
5.	Mr. Wichai Chaochaicharoenkul	Senior Vice President
6.	Mr. Chamroen Phusit	Senior Vice President
7.	Dr. Piyawadee Khovidhunkit	Senior Vice President
8.	Mr. Chatchai Payakarintarangkura	Senior 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. Organize 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 Nomination and Remuneration 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 2017 as the resolution of the Annual General Meeting of Shareholders No. 24 on April 21, 2017 are listed below:

(Unit: THB)

Board of Directors	Remunerations (Monthly per person)		Conference fee*		Gratuity
	Chairman	Director	Chairman	Director	
Board of Directors	20,000	15,000	35,000	25,000	Not exceeding 6.3 THB million by allocating to Chairman 2 parts, Vice Chairman 1.5 parts, Director and CEO 1 part each
Audit Committee	-	-	50,000	35,000	-
Nomination and Remuneration Committee	-	-	25,000	25,000	-

(Unit: THB)

Board of Directors	Remunerations (Monthly per person)		Conference fee*		Gratuity
	Chairman	Director	Chairman	Director	
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 2017 are listed below:

(Unit: THB)

Board of Directors	Remunerations (Monthly)	Gratuity	Remunerations				
			Board of Directors	Audit Committee	Nomination and Remuneration Committee	Investment Committee	Total
1. Mr. Chai Sophonpanich ²	110,000	8,000 ³	70,000	-	25,000	25,000	238,000
2. Mr. Kerati Panichewa	180,000	504,000	100,000	-	-	-	784,000
3. Mr. Jiraphant Asvatanakul	180,000	504,000	75,000	-	75,000	-	834,000
4. Mr. Chanin Roonsamram	180,000	504,000	75,000	175,000	-	-	934,000
5. Mr. Sara Lamsam	180,000	504,000	25,000	-	-	-	709,000
6. Mr. Aswin Kongsiri	180,000	504,000	100,000	200,000	-	-	984,000
7. Ms. Potjanee Thanavarani	180,000	504,000	100,000	175,000	-	-	959,000
8. Mr. Chandran Ratnaswami	180,000	504,000	100,000	-	75,000	25,000	884,000
9. Mr. Gobinath Arvind Athappan	180,000	504,000	75,000	-	-	-	759,000
10. Mr. Surachai Sirivallop ⁴	200,000	756,000	120,000	-	25,000	25,000	1,126,000
11. Mr. Oran Vongsuraphichet	180,000	504,000	100,000	-	-	-	784,000
Total	1,930,000	5,300,000	940,000	550,000	200,000	75,000	8,995,000

Remark: 1. The committee's remuneration did not include the remuneration as Company's management. There was no remuneration for Risk Management Committee.

2. Mr. Chai Sophonpanich resigned from the board of directors on 16 June 2017.

3. Mr. Chai Sophonpanich did not receive his 1 THB gratuity and made the donation to the hospital in upcountry under the Company's name.

4. Mr. Surachai Sirivallop was appointed as Board Chairman and the director of the Nomination and Remuneration Committee in August, 2017.

b) Monetary remuneration for executives

In 2017, the Company paid salaries and bonus to eight executives, according to the list in the 'Management' Section, the total amount was THB 71.0 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 2017, contribution to such funds was provided for eight 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 3.9 million.
- Contribution to post-employment benefits totaling THB 8.4 million.

Human Resources

As of December 31, 2017, Thai Re Group had total workforce of 376 people. The number of employees working on each core business line is listed below:

Department	Employees
Reinsurance	
Business Development	37
Data Support	17
Accounting, Finance	14
Others	47
Total	115
Service Providers	261
Grand Total	376

Remunerations for Employees

The Company provides all its employees with fair and reasonable remuneration, based on qualifications, knowledge, ability and work experience. Annual salaries are determined through a clear, fair and transparent process on a pay-for-performance basis. Individual employees' performance is measured by a combination of assessment of key performance indicators (KPIs), which are cascaded from the top down to groups, departments, divisions and staff members respectively, and assessment of competency that aligns with the organizational culture. For the long-term the Company measures the employees' capability by their competency, which is used to determine their career advancement. Moreover, the Company periodically conducts a survey on compensation offered by its peers with a view to maintaining and enhancing its competitiveness in human capital management.

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, defined benefit plan, life, accident & health insurance, and human resource development. In 2017, Thai Re Group paid THB 364 million for employee remuneration, details of which are as follows:

(Unit: THB Million)

Employees expenses	Thai Reinsurance	Service Provider	Total
Salaries and wages	164	162	325
Social security fund	1	2	3
Contribution to provident fund	9	8	17
Defined benefit plans	4	4	6
Other benefits	8	5	13
Total	186	180	364

* 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. Under the individual development plan, an employee, in conjunction with his/her supervisor and the Human Capital Management & Development Department, will devise an appropriate plan for his/her development through both domestic and overseas training and for other non-training development such as project origination. The Company also grants its employees scholarships for master's degree programs in essential fields.

In 2017, the Company assigned 116 employees to attend 91 training courses in and outside the country, with total training period of 1,203 hours or an average of 13 training hours per person trained.

Course	Number of Courses	Number of Participants
Within Thailand	112	89
Overseas	1	1
Insurance related courses such as LOMA, CII, ANZIF, CAS	3	1
Total	116	91

In addition to the human resource development plan described above, the Company in 2017 launched the Creative Day and the Knowledge Sharing activities, regularly organized at least once a month, as channels for employees to learn and share new knowledge with their colleagues and external speakers with a constructive ambience and on the topics not necessarily related directly to their job such as investment tips, healthcare, self-adaptation of insurance companies in Japan, Block Chain, etc. This will help to broaden their perspectives and create a learning organization, which is part of the 3D&I strategy aimed at changing the way employees behave at work and create a corporate culture that leads to a sustainable and innovative organization.

Internal Control and Risk Management

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

At the Board of Directors' Meeting No. 1/2018 held on February 22, 2018, which was attended by all members of the Audit Committee, the Board of Directors examined the Company's internal control systems for the year 2017. 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. Kittu 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. Kittu 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.

10 Thai Reinsurance PCL. 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 realize 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 2017 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 3 committees to oversee, monitor and resolve or recommend action. Those committees are Audit Committee, the Nomination and Remuneration Committee, and the Investment Committee. The Enterprise Risk Management 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 Roonsamram	Director of Audit Committee
3. Ms. Potjane Thanavarant	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 adequate
2. To review and ensure that the Company's internal controls and internal audit systems are fully functional.
3. To consider the charter and ensure the internal audit unit is independent, as well as to approve the appointment, performance assessment, promotion, rotation, and discharge of head of internal audit or any other unit responsible for internal audit.
4. 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.

5. 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.
6. 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.
7. 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.
8. 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.
9. To review and ensure that the Company has in place a fraud complaint and whistleblowing system and that all complaints are freely investigated into and properly followed up on.
10. To review the Audit Committee Charter at least once a year to ensure that it covers the Audit Committee's duties and authority.
11. To perform any other duties as assigned by the Board of Directors with the consent of the Audit Committee.
12. Where the internal audit or any other work of the Audit Committee requires specialized expertise, the Audit Committee shall consider the provision of consultants or external professional experts to give comments or suggestions with the Company's expense.

b. Nomination and Remuneration Committee

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

Name	Position
1. Mr. Chandran Ratanaswami	Chairman of the Nomination and Remuneration Committee
2. Mr. Jiraphant Asvatanakul	Director of the Nomination and Remuneration Committee
3. Mr. Surachai Sirivallop	Director of the Nomination and Remuneration 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, 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 members. 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. Chandran Ratanaswami	Director of Investment Committee
2. Mr. Surachai Sirivallop	Director of Investment Committee
3. Mr. Oran Vongsuraphichet	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 to 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.

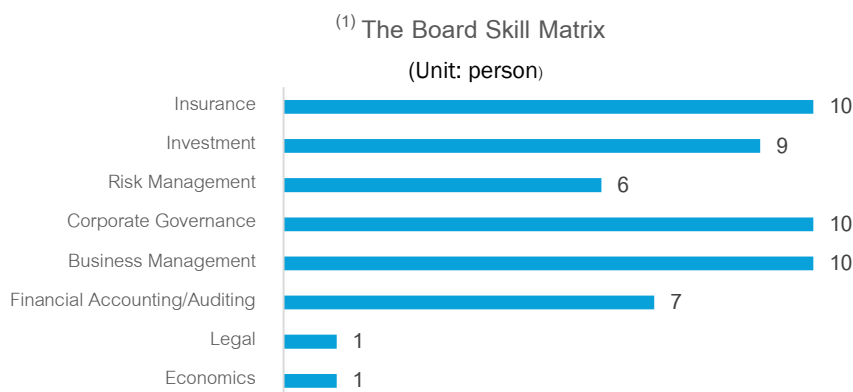
8. An independent director must not have any other characteristics which make him/her incapable of expressing independent opinions with regard to the Company's business affairs.

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

For the process of director nomination and selection the Nomination and Remuneration Committee ensure that the qualifications required for each director's position meet the Company's operational and strategic needs. To ensure diversity among the directors, experience, professional skills, specialised knowledge and expertise of nominees is also considered. The Board Skill Matrix, as shown in Figure (1), is used as a basis for reviewing board composition and director nominations to ensure that selected board members views and opinions are in alignment with the Company's strategy and future progress.



To be appointed as a director or senior executive, nominees will have to have demonstrated that their expertise, professionalism and business acumen will bring added value to the Company and that they meet all the legal and regulatory requirements of the Public Companies Act, the SEC Act and any other legislative or regulatory requirements.

The existing Board of Directors is composed of 10 members, the number of which is compatible with the Company's business operation. All of them have had work experience or used to assume top-ranking positions 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. Apparently, the current board structure consists of members from various professions with diversity of ability, experience and expertise covering all required fields.

Nomination and Appointment Process for Directors

Candidates for director position are to pass the nomination process of the Nomination and Remuneration 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 Nomination and Remuneration 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 Nomination and Remuneration Committee is responsible for nominating a qualified candidate for the executive chairman and the chief executive officer (CEO) position. CEO and the Nomination and Remuneration 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 Nomination and Remuneration 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 Company's external auditors includes fees for the annual audit, review of quarterly financial statements, audit and review of the risk-based capital report, review of insurance contracts under TFRS 4, and review of annual report.

In 2017, the Company and its subsidiaries paid total audit fees of THB 3,843,000 to EY Office Ltd., consisting of audit fees for the Company of THB 2,480,000 and audit fees for four subsidiaries of THB 1,323,000. Additionally, one of the subsidiaries paid THB 40,000 to Account Work Ltd. for an audit in connection with a business dissolution.

2. Non-Audit Fee

In 2017, the subsidiaries paid tax consulting fees of THB 0.5 million to EY Office Ltd., an audit firm to which the Company's auditors are attached.

Compliance with Good Corporate Governance Principles by the Company in 2017

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. 24 on April 21, 2017, which was attended by eight 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 35 days prior to the meeting date.
- In 2016, the Company submitted the notice of the shareholders' meeting and relevant documents to the shareholders 21 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.
- Granting the right to the shareholders attending the meeting after the opening of the meeting to vote on the agenda under consideration and not yet vote.
- 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 26, 2016 to December 31, 2016.
- 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 143 shareholders attended the meeting, 60 attended the meeting in person and 83 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 2017, 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".

4.3 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 2017, 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 2017 equal to 3.82 points out of 4 points, an increased from the 2016 score of 3.80 points.

Apart from that, the Board of Directors also arranged for an evaluation of the committees. The overall evaluation result of the year 2017 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 Nomination and Remuneration 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 Nomination and Remuneration 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

A succession plan is devised for top management at the senior vice president level and higher. The Nomination and Remuneration Committee collaborates with the Executive Chairman and CEO in preparing the 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

Director remuneration policy is consistent with the best practice. Directors of the Company play an important role in guiding the Company and their remuneration needs to be commensurate with their duties and responsibilities and be in line with board members in comparable businesses.

The Company attaches great importance to and applies the recognised principles of good corporate governance set out by the SET to all aspects of its business affairs to ensure the creation of sustainable value through transparent and efficient business operations. However, in 2017 total compliance with the Principles of Good Corporate Governance for Listed Companies 2012 was not possible, as follows:

1. The chairman of the board should be an independent director.

The Company's practice: The current Board Chairman is not an independent director. This is because the Company needs to rely on a person who has in-depth knowledge, understanding and experience of the insurance business thereby ensuring that best interests of the Company and its shareholders are protected.

2. A policy should be set to limit the number of companies in which an individual director can hold a position simultaneously.

The Company's practice: The Company has no such policy since it needs directors with insurance sector skills where there is a shortage of qualified candidates. All directors have expertise in the required fields and their other business positions do not influence their ability to perform their duty as a director of the Company

3. A policy should be stated regarding board positions in other firms held by the company's Chief Executive Officer.

The Company's practice: The Company has not formulated such a policy. However, its Chief Executive Officer has the required experience and business skills in the insurance sector and is fully able to discharge his responsibilities.

4. A policy should be set to limit the term of office of an independent director.

The Company's practice: The Company has not set a limit on the maximum term of office for directors, independent directors, and committee members because it needs persons with insurance sector skills where there is a shortage of candidates. The Company's Board of Directors has carefully considered this issue and concluded that all independent directors are able to act professionally without a time limit to their holding office.

5. There should be a consultant firm or director database for new director nomination.

The Company's practice: For the process of director nomination and selection the Nomination and Remuneration Committee ensure that the qualifications required for each director's position meet the Company's operational and strategic needs. To ensure diversity among the directors, experience, professional skills, specialised knowledge and expertise of nominees is also considered. The Board Skill Matrix is used as a basis for reviewing board composition and director nominations to ensure that selected board members views and opinions are in alignment with the Company's strategy and future progress.

6. A policy should be set on the required meeting quorum at the time the board of directors will cast votes, whereby there must be at least two-thirds of the total number of directors present at such meeting.

The Company's practice: Pursuant to Section 80 of the Public Limited Companies Act 1992 and Article 25 of the Company's Articles of Association, in a meeting of the board of directors, the presence of not less than one half of the total number of directors is required to constitute a quorum. In 2017, a quorum as required by law was constituted at all meetings of the Company's Board of Directors and any director who had a vested interest in any transaction abstained from voting.

7. There should be an assessment of the individual director's performance.

The Company's practice: The Company evaluates the performance of the Board of Directors and not individually. Individual directors are required to discharge their duties based on the evaluation results.

8. A corporate governance committee should be set up.

The Company's practice: Recognizing the significance of good corporate governance, the Company has established a policy on corporate governance, on human rights, on anti-corruption, and others relevant to corporate governance. The Company ensures that all directors, executives and employees comply with these policies. The directors are aware of the importance of a Corporate Governance Committee and are actively considering its establishment.

9. A performance report of all committees should be prepared and disclosed in the annual report.

The Company's practice: The Company publishes the Audit Committee's report in the annual report. The Board of Directors has instructed all other committees to submit performance reports on a regular basis so as to monitor assignments of each committee.

10. The nomination and remuneration committee should be comprised entirely of independent directors.

The Company's practice: The Nomination and Remuneration Committee members are not independent directors; however, they are fully qualified to discharge their responsibilities without hindrance. When deemed appropriate members with vested interests have abstained from voting.



Thai Reinsurance PCL.

Corporate Social Responsibility

Sustainability Policy

Companies in the Thai Re Group seek favourable returns from operating in the insurance sector and in turn benefiting the overall Thai economy. The Thai Re Group seeks to achieve this in parallel with its contributions to social and environmental sustainability leading to well established social order providing the platform for future sustainable expansion in the years ahead. Our overall policy on sustainability is as follows:

1. Utilise the recognised practices of good governance in operating the business for the overall benefit of all stakeholders.
2. Establish strategic and business practices for sustainability through fully considering the operating environment, change factors, opportunities and risks that could affect the achievement of key objectives of the organisation, and all issues that may affect stakeholders.
3. Encourage innovative ideas especially in the field of new technology to build business value, strengthen competitiveness and respond to stakeholder expectations, whilst also ensuring ethical business practices are maintained to further secure sustainable growth.
4. Ensure efficient and effective utilisation of all resources by recognising the use and development of resources across the value chain and changes in any internal or external factors.
5. Disclosure of data regarding the Thai Re Groups sustainability performance, ensuring reliable financial and non-financial information.

The Thai Re Groups commitment to sustainability leads to the enhancement of social stability and sustainable business development illustrated as follows:

- To enhance the stability of the insurance sector for public benefit by identifying consumer needs and developing products and services to fulfill those needs. This allows insurance businesses to provide products and services that meet customer expectations and the opportunity for the generation of profitable growth for the Thai Re Group and its partners in the insurance sector through offering a comprehensive range of products and services.
- To enhance the experience of customers, business partners, shareholders, employees and all parties concerned directly or indirectly with the Thai Re Group and the insurance sector overall through the application of innovative ideas and state of the art technology within all business areas so that the Company can deliver more efficient and effective services supporting sustainable development.
- To enhance a stable society and environment by adhering to sound corporate governance principles and recognising of the effect on stakeholders of all business activities.

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 2017 the focus was on joint market developments with business partners, offering new types of insurance products and distribution channels tailored to meet their customer requirements. The Company has also planned for the entry into the ASEAN Economic Community (AEC) with enhanced competitiveness. A study was completed on business expansion into neighboring insurance markets where opportunities for both premium and services income exist. Innovations and new technologies have been introduced throughout the company and include product development, marketing, distribution channels and business processes, these all result in greater efficiency and improved business performance supporting sustainability for the Company's development. The report is available in Thai and English and can be downloaded from the Company's website at www.thaire.co.th.

