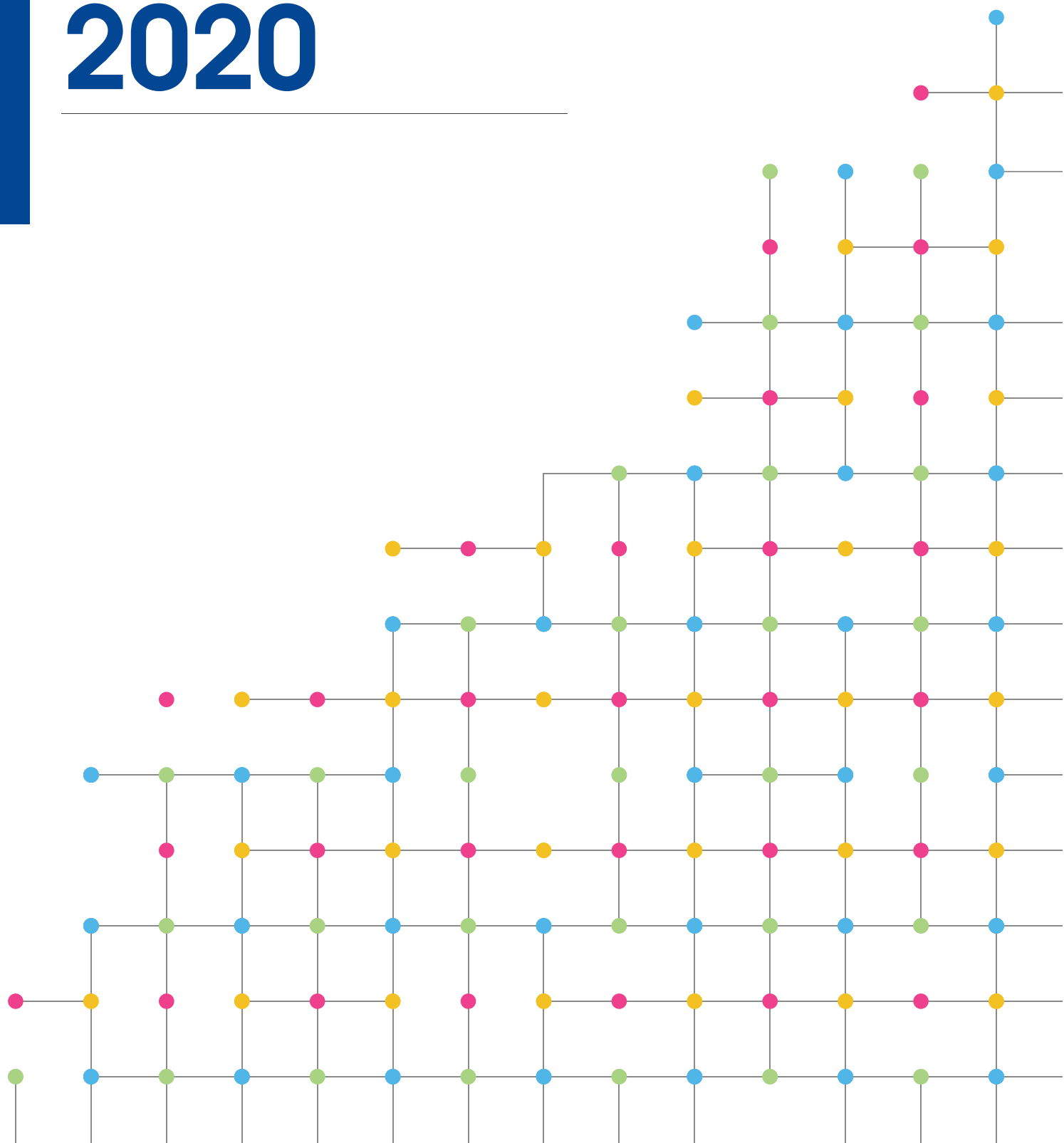


THAI REINSURANCE PUBLIC COMPANY LIMITED



# ANNUAL REPORT 2020

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# 1 Financial Highlights

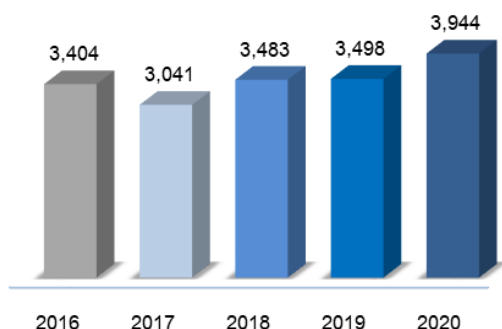


(Unit: THB Million)

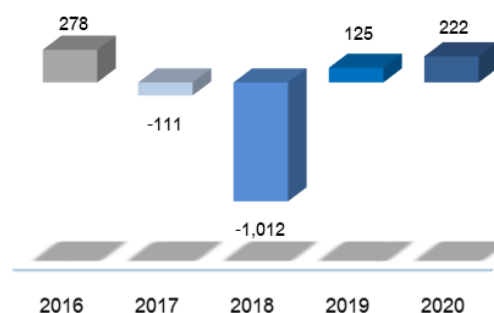
Operating Results				Growth (Percent)	
	2020	2019	2018	2020/2019	2019/2018
Gross Written Premium	4,329	4,455	4,849	(2.8)	(8.1)
Net Written Premium	3,944	3,498	3,483	12.8	0.4
Profit (Loss) before Income Tax **	255	164	(688)	55.5	123.8
Net Profit (Loss)	222	125	(1,012)	77.6	112.4
Net Profit (Loss) per Share (THB)	0.05	0.03	(0.24)	66.7	112.5

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

Net Written Premium (THB Million)



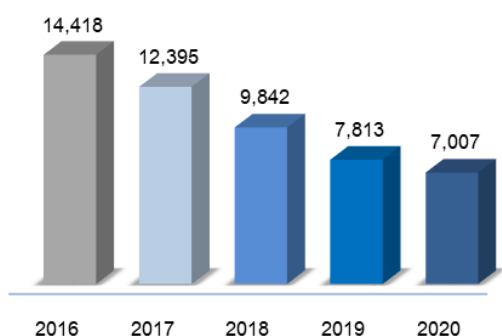
Net Profit (THB Million)



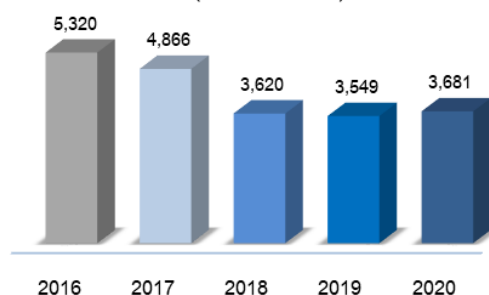
(Unit: THB Million)

Financial Status at the End of Year				Growth (Percent)	
	2020	2019	2018	2020/2019	2019/2018
Total Assets	7,007	7,813	9,842	(10.3)	(20.6)
Total Liabilities	3,325	4,263	6,222	(22.0)	(31.5)
Share Capital Issued and Paid-up	3,709	4,215	4,215	(12.0)	-
Capital Funds or Shareholders' Equity	3,681	3,549	3,620	3.7	(2.0)
Book Value per Share (THB)	0.99	0.84	0.86	17.9	(2.3)
Dividend per Share (THB)	-	-	-	-	-

Total Assets (THB Million)



Capital Funds or Shareholders' Equity  
(THB Million)

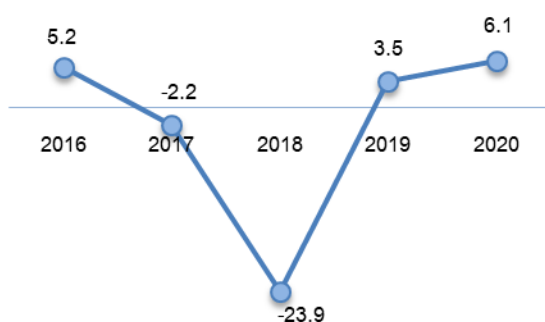


(Unit: Percent)

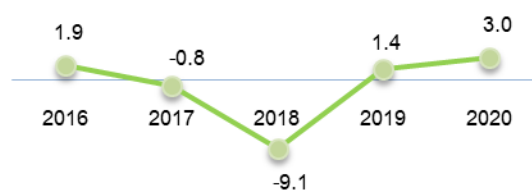
Financial Ratios	2020	2019	2018
Return on Revenue*	5.0	3.0	(25.1)
Return on Net Written Premium	5.6	3.6	(29.1)
Return on Equity	6.1	3.5	(23.9)
Return on Assets	3.0	1.4	(9.1)
Return on Investments	3.3	6.0	(4.7)
Combined Ratio	98.6	106.2	113.1

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

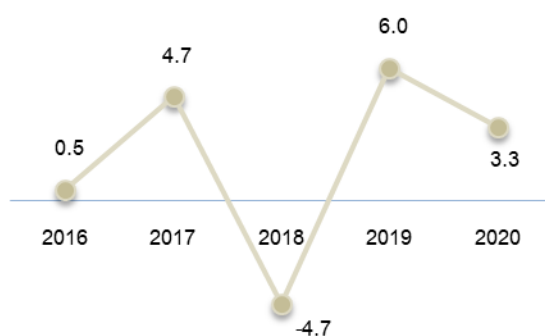
Return on Equity (Percent)



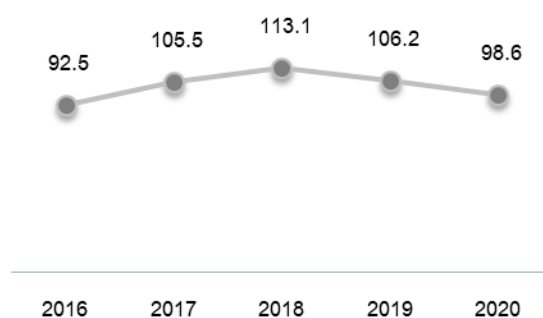
Return on Assets (Percent)



Return on Investments (Percent)



Combined Ratio (Percent)



## 2 Letter to Shareholders



Dear Shareholders,

Through the year 2020, the COVID-19 pandemic has massive impacted towards people's way of life in Thailand and other countries around the world as well as global economy alike.

THRE Group faced various challenges in reinsurance business, volatile investments and tumble service revenues. We therefore had to modify our three-year strategic plan (2020-2022) prudently. For example, international related projects were rescheduled and a focus was instead placed on personal protection and health insurance projects, along with the increasing use of new technologies and delivery of new services, thus enabling the Company to achieve a favorable performance as targeted. THRE could also maintain a high international credit rating at "A –" or "Strong" with a stable outlook, as assigned by Fitch Rating which demonstrated THRE Group's solid financial position whereas building confidence among our business partners and facilitating our business expansion in domestic and foreign market.

From 2020 operating results, the Company posted a net profit of THB 222.0 million, a year-on-year surge of 77.9 percent, with ROE 6.1 percent or 2.6 pts., increasing from the prior year. More details are as follows:

### Reinsurance Performance

Gross written premium amounted to THB 4,328.7 million, dropping by 2.8 percent from the previous year due to a gradual decrease in premium from long-term reinsurance projects in line with expiry of contracts. Meanwhile, net written premium increased 12.8 percent year-on-year to THB 3,944.2 million and underwriting profit flew by 123.9 percent to THB 53.7 million, a turnaround from the preceding year's loss of THB 225.0 million. Combined ratio edged down from 106.2 percent to 98.6 percent.

In the past year, THRE rolled out new products in association with our insurance partners so as to stay in synch with the situation, particularly for health insurance whose demand increased dramatically in the wake of the COVID-19 pandemic.

Non-conventional business grew by a healthy 18.9 percent, whereas expenses related to the long-term reinsurance projects dropped in line with gradual expiry of contracts, leading to distinct improvement in our previous year's performance.



### Service Performance

Albeit our ongoing expansion of customer base and services, our service income, hit by the COVID-19 outbreak, rose by just 0.9 percent in 2020. Income from service businesses constituted 8.7 percent of THRE Group's total revenues.

In the past year, THRE subsidiaries integrated technologies harmoniously into their service models in a bid to develop and improve service quality and grow revenues in the future, as follows:

1) Thaire Services Co., Ltd., a provider of Third Party Administrative (TPA) services, applied the robotic process automation (RPA) technology to develop its internal processes and services by automating these routine processes, which helps to enhance operational efficiency, reduce time and errors, and save cost as well.

2) EMCS Thai Co., Ltd., a provider of computer service for motor insurance claims and related statistics, developed the artificial intelligence (AI) technology to improve efficiency in claims management for customers by, for instance, providing real time data when an event occurs, assessing claims, verifying claims, etc. This helps to reduce time, process and cost of claims management and will become another significant income source of the Company in the near future.

3) Thaire Innovation Co., Ltd., a provider of platform services for insurance business, developed the blockchain & cloud technology for servicing on "Smart Contract" platform under the name of "Insurer Network" to facilitate customers' execution of reinsurance contracts. This allows for greater efficiency, rapidity, transparency and examination, thus bringing high security.

In the past year, service businesses posted a profit of THB 63.4 million, which declined by 20.7 percent year-on-year due to the COVID-19 impact.