Business Operation with Impacts on CSR

In 2017, Thai Re conducted its business for the best interests of the Company and the insurance industry, while paying attention primarily to society's needs without harming society and the environment.

Social and Environmental Contribution Activities

The Company operates business with care for all groups of stakeholders and benefits to communities alongside the environmental conservation. The social and environmental best practices have been incorporated into its Code of Ethics for all parties to abide by, together with promotion of efficient use of resources.

Apart from its core business processes where impacts on society, the environment and stakeholders are taken into account, the Company, with an awareness of the importance of society and communities, has sponsored and launched social and community development activities on a continuous basis. Details of the Company's CSR activities in 2017 are presented in the Sustainability Report 2017, which is downloadable 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 Thai Re's CSR activities in 2017 are provided in the Sustainable Development Report 2017, 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.

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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 2017 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
	2017	2016	2017	2016	2017	2016	2017	2016	
Krunghthai Panich Insurance PCL.	3.0	5.2	5.2	4.0	0.8	0.1	2.1	3.3	Mr. Kerati Panichewa
Thaivivat Insurance PCL.	152.5	154.6	28.4	28.9	74.3	54.1	3.7	3.8	Mr. Jiraphant Asavatanakul
Bangkok Insurance PCL.	188.9	363.6	-	33.6	21.6	45.8	-	16.6	Mr. Chai Sophonpanich
The Navakij Insurance PCL.	-	19.4	-	-	-	1.9	-	-	Mr. Suchin Wanglee
Falcon Insurance PCL.	91.0	82.6	13.6	8.3	4.7	3.9	4.1	2.5	Mr. Oran Vongsuraphichet
Muang Thai Insurance. PCL.	620.2	821.0	9.5	30.5	66.0	1.5	15.1	48.0	Mr. Sara Lamsam
Total	1,055.6	1,446.4	56.7	105.3	167.4	107.3	25.0	74.2	

(Unit: THB Million)

Company Involved	Commission & Brokerage Income		Commission & Brokerage Expenses		Claims Recovery		Claims Expenses		Name of Director
	2017	2016	2017	2016	2017	2016	2017	2016	
Krunghthai Panich Insurance PCL.	0.3	-	1.1	0.6	(1.0)	3.7	(1.5)	(0.9)	Mr. Kerati Panichewa
Thaivivat Insurance PCL.	16.1	25.6	33.5	61.4	(0.5)	1.3	36.2	16.2	Mr. Jiraphant Asavatanakul
Bangkok Insurance PCL.	8.2	18.1	81.4	129.1	15.5	34.4	77.5	144.2	Mr. Chai Sophonpanich
The Navakij Insurance PCL.	-	0.8	-	8.0	-	0.4	-	7.7	Mr. Suchin Wanglee
Falcon Insurance PCL.	2.0	1.6	19.8	35.6	2.1	(8.1)	18.2	28.9	Mr. Oran Vongsuraphichet
Muang Thai Insurance PCL.	19.9	0.3	239.8	318.9	(3.1)	10.9	425.3	355.3	Mr. Sara Lamsam
Total	46.5	46.4	375.6	553.6	13.0	42.6	555.7	551.4	

Other Services (Performed by Subsidiary Companies)

(Unit: THB Million)

Company Involved	Service Income		Account Receivable		Accrued Revenue		Name of Director
	2017	2016	2017	2016	2017	2016	
Krungthai Panich Insurance PCL.	1.00	1.30	0.02	0.01	0.07	0.02	Mr. Kerati Panichewa
Road Accident Victims PCL.	0.50	0.40	0.01	0.01	0.01	0.01	Mr. Jiraphant Asavatanakul
Thaivivat Insurance PCL.	0.30	0.20	0.01	0.01	-	0.01	Mr. Jiraphant Asavatanakul
Bangkok Insurance PCL.	3.30	8.10	-	0.60	0.01	0.04	Mr. Chai Sophonpanich
The Navakij Insurance PCL.	-	0.04	-	-	-	-	Mr. Suchin Wanglee
Falcon Insurance PCL.	0.70	0.30	0.01	0.01	-	-	Mr. Oran Vongsuraphichet
Muang Thai Insurance PCL.	21.30	19.70	1.00	1.20	0.01	0.01	Mr. Sara Lamsam
Muang Thai Life Assurance PCL.	1.90	2.70	-	-	-	-	Mr. Sara Lamsam
Total	29.00	32.74	1.05	1.83	0.09	0.09	

Investment in Securities

(Unit: THB Million)

Company Involved	Type of Investment	Investment Fund (Market Value)		Dividend / Interest		Name of Director
		2017	2016	2017	2016	
Bangkok Insurance PCL.	Common Stock	-	422.2	9.8	15.7	Mr. Chai Sophonpanich
Muang Thai Insurance PCL.	Common Stock	-	25.8	0.8	1.2	Mr. Sara Lamsam
Total		-	448.0	10.6	16.9	

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."

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
	2017	2016	2017	2016	2017	2016	2017	2016	
Thaire Training Co., Ltd.	-	0.1	-	0.3	-	4.3	-	-	Mr. Surachai Sirivallop Mr. Oran Vongsuraphichet
Thaire Services Co., Ltd.	0.1	0.1	12.4	13.0	-	-	-	-	Mr. Surachai Sirivallop Mr. Oran Vongsuraphichet
Thaire Actuarial Consulting Co., Ltd.	-	3.5	-	-	-	-	-	-	Mr. Surachai Sirivallop Mr. Oran Vongsuraphichet
EMCS Thai Co., Ltd.	-	-	-	-	24.3	12.3	-	58.0	Mr. Chai Sophonpanich/ Mr. Surachai Sirivallop Mr. Oran Vongsuraphichet
Total	0.1	3.7	12.4	13.3	24.3	16.6	-	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.

Related Party Transactions

On February 1, 2017, the management entered into a connected transaction, which was Thaire Services Co., Ltd. (a THRE subsidiary)'s sale of its 2 percent investment in Carpool Insurance Broker Co., Ltd. to a juristic entity under control authority of a close relative of the Company's director. Since the transaction was of a small size with a total value of less than 0.03 percent of net tangible assets (NTA), the management could thus enter into the transaction without the requirement to seek prior approval from the Board of Directors of the Company and the requirement to disclose the information on the transaction to the Stock Exchange of Thailand. However, the Company already reported the said connected transaction to the Audit Committee's Meeting No. 2/2017 for acknowledgement on May 11, 2017.



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

Overall Performance

For 2017 overall performance, the Company recorded a net loss of THB 111 million, a decline of 139.9 percent compared to the previous year.

Net written premium amounted to THB 3,041 million, representing a decrease of 10.7 percent. The combined ratio was 105.9 percent, worse than 92.4 percent recorded in 2016. Investment income was THB 371 million, representing a year-on-year increase of 720.5 percent.

Overall performance of non-conventional and conventional businesses is as follows:

Non-Conventional

(Unit: THB Million)

	2017	2016	Growth (Percent)
Gross Written Premium	3,105	3,665	(15.3)
Net Written Premium	1,691	2,133	(20.7)
Underwriting Profit (Loss) ¹	(112)	254	(144.1)
Loss Ratio (Percent)	45.8	46.5	(0.7 ppt.)
Combined Loss and Commission Ratio (Percent)	106.3	88.6	17.7 ppt.

Note: ¹ Excluded operating expenses

For non-conventional business, the Company has cooperated with non-life insurers in developing new products and distribution channels. In 2017, the Company initiated more than 20 new contracts through product development cooperation. During the year, the Company had reviewed its policies on reinsurance underwriting, product modification and contract renewal to be compatible with underwriting risks. Besides, insurers were increasingly seeking to retain risk themselves. Consequently, gross written premium was recorded at THB 3,105 million and net written premium at THB 1,691 million, a drop of 15.3 percent and 20.7 percent respectively. A decrease in pending claims during the year relatively led the loss ratio to drop to 45.8 percent. The combined loss and commission ratio of the non-conventional business stood at 106.3 percent, rising by 17.7 points from 2016 due to profit commission earned by the Company from retrocession made in 2016 and partial refund of such profit commission in 2017 from the performance of reinsurance contracts.

Conventional

(Unit: THB Million)

	2017	2016	Growth (Percent)
Gross Written Premium	1,799	1,518	18.5
Net Written Premium	1,349	1,271	6.1
Underwriting Profit ¹	275	300	(8.4)
Loss Ratio (Percent)	48.1	37.8	10.3 ppt.
Combined Loss and Commission Ratio (Percent)	80.4	73.1	7.3 ppt.

Note: ¹ Excluded operating expenses

The Company's conventional business recorded net written premium of THB 1,349 million, growing by 6.1 percent. A major factor for such growth was an increase in the Company's motor insurance proportion, which led the combined loss and commission ratio to increase from 2016 by 7.3 points to 80.4 percent. Based on the industry's statistical records for 2014-2016, the loss ratio of this type of policy stayed at somewhat a high level, or not less than 63.4 percent (source: OIC), thus causing the Company's combined loss ratio to edge up.

Results of Domestic Non-Life Reinsurance Classified by Products

(Unit: THB Million)

	2017	2016	Growth (Percent)
Gross Written Premium			
Property	315	367	(14.2)
Marine	64	60	6.7
Motor	1,006	752	33.8
Miscellaneous	3,518	4,004	(12.1)
Total	4,903	5,183	(5.4)
Net Written Premium			
Property	259	258	0.4
Marine	51	47	8.5
Motor	777	752	3.3
Miscellaneous	1,953	2,347	(16.8)
Total	3,040	3,404	(10.7)
Underwriting Profit (Loss) ¹			
Property	153	122	25.4
Marine	19	31	(38.7)
Motor	73	110	(33.6)
Miscellaneous	(84)	293	(128.7)
Total	161	556	(71.0)

	2017	2016	Growth (Percent)
Loss Ratio (Percent)			
Property	(1.4)	8.7	(10.1 ppt.)
Marine	15.5	(2.7)	18.2 ppt.
Motor	62.0	51.8	10.2 ppt.
Miscellaneous	47.8	46.4	1.4 ppt.
Total	46.9	43.6	3.3 ppt.
Combined Loss and Commission Ratio (Percent)			
Property	41.6	54.2	(12.6 ppt.)
Marine	62.5	45.1	17.4 ppt.
Motor	91.3	81.3	10.0 ppt.
Miscellaneous	104.2	88.0	16.2 ppt.
Total	94.9	83.4	11.5 ppt.

Note: ¹ Excluded operating expenses

- **Property:** In 2017, there was a cancellation of some market agreements under the Company's underwriting policy, resulting in a decline of 14.2 percent in gross written premium from a year earlier to THB 315 million and an increase of 0.4 percent in net written premium to THB 259 million. A drop in pending claims following the Supreme Court's ruling led the loss ratio to decrease substantially to minus 1.4 percent and helped to bring in an underwriting profit of THB 153 million. Hence, the combined loss and commission ratio stood at 41.6 percent, falling by 12.6 points from the preceding year.

- **Marine:** In 2017, the Company recorded gross written premium of THB 64 million, rising by 6.7 percent and representing only a small percentage of total domestic gross written premium. Due to a larger degree of risk retained by the Company, its net written premium grew by 8.5 percent to THB 51 million. Loss ratio for 2017 was 15.5 percent, escalating from the previous year by 18.2 points caused by a drop in the outstanding loss of pending claims in 2016, with the loss ratio turning to be minus 2.7 percent. Therefore, in 2017, the Company posted an underwriting profit of THB 19 million, a decrease of 38.7 percent year-on-year.

- **Motor:** From the policy to boost motor reinsurance, the proportion of local gross written premium rose to 20.5 percent compared with merely 14.5 percent recorded in the preceding year. In 2017, the Company posted total gross written premium of THB 1,006 million and net written premium of THB 777 million, a year-on-year increase of 33.8 percent and 3.3 percent respectively. Loss ratio increased from the previous year by 10.2 points to 62.0 percent, which was close to the industry's loss ratio for motor sector. Consequently, underwriting profit from motor business was THB 73 million, representing a decline of 33.6 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. During the year, the Company had reviewed its policies on reinsurance underwriting, product modification and contract renewal. Therefore, its gross written premium dropped by 12.1 percent to THB 3,518 million, which was 71.8 percent of total gross written premium, and net written premium also declined by 16.8 percent to THB 1,953 million. Loss ratio increased by 1.4 points to 47.8 percent, while combined loss and commission ratio rose by 16.2 points to 104.2 percent.

Results of Overseas Non-Life Reinsurance

(Unit: THB Million)

	2017	2016	Growth (Percent)
Gross Written Premium	0.4	0.2	100
Net Written Premium	0.4	0.1	300
Underwriting Profit (Loss) ¹	2	(2)	200
Loss Ratio (Percent)	(615.0)	776.2	(1,391.2 ppt.)
Combined Loss and Commission Ratio (Percent)	(396.9)	862.2	(1,259.1 ppt.)

Note: ¹ Excluded operating expenses

The Company is currently launching product development for AEC market and expects growth in its overseas gross written premium in 2018. Therefore, the gross written premium in 2017 was earned from renewal of the existing contracts.

During the year 2017, there was a downward adjustment to value of the outstanding loss of pending claims, thereby resulting in an underwriting profit of THB 2 million.

From the overall underwriting performance in 2017, the Company recorded total gross written premium of THB 4,903 million, a decline of 5.4 percent from a year earlier, and net written premium of THB 3,041 million, a drop of 10.7 percent. Profit after deducting operating expenses was recorded at THB 163 million, representing a decrease of 70.6 percent. Loss ratio stood at 46.8 percent, up by 3.2 points, while the combined loss and commission ratio was recorded at 94.9 percent, increasing by 11.5 points from the year before.

(Unit: THB Million)

	2017	2016	Growth (Percent)
Gross Written Premium	4,903	5,183	(5.4)
Net Written Premium	3,041	3,404	(10.7)
Underwriting Profit ¹	163	554	(70.6)
Loss Ratio (Percent)	46.8	43.6	3.2 ppt.
Combined Ratio ¹ (Percent)	94.9	83.4	11.5 ppt.

Note: ¹ Excluded operating expenses

Investment

(Unit: THB Million)

Investment Assets	December 31, 2017		December 31, 2016	
	Amount	Proportion (Percent)	Amount	Proportion (Percent)
Bonds and Treasury Bills	1,608	21.8	1,890	20.7
Stocks	2,407	32.5	2,304	25.3
Debentures	40	0.5	-	-
Deposits	1,195	16.2	2,046	22.5
Loans	36	0.5	38	0.4
Unit Trusts	2,106	28.5	2,831	31.1
Total	7,392	100.0	9,109	100.0

As of the end of 2017, the Company and its subsidiaries recorded total investment assets of THB 7,392 million, which included investment in THREL. Prior to 2015, THREL's status was one of the Company's subsidiaries and, after that, was changed to "Available-for-sale investment" as the Company had gradually reduced its investment in THREL, to 17.5 percent as of the second quarter of 2016. During the year 2017, the Company's Investment Committee approved an extension of the policy framework for investment in securities to gear up for the new regulations that will take effect in the future. Hence, the Company again reclassified the investment in THREL as "Trading investment" and its shareholding in THREL was equal to 15.5 percent as at the end of 2017.

As a result of the changing status of investment in THREL, the value of investment funds was adjusted to a fair value in each period of such change in investment status to comply with TAS 105 "Accounting for Investments in Debt and Equity Securities." Therefore, the Company recorded a loss from reclassification of THB 139 million in 2017, whereas in 2016 it posted a loss from the reduction of investment of THB 318 million.

Net investment income in 2017 (excluding loss on THREL investment reclassification) accounted for THB 371 million, with return on investment (including tax benefits) of 5.1 percent.

Service Business

(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	100	127.3	43.7
Thaire Services Co., Ltd.	Provision of computer service, health insurance claims and supporting services.	100	203.2	23.8
Thaire Life Assurance Broker Co., Ltd. ¹	Life insurance broker	- ⁽¹⁾	0.4	(0.4)
Thaire Actuarial Consulting Co., Ltd.	Actuarial service	100	10.0	0.8

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

⁽¹⁾ Thaire Life Assurance Broker Company Limited was dissolved and registered its liquidation on December 26, 2017

The subsidiaries and associated companies' operating performance, when compared to income calculated by equity method, represented approximately 7.4 percent of the Company's total revenues. The overall operating performance calculated by equity method amounted to THB 72 million, which grew by 24.1 percent from the previous year.

Financial Status

Assets

At the end of 2017, the Company and its subsidiaries had total assets under the consolidated statement of financial position of THB 12,395 million, a decline of 14.0 percent compared to 2016. They consisted of:

The proportion of major assets included investment assets of 59.6 percent, reinsurance assets and receivables from reinsurance contracts totaling 23.9 percent, property, buildings & equipment and other assets of 16.5 percent.

- Investment assets amounted to THB 7,392 million, making up 59.6 percent of total assets and dropping by 18.8 percent from the previous year. They consisted of capital stocks, unit trusts, bank deposits, government bonds, etc.
- Reinsurance assets and receivables from reinsurance contracts totaled THB 2,966 million, accounting for 23.9 percent of total assets and increasing by 0.6 percent from the previous year. Reinsurance assets were premium reserves recovered from reinsurers, amounting to THB 1,611 million and decreasing by 17.2 percent from 2016. Receivables from reinsurance contracts were recorded at THB 1,354 million, an increase of 35.3 percent resulting from expansion in underwriting since the end of the fourth quarter of 2016.
- Property, buildings & equipment and other assets employed in the reinsurance business amounted to THB 2,037 million, representing 16.5 percent of total assets and declining by 13.8 percent due to a decrease in

deferred tax assets derived from the Company's performance and unutilized tax loss carry forward. However, the Company is still entitled to use such benefits from tax assets until the accounting year 2019.