### Investment Income

In 2020, THRE Group recorded net investment income of THB 131.6 million with ROI of 3.7 percent (including tax benefits), plummeting by 56.1 percent year-on-year. This stemmed from the fact that, subsequent to the adoption of TFRS9 in 2020, gain on disposal of investment funds of THB 59.5 million was not incorporated into the statement of income, but was directly added to retained earnings instead.

### **Moving Forward**

Our strategic plan designated for the three-year period of 2020-2022 will be implemented in a more aggressive and challenging manner, when compared with the previous plan (2017-2019), under our vision, "To be the most valuable Personal Line Insurance Partner in Thailand and South East Asia." This denotes that the Company will accentuate the expansion of both reinsurance and service businesses, along with the adoption of new technologies, with a view to enabling THRE Group to achieve the operational targets, i.e. to regain a high rate of revenue growth of 10 percent with ROE above 10 percent over the next three years. Here are the highlights of our strategic plan:

1. Emphasize the expansion of personal line business, particularly accidental and health insurance for both conventional and non-conventional products. Non-conventional business will be expanded in the form of segmentation through development of new products and channels in collaboration with our customers or business partners, at home and overseas, so as to deliver solutions that more truly suit the target audience in conjunction with the use of technology.

As for commercial line business, we will properly align our pricing with the market condition, which currently is trending towards a hard market.

2. Apply technology, such as AI, blockchain, robotics, etc., to enhance operational efficiency and develop products or services for insurance business on a fully-integrated basis in a bid to grow reinsurance premium and service income.

3. Concentrate on fully-fledged expansion of reinsurance and service businesses into Southeast Asia (SEA) market. In 2020, THRE Group brought in premium income from foreign reinsurance of THB 36.5 million and, in 2021, expects to begin to earn reinsurance premium income from the Philippines. For service business, we already entered into a memorandum of understanding (MOU) to set up an entity in Cambodia, and are now making preparations for such business operation. For the time being, we also are in the process of conducting a study and concluding a business plan with our strategic partner for business expansion to Vietnam, with final conclusion expected in 2021. Our further target set to be attained by 2022 is to gain a foothold in both reinsurance and service businesses in Indonesia and Malaysia.

4. Broaden business cooperation with Fairfax Financial Holding Group and National Reinsurer in each ASEAN member country to develop and build upon businesses in these countries to a greater extent.

As mentioned above, the four strategic plans shall be adapted to suit the changing circumstances under these main structures.

Amid huge fluctuations, the management has made all preparations to cushion against these uncertainties and is confident that we will be able to achieve the plans we have set out.

Yours sincerely,



(Oran Vongsuraphichet)

Chief Executive Officer

### 3 Report of the Audit Committee



Dear Shareholders,

The Audit Committee is composed of four independent directors, Ms. Potjanee Thanavarani as a Chairman of the Audit Committee, Mr. Chanin Roonsamrarn, Mrs. Chaveewan Aksornsawaddi and Ms. Ada Ingawanij. All four members are knowledgeable and experienced in reviewing the reliability of financial statements as required by the Office of the Securities and Exchange Commission.

In the year 2020, the Audit Committee performed their duties completely in accordance with the Audit Committee Charter as assigned by the Board of Directors. There were four meetings which were held in the year and the Management, independent auditor, Head of Compliance and Enterprise Risk Management Department and Head of Internal Audit Department were also invited to join the meetings on the relevant agenda in which they were concerned. The main duties performed by the Audit Committee during the year 2020 can be summarized as follows:

1. Review the Company's financial reporting before disclosing to the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.
2. Nominated, recommended the appointment of an auditor and determined the auditor's remuneration, whereby EY Office Limited, by its certified public accountants, Ms. Rachada Yongsawadvanich and/or Ms. Somjai Kunapasut and/or Ms. Narissara Chaisuwan and/or Ms. Wanwilai Petchsang were nominated for appointment as the auditor of the Company for the year 2020.
3. Attended two meetings with the auditor, one of which was an independent meeting without participation of the Management, to consider the guideline and scope of auditing, audit results and audit recommendations to ensure that the audit of financial statements has been completed in accordance with the Thai Standards on Auditing.
4. Reviewed the report of related party transactions on a quarterly basis to ensure that the transactions that may have a conflicts of interest were conducted in compliance with the laws and maintain the maximum benefits of the Company.
5. Reviewed the Enterprise Risk Management system to ensure the appropriateness, effectiveness and conciseness according to the framework which is accepted by international standards.
6. Reviewed the report on compliance with relevant laws and regulations on a quarterly basis.



7. Reviewed the report on compliance with anti-corruption measures and the complaint or clue of misconduct through the whistleblowing channel of the Company, including the protection of information provider.
8. Supervised the Internal Audit Department to perform its duties independently and objectively. Approved the annual internal audit plan based on significant risks of the Company. Reviewed the internal audit report to ensure that the internal audit procedures have been performed completely and appropriately in accordance with International Professional Practices Framework of Internal Auditing, including followed up on the results of the improvement to make the internal control systems more effective and efficient.
9. Arranged for the annual evaluation of internal control adequacy by considering and proposing the Form for Evaluation of Internal Control Adequacy for the year 2020 to the Board of Directors for approval.
10. Reviewed of the Audit Committee Charter to cover the current duties, responsibilities and in accordance with the good corporate governance practices.
11. Evaluated the annual performance of the Audit Committee as a group assessment and discussed the results of the assessment in the Audit Committee meeting.

The Audit Committee's opinions are as follows:

1. According to the review of significant accounting policies, information regarding significant items in the statements of financial position and performance of the Company, and the independent meeting with the auditor to discuss about observations in the financial reporting, the Audit Committee has not found any material misstatements in the financial statements of the Company. The Audit Committee have reasonable assurance that the financial statements of the Company are reliable and accurate in accordance with Generally Accepted Accounting Principles.
2. The auditor appointed by the Company has been approved by the Office of the Securities and Exchange Commission (SEC), is independent, and do not have any relationship or other services that may cause a conflicts of interest in performing the audit for the Company. The auditor has experience in auditing of many insurance companies and the audit firm is a well-recognized both domestically and internationally. Therefore, it can ensure that the audit operations will be conducted efficiently and transparent in accordance with international standards.
3. All related party transactions or transactions that may cause a conflicts of interest were done in conformity with the laws and regulations of the Stock Exchange of Thailand and were reasonable to maintain the maximum benefits of the Company. There was no indication or observation of any potential irregularity.



4. The Company focuses on corporate compliance with the law on securities and exchange, regulations of the Stock Exchange of Thailand and other laws relevant to the business of the Company. Including the compliance with all forms of anti-corruption measures. In the year 2020, there was no complaint or clue of misconduct through the whistleblowing channel of the Company.
5. The Company has an effective and an adequate of internal control system, risk management system, internal audit system and governance system.
6. The Audit Committee has the number of members, composition and qualifications suitable for performing duties as specified in Audit Committee Charter efficiently. The Audit Committee has performed duties in accordance with the scope of responsibilities accurately and completely in all respects with good cooperation and support from all concerned parties.

(Potjanee Thanavaranit)

Chairman of the Audit Committee

## 4 Report of the Nomination and Remuneration Committee



The Nomination and Remuneration Committee presently comprises four directors and be responsible for recruiting and overseeing the structure, size, composition and qualifications of the board of directors to suit the Company's strategy and business. The Committees' duties and responsibilities are to consider and nominate the director, sub-committee member and Chief Executive Officer in case of vacancy due to retiring by rotation, resignation or any other cases and propose to the board of directors for consideration. For compensation responsibilities are to set policy & remuneration structure and other benefits paid to the board of directors, sub-committees, senior executives and staff to be align with the performance and Company's operating results with the clear criteria, transparency and suiting the accountability.

In 2020 the Nomination and Remuneration Committee held two meetings to nominate the two new directors to replace the directors retiring by rotation for election at the Annual General Meeting of Shareholders, namely Ms. Ada Ingawanij and Mrs.Chaveewan Aksornsawaddi and to consider the compensation paid to the board of directors, sub-committees including the annual salary increase of senior executives and staff and proposed to the board of directors for consideration. The Committee has performed its duty carefully as described in the charter by aiming to the maximum benefit of the Company and all stakeholders.



(Mr.Chandran Ratnaswami)

Chairman of the Nomination and Remuneration Committee



## 5 Report of the Investment Committee



The Investment Committee comprises four directors who are responsible for the investment policy framework & plan, overseeing investments and other business operations of the Company whilst ensuring they are in accordance with all relevant laws and the Company's risk management policy. Additionally, ensuring full compliance with agreed standards of transparency and avoidance of conflicts of interest.

In 2020 the Investment Committee had the meeting to review the investment policy framework to suit the business trend and in line with the regulators and proposed to board of directors for approval. From 1 January 2020 the Company has fully adopted the Thai Financial Reporting Standard 9 (TFRS 9) re: Financial Instruments which resulting in the classification and measurement of investment assets. The Company's investment assets were therefore discretionary reclassified to reduce the impact on the Company's income statements. The Committee has undertaken the duty in accordance with the Charter with due care and taking into account the best interests of the Company.

(Mr.Chandran Ratnaswami)

Chairman of Investment Committee

## 6 Board of Directors and Executives



### Board of Directors

#### 1. Mr.Chai Sophonpanich

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

Age 77

Date of Appointment: August 2018

Shareholding: 0.09 percent

**Education:** Bachelor of Science, University of Colorado, U.S.A.

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

- Director Certification Program (DCP) 18/2002
- Chairman 2000/2004

**Experience:**

#### Listed Company

Nov 2018 – present	Chairman, Director of the Nomination and Remuneration Committee and Director of the Investment Committee	Thai Reinsurance PCL.
Aug 2018 – Nov 2018	Director	Thai Reinsurance PCL.
2016 – 2017	Chairman, Chairman of the Nomination and Remuneration Committee and Chairman of the Investment Committee	Thai Reinsurance PCL.
1978 – 2016	Vice Chairman, Chairman of the Nomination and Remuneration Committee and Director of the Investment Committee	Thai Reinsurance PCL.
Nov 2018 – present	Chairman	Bangkok Insurance PCL.
1978 – 2017	Chairman	Bangkok Insurance PCL.
2010 – 2015	Chairman and Chairman of Executive Board	Bangkok Insurance PCL.
1976 – 2009	President	Bangkok Insurance PCL.
Aug 2018 – present	Chairman	Bumrungrad Hospital PCL.
1979 – 2017	Chairman	Bumrungrad Hospital PCL.
Nov 2018 – present	Chairman	Fine Metal Technologies PCL.
1988 – 2017	Chairman	Fine Metal Technologies PCL.
Sep 2018 – present	Chairman	Charoong Thai Wire & Cable PCL.
1986 – 2017	Chairman	Charoong Thai Wire & Cable PCL.
2011 – 2013	Vice Chairman	Thaire Life Assurance PCL.

#### Non-Listed Company

present	Director	Chainart Co., Ltd.
present	Director	Chaiwat Co., Ltd.



## 2. Mr.Chandran Ratnaswami

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

Age 71                      Date of Appointment: February 2012

Shareholding: - None -

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

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

Experience:

### Listed Company

Nov 2018 – present	Chairman of the Investment Committee	Thai Reinsurance PCL.
Aug 2017 – present	Vice Chairman	Thai Reinsurance PCL.
Nov 2017 – present	Chairman of the Nomination and Remuneration Committee	Thai Reinsurance PCL.
Feb 2012 – Nov 2018	Director of the Investment Committee	Thai Reinsurance PCL.
Feb 2012 – Aug 2017	Director	Thai Reinsurance PCL.
May 2014 – Nov 2017	Director of the Nomination and Remuneration Committee	Thai Reinsurance PCL.

### Overseas Listed Company

2016 – present	Non-Executive Director, Director of the Audit Committee, Director of the Nomination and Remuneration Committee	Quess Corp. Ltd.
2014 – present	Director	Fairfax India Holdings Corporation
2012 – present	Non-Executive Director	IIFL Finance Ltd.
2012 – present	Director of the Audit Committee, Director of the Enterprise Risk Management Committee, Director of the Nomination and Remuneration Committee	Thomas Cook (India) Ltd.
2010 – present	Director of the Audit Committee	Zoomer Media Limited

### Non-Listed Company

2019 – present	Director	Fairfax Consulting Services India Ltd.
2019 – present	Director	11470370 Canada Inc.
2017 – present	Chairman of the Investment Committee, Chairman of the Enterprise Risk Management Committee, Director of the Audit Committee, Chairman of the Policyholder Protection Committee, Director of the Nomination and Remuneration Committee and Director of Corporate Social Responsibility Committee and Director of Share Allotment Committee	Go Digit General Insurance Limited
2017 – present	Director of Corporate Social Responsibility Committee	Go Digit Infoworks Services Private Limited
2017 – present	Director	Bangalore International Airport Ltd.