Liabilities

Liabilities according to the consolidated financial statements as at the end of 2017 were THB 7,529 million, representing a decline of 16.7 percent. Major liabilities included reinsurance liabilities, the details of which are as follows:

- Insurance contract liabilities and due to reinsurers totaled THB 5,031 million, constituting 66.8 percent of total liabilities and falling by 9.1 percent. Most liabilities from insurance contracts consisted of unearned premium reserve and loss reserves which accounted for THB 3,618 million, a decrease of 13.5 percent. Due to reinsurers were recorded at THB 1,413 million, an increase of 4.6 percent. Major items were partial reinsurance contracts with coverage of more than a year which will be paid at the beginning of the following year.
- Net advance received for premiums equaled THB 1,561 million or 20.7 percent of total liabilities, resulting from long-term reinsurance policy premiums received in advance which will be 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 statements as at the end of 2017 was recorded at THB 4,866 million, a decline of 8.5 percent, with the book value standing at THB 1.155 per share, a decline of THB 0.107 per share compared to the previous year. Major items consisted of the following:

- **Unappropriated retained earnings** amounted to THB 701 million, a decline from the end of 2016 which was caused partly by dividend paid by the Company during 2017 from profit under the separate financial statements at the rate of THB 0.1 per share, making up a total of THB 421 million, and partly by a net loss from 2017 operation of THB 111 million.
- **Statutory reserve** was allocated, in conformity with Section 116 of the Public Limited Companies Act B.E. 2535, in a greater amount of THB 32 million for 2017, thus bringing the total statutory reserve as at year-end 2017 to THB 84 million.

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Financial Highlights (Ten Year Record)

Consolidated financial statements	2017	2016	2015	2014** (Restated)	2014	2013	2012	2011	2010* (Restated)	2009	2008
Gross Written Premium	4,903,170	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
Net Written Premium	3,040,648	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
Net Underwriting Profit (Loss) ¹	(173,515)	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
Net Investment Income	371,133	45,231	2,843,658	591,202	591,202	741,306	727,168	272,128	440,137	146,364	168,362
Net Income (Loss) from Services	71,399	57,868	62,872	49,015	49,015	61,809	44,647	21,242	(14,702)	(594)	14,998
Profit (Loss) before Income Tax	257,053	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
Net Profit (Loss)	(111,151)	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
Total Assets	12,395,077	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
Total Liabilities	7,528,771	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
Share capital paid up	4,214,994	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
Capital Funds (Shareholders' Equity)	4,866,306	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
Book Value per share (Baht)	1.15	1.26	1.28	0.72	0.72	0.65	0.99	0.61	2.5	2.04	1.73
Dividend Per Share (Baht)	0.1	0.15	-	-	-	-	-	0.2	0.41	0.4	0.36

Consolidated financial statements	2017	2016	2015	2014** (Restated)	2014	2013	2012	2011	2010* (Restated)	2009	2008
Ratio (Percent)											
Return on Revenue	(3.1)	7.4	40.8	(28.2)	(28.2)	(42.7)	(69.1)	(26.8)	13.6	13.7	12.9
Return on Net Written Premium	(3.7)	8.2	80.1	(43.8)	(32.2)	(50.4)	(81.2)	(28.8)	15.7	14.7	13.7
Return on Equity	(2.2)	5.2	62.7	(73.3)	(73.3)	(97.4)	(206.9)	(89.9)	20.4	23.2	20.9
Return on Assets	(0.8)	1.9	17.8	(9.2)	(9.2)	(9.1)	(14.7)	(9.5)	6.9	10.1	9.6
Return on Investment	4.7	0.5	28.7	4.5	4.5	4.4	4.9	3.4	9.3	3.8	4.6
Loss Ratio ²	46.8	43.6	43.6	101.2	85.3	136.1	169.9	103.7	48.9	40.8	42.3
Acquisition Ratio ³	59.1	48.8	51.7	46.7	44.4	42.3	44.1	43.1	43.9	42.0	42.1
Combined Ratio	105.9	92.4	95.3	147.9	129.7	178.4	214.0	146.8	92.8	82.8	84.4
Solvency Ratio	167.5	157.7	127.7	59.7	43.9	51.8	39.2	32.1	77.0	63.2	65.6
Current Ratio (times)	1.2	1.2	1.1	1.1	1.1	1.0	1.1	1.1	1.1	0.5	0.6
Reserve Ratio ⁴	234.5	249.8	227.2	151.3	111.2	218.7	272.2	120.3	144.3	132.5	125.3

Description:

1. Since 2011, the Company has changed in accounting policy of commission and brokerage income from reinsurance ("Income") and commission and brokerage expense from reinsurance ("Expense") are deferred and realised as income and expenses on a monthly basis over the term of policy coverage, in proportion to the amount of unearned premium.

* 2010 and 2009 were restated according to the change in accounting policy as above.

2. 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 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



Thai Reinsurance PCL.

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

The Board of Directors has the duties and responsibilities to supervise the business undertaking by the Company in compliance with the good corporate governance principles. The Board of Directors is accountable for the financial statements of the Company and its subsidiaries. The financial statements ended 31 December 2017 are prepared in accordance with Thai Accounting Standard Act B.E. 2547 and other related regulations of The Office of Insurance Commission. Appropriate accounting policies are cautiously utilized. Sufficient important information is disclosed in the footnotes of the financial statements which have been audited by the auditors.

The Board of Directors has provided and maintained the effectiveness of risk management, internal control, internal audit and supervision, to be assured that the financial records are accurate, complete and adequate to protect the Company's assets and to prevent any significant operational risk. The Board of Directors has appointed an Audit Committee comprised of independent directors and non-management members of the Company as regulators in this matter. The opinion of the Audit Committee with regard to these matters appear in the report of the Audit Committee in this Annual Report.

The Board of Directors is of the view that the Company has maintained an effective internal control system at an adequate and appropriate level of protection to assure the credibility of the financial statements presenting the correct financial positions, financial performance and cash flow of Thai Reinsurance Public Co., Ltd. and its subsidiaries.

(Surachai Sirivallop)

Chairman

(Oran Vongsuraphichet)

Chief Executive Officer



Thai Reinsurance PCL.

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.

In 2017, the Audit Committee performed their duties completely in line with the Audit Committee Charter as assigned by the Board of Directors. Five meetings were held in the year and the Management, independent auditor, head of Risk Management, and head of Internal Audit Department were also invited to join the meetings on the agenda items in which they were concerned. The main duties performed by the Audit Committee can be summarized as follows:

1. Nominated and recommended the appointment of an auditor and fixing of the auditor's remuneration, whereby EY Office Limited, by its certified public accountants, Ms. Rachada Yongsawadvanich and/or Ms. Ratana Jala and/or Ms. Nonglak Pumnoi and/or Ms. Somjai Khunapasut, was nominated for appointment as the Company's auditor for 2017.
2. Reviewed the report on related party transactions on a quarterly basis to ensure that the transactions that may have a conflict of interest were conducted in compliance with the laws and in the best interests of the Company.
3. Attended three joint meetings with the auditor (one of which was an independent meeting without the Management) to consider the guideline and scope of auditing and review the audit plan, audit results and recommendations to ensure that the audit of financial statements was carried out completely in accordance with the auditing standards.
4. Approved quarterly financial statements and reviewed annual financial statements of the Company to ensure their accuracy and completeness before disclosure to the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.
5. Supervised the Enterprise Risk Management Committee, reviewed and ensured that the Company's risk management policy and implementation of risk management policy and guidelines were appropriate and effective, received quarterly reports on enterprise risk management from the head of the Enterprise Risk Management, and provided feedback on a regular basis.
6. Reviewed the report on compliance with relevant laws and regulations on a quarterly basis.
7. Approved the annual internal audit plan based on the Company's material risks, reviewed the internal audit reports, followed up on the Management's corrective actions as recommended by the auditor to

improve the efficiency and effectiveness of the internal control system, and supervised and ensured that head of the Internal Audit Department could perform duties independently and objectively.

8. Arranged for the annual evaluation of internal control adequacy, rendered opinion thereon, and proposed the evaluation form to the Board of Directors for consideration and approval.
9. Reviewed and recommended an update of the Audit Committee Charter to cover the current duties and responsibilities and align with the corporate governance practices.
10. Arranged for the annual evaluation of the Audit Committee as a group by means of self-assessment and discussed the assessment results at the Audit Committee meeting.

The Audit Committee's opinions are as follows:

1. The auditor appointed by the Company has been approved by the Office of the Securities and Exchange Commission, is independent, and does not have any relationship or provide any other services that may cause a conflict of interest in performing the audit for the Company. The auditor has experience in auditing several insurance companies and is attached to the auditing firm which has a well-recognized local and global network, thus ensuring that the audit will be conducted in an efficient and transparent manner and meet international standards.
2. All related party transactions or transactions that may have a conflict of interest were done in conformity with the laws and regulations of the Stock Exchange of Thailand and were deemed reasonable with the maximum benefit to the Company. There was no indication or remark that pointed to any irregularity.
3. Based on the enquiry with and explanation from the Management regarding significant items in the statements of financial position and performance and the independent meeting with the auditor to discuss about observations on the financial reporting, the Audit Committee has not found any material misstatement and, thus, is reasonably confident that the Company's financial statements are accurate and complete in accordance with the financial reporting standards.
4. The Company gives importance to compliance with the law on securities and exchange, regulations of the Stock Exchange of Thailand, and other laws relevant to its business.
5. The Company's risk management system, internal control system, internal audit system, and monitoring system are effective and adequate.
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



Thai Reinsurance PCL.

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 2017, 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 2017, 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.

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 net earned reinsurance premium. In 2017, the Company incurred net earned reinsurance premium of Baht 3,171 million, representing 73 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 whereby the contracts contain various conditions relating to type of insurance, 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 therefore required to exercise judgment in considering and reviewing classification of insurance contracts. Therefore, I focused on examining that net earned reinsurance premium was correctly recognised and actually incurred.

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, to assess the methodology and assumptions used in the tests of insurance contract classification, to test accuracy and completeness of data used by the Company for the tests of classification and to examine, on a sampling basis, the amounts of reinsurance premium that occurred during the year and near the period-end against the statements of accounts received from reinsurers. In addition, I performed analytical procedures of gross premium written, disaggregated by type of reinsurance.

Loss reserves

As discussed in Note 16 to the financial statements, as at 31 December 2017 the Company had loss reserves (included as a part of insurance contract liabilities) of Baht 1,674 million, representing 22 percent of total liabilities of the Group. Loss reserves are estimates of losses from both claims incurred and reported and claims incurred but not reported. In such estimation, major assumptions used were determined with reference to historical data. These assumptions require management to exercise substantial judgment and are highly 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 focused on the adequacy of the Company's loss reserves.

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

Deferred tax assets

As discussed in Note 15.1 to the financial statements, as at 31 December 2017, the Company had deferred tax assets of Baht 545 million arising from brought forward tax losses. According to the Company's management, it is highly probable that the Company's future taxable profit will be sufficient to allow the utilisation of such deferred tax assets within the allowed period. In determining whether there will be sufficient future taxable profit to utilise tax losses, significant management judgment is required with respect to the preparation of projections of future taxable profit. Therefore, I focused on the audit of the value of deferred tax assets.

I gained an understanding of the process by which the Company forecast the utilisation of the brought forward tax losses, 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 obtained 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 deferred tax assets.

Profit commission reserves on a reinsurance contract

As discussed in Note 8 to the financial statement, in 2015 the Company entered into a long-term reinsurance contract made with a reinsurance company. According to the contract, the Company will be entitled to share profit at a percentage of cumulative reinsurance profit over the reinsurance contract period. Such share of profit will be adjusted every year. Cumulative reinsurance profit is determined from cumulative reinsurance premium, which is deducted by cumulative claim and other expenses as specified in the contract. The Company uses estimated cumulative reinsurance profit over the contract period as a base in determination of the amounts of profit commission to be recognised in each period over the contract period. Hence, the Company's management is required to exercise judgement in estimating the loss ratios that are expected to be incurred over the contract period. I therefore focused on the audit of profit commission reserves on a reinsurance contract, which amounted to Baht 251 million as at 31 December 2017.

I gained an understanding of the process by which profit commissions from reinsurance contract are estimated, assessed such estimates by checking the required information and key assumptions used in the estimation process, 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.

I am responsible for the audit resulting in this independent auditor's report.



Rachada Yongsawadvanich

Certified Public Accountant (Thailand) No. 4951

EY Office Limited

Bangkok: 22 February 2018



Thai Reinsurance PCL.

Financial Statements and Notes to Financial Statements

Thai Reinsurance Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2017 and 2016

(Unit: Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
Assets					
Cash and cash equivalents	6	394,500,020	833,694,269	312,605,223	745,545,538
Accrued investment income		12,472,194	15,321,566	12,341,986	15,101,409
Reinsurance assets	7	1,611,294,596	1,946,076,294	1,611,294,596	1,946,076,294
Receivables from reinsurance contracts	8, 21.3	1,354,411,990	1,001,003,782	1,354,411,990	1,001,003,782
Investment assets					
Investments in securities	9, 21.3, 30, 32	6,954,205,014	8,237,470,777	6,885,075,771	8,167,243,882
Loans	10	35,749,422	37,749,050	35,749,422	37,749,050
Investments in subsidiaries	11	-	-	317,699,320	164,699,420
Investments in associates	12	7,487,568	-	-	-
Premises and equipment	13	264,134,661	281,231,620	151,235,194	159,541,981
Intangible assets	14	129,212,601	122,322,804	83,306,170	92,061,373
Deferred tax assets	15.1	508,979,671	900,371,123	503,776,557	896,639,754
Other assets					
Deferred commissions and brokerages expenses	21.3	800,527,632	842,370,417	800,527,632	842,370,417
Cash placed as collateral securities		48,340,795	99,777,756	48,340,795	99,777,756
Corporate income tax awaiting refund		31,121,399	30,214,403	25,589,730	22,425,124
Deferred excess of loss		6,333,335	3,966,667	6,333,335	3,966,667
Others	21.3	236,306,524	66,361,682	180,011,658	29,332,796
Total assets		12,395,077,422	14,417,932,210	12,328,299,379	14,223,535,243

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

Thai Reinsurance Public Company Limited and its subsidiaries
Statements of financial position (continued)
As at 31 December 2017 and 2016

(Unit: Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
Liabilities and owners' equity					
Liabilities					
Long-term loans	20	8,549,000	13,457,000	-	-
Insurance contract liabilities	16, 21.3	3,617,982,304	4,182,976,974	3,617,982,304	4,182,976,974
Due to reinsurers	17, 21.3	1,413,081,011	1,351,050,222	1,413,081,011	1,351,050,222
Income tax payables		6,602,765	4,654,354	-	-
Employee benefit obligations and payables	18	37,883,364	71,963,175	24,141,338	58,087,205
Other liabilities					
Premium received in advance - net	21.3	1,560,576,907	2,521,041,006	1,560,576,907	2,521,041,006
Deferred commissions and brokerages income	21.3	291,711,766	272,254,410	291,711,766	272,254,410
Cash received to place as collateral		223,717,026	242,758,058	223,717,026	242,758,058
Profit commission reserves on a reinsurance contract	8	251,212,134	238,579,449	251,212,134	238,579,449
Claim recovery received in advance		33,894,420	49,615,708	33,894,420	49,615,708
Dividend payables		2,938,915	2,284,037	2,938,915	2,284,037
Others	21.3	80,621,358	87,001,035	44,103,260	58,173,966
Total liabilities		7,528,770,970	9,037,635,428	7,463,359,081	8,976,821,035
Owners' equity					
Share capital	22				
Registered, 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
Retained earnings					
Appropriated					
Statutory reserve	23	84,400,000	52,000,000	77,200,000	45,500,000
Unappropriated		701,424,801	1,267,427,399	613,379,668	437,166,329
Other components of owners' equity		(134,512,181)	(213,995,624)	(40,633,202)	549,054,047
Equity attributable to shareholders of the Company		4,866,306,452	5,320,425,607	4,864,940,298	5,246,714,208
Non-controlling interests of the subsidiaries		-	59,871,175	-	-
Total owners' equity		4,866,306,452	5,380,296,782	4,864,940,298	5,246,714,208
Total liabilities and owners' equity		12,395,077,422	14,417,932,210	12,328,299,379	14,223,535,243