2016 – present	Chairman of the Investment Committee and Director of Nomination Committee	Fairfirst Insurance Ltd.
2016 – present	Director	Sanmar Engineering Services Ltd.
2015 – present	Chairman of the Nomination and Remuneration Committee	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) Ltd.
2008 – present	Director	Primary Real Estate Investments
2004 – present	Director	FAL Corporation
2004 – present	Director	ORE Holdings Ltd.
2000 – present	Director	HWIC Asia Fund
2002 – 2017	Director	ICICI Lombard General Insurance Co., Ltd.
2017 – 2019	Director	Darwin CX
2011 – 2019	Director	Larchmont Developers Private Ltd.
2002 – 2017	Director	First Capital Insurance Ltd.
2011 – 2014	Director	Gulf Insurance
2008 – 2015	Director	Ridley Inc.
2004 – 2019	Director	Cheran Enterprise Private Ltd.

### 3. Mr.Kerati Panichewa

Director

Age 61      Date of Appointment: October 1993

Shareholding: 1.02 percent

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

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

- Directors Certification Program (DCP) 1/2000

Experience:

#### Listed Company

Jan 2020 - present	Director	Thai Reinsurance PCL.
2016 – Jan 2020	Independent Director	Thai Reinsurance PCL.
1993 – 2016	Director	Thai Reinsurance PCL.
1993 – present	Director	TTL Industries PCL.

#### Non-Listed Company

2019 – present	Director and Executive Director	Krung Thai Panich Insurance PCL.
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2009 – 2019	Chief Executive Officer	Krung Thai Panich Insurance PCL.
1995 – 2009	Managing Director	Krung Thai Panich Insurance PCL.
present	Director	TWWC Co., Ltd.

#### 4. Mr.Jiraphant Asvatanakul

Director, Director of the Nomination and Remuneration Committee and Director of the Investment Committee<sup>1</sup>

Age 61                      Date of Appointment: October 1993

Shareholding: 0.018 percent

**Education:** Master of Accountancy, University of Texas at Austin, U.S.A.

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

- Director Accreditation Program (DAP) / 2004

**Training Courses/Seminar (Others)**

- Thailand Insurance Leadership Program by OIC Advanced Insurance Institute
- Top Executive Program in Commerce and Trade by University of the Thai Chamber of Commerce, 8/ 2015
- Certificate of Top Executive Program by Capital Market Academy, 22 / 2016
- Thailand Insurance Super Leadership Program Class 1/2020 by OIC Advanced Insurance Institute

**Experience:**

##### Listed Company

Feb 2021 – present	Director of the Investment Committee	Thai Reinsurance PCL.
Jun 2012 – present	Director of the Nomination and Remuneration Committee	Thai Reinsurance PCL.
1993 – present	Director	Thai Reinsurance PCL.
2017 – present	Chief Executive Officer & Managing Director	Thaivivat Insurance PCL.
2012 – 2016	President and Chief Executive Officer	Thaivivat Insurance PCL.
1986 – present	Independent Director, Director of the Audit Committee and Director of the Nomination and Remuneration Committee	Vichitbhan Palm oil PCL.
2014 – 2016	Director	Thaire Life Assurance PCL.

##### Non-Listed Company

2020 - present	Director	MAFAM Co., Ltd.
2017 – present	Director	General Insurance Fund
2019 – present	Vice Chairman	The Thai Chamber of Commerce and Board of Trade of Thailand
2017 – Mar 2019	Secretary General	The Thai Chamber of Commerce and Board of Trade of Thailand
2015 – Mar 2017	Treasurer	The Thai Chamber of Commerce and Board of Trade of Thailand
2019 – present	Director and Advisory Director of Account, Finance and Investment Committee	Thai General Insurance Association
2017 – 2019	President	Thai General Insurance Association



2013 – present	Director	The Federation of Thai Insurance Organizations
2001 – present	Vice Chairman, Chairman of the Investment Committee	Road Accident Victims Protection Co., Ltd.
2009 – Apr 2019	Director	T.I.I. Co., Ltd.

Remark: <sup>1</sup> Appointed from board meeting on 23 February 2021

## 5. Mr.Chanin Roonsamrarn

Independent Director and Director of the Audit Committee

Age 73                      Date of Appointment: October 1993

Shareholding: - None -

**Education:** M.B.A., Fort Hays State University, U.S.A.

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

- Director Certification Program (DCP) 15/2002
- The Role of Chairman (RCM) /2002
- Chairman 2000, 6/2002
- Audit Committee Program (ACP) 9/2005
- DCP Refresher 2006

**Experience:**

### Listed Company

1999 – present	Independent Director and Director of the Audit Committee	Thai Reinsurance PCL.
1993 – 1999	Director	Thai Reinsurance PCL.
2007 – present	Director of the Remuneration and Nomination Committee	Home Product Center PCL.
2005 – present	Independent Director, Director of the Audit Committee	Home Product Center PCL.
2010 – 2013	Chairman of the Risk Management Committee	Samaggi Insurance PCL.
2006 – 2013	Director of the Audit Committee	Samaggi Insurance PCL.
2003 – 2013	Director	Samaggi Insurance PCL.

### Non-Listed Company

2010 – present	Chairman of Executive Board	SBL Leasing Co., Ltd.
2002 – 2009	Director and Chairman of Executive Board	SICCO Advisory Co., Ltd.
2001 – 2009	Chairman, Chairman of Executive Board, Director of the Remuneration Committee	CIMB Securities (Thailand) Co., Ltd.
1996 – 2009	Chief Executive Officer and Managing Director	The Siam Industrial Credit PCL.



## 6. Ms.Potjanee Thanavaranit

### Independent Director and Chairman of the Audit Committee

Age 74

Date of Appointment: April 2007

Shareholding: 0.005 percent

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

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

- Directors Certification Program (DCP) 17/2002
- The Role of Chairman (RCM) 13/2006
- The Role of the Compensation Committee (RCC) 4/2007
- Audit Committee Program (ACP) 32/2010
- Financial Institution Governance Program (FGP) 2/2011
- Advanced Audit Committee Program (AAP) 10/2013
- Anti-Corruption for Executive Program (ACEP) 7/2013
- Director Certification Program Update (DCPU) 1/2014
- Driving Company Success with IT Governance (ITG) 2/2016

#### Training Courses/Seminar (Others)

- Certificate of Advanced Course in General Insurance, Swiss Insurance Training Center, Switzerland
- Certificate of Advanced Management Program, Australian Management College, Australia
- Certificate of Executive Development Program Class 18 by Office of the Civil Service Commission
- Thailand National Defence College Class 42
- Certificate of Top Executive Program Class 8 by Capital Market Academy
- Certificate of Top Executive Program in Commerce and Trade Class 3 by Commerce Academy
- Advance Security Management Program Class 2 by Thailand National Defence College of Thailand

#### Experience:

##### Listed Company

Jul 2020 – present	Chairman of the Audit Committee	Thai Reinsurance PCL.
Apr 2014 – Jul 2020	Director of the Audit Committee	Thai Reinsurance PCL.
2007 – present	Independent Director	Thai Reinsurance PCL.
2012 – 2014	Director of the Nomination and Remuneration Committee	Thai Reinsurance PCL.
Nov 2017 – present	Independent Director, Chairman of Risk Management Committee	Berli Jucker PCL.
2009 – 2016	Independent Director	Berli Jucker PCL.
May 2014 – present	Chairman of the Remuneration Committee and Chairman of Good Corporate Governance Committee	Oishi Group PCL.
Feb 2009 – present	Independent Director and Director of Audit Committee	Oishi Group PCL.
Apr 2012 – present	Chairman of the Audit Committee	Bank of Ayudhya PCL.
Apr 2010 – present	Independent Director, Director of the Audit Committee	Bank of Ayudhya PCL.

2007 – present	Chairman, Independent Director, Director of the Audit Committee and Chairman of the Nomination and Remuneration Committee	Univentures PCL.
2007 – present	Independent Director and Director of Audit Committee	Bangkok Insurance PCL.
2016 – 2017	Independent Director and Chairman of the Audit Committee	Big C Supercenter PCL.
<b>Oversea Listed Company</b>		
Feb 2019 – present	Director of the Audit Committee	Thai Beverage PCL. (Listed in Singapore)
Jan 2018 – present	Independent Director	Thai Beverage PCL. (Listed in Singapore)
<b>Non-Listed Company</b>		
Mar 2020 – present	Chairperson of the Committee on Audit and Evaluation	Office of the National Anti-Corruption Commission
Feb 2018 – present	Honorary Member, University Council	Mae Fah Luang University
Aug 2017 – present	Chairman of the Audit Committee	Thai Institute of Directors Association
Jun 2017 – present	Vice Chairman	Thai Institute of Directors Association
May 2017 – Jun 2017	Director	Thai Institute of Directors Association
2006 – present	Director	The Council of State
2017 – 2020	Qualified member of the Committee	Thai Investors Association
2007 – 2020	Qualified member of the Committee	The Federation of Thai Insurance Organizations
2014 – 2015	Councilor	National Reform Council
2010 – 2013	Director	BJC Logistics and Warehouse Co., Ltd.
2008 – 2013	Chairman of the Public Sector Audit and Evaluation Committee	Ministry of Commerce

## 7. Mr.Sara Lamsam

### Independent Director

Age 50                      Date of Appointment: Apr 2009

Shareholding: 0.08 percent

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

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

- Director Certification Program (DCP) 4/2000

#### Training Courses (Others)

- Executive Course in Applied Psychology Administration no. 97/2005 by Institute of Security Psychology National Defence Studies Institute
- Top Executive Program by Capital Market Academy no. 4/2007
- Thailand Insurance Leadership Program no.1/2011 by OIC Advanced Insurance Institute
- Metropolitan Development Training Course for the Top Executives no.1 by Urban Green Development Institute Bangkok
- The Program of Senior Executive on Justice Administration/ 2012 no. 17 by Judicial Training Institute



- Industrial and Investment Development for Executive (IBID)/2013 no. 1 by Institute of Business and Industrial Development
- Global Business Leaders Program/1, 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
- Advanced Master of Management Program /2, AMM, Graduate School of Public Administration ,National Institute of Development Administration (NIDA)
- Business Revolution and Innovation Network /2 (BRAIN) by The Federation of Thai Industries
- Certificate of Executive Development Program 2019, Loyal Thai Police
- Seminar “Synchronize the Future” by MDRT Thailand
- Seminar “InsurTech” by OIC
- Seminar “The future of health insurance in the digital age” by TGIA and OIC
- Seminar “Communicate and Exchange Information between OIC and Insurance Business Sector” by OIC.
- Thailand National Defence College Class 63
- Seminar “Enhance the efficiency in compliance with the Personal Data Protection Act” by OIC.

#### Course Lecturer

- “Redesigning business model after global pandemic” for Thailand Insurance Super Leadership Program Class 1/2020 by OIC Advanced Insurance Institute
- Transform Leader to Mitigate VUCA World by Muang Thai Academy

#### Experience:

##### Listed Company

2016 – present	Independent Director	Thai Reinsurance PCL.
2009 – 2016	Director	Thai Reinsurance PCL.
2016 – present	Director	Kasikorn Bank PCL.
2018 – present	Director of the Corporate Governance Committee	Kasikorn Bank PCL.
2016 – 2018	Director of Risk Management Committee	Kasikorn Bank PCL.
2009 – present	Advisor to Managing Director	Muang Thai Insurance PCL.
2008 – present	Director and Executive Board	Muang Thai Insurance PCL.
2009 – present	Director of Risk Management Committee	Phatra Leasing PCL.
2007 – present	Chairman of the Executive Committee	Phatra Leasing PCL.
2004 – present	Director	Phatra Leasing PCL.

##### Oversea Listed Company

2015 – present	Vice Chairman	Sovannaphum Life Assurance PLC. (Cambodia)
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##### 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	Advisor to Board of Directors and Risk Management Committee	The Thai Chamber of Commerce
2016 – present	Director and Chairman of Risk Management Committee	MB Ageas Life Insurance
2017 – present	Director	The Federation of Thai Insurance Organizations
2015 – 2017 / 2009 – 2013	Chairman	The Federation of Thai Insurance Organizations
2020 – present	President	The Thai Life Assurance Association
2012 – 2016 / 2006 – 2010	President	The Thai Life Assurance Association
2016 – 2020	Vice President (Marketing)	The Thai Life Assurance Association
2010 – 2012	Vice President (Management)	The Thai Life Assurance Association
2015 – present	Director	Thai Financial Planners Association
2016 – 2020	President	Thai Financial Planners Association
2007 – 2012 / 2015 – present	Director	Thai Financial Planners Association
2015 – present	Advisor	The Society of Actuaries of Thailand
2012 – present	Director	Yupong Co., Ltd.
2009 – present	Director and Chief Executive Officer	Muang Thai Group Holding Co., Ltd.
2009 – present	Director and Chief Executive Officer	and Muang Thai Holding Co., Ltd.
2009 – present	Director	Muang Thai Real Estate PCL.
2008 – present	Director	Muang Thai Group Service Co., Ltd.
2007 – present	Director	Muang Thai Asset Co., Ltd.
2007 – present	Director	T.I.I. Co., Ltd.
2012 – present	Director	Yuphayong Co., Ltd.
2015 – 2016	Advisor	Board of Trade of Thailand
2009 – 2015	Director	Board of Trade of Thailand
2015 – 2016	Director	Group of Finance/Investment and Insurance, Board of Trade of Thailand

## 8. Mr.Gobinath Arvind Athappan

Director

Age 49                      Date of Appointment: April 2012

Shareholding: - None -

Education: M.B.A., MIT Sloan School of Management U.S.A.