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

Thai Reinsurance Public Company Limited and its subsidiaries
Statements of income
For the years ended 31 December 2017 and 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Revenues					
Gross reinsurance premium written	21.2	4,903,170,033	5,182,854,311	4,903,170,033	5,182,854,311
Less: Premium ceded to reinsurers	21.2	(1,862,522,320)	(1,779,005,045)	(1,862,522,320)	(1,779,005,045)
Net reinsurance premium written		3,040,647,713	3,403,849,266	3,040,647,713	3,403,849,266
Add (less): Unearned premium reserves (increased) decreased from prior year		130,792,657	(54,558,219)	130,792,657	(54,558,219)
Net earned reinsurance premium		3,171,440,370	3,349,291,047	3,171,440,370	3,349,291,047
Commission and brokerage income	8	434,993,429	813,735,710	434,993,429	813,735,710
Net investments revenue	21.2	244,232,138	294,550,389	267,008,856	347,780,023
Gains (losses) on investments	11.3	(54,465,165)	(226,824,428)	899,115,824	468,152,829
Fair value gains (losses) on investments		204,748,757	(11,490,428)	204,748,757	(11,490,428)
Shares of profit (loss) from investment in associates	12.2	(6,875,688)	7,591,710	-	-
Service income	21.2	321,612,646	268,095,601	-	-
Other income		10,001,161	19,107,059	9,383,979	20,259,059
Total revenues		4,325,687,648	4,514,056,660	4,986,691,215	4,987,728,240
Expenses					
Gross claims	21.2	2,286,875,249	2,516,189,081	2,286,875,249	2,516,189,081
Less: claim recovery from reinsurers	21.2	(801,702,042)	(1,055,474,135)	(801,702,042)	(1,055,474,135)
Commission and brokerage expenses	21.2	1,958,073,673	2,147,933,176	1,958,073,673	2,147,933,176
Other underwriting expenses		138,177,622	103,521,945	138,393,622	103,642,545
Operating expenses	24	198,524,329	187,255,280	211,140,912	200,400,095
Investment expenses		16,506,996	18,595,915	16,506,996	18,595,915
Service expenses		250,213,251	210,227,946	-	-
Finance costs		838,581	1,413,977	-	-
Other expenses		5,897,792	12,411,732	5,204,099	13,981,256
Total expenses	25	4,053,405,451	4,142,074,917	3,814,492,509	3,945,267,933
Profits before income tax expenses		272,282,197	371,981,743	1,172,198,706	1,042,460,307
Income tax expenses	15.2	(368,204,450)	(69,276,261)	(540,812,755)	(167,153,825)
Profit (loss) for the years		(95,922,253)	302,705,482	631,385,951	875,306,482
Profit (loss) for the years					
Shareholders of the Company		(111,151,428)	277,655,308	631,385,951	875,306,482
Non-controlling interests of the subsidiaries		15,229,175	25,050,174		
		(95,922,253)	302,705,482		
Earnings per share	27				
Basic earnings per share					
Profit (loss) for the years attributable to shareholders of the Company		(0.03)	0.07	0.15	0.21

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

Thai Reinsurance Public Company Limited and its subsidiaries
Statements of comprehensive income
For the years ended 31 December 2017 and 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Profit (loss) for the years		(95,922,253)	302,705,482	631,385,951	875,306,482
Other comprehensive income (loss)					
Items to be recognised in statements of income					
for subsequent periods	15.2				
Gain (loss) on revaluation of available-for-sale investments		216,857,533	67,121,516	(737,109,061)	1,019,035,843
Add (less): Income taxes		(43,371,507)	(13,424,303)	147,421,812	(203,807,169)
Items to be recognised in statements of income					
for subsequent periods - net of income taxes		173,486,026	53,697,213	(589,687,249)	815,228,674
Items not to be recognised in statements of income					
for subsequent periods	15.2				
Actuarial losses		(1,252,709)	(2,733,951)	(2,638,723)	(1,178,639)
Add: Income taxes		250,542	546,790	527,745	235,728
Items to be recognised in statements of income					
for subsequent periods - net of income taxes		(1,002,167)	(2,187,161)	(2,110,978)	(942,911)
Other comprehensive income from (loss) for the years		172,483,859	51,510,052	(591,798,227)	814,285,763
Total comprehensive income for the years		76,561,606	354,215,334	39,587,724	1,689,592,245
Total comprehensive income for the years attributable to:					
Shareholders of the Company		61,192,543	329,219,892	39,587,724	1,689,592,245
Non-controlling interest of the subsidiaries		15,369,063	24,995,642		
		76,561,606	354,215,334		

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 years ended 31 December 2017 and 2016

(Unit: Baht)

Consolidated financial statements											
Equity attributable to shareholders of the Company											
Other components of owners' equity											
Issued and paid-up share capital		Retained earnings		Revaluation deficit on available-for-sale investments - net of income taxes		Deficit as a result of changes in shareholding percentage in the subsidiaries		Total other components of owners' equity		Total equity attributable to shareholders of the Company	
Note		Appropriated -		Unappropriated		for-sale investments - net of income taxes		percentage in the subsidiaries		the Company	
		Statutory reserve								Equity attributable to non-controlling interests of the subsidiaries	
										Total owners' equity	
Balance as at 1 January 2016											
Acquisition of a subsidiary having non-controlling interest											
Appropriated retained earnings to be											
statutory reserve											
23											
Reversal of dividend payable that was expired											
28											
Dividend paid											
29											
Profit for the year											
Other comprehensive income (loss) for the year											
Total comprehensive income for the year											
Balance as at 31 December 2016											
Balance as at 1 January 2017											
Change in shareholding percentage in a subsidiary											
11											
Appropriated retained earnings to be statutory reserve											
23											
Reversal of dividend payable that was expired											
28											
Dividend paid											
29											
Profit (loss) for the year											
Other comprehensive income (loss) for the year											
Total comprehensive income (loss) for the year											
Balance as at 31 December 2017											

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 years ended 31 December 2017 and 2016

(Unit: Baht)

	Note	Separate financial statements				
		Issued and paid-up share capital	Retained earnings		Other components of equity	
			Appropriated - Statutory reserve	Unappropriated	Revaluation deficit on available-for-sale investments - net incomes taxes	Total owners' equity
Balance as at 1 January 2016		4,214,993,832	1,500,000	28,255,786	(266,174,627)	3,978,574,991
Appropriated retained earnings to be statutory reserve	23	-	44,000,000	(44,000,000)	-	-
Reversal of dividend payable that was expired	28	-	-	46,355	-	46,355
Dividend paid	29	-	-	(421,499,383)	-	(421,499,383)
Profit for the year		-	-	875,306,482	-	875,306,482
Other comprehensive income (loss) for the year		-	-	(942,911)	815,228,674	814,285,763
Total comprehensive income for the year		-	-	874,363,571	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	5,246,714,208
Balance as at 1 January 2017		4,214,993,832	45,500,000	437,166,329	549,054,047	5,246,714,208
Appropriated retained earnings to be statutory reserve	23	-	31,700,000	(31,700,000)	-	-
Reversal of dividend payable that was expired	28	-	-	137,749	-	137,749
Dividend paid	29	-	-	(421,499,383)	-	(421,499,383)
Profit for the year		-	-	631,385,951	-	631,385,951
Other comprehensive losses for the year		-	-	(2,110,978)	(589,687,249)	(591,798,227)
Total comprehensive income (loss) for the year		-	-	629,274,973	(589,687,249)	39,587,724
Balance as at 31 December 2017		4,214,993,832	77,200,000	613,379,668	(40,633,202)	4,864,940,298

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

Thai Reinsurance Public Company Limited and its subsidiaries
Statements of cash flows
For the years ended 31 December 2017 and 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Cash flows from (used in) operating activities					
Cash received from (paid for) reinsurance		(627,989,035)	161,980,069	(627,989,035)	161,980,069
Interest income		63,904,472	74,132,937	62,243,244	73,179,054
Dividends received from subsidiaries and associates		-	31,437,189	24,347,996	54,523,649
Dividend income from other companies		184,530,411	231,041,324	184,530,411	230,811,927
Revenues from other investments		10,664,538	90,531,210	10,664,539	84,418,108
Other income		311,495,050	283,589,633	9,317,662	20,258,725
Commission and brokerage expenses		(604,270,595)	(259,309,025)	(604,270,595)	(259,309,025)
Other underwriting expenses		(150,317,144)	(118,196,838)	(150,533,144)	(118,317,438)
Operating expenses		(223,729,672)	(139,265,603)	(237,026,367)	(151,244,085)
Other expenses		(220,321,867)	(200,550,075)	(4,685,554)	(12,520,178)
Income tax expenses		(18,904,271)	(13,077,660)	(3,164,606)	3,173,463
Investments in securities		1,483,407,832	62,590,040	1,481,938,320	108,468,508
Loans		1,999,628	(13,333,229)	1,999,628	(13,333,229)
Investment in subsidiaries		(152,999,900)	-	(152,999,900)	(89,999,700)
Investments in associates		(11,025,025)	(1,334,700)	-	-
Return on capital of investment in a subsidiary		-	-	-	499,965
Disposals of investment in an associate		-	422,758,126	-	422,725,085
Net cash provided by (used in) operating activities		46,444,422	612,993,398	(5,627,401)	515,314,898
Cash flows from (used in) investing activities					
Disposals of equipment and intangible assets		290,149	5,372	9,746,279	7,075,736
Purchases of premises, equipment and intangible assets		(39,727,603)	(126,722,573)	(15,559,810)	(117,063,644)
Net cash used in investing activities		(39,437,454)	(126,717,201)	(5,813,531)	(109,987,908)
Cash flows from (used in) financing activities					
Dividends paid		(434,351,498)	(433,995,657)	(421,499,383)	(421,499,383)
Repayments of bank overdrafts		-	(11,155,632)	-	-
Repayments on long-term loans		(5,746,581)	(6,128,868)	-	-
Net cash used in financing activities		(440,098,079)	(451,280,157)	(421,499,383)	(421,499,383)
Net increase (decrease) in cash and cash equivalents		(433,091,111)	34,996,040	(432,940,315)	(16,172,393)
Cash and cash equivalents at beginning of the years		833,694,269	798,698,229	745,545,538	761,717,931
Less: Cash and cash equivalents held by the subsidiary whose status was changed to the associate		(6,103,138)	-	-	-
Cash and cash equivalents at end of the years		394,500,020	833,694,269	312,605,223	745,545,538

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

Thai Reinsurance Public Company Limited and its subsidiaries

Notes to financial statements

For the years ended 31 December 2017 and 2016

1. Corporate information

Thai Reinsurance Public Company Limited ("the Company") is a public company, incorporated and domiciled in Thailand. As at 31 December 2017 and 2016, its major shareholder is HWIC ASIA FUND, which held 35.0% and 32.0%, respectively, of the issued and paid-up share capital of the Company. The Company is principally engaged in the provision of non-life reinsurance and its registered address is located at 48/22-24 Soi Rajchadapisek 20, Rajchadapisek Road, Samsennok Sub-district, Huaykwang District, Bangkok.

2. Basis of preparation of financial statements

2.1 Basis for preparation of financial statements

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.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in Note 4 to the financial statements regarding summary of significant accounting policies.

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 financial statements in Thai language.

2.2. Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2017	2016
			%	%
EMCS Thai Co., Ltd.	Provision of computer services in relation to motor claim management	Thailand	100.0	49.0
Thaire Services Co., Ltd.	Provision of claim management and marketing services	Thailand	100.0	100.0
Thaire Actuarial Consulting Co., Ltd.	Provision of actuarial, training and advisory services	Thailand	100.0	100.0
Thaire Life Assurance Broker Co., Ltd. ⁽¹⁾	Life insurance broker	Thailand	-	100.0
Carpool Insurance Broker Co., Ltd. ⁽²⁾	Non-life Insurance broker	Thailand	49.0	51.0

⁽¹⁾ As at 31 December 2017, such company is under liquidation process as described in Note process 11.3 (c) to the financial statements.

⁽²⁾ As at 31 December 2017, such company was an associate as described in Note 11.3 (d) to the financial statements.

- (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 Company has prepared its separate financial statements, which have presented 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 Company adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance 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 adoption of these revised and new financial reporting standards does not have any impact on these financial statements. Moreover, the financial reporting standard that involves changes to key principles is 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 and 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. Hence, the management decided to continue its accounting treatment on its investments in subsidiaries and an associate under the cost method as previously adopted in the separate financial statements and therefore there was no impact on these separate financial statements.

3.2 Financial reporting standards that will become effective in the future

During the year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The management of the Group believes that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

4. [Summary of significant accounting policies](#)

4.1 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) Commission and brokerage income

Commission and brokerage income include profit commission from reinsurance contracts.

Commission and brokerage income

Commission and brokerage income consist of commission and brokerage fees received based on a percentage of premium ceded and other commissions income.

Commission and brokerage income are recorded as deferred revenue and will gradually be amortised as revenue on a monthly basis proportionately according to the ceded premium that is recognised as expense.

For long-term insurance policies which coverage periods of longer than 1 year, related commission and brokerage fees are recorded as commission received in advance, and will gradually be amortised as revenue over the annual coverage periods.

Profit commission from reinsurance contract

Profit commission from reinsurance contract is recognised as revenues on an accrual basis, based on an estimate of reinsurance profits over the term of a reinsurance contract calculated in accordance with 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 its portion of estimated cumulative reinsurance profits from the effective date to the end of the reinsurance contract term. If the Company incurs more or less profit commission as compared to the prior period's estimate, the Company will record it as "Amount due from reinsurers" which are presented as assets in the statements of financial position or "Profit commission reserves from reinsurance contract", which are presented as liabilities in the statements of financial position, as the case may be, and recognises against commission and brokerage income in the statements of income.

(c) Investment revenues

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

Gain (loss) on investments are recognised as revenue or expense on the transaction dates.

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

(d) Service income

Service income is recognised when service has been rendered taking into account stage of completion.

(e) Claim recovery from reinsurers

Claim recovery from reinsurers is recognised proportionately to the ceded portion of claims and loss adjustment expenses recognised as expenses in the statement of income, which is estimated with reference to conditions in the ceded reinsurance contracts. The Company presents the amount of claim recovery from reinsurers as a deduction from gross claims in the statement of income.

4.2 Expenses recognition

(a) Ceded premium

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

For long-term insurance policies with coverage periods of longer than 1 year, related cede premium is recorded as premium ceded in advance, and gradually recognised as expenses over the annual coverage period.

(b) Gross claims

Gross claims consist claims and loss adjustment expenses on reinsurance, which present the amounts of claims, related expenses, and loss adjustments of current and prior period claims incurred during the years, deducted by the residual value and others recoveries (if any) and claims recovery from reinsurers.

Gross claims 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) Commission and brokerage expenses

Commission and brokerage expenses are recorded as deferred expenses and will be gradually amortised as expenses on a basis proportionately to the amount of ceded premium earned.

For commissions and brokerage expenses of reinsurance with coverage periods of longer than 1 year, related commission and brokerage expenses are recorded as deduction from premium received in advance and recognised as expenses over the annual coverage periods.

4.3 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.

4.4 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 Investment assets

(a) Investment in securities

Investments in trading securities are stated at fair value. Changes in fair value of these securities are recorded in the statements 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 statements of comprehensive income, and will be recorded in the statements of income when the securities are sold.

Held-to-maturity investments are recorded at the 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 are classified as general investments and stated at cost net of allowance for 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. On disposal of an investment, the difference between net disposal proceeds and the cost of investments is recognised in statements of income.

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.

(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 an increase (a decrease) to expenses during the years.

(c) Investments in subsidiaries and associates

Investments in associates are accounted for in the consolidated financial statements using the equity method.

Investments in subsidiaries and associates 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 statements of income.

4.8 Premises and equipment and depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for impairment (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 lease periods)
Motor vehicles	- 5 years
Office equipment and furniture	- 5 years
Computer	- 3 years and 5 years

Depreciation is recognised in statements of income.

No depreciation is provided on land and buildings in progress.

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 allowance for impairment (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 are deferred technical knowledge acquisition cost and computer softwares, which are expected to generate economic benefit within 5 years and 10 years.

No amortisation is provided on computer softwares 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 in statements of income 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.

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

Insurance contract liabilities consist of loss reserves and premium reserves.

(a) Loss reserves

Loss reserves include outstanding claims and loss reserves whereby outstanding claims are recorded at the amounts to be actually paid while loss reserves are 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 loss reserves does not exceed the sum-insured under the relevant policy.

Estimation of loss reserves are calculated using an actuarial method based on the best estimate of claims, including loss adjustment expenses, 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. The higher of the loss reserves estimated and those already recognised in the accounts will then be recognised as claims incurred but not yet reported (IBNR).

(b) Premium reserves

At the end of each 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 and the unexpired risk reserves are presented in the financial statements.

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

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 be incurred during the remaining period of coverage, with reference to historical claims data.

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**

The Group recognise 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 benefitsDefined 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 plan and other long-term employee benefits plan

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 statements of comprehensive income and those arising from other long-term employee benefit plan are recognised immediately in statements 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 taxes

Income tax expenses represent the sum of current income taxes and deferred income taxes.

(a) Current income taxes

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

(b) Deferred income taxes

Deferred income taxes are 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 assets to be utilised.

The Group records deferred tax directly to owners' equity if the taxes relate 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. In case where there is 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:

5.1 Classification of reinsurance contracts

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.

5.2 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.

5.3 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.

5.4 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.

5.5 Allowance for doubtful accounts on receivables on 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.

5.6 Allowance for impairment on investments in securities

The Group sets aside allowance for impairment 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.

5.7 Premises and equipment impairment

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.

5.8 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.

5.9 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.

5.10 Loss reserves

At the end of each reporting period, the Company has to estimate loss reserves, taking into accounts two parts, which are the claims incurred and reported, and the claims incurred but not yet reported (IBNR). The actuarial method is used in calculation whereby the main assumptions consist of historical experience data, which are ultimate loss ratio and unallocated loss adjustment expense ratio. Nevertheless, such estimates are forecasts of future outcomes, and actual results could differ.

5.11 Unexpired risk reserves

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.

5.12 Profit commission from reinsurance contracts

Profit commission from reinsurance contracts 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.

5.13 Employee benefit obligations and payables

Employee benefit obligations and payables are provision for liabilities under the defined benefit plan and other long-term employee benefit plan, which are determined using actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

5.14 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.

5.15 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.

6. Cash and cash equivalents

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 December		31 December	
	2017	2016	2017	2016
Cash on hand	95,025	96,500	35,000	35,000
Deposits at banks with no fixed maturity date				
Saving and current accounts	153,615,112	156,049,978	99,914,173	113,667,395
Investment in money market funds	229,789,883	553,547,791	212,656,050	507,843,143
Deposits at banks with fixed maturity date and certificate of deposit	11,000,000	124,000,000	-	124,000,000
Total cash and cash equivalents	394,500,020	833,694,269	312,605,223	745,545,538

As at 31 December 2017 and 2016, saving accounts, fixed deposits and short-term investments carried interest between 0.10% to 1.35% per annum and 0.10% to 1.55% per annum, respectively.