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

Experience:

Listed Company

Apr 2012 – present      Director                      Thai Reinsurance PCL.

**Oversea Listed Company**

Jan 2016 – present	Director	BIDV Insurance Corporation, Vietnam
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**Non-Listed Company**

2015 – present	Chief Executive Officer	The Pacific Insurance Berhad, Malaysia
2015 – present	Vice Chairman	Falcon Insurance Co., Ltd., Hong Kong
2008 – 2015	Chief Executive Officer	Falcon Insurance Co., Ltd., Hong Kong
2015 – present	Vice Chairman	Fairfax Asia Limited
2012 – 2015	Chief Operating Officer	Fairfax Asia Limited
2017 – 2020	Regional Director	MS First Capital Insurance Ltd., Singapore
2015 – 2017	Regional Director	First Capital Insurance Ltd., Singapore
2006 – 2015	Chief Operating Officer	First Capital Insurance Ltd., Singapore

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**9. Mrs.Chaveewan Aksornsawaddi**

Independent Director, Director of the Audit Committee

Age 58                      Date of Appointment: July 2020

Shareholding: - None -

Education: Master of Accountancy, Thammasart University

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

Training Courses/Seminar (Others)

- Accounting & Auditing Training - Federation of Accounting Professions

Experience:

**Listed Company**

July 2020 – present	Independent Director, Director of the Audit Committee	Thai Reinsurance PCL.
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**Non-Listed Company**

Sep 2019 – present	Vice-Rector for Finance	Mahamakut Buddhist University
2012 – present	Independent Advisor	
1997 – 2011	Partner	Pricewaterhouse Cooper, Bangkok
1996 – 1997	EVP – Supporting Function	Pacific Finance & Securities Pcl.
1995 – 1996	Financial Controller	Siam TV & Communication Co., Ltd.
1993 – 1996	Principle	Coopers & Lybrand, Bangkok
1992 – 1993	Manager (on secondment basis)	Coopers & Lybrand, Bangkok
1984 – 1992	Senior Manager	Coopers & Lybrand, Bangkok

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## 10. Ms. Ada Ingawanij

Independent Director, Director of the Audit Committee

Age 52

Date of Appointment: July 2020

Shareholding: - None -

**Education:** MSc. In International Banking and Finance Studies, University of Southampton, England

(under Bank of Thailand Scholarship)

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

- Director Certification Program (DCP), class 206/2015

**Training Courses/Seminar (Others) :**

- Capital Market Academy Leader Program CMA, class 22
- Capital Market Academy Greater Mekong Subregion Program, class 4

**Experience:**

### Listed Company

Jul 2020 – present	Independent Director, Director of the Audit Committee	Thai Reinsurance PCL.
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### Non-Listed Company

2019 – present	Director, Director of the Audit Committee	Sukhumvit Asset Management Co., Ltd.
2019 – present	Director and Executive Committee	Foundation for Public Policy and Good Governance
2008 – present	Member of Investment advisory Committee	The Thai Red Cross Society
2015 – 2018	Executive Vice President	The Thai Institute of Directors Association
2008 – 2013	Director, Global Markets	The Royal Bank of Scotland
2006 – 2008	Country Debt Head	ABN AMRO Bank N.V.
1998 – 2002	Head of Fixed-Income	ABN AMRO Bank N.V.
2002 – 2006	Head of Institution Marketing and Sales	The Hongkong & Shanghai Banking Corp.
2002 – 2004	Director	Thai Bond Dealing Center
1992 – 1997	Portfolio Manager	Reserves Management Division, Bank of Thailand



## 11. Mr.Oran Vongsuraphichet

Director, Director of the Investment Committee, Director of the Nomination and Remuneration Committee<sup>1</sup>, Chairman of Enterprise Risk Management Committee and Chief Executive Officer

Age 51

Date of Appointment: April 2013

Shareholding: 0.87 percent

**Education:** Ph.D. (International Business), Asian Institute of Technology

**Training Courses by the Thai Institute of Directors Association (IOD):** Director Certification Program (DCP) 230/2016

### Training Courses (Others)

- Thailand Insurance Leadership Program (Class 3)
- Top Executive Program, Capital Market Academy no. 22
- Thailand Insurance Super Leadership Program Class 1/2020 by OIC Advanced Insurance Institute

### Experience:

#### Listed Company

Feb 2021 – present	Director of the Nomination and Remuneration Committee	Thai Reinsurance PCL.
2017 – present	Director of the Investment Committee	Thai Reinsurance PCL.
2016 – present	Director and Chief Executive Officer	Thai Reinsurance PCL.
2013 – 2015	Director, President and Chief Operating Officer	Thai Reinsurance PCL.
2012 – 2013	President	Thai Reinsurance PCL.
2019 – present	Director	Thaire Life Assurance PCL.
2014 – 2016	Director	Thaire Life Assurance PCL.
2017 – 2019	Independent Director, Director of the Investment Committee	Eastern Water Resources Development and Management PCL.

#### Non-Listed Company

Feb 2020 – present	Director	Cho Heng Rice Vermicelli Factory Co., Ltd. <sup>1</sup>
Jun 2019 – present	Chief Executive Officer	Thaire Innovation Co., Ltd.
Mar 2019 – present	Director	Thaire Innovation Co., Ltd.
2017 – present	Deputy Secretary General	Thai General Insurance Association
Jul 2020 – present	Vice Chairman	Thaire Services Co., Ltd.
2013 – Jul 2020	Director	Thaire Services Co., Ltd.
2017 – present	Chief Executive Officer	Thaire Actuarial Consulting Co., Ltd.
2013 – present	Director	Thaire Actuarial Consulting Co., Ltd.
Jul 2020 – present	Vice Chairman	EMCS Thai Co., Ltd.
2012 – Jul 2020	Director	EMCS Thai Co., Ltd.
2010 – present	Director	Thong Thai Textile Co., Ltd.
2012 – present	Director	Falcon Insurance PCL.
2006 – 2012	Director and Chief Executive Officer	Falcon Insurance PCL.
2013 – 2016	Director	Thaire Training Co., Ltd.
2010 – 2018	Director	V.A.S Garment (Thailand) Co., Ltd.
2010 – 2018	Director	Titan Sport Wear Co., Ltd.