7. Reinsurance assets

(Unit: Baht)

	Consolidated and separate financial statements	
	31 December	
	2017	2016
Insurance reserves refundable from reinsurers		
Loss reserves	685,133,253	1,055,185,766
Unearned premium reserves	926,161,343	890,890,528
Total reinsurance assets	1,611,294,596	1,946,076,294

Insurance reserves refundable from reinsurers as at 31 December 2017 and 2016, included insurance reserves refundable from reinsurers due to flood situation in 2011 amounting to Baht 16 million and Baht 16 million, respectively.

8. Receivables from reinsurance contracts

(Unit: Baht)

	Consolidated and separate financial statements	
	31 December	
	2017	2016
Amounts deposited on reinsurance	989,504,245	686,348,274
Amounts due from reinsurers	368,996,545	319,020,411
Total	1,358,500,790	1,005,368,685
Less: Allowance for doubtful accounts	(4,088,800)	(4,364,903)
Receivables from reinsurance contracts - net	1,354,411,990	1,001,003,782

As at 31 December 2017 and 2016, the outstanding balances of amounts due from reinsurers were classified by overdue periods as follows:

(Unit: Baht)

	Consolidated and separate financial statements	
	31 December	
	2017	2016
Not yet due	293,197,524	168,906,438
Not over 12 months	66,632,382	129,679,074
Over 1 year to 2 years	2,931,308	10,520,748
Over 2 years	6,235,331	9,914,151
Total amounts due from reinsurers	368,996,545	319,020,411

During 2015, the Company entered into a long-term ceded reinsurance contract with a reinsurer whereby the contract specified sharing of profit commission to the Company based on a percentage of the cumulative reinsurance profit earned over the term of the contract, which will be adjusted every year. The cumulative reinsurance profit is calculated by deducting the amount of cumulative claims and other expenses as specified in the contract from the amount of cumulative reinsurance premium. The Company uses the cumulative reinsurance profits estimated over the term of the contract as the base in estimating its relative share of profit commission recognised in each period over the term of the contract.

As at 31 December 2017 and 2016, the Company recognised cumulative share of profit commission from such ceded reinsurance contract amounting to Baht 159 million and Baht 255 million, respectively, and recorded a part of cash received from sharing of profit commission not yet recognised as revenue of Baht 251 million and Baht 239 million, respectively, as “Profit commission reserves on a reinsurance contract”, which were presented as liabilities in the statements of financial position.

9. Investments in securities

9.1 Classified by type of investments

As at 31 December 2017 and 2016, carrying values of investments in securities were classified by type of investments as follows:

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	31 December		31 December	
	2017	2016	2017	2016
Trading investments	1,505	252	1,505	252
Available-for-sale investments	2,765	4,323	2,762	4,321
Held-to-maturity investments	2,679	3,657	2,613	3,589
General investments	5	5	5	5
Total investments in securities	6,954	8,237	6,885	8,167

9.2 Classifieds by type of securities

Consolidated financial statements

(Unit: Baht)

	31 December 2017		31 December 2016	
	Cost/		Cost/	
	Amortised cost	Fair value	Amortised cost	Fair value
Trading investments				
Equity securities	1,260,320,514	1,454,918,463	209,036,468	204,702,400
Unit trusts	47,000,000	50,278,313	50,000,000	47,461,572
Total	1,307,320,514	1,505,196,776	259,036,468	252,163,972
Add (less): Unrealised gain (loss)	197,876,262	-	(6,872,496)	-
Trading investments - net	<u>1,505,196,776</u>	<u>1,505,196,776</u>	<u>252,163,972</u>	<u>252,163,972</u>
Available-for-sale investments				
Equity securities	1,040,482,563	939,317,600	2,310,730,472	2,093,726,448
Unit trusts	1,775,508,975	1,825,810,713	2,311,790,898	2,261,074,165
Total	2,815,991,538	2,765,128,313	4,622,521,370	4,354,800,613
Less: Unrealised loss	(50,863,225)	-	(267,720,757)	-
Less: Allowance for impairment	(6,966)	(6,966)	(31,482,223)	(31,482,223)
Available-for-sale investments - net	<u>2,765,121,347</u>	<u>2,765,121,347</u>	<u>4,323,318,390</u>	<u>4,323,318,390</u>
Held-to-maturity investments				
Government and state enterprise bonds	1,608,516,501		1,890,118,025	
Private enterprise debt securities	40,000,000		-	
Deposits at banks	1,030,000,000		1,766,500,000	
Total held-to-maturity investments	<u>2,678,516,501</u>		<u>3,656,618,025</u>	
General investments				
Equity securities	5,370,390		5,370,390	
Total general investments	<u>5,370,390</u>		<u>5,370,390</u>	

Separate financial statements

(Unit: Baht)

	31 December 2017		31 December 2016	
	Cost/		Cost/	
	Amortised cost	Fair value	Amortised cost	Fair value
Trading investments				
Equity securities	1,260,320,514	1,454,918,463	209,036,468	204,702,400
Unit trusts	47,000,000	50,278,313	50,000,000	47,461,572
Total	1,307,320,514	1,505,196,776	259,036,468	252,163,972
Add (less): Unrealised gain (loss)	197,876,262	-	(6,872,496)	-
Trading investments - net	<u>1,505,196,776</u>	<u>1,505,196,776</u>	<u>252,163,972</u>	<u>252,163,972</u>
Available-for-sale investments				
Equity securities	1,040,482,563	939,317,600	1,357,135,739	2,093,726,448
Unit trusts	1,772,508,975	1,822,882,435	2,308,790,898	2,258,517,748
Total	2,812,991,538	2,762,200,035	3,665,926,637	4,352,244,196
Add: Unrealised gain (loss)	(50,791,503)	-	686,317,559	-
Less: Allowance for impairment	(6,966)	(6,966)	(31,482,223)	(31,482,223)
Available-for-sale investments - net	<u>2,762,193,069</u>	<u>2,762,193,069</u>	<u>4,320,761,973</u>	<u>4,320,761,973</u>
Held-to-maturity investments				
Government and state enterprise bonds	1,582,315,536		1,858,947,547	
Private enterprise debt securities	40,000,000		-	
Deposits at banks	990,000,000		1,730,000,000	
Total held-to-maturity investments	<u>2,612,315,536</u>		<u>3,588,947,547</u>	
General investments				
Equity securities	5,370,390		5,370,390	
Total general investments	<u>5,370,390</u>		<u>5,370,390</u>	

9.3 Classified by remaining periods of debt securities

As at 31 December 2017 and 2016, investments in debt securities were classified by remaining periods to maturity as follows:

Consolidated financial statements

(Unit: Baht)

	31 December 2017			
	Remaining periods to maturity			Total
	Within 1 year	1 - 5 years	Over 5 years	
Held-to-maturity investments				
Government and state enterprise bonds	1,252,797,625	355,718,876	-	1,608,516,501
Private enterprise debt securities	-	40,000,000	-	40,000,000
Deposits at banks	797,000,000	233,000,000	-	1,030,000,000
Total held-to-maturity investments	2,049,797,625	628,718,876	-	2,678,516,501

(Unit: Baht)

	31 December 2016			
	Remaining periods 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 investments	3,219,998,934	436,619,091	-	3,656,618,025

Separate financial statements

(Unit: Baht)

	31 December 2017			
	Remaining periods to maturity			Total
	Within 1 year	1 - 5 years	Over 5 years	
Held-to-maturity investments				
Government and state enterprise bonds	1,226,671,956	355,643,580	-	1,582,315,536
Private enterprise debt securities	-	40,000,000	-	40,000,000
Deposits at banks	757,000,000	233,000,000	-	990,000,000
Total held-to-maturity investments	1,983,671,956	628,643,580	-	2,612,315,536

(Unit: Baht)

	31 December 2016			
	Remaining periods 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 investments	3,152,609,055	436,338,492	-	3,588,947,547

9.4 Revaluation surplus (deficit) on available-for-sale investments

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	31 December		31 December	
	2017	2016	2017	2016
Revaluation surplus (deficit) on available-for-sale investments - beginning of the years	(267,494,529)	(334,555,349)	686,317,559	(332,718,285)
Gains (losses) on revaluation during years	69,472,573	(5,810,990)	69,326,940	946,379,080
Losses transferred to be recognised in statements of income	(31,475,256)	18,195,253	(31,475,256)	17,980,207
Transfer of (gains) losses from reclassification of investment type during the years to be recognised in statements of income	65,610,827	-	(887,983,906)	-
Transfer of losses on sales of available-for-sale investments during the years to be recognised in statements of income	113,023,160	54,676,557	113,023,160	54,676,557
Revaluation surplus (deficit) on available-for-sale investments - end of the years	(50,863,225)	(267,494,529)	(50,791,503)	686,317,559
Add (less): Income taxes	10,172,645	53,498,905	10,158,301	(137,263,512)
Revaluation surplus (deficit) on available-for-sale investments - net of income taxes	(40,690,580)	(213,995,624)	(40,633,202)	549,054,047

10. Loans and interest receivables

The ending balances of loans and interest receivables as at 31 December 2017 and 2016 consisted of loans provided to employees in accordance with employee welfare plans. Interest is charged on the loans at rates between 0.01% to MLR-3% per annum, with reference to the MLR rate announced by commercial banks, depending on the type of loans. The outstanding loan balance was not yet due and there was no outstanding balance of interest receivable at the end the reporting periods.

(Unit: Baht)

	Consolidated and separate financial statements	
	31 December	
	2017	2016
Mortgaged loans		
Principal	35,705,672	37,666,661
Personal guarantee loans		
Principal	43,750	82,389
Total loans	35,749,422	37,749,050

11. Investments in subsidiaries

11.1 Share capital of subsidiaries and shareholding percentage in subsidiaries

Company's Name	Nature of Business	Country of	Paid-up Capital		Percentage Holding	
		Incorporation	31 December		31 December	
			2017	2016	2017	2016
			Thousand Baht	Thousand Baht	%	%
Investments in subsidiaries directly held by the Company						
EMCS Thai Co., Ltd.	Provision of computer services in relation to Motor claim management	Thailand	30,000	30,000	100	49
Thaire Services Co., Ltd.	Provision of claim management and marketing services	Thailand	100,000	100,000	100	100
Thaire Actuarial Consulting Co., Ltd.	Provision of actuarial, training and advisory services	Thailand	50,000	50,000	100	100
Subsidiaries held by another subsidiary						
Thaire Life Assurance Broker Co., Ltd.	Life Assurance broker	Thailand	-	3,000	-	100
Carpool Insurance Broker Co., Ltd.	Non-life insurance broker	Thailand	30,000	7,500	49 ⁽¹⁾	51

⁽¹⁾ As at 31 December 2017, the status of such company was an associate.

11.2 Investments in subsidiaries presented under the cost method

(Unit: Thousand Baht)

Company's name	Separate financial statements							
	Cost		Allowance for impairment		Carrying values under the cost method		Dividend received during for the years ended	
	31 December		31 December		31 December		31 December	
	2017	2016	2017	2016	2017	2016	2017	2016
Subsidiaries								
Thaire Training Co., Ltd.	-	-	-	-	-	-	-	4,259
EMCS Thai Co., Ltd.	167,700	14,700	-	-	167,700	14,700	24,348	12,348
Thaire Services Co., Ltd.	100,000	100,000	-	-	100,000	100,000	-	-
Thaire Actuarial Consulting Co., Ltd.	50,000	50,000	-	-	50,000	50,000	-	-
	<u>317,700</u>	<u>164,700</u>	<u>-</u>	<u>-</u>	<u>317,700</u>	<u>164,700</u>	<u>24,348</u>	<u>16,607</u>
Subsidiaries held by another subsidiary ⁽¹⁾								
Thaire Life Assurance								
Broker Co., Ltd.	-	3,000	-	-	-	3,000	694	1,590
Carpool Insurance Broker								
Co., Ltd. ⁽²⁾	14,700	3,825	-	-	14,700	3,825	-	-

⁽¹⁾ Since such company was held by another subsidiary, the value of investment at cost method of such company was not presented in the Company's separate financial statements but the separate financial statements of such another subsidiary.

⁽²⁾ As at 31 December 2017, the status of such company was an associate.

11.3 Significant events related to investments in the Group

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

In January and March 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 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 decreased from 18.84% to 17.47%.

Later on 10 May 2016, a key director, who is a common director of the Company and Thaire Life Assurance Public Company Limited (THREL) resigned as a director from THREL. As a result of the resignation of this key director, the Company had no representation in THREL.

As a result of investment disposal, resignation of the key director and no representation in THREL as mentioned above, the Company lost participation in decision making of financial policy and operations of THREL. The Company therefore assessed whether it still had significant influence over THREL in accordance with TAS 28 "Investments in Associates and Joint Ventures" and concluded that it lost significant influence over such company. Hence, the status of the investment in THREL has therefore been changed from investment in an associate to available-for-sale investments. The Company therefore recognised the loss of significant influence as follows:

- (1) Recognised the remaining investments in an associate accounted for under the equity method in the consolidated financial statements as the available-for-sale investments at fair value of Baht 10.10 per share on the date the Company lost significant influence and recognised losses of Baht 228.2 million as a result of revaluation of such investment from its carrying value to fair value in "Gains (losses) on investments" in the consolidate statements of income.
- (2) Recongised the remaining investments accounted for under the cost method in the separate financial statements as the available-for-sale investments at fair value of Baht 10.10 per share on the date the Company lost significant influence and recognised gains of Baht 953.6 million as a result of revaluation of such investment from its cost to fair value in "Gains (losses) on investments" in the separate statements of comprehensive income.

The fair value on the date the Company lost significant influence was deemed cost for an initial recognition as available-for-sale investments in the financial statements.

On 31 May 2017 and 26 September 2017, the Company transferred its investments in equity securities previously classified as "Available-for-sale investments" to "Trading investments" in accordance with the resolution of Investment Committee Meeting of the Company held on 16 May 2014 for the purpose of investment management under the Company's investments policies. The cost, fair value and gains on investments as a result of such transfer on the transfer date were summarised as follows.

(Unit: Baht)

	For the year ended 31 December 2017	
	Consolidated financial statements	Separate financial statements
Cost	1,209,970,485	256,375,752
Fair value	1,144,359,658	1,144,359,658
Gains (losses) on reclassification of investment type	(65,610,827)	887,983,906

The Company recognised gains (losses) on reclassification of investment type as mentioned above as a part of “gains (losses) on investments” in statements of income.

In June and August 2017, the Company sold 11,600,000 ordinary shares of Thaire Life Assurance Public Company Limited, at a net price of Baht 98.9 million and recognised gain from the sale of the investment of Baht 5.0 million in consolidated and separate financial statements. Following the sale, the Company's shareholding decreased from 17.47% to 15.53%.

(b) Purchases of shares in EMCS Thai Co., Ltd.

The Company (as the buyer) entered into the Share Sale and Purchase Agreements to purchase ordinary shares of EMCS Thai Co., Ltd., which is the subsidiary the Company held 49% of the issued and paid-up share capital of the subsidiary with other minor shareholders (as the sellers) for the total number of 3,060,000 shares, which account for 51% of the issued and paid-up share capital of such company as summarised below.

- On 25 June 2017, the Company entered into the agreements to purchase ordinary shares of EMCS Thai Co., Ltd. from Bangkok Insurance Plc. and other two minor shareholders whereby the Company will purchase from them the total number of 1,860,000 shares for the price of Baht 50 per share. The two parties are required to fulfill the precedent conditions stipulated in the agreements in order to have the sale and purchase transactions completed by 30 September 2017. The acquisition of such investments was approved by the Office of Insurance Commission (OIC) according to the letter dated 5 July 2017.

On 7 August 2017, the Company and its counter-parties fulfilled all precedent conditions that made the share sale and purchase transactions completed.

- On 26 July 2017, the Company entered into the Share Sale and Purchase Agreement to purchase ordinary shares of EMCS Thai Co., Ltd. from Thaire Life Assurance Plc. whereby the Company will purchase 1,200,000 ordinary shares of such company for the price of Baht 50 per share. On 22 September 2017, the Extraordinary General Meeting of Shareholders of Thaire Life Assurance Plc. passed a resolution to approve the sale of ordinary shares of EMCS Thai Co., Ltd. whereby both parties are required to fulfill the precedent conditions stipulated in the agreement in order to have the sale and purchase transactions completed. The acquisition of such investments was approved by the Office of Insurance Commission (OIC) according to the letter dated 6 November 2017.

On 16 November 2017, the Company and its counter-parties fulfilled all precedent conditions that made the share sale and purchase transactions completed.

Following the above purchases, the shareholding percentage in this subsidiary increased from 49% to 100%.

(c) Dissolution of Thaire Life Assurance Broker Co., Ltd.

Thaire Services Co., Ltd. restructured claim management and marketing service businesses within its group. As a result, Thaire Life Assurance Broker Co., Ltd., a 100% subsidiary held by Thaire Services Co., Ltd., stopped accepting customers from 1 April 2017 onwards.

On 27 July 2017, the Extraordinary General Meeting of Shareholders of Thaire Life Assurance Broker Co., Ltd. passed a resolution to dissolve its company and registered for its dissolution on 26 December 2017.

(d) 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.

On 27 January 2017, the Board of Directors' Meeting of Carpool Insurance Broker Co., Ltd. passed a resolution to call up for the second payment of its share capital at Baht 50 per share whereby Thaire Services Co., Ltd. already paid for its respective shareholding, after disposal of certain shares in such company, for Baht 7.4 million on 7 March 2017.

On 1 February 2017, Thaire Services Co., Ltd. sold its 6,000 ordinary shares at a par value of Baht 100 per share, 25% paid-up, it held in Carpool Insurance Broker Co., Ltd. to a former shareholder for the price of Baht 25 per share totaling Baht 150,000. After the disposal, the Company's shareholding percentage in that company decreased from 51% to 49% of the issued and paid-up share capital. The Company therefore assessed its control over Carpool Insurance Broker Co., Ltd. and concluded that it lost control over such company. Hence, Carpool Insurance Broker Co., Ltd. has changed from the subsidiary to the associate of the Company since then.

12. Investments in associates

12.1 Details of investments in associates

(Unit: Thousand Baht)								
Consolidated financial statements								
Company's name	Nature of business	Country of incorporation	Shareholding		Cost		Carrying values under the equity method	
			percentage					
			2017	2016	2017	2016	2017	2016
			(%)	(%)				
An associate held by Thaire Services Co., Ltd.								
Carpool Insurance Broker Co., Ltd.	Non-life insurance broker	Thailand	49	51 ⁽¹⁾	14,700	-	7,488	-
Total					14,700	-	7,488	-

⁽¹⁾ Formerly, it was a subsidiary of the Group

12.2 Share of profit or loss and comprehensive income or loss and dividend income

During the years, the Company recognised its shares of profits (losses) from investments in associates in the consolidated financial statements and recognised dividend income in the separate financial statements as follows:

Company's name	(Unit: Thousand Baht)					
	Consolidated		Separate			
	financial statements		financial statements			
	Shares of other		Dividend received			
	Shares of profits (losses)	comprehensive income	from investments in	associates	during the years ended	during the years ended
	from investments	from investments in				
	in associates	associates				
	during the years ended	during the years ended				
	31 December	31 December			31 December	31 December
	2017	2016	2017	2016	2017	2016
Carpool Insurance Broker Co., Ltd.	(6,876)	-	-	-	-	-
Thaire Life Assurance Plc. ⁽¹⁾	-	7,592	-	8,722	-	37,916
Total	(6,876)	7,592	-	8,722	-	37,916

⁽¹⁾ It had been considered an associate until 10 May 2016.

Share of profit from investments in associates for the year ended 31 December 2017, amounting to Baht 7.6 million, was the Company's proportionate share of profit of Baht 34.0 million from the investment until the date on which the status of such investment was changed, net of amortisation of intangible assets of Baht 26.4 million. Share of profit from investment in such associate was determined from financial statements prepared by the associate's management.

The change in the status of the investment in Thaire Life Assurance Public Company Limited from investment in investments in an associate to available-for-sale investments occurred on 10 May 2016. Due to limitation of the information available, the Company recognised 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, as prepared by the management of such company.

12.3 Financial information of the associates

Summarised information from statement of financial position of Carpool Insurance Broker Co., Ltd.

(Unit: Million Baht)

2017

Total assets	17.4
Total liabilities	2.1
Net assets	15.3
Shareholding percentage (%)	49.0
Share of the associate's net assets	7.5
Carrying value under the equity method of the associate	7.5

Summarised information from statement of income of Carpool Insurance Broker Co., Ltd.

(Unit: Million Baht)

For the period as from

1 February 2017 to

31 December 2017

Total revenues	0.9
Profit for the period	(14.0)

13. Premises 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 2016	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
Additions	-	2,723,386	9,866	-	7,077,018	4,002,066	4,604,670	18,417,006
Disposals	-	-	-	(46,636)	(2,690,811)	(4,342,789)	-	(7,080,236)
Transfer in (out)	-	82,573,915	(146,100)	-	12,251,186	-	(94,679,001)	-
Decrease in subsidiary's asset due to the loss of control	-	-	(137,784)	-	(124,251)	(27,841)	-	(289,876)
31 December 2017	99,739,416	162,826,011	246,039	10,610,192	74,060,007	70,510,269	-	417,991,934
Accumulated depreciation								
1 January 2016	-	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
Depreciation for the year	-	7,642,135	26,206	510,914	9,746,655	8,503,083	-	26,428,993
Depreciation for the disposals	-	-	-	(30,051)	(2,596,323)	(4,333,320)	-	(6,959,694)
Decrease in subsidiary's asset due to the loss of control	-	-	(1,677)	-	(1,695)	(280)	-	(3,652)
31 December 2017	-	28,552,234	66,593	9,647,856	55,508,637	51,403,747	-	145,179,067
Allowance for impairment								
1 January 2016	-	-	-	-	-	-	-	-
Additions	-	8,678,206	-	-	-	-	-	8,678,206
31 December 2017	-	8,678,206	-	-	-	-	-	8,678,206
Net book value								
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
31 December 2017	99,739,416	125,595,571	179,446	962,336	18,551,370	19,106,522	-	264,134,661
Depreciation for the year								
2016								17,652,434
2017								26,428,993

As at 31 December 2017 and 2016, land and buildings thereon of a subsidiary with net carrying values totaling Baht 90.7 million and 91.9 million, respectively, were mortgaged with a financial institution to secure against credit facilities and long-term loans granted by such financial institution, as described in Notes 19 and 20 to the financial statements.

Separate financial statements

	(Unit: Baht)						
	Land	Buildings	Motor vehicles	Office equipment and furniture	Computer	Building under improvement	Total
Cost							
1 January 2016	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
Additions	-	324,800	-	3,081,691	854,941	1,530,157	5,791,589
	-	-	-	(319,504)	(1,142,062)	-	(1,461,566)
Disposals	-	34,123,228	-	12,251,186	-	(46,374,414)	-
31 December 2017	63,664,000	85,840,345	8,312,996	62,092,405	22,438,825	-	242,348,571
Accumulated depreciation							
1 January 2016	-	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
Depreciation for the year	-	4,120,696	280,187	8,695,783	992,728	-	14,089,394
Depreciation for the disposals	-	-	-	(319,164)	(1,133,420)	-	(1,452,584)
31 December 2017	-	14,664,339	7,395,110	47,811,935	21,241,993	-	91,113,377
Net book value							
31 December 2016	63,664,000	40,848,674	1,198,073	7,643,716	1,343,261	44,844,257	159,541,981
31 December 2017	63,664,000	71,176,006	917,886	14,280,470	1,196,832	-	151,235,194
Depreciation for the year:							
2016							10,300,809
2017							14,089,394

As at 31 December 2017 and 2016, certain equipment items have been fully depreciated but are still in use. The original costs before deducting accumulated depreciation of those assets amounted to Baht 92.8 million and Baht 68.7 million, respectively (the Company only: Baht 67.4 million and 40.9 million, respectively).

14. Intangible asset

Consolidated financial statements

(Unit: Baht)

	Computer softwares		Computer Softwares	Deferred technical knowledge acquisition cost	Total
	In-house development	Purchase/ acquisition	under development		
Cost					
1 January 2016	101,921	81,545,715	34,744,465	32,496,293	148,888,394
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	101,921	143,331,967	16,485,658	32,496,293	192,415,839
Additions	-	3,388,341	15,003,076	2,919,180	21,310,597
Disposals	-	(7,383,350)	(50,296)	-	(7,433,646)
Transfer in (out)	-	21,682,570	(21,682,570)	-	-
Decrease in subsidiary's asset due to the loss of control	-	(19,421)	-	-	(19,421)
31 December 2017	101,921	161,000,107	9,755,868	35,415,473	206,171,448
Accumulated amortisation					
1 January 2016	4,436	65,315,232	-	177,851	65,497,519
Amortisation for the year	10,192	4,667,874	-	-	4,678,066
Amortisation for disposals	-	(82,550)	-	-	(82,550)
31 December 2016	14,628	69,900,556	-	177,851	70,093,045
Amortisation for the year	10,192	10,459,103	-	2,407,285	12,876,580
Amortisation for disposals	-	(5,908,804)	-	-	(5,908,804)
Decrease in subsidiary's asset due to the loss of control	-	(43)	-	-	(43)
31 December 2017	24,820	74,450,812	-	2,585,136	77,035,948
Net book value					
31 December 2016	87,293	73,431,411	16,485,658	32,318,442	122,322,804
31 December 2017	77,101	86,549,295	9,755,868	32,830,337	129,212,601
Amortisation for the year					
2016					4,678,066
2017					12,876,580

Separate financial statements

(Unit: Baht)

	Computer softwares	Computer softwares under development	Deferred technical knowledge acquisition cost	Total
Cost				
1 January 2016	57,895,379	23,383,465	25,420,931	106,699,775
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	25,420,931	139,475,271
Additions	1,024,300	5,824,740	2,919,181	9,768,221
Disposals	-	-	(9,670,981)	(9,670,981)
Transfer in/(out)	4,842,000	(4,842,000)	-	-
31 December 2017	118,394,640	2,508,740	18,669,131	139,572,511
Accumulated amortisation				
1 January 2016	44,285,949	-	-	44,285,949
Amortisation for the year	3,210,500	-	-	3,210,500
Amortisation for disposals	(82,551)	-	-	(82,551)
31 December 2016	47,413,898	-	-	47,413,898
Amortisation for the year	7,558,080	-	1,294,363	8,852,443
31 December 2017	54,971,978	-	1,294,363	56,266,341
Net book value				
31 December 2016	65,114,442	1,526,000	25,420,931	92,061,373
31 December 2017	63,422,662	2,508,740	17,374,768	83,306,170
Amortisation for the year				
2016				3,210,500
2017				8,852,443

As at 31 December 2017 and 2016, certain computer software have been fully amortised but are still in use. The original costs before deducting accumulated depreciation of those assets amounted to Baht 54.9 million and 53.9 million, respectively (the Company only: Baht 40.3 million and 39.4 million, respectively).

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		Consolidated financial statements		Separate financial statements	
	Changes in deferred tax assets or liabilities for the year ended 31 December		Changes in deferred tax assets or liabilities for the year ended 31 December		Changes in deferred tax assets or liabilities for the year ended 31 December		Changes in deferred tax assets or liabilities for the year ended 31 December	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Deferred tax assets								
(liabilities) arose from:								
Loss reserves	197,873	217,703	197,873	217,703	(19,830)	12,954	(19,830)	12,954
Commission payable from reinsurance	31,812	50,025	31,812	50,025	(18,213)	45,886	(18,213)	45,886
Deferred commission and brokerage income	58,342	54,451	58,342	54,451	3,891	(4,743)	3,891	(4,743)
Tax losses brought forwards	545,849	859,279	545,009	858,132	(313,430)	(220,457)	(313,123)	(221,493)
Unrealised (gains) losses on revaluation of available-for-sale investments	10,172	53,544	10,158	(137,264)	(43,372)	(13,124)	147,422	(203,808)
Allowance for doubtful accounts	983	1,020	818	873	(37)	(2,988)	(55)	(3,004)
Unrealised gains as a result of reclassification of investment types	(161,125)	(190,719)	(161,125)	-	29,594	111,948	(161,125)	-
Deferred commission and brokerage expenses	(160,105)	(168,474)	(160,105)	(168,474)	8,369	4,252	8,369	4,252
Others	(14,821)	23,542	(19,005)	21,194	(38,363)	(349)	(40,199)	(769)
Deferred tax assets	508,980	900,371	503,777	896,640				
Total changes					(391,391)	(66,621)	(392,863)	(370,725)
Recognition of changes in:								
- Statements of income					(348,270)	(54,036)	(540,813)	(167,154)
- Statements of comprehensive income					(43,121)	(12,585)	147,950	(203,571)
					(391,391)	(66,621)	(392,863)	(370,725)

As at 31 December 2017 and 2016, the Company has deferred tax assets amounting to Baht 545 million and 858 million, respectively, which related to unused tax losses amounting to Baht 2,725 million and 4,290 million that will expire by 2022.

As at 31 December 2017 and 2016, the Company had unused tax losses of approximately Baht 6,116 million and 4,416 million, respectively, for which deferred tax assets had not been recognised, because the Company believes that 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 2017 and 2016 were made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2017	2016	2017	2016
Current income tax:				
Current income tax charge for the years	(20,106)	(15,240)	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(348,270)	(54,036)	(540,813)	(167,154)
Relating to origination and reversal of temporary differences	172	-	-	-
Income tax expenses reported in statements income	(368,204)	(69,276)	(540,813)	(167,154)

Reconciliations between income tax expenses and the product of accounting profits for the years ended 31 December 2017 and 2016 and the applicable tax rates were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2017	2016	2017	2016
Accounting profit before income tax expenses	272,282	371,982	1,172,199	1,042,460
Applicable tax rates	0 - 20%	0 - 20%	20%	20%
Income taxes at the applicable tax rates	(54,535)	(74,281)	(234,440)	(208,492)
Tax effects of:				
Tax losses expected not to be able to utilise	(340,000)	-	(340,000)	-
Tax-exempted revenues	36,069	47,036	36,059	46,695
Non-tax deductible expenses	(8,434)	(5,046)	(5,004)	(4,583)
Accounting loss from disposal of investment in associate	-	(28,154)	-	-
Others	(1,304)	(8,831)	2,572	(774)
Total	(313,669)	5,005	(306,373)	41,338
Income tax expenses reported in statements of income	(368,204)	(69,276)	(540,813)	(167,154)

The amounts of income taxes relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

Consolidated financial statements

(Unit: Baht)

	For the years ended 31 December 2017			For the years ended 31 December 2016		
	Amounts			Amounts		
	before	Income tax	Amounts net	before	Income tax	Amounts net
	income	benefit	of income	income	benefit	of income
	taxes	(expense)	taxes	taxes	(expense)	taxes
Gains (losses) on revaluation of available-for-sale investments	216,857,533	(43,371,507)	173,486,026	67,121,516	(13,424,303)	53,697,213
Actuarial losses	(1,252,709)	250,542	(1,002,167)	(2,733,951)	546,790	(2,187,161)
Total	215,604,824	(43,120,965)	172,483,859	64,387,565	(12,877,513)	51,510,052

Separate financial statements

(Unit: Baht)

	For the years ended 31 December 2017			For the years ended 31 December 2016		
	Amounts before income taxes	Income tax benefit (expense)	Amounts net of income taxes	Amounts before income taxes	Income tax benefit (expense)	Amounts net of income taxes
Gains (losses) on revaluation of available-for-sale investments	(737,109,061)	147,421,812	(589,687,249)	1,019,035,843	(203,807,169)	815,228,674
Actuarial losses	(2,638,723)	527,745	(2,110,978)	(1,178,639)	235,728	(942,911)
Total	(739,747,784)	147,949,557	(591,798,227)	1,017,857,204	(203,571,441)	814,285,763

16. Insurance contract liabilities

(Unit: Baht)

	Consolidated and separate financial statements					
	31 December 2017			31 December 2016		
	Insurance contract liabilities	Reinsurance of liabilities	Net	Insurance contract liabilities	Reinsurance of liabilities	Net
Loss reserves						
- For reported claims	1,042,090,089	(383,965,799)	658,124,290	1,556,379,684	(825,268,115)	731,111,569
- For claims incurred but not reported	632,409,060	(301,167,453)	331,241,607	587,319,662	(229,917,651)	357,402,011
Premium reserves						
- Unearned premium reserves	1,936,739,683	(926,161,344)	1,010,578,339	2,032,261,525	(890,890,528)	1,141,370,997
Other insurance liabilities	6,743,472	-	6,743,472	7,016,103	-	7,016,103
Total	3,617,982,304	(1,611,294,596)	2,006,687,708	4,182,976,974	(1,946,076,294)	2,236,900,680

16.1 Loss reserves

(Unit: Baht)

	Consolidated and separate financial statements	
	For the years ended 31 December	
	2017	2016
Beginning balances	2,143,699,346	2,168,595,878
Claim incurred for the years	2,927,178,965	2,938,176,013
Changes in loss reserves of prior years'		
incurred claims	(646,271,847)	(427,904,825)
Claims paid during the years	(2,750,107,315)	(2,535,167,720)
Ending balances	1,674,499,149	2,143,699,346

As at 31 December 2017 and 2016, loss reserves included those from claims from flood situation in 2011 amounting to Baht 39 million and 48 million, respectively.

16.2 Unearned premium reserves

(Unit: Baht)

	Consolidated and separate financial statements	
	For the years ended 31 December	
	2017	2016
Beginning balances	2,032,261,525	2,050,007,507
Premium written for the years	4,903,170,033	5,182,854,311
Premium earned the during years	(4,998,691,875)	(5,200,600,293)
Ending balances	1,936,739,683	2,032,261,525

16.3 Claims development table

(a) Gross claims table

(Unit: Million Baht)

Reporting year / underwriting year	31 December 2017								
	Prior to 2011	2011	2012	2013	2014	2015	2016	2017	Total
Estimate of cumulative ultimate claims incurred:									
- As at reporting year	956	15,618	670	684	630	705	950	1,029	21,242
- Next one year	3,323	23,501	1,219	1,085	1,045	1,177	1,468	-	32,818
- Next two years	4,428	30,878	1,377	1,065	1,037	1,202	-	-	39,987
- Next three years	4,728	34,891	1,574	1,058	1,033	-	-	-	43,284
- Next four years	5,780	35,097	1,672	1,056	-	-	-	-	43,605
- Next five years	6,666	35,213	1,741	-	-	-	-	-	43,620
- Next six years	7,085	35,443	-	-	-	-	-	-	42,528
Estimate of cumulative ultimate claims incurred	7,085	35,443	1,741	1,056	1,033	1,202	1,468	1,029	50,057
Cumulative payments to date	6,473	35,287	1,694	1,036	1,006	1,168	1,258	461	48,383
Total gross claims	612	156	47	20	27	34	210	568	1,674

(Unit: Million Baht)

Reporting year / underwriting year	31 December 2016							
	Prior to 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)

	31 December 2017								
Reporting year / underwriting year	Prior to 2011	2011	2012	2013	2014	2015	2016	2017	Total
Estimate of cumulative ultimate claims incurred:									
- As at reporting year	658	4,594	626	632	584	668	893	829	9,485
- Next one year	2,432	10,157	1,155	1,026	996	1,133	1,407	-	18,306
- Next two years	3,280	15,153	1,317	1,008	988	1,159	-	-	22,905
- Next three years	3,688	18,079	1,461	1,002	984	-	-	-	25,214
- Next four years	4,210	18,138	1,495	1,001	-	-	-	-	24,844
- Next five years	4,388	18,033	1,534	-	-	-	-	-	23,955
- Next six years	4,464	18,037	-	-	-	-	-	-	22,501
Estimate of cumulative ultimate claims incurred	4,464	18,037	1,534	1,001	984	1,159	1,407	829	29,415
Cumulative payments to date	4,282	17,981	1,499	981	958	1,125	1,202	398	28,426
Total net claims	182	56	35	20	26	34	205	431	989

(Unit: Million Baht)

Reporting year / underwriting year	31 December 2016							
	Prior to 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 were used in determining assumptions in estimation of loss for reserves, were described in Note 34.1 to the financial statements.

17. Due to reinsurers

(Unit: Baht)

	Consolidated and separate financial statements	
	31 December	
	2017	2016
Amount withheld on reinsurance	838,046,346	750,504,114
Other reinsurance payables	575,034,665	600,546,108
Total due to reinsurers	1,413,081,011	1,351,050,222

18. Employee benefit obligations and payables

The movements of employee benefit obligations and payables for the years ended 31 December 2017 and 2016 were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2017	2016	2017	2016
Employee benefit obligations and payables at beginning of the years	71,963	44,927	58,087	34,101
Included in statements of income:				
- Current service cost	2,609	2,513	1,298	1,315
- Interest cost	954	987	539	653
- Other long-term employee benefit expenses	1,938	1,394	1,938	1,394
	5,501	4,894	3,775	3,362
Additional benefits	2,862	19,445	-	19,445
Included in statements of comprehensive income:				
Actuarial (gains) losses arising from				
- Demographic assumptions changes	(17,065)	(1,560)	(10,372)	(1,363)
- Financial assumptions changes	3,631	148	2,425	658
- Experience adjustments	14,687	4,109	10,586	1,884
Total actuarial losses	1,253	2,697	2,639	1,179
Paid during the years	(43,696)	-	(40,360)	-
Employee benefit obligations and payables at end of the years	37,883	71,963	24,141	58,087

Long-term employee benefit expenses included in statements of income for the years ended 31 December 2017 and 2016 were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2017	2016	2017	2016
Loss adjustment expenses	91	149	91	149
Other underwriting expenses	508	422	508	422
Investments expenses	102	100	102	100
Management fess on National Catastrophe Insurance Fund	24	211	24	211
Operating expenses	3,050	21,925	3,050	21,925
Service expenses	4,588	1,532	-	-
Total expenses recognised in statements of income	8,363	24,339	3,775	22,807

As at 31 December 2017 and 2016, the Company and its subsidiaries expected that the amounts of Baht 4.2 million and 28.3 million on long-term employee benefits would be paid during the next 1-year period.

As at 31 December 2017 and 2016, the weighted average durations of the liabilities for long-term employee benefit were 11 years and 9 years, respectively (Company only: 9 years and 7 years, respectively).

Principal actuarial assumptions at the valuation date were as follows:

	(Unit: Percent per annum)			
	Consolidated financial		Separate financial statements	
	statements		statements	
	2017	2016	2017	2016
Discount rates	2.71	3.48, 3.52	2.39	3.48
Salary increase rate	6.50	6.50	6.50	6.50
Staff turnover rates	11.50 - 20.00	5.49 - 24.42	11.50 - 20.00	5.49 - 24.42

The result of sensitivity analysis for principal assumptions that affect the present value of employee benefit obligations and payables as at 31 December 2017 and 2016 were summarised below.

Consolidated financial statements

31 December 2017				
	Increase (decrease) in employee benefit obligations and payables		Increase (decrease) in employee benefit obligations and payables	
	Assumption increase	Assumption decrease	Assumption increase	Assumption decrease
	(Percent per annum)	Million Baht	(Percent per annum)	Million Baht
Discount rate	1.0	(2.6)	1.0	3.0
Salary increase rate	1.0	3.2	1.0	(2.8)
Staff turnover rate	2.0	(1.6)	2.0	2.0

31 December 2016				
	Increase (decrease) in employee benefit obligations and payables		Increase (decrease) in employee benefit obligations and payables	
	Assumption increase	Assumption decrease	Assumption increase	Assumption 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

Separate financial statements

31 December 2017				
	Increase (decrease) in employee benefit obligations and payables		Increase (decrease) in employee benefit obligations and payables	
	Assumption increase	Assumption decrease	Assumption increase	Assumption decrease
	(Percent per annum)	Million Baht	(Percent per annum)	Million Baht
Discount rate	1.0	(1.6)	1.0	1.8
Salary increase rate	1.0	1.9	1.0	(1.7)
Staff turnover rate	2.0	(1.4)	2.0	1.6

31 December 2016

	Increase (decrease) in employee benefit obligations and payables		Increase (decrease) in employee benefit obligations and payables	
	Assumption increase	Assumption decrease	Assumption increase	Assumption 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

19. Bank overdrafts with a financial institution

A subsidiary was granted an overdraft facility by a financial institution with interest at the rate of 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	
	2017	2016
Current - portion	4,908,000	4,908,000
Long-term loans, net of current - portion	3,641,000	8,549,000
Total	8,549,000	13,457,000

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 as described in Note 13 to the financial statements. 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. ⁽¹⁾	Related by way of shareholding
Bangkok Insurance Plc. ⁽²⁾	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
Muang Thai Insurance Plc.	Related by way of common directors
Muang Thai Life Assurance Plc.	Related by way of common directors
Kasikornbank Plc.	Related by way of common directors

⁽¹⁾ This entity had been considered as an associate until 10 May 2016, and has been considered as a related party since then.

⁽²⁾ This entity had been considered as a related party until 16 June 2017, which was the date that both parties had no common director and percentage of cross-shareholding was also less than 10% of the issued and paid-up share capital.

⁽³⁾ This entity had been considered a related party until 31 March 2016, which was the date that both parties had no common director and percentage of cross-shareholding was also less than 10% of the issued and paid-up share capital.

21.2 Significant related party transactions

During the years, the Group had significant business transactions with its related parties. Such transactions, which were 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		Separate		
	financial statements		financial statements		
	For the years ended		For the years ended		
	31 December		31 December		Pricing policy
	2017	2016	2017	2016	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Service income	-	-	-	4	At cost
Service expenses	-	-	12	13	At cost
Dividend income	-	-	24	17	As declared
Acquisition of land and building under improvement	-	-	-	58	As appraised
<u>Transactions with related parties</u>					
Reinsurance premium written	1,056	1,446	1,056	1,446	Normal ceded rates depending on type of insurance and reinsurance contracts
Commission income	46	46	46	46	Normal ceded rates
Dividend income	11	17	11	17	As declared
Service income	29	30	-	-	At agreed rates
Claim recovery from reinsurers	13	43	13	43	At specified rates according to reinsurance contracts
Premium ceded	167	107	167	107	Normal ceded rates depending on type of insurance and reinsurance contract
Claim expenses	556	551	556	551	At specified rates according to reinsurance contracts
Commission expenses	376	554	376	554	Normal ceded rates

Transactions with associates are not significant and therefore no disclosure of such transactions was made.

21.3 Outstanding balances

As at 31 December 2017 and 2016, the Group had the outstanding balances with its related parties as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Reinsurance receivables				
Amounts deposited on reinsurance	178,465	195,451	178,465	195,451
Due from reinsurers	56,755	105,303	56,755	105,303
Investments in securities - equity	-	448,086	-	448,086
Other assets				
Deferred commission and brokerage expenses	82,373	223,572	82,373	223,572
Trade receivables	1,066	1,871	-	-
Due to reinsurers				
Amounts withheld on reinsurance	428,554	574,173	428,554	574,173
Due to reinsurers				
Insurance contract liabilities	122	122	122	122
Loss reserves	24,919	74,279	24,919	74,279
Other liabilities				
Premium received in advance - net	83,412	120,673	83,412	120,673
Deferred commission and brokerage income	15,381	14,205	15,381	14,205
Unearned revenues	90	77	-	-

21.4 Directors and management personnel's remuneration

During the years ended 31 December 2017 and 2016, the Group incurred employment benefits expense on their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2017	2016	2017	2016
Short-term benefits	104,420	80,568	84,056	67,338
Long-term benefits	9,458	25,428	6,376	23,707
Total	113,878	105,996	90,432	91,045

22. Share capital

As at 31 December 2017 and 2016, the Company has the registered, issued and paid-up share capital of Baht 4,215 million, consisting of 4,214,993,832 ordinary shares at a par value Baht 1 each.

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 years ended 31 December 2017 and 2016, the Group set aside net profit of Baht 32.4 million and 44.5 million, respectively (The Company only: Baht 31.7 million and 44.0 million), to be statutory reserve.

24. Operating expenses

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2017	2016	2017	2016
Personnel expenses	116,431,475	139,162,283	116,570,975	139,262,538
Premises and equipment expenses, which				
are not expenses for underwriting	30,256,715	21,405,663	42,587,692	34,426,223
Taxes and duties	182,232	170,761	182,232	170,761
Bad debts and doubtful accounts				
(reversal)	235,730	(13,942,339)	235,730	(13,942,339)
Other operating expenses	51,418,177	40,458,912	51,564,283	40,482,912
Total operating expenses	198,524,329	187,255,280	211,140,912	200,400,095

25. Expenses by nature

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2017	2016	2017	2016
Claims incurred	2,280,907,118	2,510,271,188	2,280,907,118	2,510,271,188
Claim recovery from reinsurers	(801,702,042)	(1,055,474,135)	(801,702,042)	(1,055,474,135)
Commission and brokerage expenses	1,958,289,125	2,150,152,387	1,958,073,673	2,147,933,176
Other underwriting expenses	98,064,612	67,937,215	98,280,612	68,057,215
Personnel expenses	367,166,265	367,167,512	182,708,311	209,900,898
Premises and equipment expenses	63,865,353	42,123,571	43,475,724	36,475,189
Bad debts and doubtful accounts (reversal)	235,730	(13,942,339)	235,730	(13,942,339)
Other expenses	86,579,290	73,839,518	52,513,383	42,046,741
Total expenses	4,053,405,451	4,142,074,917	3,814,492,509	3,945,267,933

26. 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 years ended 31 December 2017 and 2016, the Group contributed Baht 17 million and 16 million, respectively, to the fund (the Company only: Baht 9 million and 9 million, respectively).

27. Earnings per share

Basic earnings per share is calculated by dividing profits for the years attributable to shareholders of the Group (excluding other comprehensive income or loss) by the weighted average number of ordinary shares in issue during the years.

28. Reversal of expired dividend payable

During the years ended 31 December 2017 and 2016, the Company reversed expired dividend payable amounting to Baht 0.14 million and 0.05 million, for which the statutory period per Civil and Commercial Code expired, against retained earnings.

29. Dividends paid

During the years ended 31 December 2017 and 2016, the Company declared dividend payments as follows:

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividend from 2016 net profit	Annual General Meeting of the Company's shareholders held on 21 April 2017	210.7	0.05
Interim dividend from operating results for the six-month period ended 30 June 2017	Board of Directors Meeting held on 31 August 2017	210.7	0.05
Total dividend paid during of 2017		421.4	0.10
Interim dividend of operating results for the six-month period ended 30 June 2016	Board of Director Meeting held on 25 August 2016	421.5	0.10
Total dividend paid during of 2016		421.5	0.10

30. Assets subject to commitment

As at 31 December 2017 and 2016, the following assets were placed with the Registrar in accordance with the Non-Life Insurance Act and placed with the Court.

(Unit: Million Baht)

	Consolidated and separate financial statements			
	31 December 2017		31 December 2016	
	Cost	Fair value	Cost	Fair value
Placed within the Registrar:				
As securities				
Government bonds	14.0	14.5	14.0	14.7
As insurance reserves				
Government and state enterprise bonds	160.0	161.4	150.0	153.3
	174.0	175.9	164.0	168.0
Placed with the Court:				
As guarantee				
Government bonds	280.0	290.0	280.0	294.3

31. Commitments and contingent liabilities

31.1 Operating lease commitments

The Company and its subsidiaries 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 2017 and 2016, the Company and its subsidiaries had future minimum lease payments required under these non-cancellable operating lease contracts as follows:

Payable	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 December		31 December	
	2017	2016	2017	2016
Within 1 year	2.8	4.2	2.8	3.7
Over 1 year and not over 5 years	-	1.5	-	1.5
	2.8	5.7	2.8	5.2

31.2 Service commitments

As at 31 December 2017 and 2016, Group had outstanding service commitment and future minimum service fees amounting to Baht 7.9 million and 10.3 million, respectively (Company only Baht 7 million and 11 million, respectively).

31.3 Capital commitments

As at 31 December 2017 and 2016, Group had capital commitments of Baht 2.6 million and 6.4 million, respectively (Company only: Baht 0.7 million and 3.5 million, respectively), relating to the development of computer softwares and improvement of building.

32. Litigations

As at 31 December 2017 and 2016, the Company had litigation cases being sued as an insurer for claims totaling approximately Baht 306 million and 293 million, respectively (amounts claimed and interest thereon) and had net related expenses of Baht 11 million. The cases have not yet been finalised. However, as at 31 December 2017 and 2016, the Company had placed government bonds of Baht 280 million and 280 million, respectively, as guarantee to the Court as described in Note 30 to the financial statements and set aside reserves for contingent losses in the financial statements amounting to approximately Baht 309 million and 296 million, respectively with the recoverable portion from reinsurers amounting to approximately Baht 215 million and 215 million, respectively. The Company's management believes that such reserves are adequate.

33. Segment information and major customer information

33.1 Operating 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.

As at 31 December 2017 and 2016, assets and liabilities can be classified by operating segment as follows:

(Unit: Baht)

	31 December 2017			31 December 2016		
	Non-life insurance	Other	Total	Non - life insurance	Other	Total
Total assets	12,001,256,637	393,820,785	12,395,077,422	14,048,612,361	369,319,849	14,417,932,210
Total liabilities	7,463,348,382	65,422,588	7,528,770,970	8,976,816,300	60,819,128	9,037,635,428

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

(Unit: Baht)

	For the year ended 31 December 2017		
	Conventional products	Non-conventional products	Total
Underwriting income			
Reinsurance premium written	1,798,561,402	3,104,608,632	4,903,170,034
Less: Premium ceded	(449,211,305)	(1,413,311,016)	(1,862,522,321)
Net reinsurance premium written	1,349,350,097	1,691,297,616	3,040,647,713
Add: Unearned premium reserves decreased from prior year	53,829,541	76,963,116	130,792,657
Earned reinsurance premium	1,403,179,638	1,768,260,732	3,171,440,370
Underwriting expenses			
Claims	674,494,660	810,678,547	1,485,173,207
Commission and brokerage expenses - net	453,860,318	1,069,219,926	1,523,080,244
Other underwriting expenses	27,082,643	111,094,979	138,177,622
Total underwriting expenses	1,155,437,621	1,990,993,452	3,146,431,073
Profit from underwriting	247,742,017	(222,732,720)	25,009,297
Operating expenses			(198,288,599)
Loss from operation			(173,279,302)
Reversal of bad debts and doubtful account			(235,730)
Loss before service income and investment revenue			(173,515,032)
Net service income			71,399,395
Net investment revenue			378,008,734
Share of profit from investments in associates			(6,875,688)
Other income			3,264,788
Profit before income tax			272,282,197
Income tax expenses			(368,204,450)
Loss for the year			(95,922,253)

(Unit: Baht)

	For the year ended 31 December 2016		
	Conventional products	Non-conventional products	Total
Underwriting income			
Reinsurance 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 reinsurance premium written	1,270,608,178	2,133,241,088	3,403,849,266
Add (less): Unearned premium reserves decreased (increased) from prior year	(157,470,939)	102,912,720	(54,558,219)
Earned reinsurance premium	1,113,137,239	2,236,153,808	3,349,291,047
Underwriting expenses			
Claims	420,649,359	1,040,065,587	1,460,714,946
Commission and brokerage 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 revenue			263,601,410
Net service income			57,867,655
Net investment revenue			37,639,618
Share of profit from investments 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

33.2 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.

33.3 Major customers

During the year ended 31 December 2017, Baht 2,164 million of the Group's net premium written was received from four major insurance companies (2016: Baht 1,947 million of the Group's net premium written was received from two major insurance companies).

34. Risks and risk management policies

34.1 Reinsurance risks

Reinsurance risk is the risk arising from the conduct of reinsurance activities that changes in frequency, severity and period of loss 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 the Company's experience and statistics to develop products and requires 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 considers 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'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.

As at 31 December 2017 and 2016, reinsurance contract liabilities were classified by type insurance as follows.

(Unit: Million Baht)

	31 December 2017			31 December 2016		
	Premium reserves			Premium reserves		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Fire	93	(9)	84	106	(19)	87
Marine	4	(1)	3	3	(1)	2
Motor	312	(91)	221	276	-	276
Personal accident	367	(20)	347	414	(17)	397
Miscellaneous	1,161	(805)	356	1,233	(854)	379
Total	1,937	(926)	1,011	2,032	(891)	1,141

(Unit: Million Baht)

	31 December 2017			31 December 2016		
	Loss reserves			Loss reserves		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Fire	519	(283)	236	1,114	(773)	341
Marine	54	(4)	50	61	(5)	56
Motor	396	(81)	315	256	-	256
Personal accident	152	(11)	141	167	(9)	158
Miscellaneous	553	(306)	247	546	(268)	278
Total	1,674	(685)	989	2,144	(1,055)	1,089

Key assumptions and the method used in determining assumptions for estimation of loss reserves were 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 of loss reserves as follows.

- The average of ULAE per claim

The Company uses 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 yet closed.

- ULAE to total paid claim ratio

The Company uses 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 yet reported.

The result of sensitivity analysis from key assumptions that affect the value of loss reserves and other relevant accounts as at 31 December 2017 and 2016 were summarised below.

		2017			
		Loss reserves		Decrease in	
Assumption	increase	Increase in	Increase in	profit before	Decrease in
		gross claim	net claim	income tax	owners' equity
		reserves	reserves	expenses	
	(Percent)	Million Baht	Million Baht	Million Baht	Million Baht
Ultimate Loss Ratio					
(Loss reserves for underwriting year 2016 - 2017)	5.0	240	214	(214)	(172)
Changes in loss reserves					
(Loss reserves for underwriting year before 2016)	5.0	43	27	(27)	(23)
Unallocated Loss Adjustment Expense Ratio	5.0	0.2	0.2	(0.2)	(0.2)

		2017			
		Loss reserves		Decrease in	
Assumption	decrease	Increase in	Increase in net	profit before	Decrease in
		gross claim	claim reserves	income tax	owners' equity
		reserves		expenses	
	(Percent)	Million Baht	Million Baht	Million Baht	Million Baht
Ultimate Loss Ratio					
(Loss reserves for underwriting year 2016 - 2017)	5.0	(126)	(111)	111	89
Changes in loss reserves					
(Loss reserves for underwriting year before 2016)	5.0	(42)	(27)	27	21
Unallocated Loss Adjustment Expense Ratio	5.0	(0.2)	(0.2)	0.2	0.2

		2016			
		Loss reserves		Decrease in	
		Increase in	Increase in	profit before	Decrease in
		gross claim	net claim	income tax	owners' equity
		reserves	reserves	expenses	
Assumption	increase	Million Baht	Million Baht	Million Baht	Million Baht
	(Percent)				
Ultimate Loss Ratio					
(Loss reserves for underwriting year 2015 - 2016)	5.0	80	75	(75)	(60)
Changes in loss reserves					
(Loss reserves for 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			
		Loss reserves		Decrease in	
		Increase in	Increase in	profit before	Decrease in
		gross claim	net claim	income tax	owners' equity
		reserves	reserves	expenses	
Assumption	decrease	Million Baht	Million Baht	Million Baht	Million Baht
	(Percent)				
Ultimate Loss Ratio					
(Loss reserves for underwriting year 2015 - 2016)	5.0	(66)	(62)	62	50
Changes in loss reserves					
(Loss reserves for 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

34.2 Financial risks

(a) 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.

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 risk management are based on qualitative analysis and capability of retrocessionaires and stocks' issuers with monitoring their financial position, and 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-." and the suitable credit limitation.

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.

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 2017 and 2016, 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)

31 December 2017

	Fixed interest rates						Effective interest rate (% per annum)
	Based on repricing date or maturity date from 31 December 2017						
	Within 1 year	1-5 years	Longer than 5 years	Floating interest rate	Non- interest bearing	Total	
Financial Assets							
Cash and cash equivalents	11	-	-	383	-	394	1.35
Receivables on reinsurance contracts	-	-	-	-	1,354	1,354	-
Investments in securities							
Government and state enterprise securities	1,253	356	-	-	-	1,609	1.24
Private enterprise debt securities	-	40	-	-	-	40	1.70
Deposits at financial institutions	797	233	-	-	-	1,030	1.54
Loans	-	-	-	-	36	36	2.76
Total	2,061	629	-	383	1,390	4,463	
Financial Liabilities							
Long-term loans	-	-	-	8	-	8	
Due to reinsurers	-	-	-	-	1,413	1,413	
Total	-	-	-	8	1,413	1,421	

(Unit: Million Baht)

31 December 2016

	Fixed interest rates						
	Based on repricing date or maturity date from 31 December 2016						
	Within 1 year	1-5 years	Longer than 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
Financial Assets							
Cash and cash equivalents	124	-	-	710	-	834	1.55
Receivables on reinsurance contracts	-	-	-	-	1,001	1,001	-
Investments in securities							
Government and state enterprise securities	1,453	357	-	80	-	1,890	1.53
Deposits at financial institutions	1,767	-	-	-	-	1,767	1.70
Loans	-	-	-	38	-	38	4.61
Total	3,344	357	-	828	1,001	5,530	
Financial Liabilities							
Long-term loans	-	-	-	14	-	14	7.50
Due to reinsurers	-	-	-	-	1,351	1,351	-
Total	-	-	-	14	1,351	1,365	

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(Unit: Million Baht)

31 December 2017

	Fixed interest rates						
	Based on repricing date or maturity date from 31 December 2017						
	Within 1 year	1-5 years	Longer than 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
Financial Assets							
Cash and cash equivalents	-	-	-	313	-	313	-
Receivables on reinsurance contracts	-	-	-	-	1,354	1,354	-
Investments in securities							
Government and state enterprise securities	1,227	355	-	-	-	1,582	1.24
Private enterprise debt securities	-	40	-	-	-	40	1.70
Deposits at financial institutions	757	233	-	-	-	990	1.54
Loans	-	-	-	36	-	36	2.76
Total	1,984	628	-	349	1,354	4,315	
Financial Liabilities							
Due to reinsurers	-	-	-	-	1,413	1,413	
Total	-	-	-	-	1,413	1,413	

(Unit: Million Baht)

31 December 2016

	Fixed interest rates						
	Based on repricing date or maturity date from 31 December 2016						
	Within 1 year	1-5 years	Longer than 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
Financial Assets							
Cash and cash equivalents	124	-	-	622	-	746	1.55
Receivables on reinsurance contracts	-	-	-	-	1,001	1,001	-
Investments in securities							
Government and state enterprise securities	1,423	356	-	80	-	1,859	1.53
Deposits at financial institutions	1,730	-	-	-	-	1,730	1.70
Loans	-	-	-	38	-	38	4.61
Total	3,277	356	-	739	1,001	5,373	
Financial Liabilities							
Due to reinsurers	-	-	-	-	1,351	1,351	-
Total	-	-	-	-	1,351	1,351	

- 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 2017 and 2016, the balances of financial assets and liabilities denominated in foreign currencies were summarised belows.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	31 December		31 December		31 December	
	2017	2016	2017	2016	2017	2016
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	0.01	0.02	-	0.07	32.6407	35.7843
South Korean Won	0.25	1.58	5.35	1.62	0.0306	0.0297
Hong Kong Dollar	0.05	-	-	-	4.1739	4.6127

- 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.

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 and/or fund with unacceptable cost to discharge its obligations in a timely manner, resulting in the occurrence of a financial loss

The Group manages its liquidity position through monthly monitoring liquidity's assets, 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 2017 and 2016 were as follows:

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(Unit: Million Baht)

31 December 2017						
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets						
Cash and cash equivalents	384	11	-	-	-	395
Receivables on						
reinsurance contracts	-	1,346	6	2	-	1,354
Investments in securities						
Equity securities	2,395	-	-	-	5	2,400
Investment units	1,876	-	-	-	-	1,876
Government and state						
enterprise securities	-	1,252	356	-	-	1,608
Deposits at banks	-	-	40	-	-	40
Loans	-	797	233	-	-	1,030
Total	-	4	12	20	-	36
Financial liabilities	4,655	3,410	647	22	5	8,739
Long-term loans	-	5	4	-	-	9
Due to reinsurers	-	1,390	19	4	-	1,413
Total	-	1,395	23	4	-	1,422

(Unit: Million Baht)

31 December 2016						
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets						
Cash and cash equivalents	710	124	-	-	-	834
Receivables on						
reinsurance contracts	-	985	15	1	-	1,001
Investments in securities						
Equity securities	2,298	-	-	-	5	2,303
Investment units	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 loans	-	5	8	-	-	13
Due to reinsurers	-	1,340	8	3	-	1,351
Total	-	1,345	16	3	-	1,364

Separate financial statements

(Unit: Million Baht)

31 December 2017						
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets						
Cash and cash equivalents	313	-	-	-	-	313
Receivables on						
reinsurance contracts	-	1,346	6	2	-	1,354
Investments in securities						
Equity securities	2,395	-	-	-	5	2,400
Investment units	1,873	-	-	-	-	1,873
Government and state						
enterprise securities	-	1,226	356	-	-	1,582
Deposits at banks	-	-	40	-	-	40
Loans	-	757	233	-	-	990
Total	-	4	12	20	-	36
Financial liabilities	4,581	3,333	647	22	5	8,588
Due to reinsurers						
Total	-	1,390	19	4	-	1,413
	-	1,390	19	4	-	1,413

(Unit: Million Baht)

31 December 2016						
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets						
Cash and cash equivalents	622	124	-	-	-	746
Receivables on						
reinsurance contracts	-	985	15	1	-	1,001
Investments in securities						
Equity securities	2,298	-	-	-	5	2,303
Investment units	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

Counting from the financial position date, the periods to maturity of assets and liabilities from insurance contracts held as at 31 December 2017 and 2016 were as follows:

Consolidated and separate financial statements

(Unit: Million Baht)

31 December 2017						
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Assets from insurance contracts						
Insurance reserve refundable						
from reinsurers						
Loss reserves	-	639	44	2	-	685
Total	-	639	44	2	-	685
Liabilities from insurance contracts						
Loss reserves	-	1,509	133	32	-	1,674
Other insurance liabilities	-	-	7	-	-	7
Total	-	1,509	140	32	-	1,681

(Unit: Million Baht)

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

(b) Fair value of financial instruments

As of 31 December 2017 and 2016, 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)

	31 December 2017				
	Carrying values	Fair values			Total
		Level 1	Level 2	Level 3	
Assets measured at fair value					
Cash and cash equivalents					
Investment in money market funds	230	-	230	-	230
Trading investments					
Equity securities	1,455	1,455	-	-	1,455
Investment units	50	-	50	-	50
Available-for-sale investments					
Equity securities	939	939	-	-	939
Investment units	1,826	1,054	772	-	1,826
Assets for which fair value were disclosed					
Held-to-maturity investments					
Government and state enterprise securities	1,609	-	1,620	-	1,620
Private sector debt securities	40	-	40	-	40
Deposits at financial institutions with maturity period over 3 months	1,030	-	1,030	-	1,030
General investments	5	-	-	20	20
Loans	36	-	-	36	36
Liabilities for which fair value were disclosed					
Long-term loans	9	9	-	-	9

(Unit: Million Baht)

	31 December 2016				
	Carrying	Fair values			
	values	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
Investment units	47	-	47	-	47
Available-for-sale investments					
Equity securities	2,094	2,094	-	-	2,094
Investment units	2,230	835	1,395	-	2,230
Assets for which fair value were 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
General investments	5	-	-	19	19
Loans	38	-	-	38	38
Liabilities for which fair value were disclosed					
Long-term loans	13	13	-	-	13

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(Unit: Million Baht)

	31 December 2017				
	Carrying	Fair values			
	values	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Cash and cash equivalents					
Investment in money market funds	213	-	213	-	213
Trading investments					
Equity securities	1,455	1,455	-	-	1,455
Investment units	50	-	50	-	50
Available-for-sale investments					
Equity securities	939	939	-	-	939
Investment units	-	1,054	769	-	1,823
Assets for which fair value were disclosed					
Held-to-maturity investments					
Government and state enterprise securities	1,582	-	1,594	-	1,594
Deposits at financial institutions with maturity period over 3 months	40	-	40	-	40
General investments	990	-	990	-	990
Loans	5	-	-	20	20
	36	-	-	36	36

(Unit: Million Baht)

	31 December 2016				
	Carrying	Fair values			
	values	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
Investment units	47	-	47	-	47
Available-for-sale investments					
Equity securities	2,094	2,094	-	-	2,094
Investment units	2,227	835	1,392	-	2,227
Assets for which fair value were 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
General investments	5	-	-	19	19
Loans	38	-	-	38	38

The fair value hierarchy of financial assets and liability was accordance with those described in to Note 4.18 to the financial statements. The methods and assumptions used by the Company in estimating the fair value of financial instruments were as follows:

- (a) Financial assets and liabilities maturing in short-term periods, which consisted of cash and cash equivalents, and bank overdraft, their fair values were approximated to their carrying values in the statement of financial position.
- (b) Investments in debts securities were presented at fair values based on market prices or prices determined using the yield curve as announced by the Thai Bond Market Association.
- (c) Investments in equity securities which are marketable securities, were presented at fair values based on the last bid price of the last working day of the year. The fair value of unlisted investment units was determined by using the net asset value per unit as announced by the fund managers. In case of non-marketable securities, the fair values are determined approximately using the price per book value ratio.
- (d) Loans were presented at fair value, which were estimated by discounting expected future cash flow by the current market interest rate.
- (e) Receivables on reinsurance contracts were presented at fair value, which were estimated to approximate their carrying values in the statement of financial position.
- (f) Long-term loans that were charged at the approximate market rate were presented at fair value, which were approximated to their carrying values in the statement of financial position.

During the current year, there were no transfers within the fair value hierarchy.

35. 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.

36. Events after the reporting period

On 22 February 2018, the Board of Director's Meeting passed a resolution to propose for approval by the Annual General Meeting of the Company's Shareholders to be held in April 2018 a dividend of Baht 0.10 per share, distributed from 2017 net profit. The Company already paid an interim dividend of Baht 0.05 per share. Hence, there remained a dividend of Baht 0.05 per share or Baht 210.7 million to be paid.

37. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Director on 22 February 2018.

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General Information

Company Name	Thai Reinsurance PCL.
Location	48/22-24 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
No. of Issued/Paid-up Shares	Registered Capital of THB 4,214,993,832 with
Registered Capital	a paid-up capital of 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	Health Claim management and operation support for insurance business
Registered Number	0105549052511
Website	https://www.thaireservices.com
No. of Issued/Paid-up Shares	10,000,000 ordinary shares of THB 10 each, Total THB 100,000,000
Registered Capital	
Percentage Owned	100.00 percent

- | | |
|------------------------------|---|
| 2. Company Name | EMCS Thai Co., Ltd. |
| Location | 48/21 Rajchadapisek Soi 20, Rajchadapisek Road, Samsennok, Huaykwang, Bangkok 10310 |
| Phone | 0-2011-8600 |
| Fax: | 0-2011-8610 |
| Nature of Business | Provision of computer services in relation to motor insurance claims |
| Registered Number | 0105543108248 |
| Website | http://www.emcsthai.com |
| No. of Issued/Paid-up Shares | 6,000,000 ordinary shares of THB 5 each, Total THB 30,000,000 |
| Registered Capital | |
| Percentage Owned | 100.00 percent |
-
- | | |
|------------------------------|---|
| 3. Company Name | Thaire Actuarial Consulting Co., Ltd. |
| Location | 48/15 Rajchadapisek Soi 20, Rajchadapisek Road, Samsennok, Huaykwang, Bangkok 10310 |
| Phone | 0-2167-3011-4 |
| Fax: | 0-2167-3014 |
| Nature of Business | Actuarial consulting services |
| Registered Number | 0105554004694 |
| Website | http://www.thaireactuarial.co.th |
| No. of Issued/Paid-up Shares | 500,000 ordinary shares of THB 100 each, Total THB 50,000,000 |
| Registered Capital | |
| Percentage Owned | 100.00 percent |
-
- | | |
|------------------------------|--|
| 4. Company Name | T.I.I. Co., Ltd. (Thailand Insurance Institute) |
| Location | 3354/32 Manorom 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 |
| Website | http://www.tiins.com |
| No. of Issued/Paid-up Shares | 215,000 ordinary shares of THB 100 each, Total THB 21,500,000 |
| Registered Capital | |
| Percentage Owned | 20.33 percent |

5. Company Name	Thaire Life Assurance PCL.
Location	48/15 Rajchadapisek Soi 20, Rajchadapisek Road, Samsennok, Huaykwang, Bangkok 10310
Phone	0-2666-9000
Fax:	0-2277-6227
Nature of Business	Provision of reinsurance (life insurance business)
Registered Number	0107554000241
Website	http://www.thairelife.co.th
No. of Issued/Paid-up Shares	600,000,000 ordinary shares of THB 1 each, Total THB 600,000,000
Registered Capital	
Percentage Owned	15.53 percent

Indirect Shareholding by Thaire Services Co., Ltd.

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
Website	https://www.carpool.co.th
Registered Number	0105559189374
No. of Issued/Paid-up Shares	300,000 ordinary shares of THB 100 each, Total THB 30,000,000
Registered Capital	
Percentage Owned	49.00 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	Rachada Yongsawadvanich No. 4951 EY Office Limited 193/136-137 Lake Rajchada Office Complex, New Rajchadapisek Road, Bangkok 10110 Phone: 0-2264-0777 Fax: 0-2264-0789-90



Thai Reinsurance PCL.

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Tel : 0-2660-6111, 0-2666-8088 Fax : 0-2660-6100, 0-2666-8080