Remark: <sup>1</sup> Appointed from board meeting on 23 February 2021



## Management Team

### 1. Mrs.Nantinee Chinwanno

Executive Vice President : Business Development & Customer Support

Age 57

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

#### Non-Listed Company

2011 – 2017	Director	Thaire Life Assurance Broker Co., Ltd.
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### 2. Ms.Pojaman Fuangaromya

Executive Vice President : Business Development, Claim & International Business

Age 47

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

#### Non-Listed Company

June 2019 – present	General Manager	Thaire Innovation Co.,Ltd.
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### 3. Mr.Chamroen Phusit

Senior Vice President : Investment

Age 58

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 : Compliance and Enterprise Risk Management

Age 50                      Shareholding: - None -

**Education:** Ph.D. - Risk, Insurance and Healthcare Temple University, U.S.A.

**Experience:**

**Listed Company**

2018 – present	Senior Vice President – Compliance and Enterprise Risk Management	Thai Reinsurance PCL.
2011 – 2017	Senior Vice President - Enterprise Risk Management	Thai Reinsurance PCL.

#### 5. Mr.Wichai Chaochaicharoenkul

Senior Vice President : Human Capital Management & Development and Administration

Age 46                      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.
2011 – 2015	Manager –Human Capital Management & Development	PTT Green Energy Pte. Ltd.

#### 6. Mr.Chatchai Payakarintarangkura

Senior Vice President : Accounting, Finance, Financial Analysis & Budget Control and Process Improvement

Age 48                      Shareholding: - None -

**Education:** Master of Arts, Chulalongkorn University

**Training/Seminar Courses: Year 2020**

- CFO Refresher by SET

**Experience:**

**Listed Company**

Jan 2018 – present	Senior Vice President - Accounting, Finance, Operations Control & Budgeting and Process Improvement	Thai Reinsurance PCL.
Nov 2017 – Dec 2017	Senior Vice President - Accounting, Finance, and Operations Control & Budgeting	Thai Reinsurance PCL.

**Non-Listed Company**

Mar 2019 – present	Director	Thaire Innovation Co., Ltd.
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

### Ms. Waraporn Lertrungrueng

Company Secretary

Age 55

Shareholding: - None -

**Education:** Bachelor of Arts., Thammasart University

#### Training/Seminar Courses:

- Board Reporting Program 19/2016
- Company Reporting Program 17/2017
- Company Secretary Program (CSP) 83/2017

#### Experience:

##### Listed Company

Jun 2018 – present	Company Secretary	Thai Reinsurance PCL.
Oct 1994 – present	Executive Secretary	Thai Reinsurance PCL.

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# 7 Organization Chart as of December 31, 2020



## 8 Policy and Overview of Business Operation



Thai Reinsurance Public Company Limited (“the Company/Thai Re” 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 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 31 December 2020 the Company has registered and paid-up capital of THB 3,709 million. Its business includes non-life reinsurance covering property, accident and health, engineering, marine cargo and hull as well as provision of related insurance services provided by the subsidiaries.

### Corporate Vision-Mission

#### Vision

**“To be the most valuable Personal Line Insurance Partner  
in Thailand and South East Asia”**

#### Mission

**“Increase value to all stakeholders including customer, business partner,  
shareholder and employee”**



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's 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)

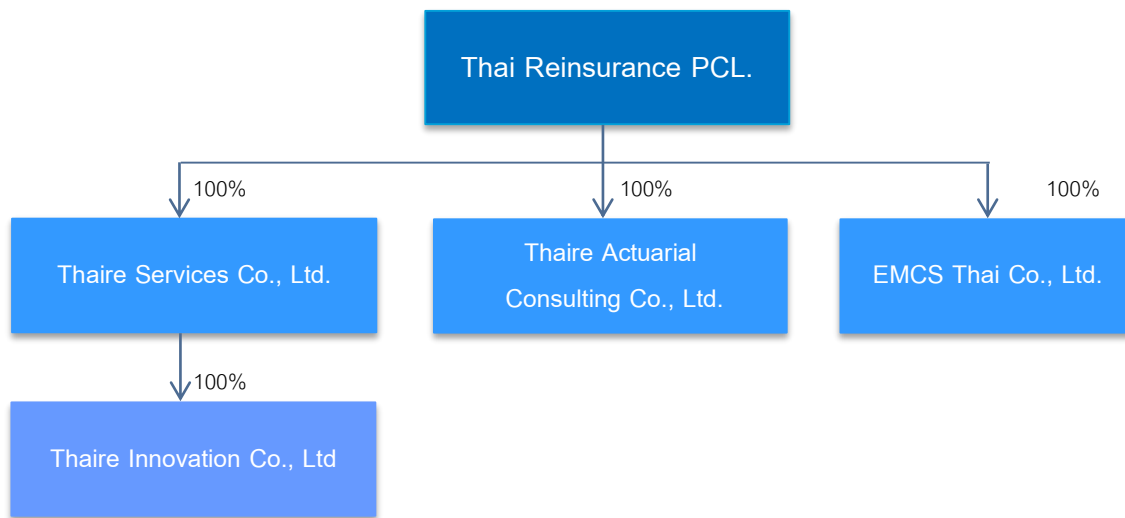
<b>November 2020</b>	The Company was rated "Excellent" in the Corporate Governance Report of Thai Listed Companies (CGR) in 2020, organized by the Thai Institute of Directors (IOD).
<b>October 2020</b>	The Company's registered and paid-up share capital decreased from Baht 4,215.0 million to Baht 3,709.2 million by reducing the par value per share from Baht 1.00 to Baht 0.88.
<b>April 2020</b>	Fitch Ratings assigned Thai Re's its International Insurer Financial Strength (IFS) Rating of "A-". (Strong), with Stable outlook.
<b>November 2019</b>	Fitch Ratings assigned Thai Re's its International Insurer Financial Strength (IFS) Rating of "A-". (Strong), with Stable outlook.
<b>October 2019</b>	The Company was rated "Very Good" in the Corporate Governance Report of Thai Listed Companies (CGR) in 2019, organized by the Thai Institute of Directors (IOD).
<b>October 2019</b>	In 2019 the Company received the certificate "Gold Level" from the Happy Provident Fund Company Award jointly organized by the Securities and Exchange Commission, The Stock Exchange of Thailand, The Association of Investment Management

Companies, and The Association of Provident Funds resulting from the Company has promoted and educated the employee regarding the financial and saving for retirement plan.

<b>March 2019</b>	Thaire Services Co., Ltd. (THRES), the subsidiary of the Company, purchased THREI shares from existing shareholders which represented 51.0 percent of the total paid-up shares resulting in indirect shareholding in THREI of the Company increased to 100 percent.
<b>February 2019</b>	The Company reduced its investment in THREL to 10.1 percent.
<b>December 2018</b>	The Company reduced its investment in THREL to 11.1 percent and reclassified all investment in THREL from “trading” investment to “available-for-sale” investment.
<b>October 2018</b>	The Company was rated “Very Good” in the Corporate Governance Report of Thai Listed Companies (CGR) in 2018, organized by the Thai Institute of Directors (IOD).
<b>December 2017</b>	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.
<b>November 2017</b>	The Company acquired all the ordinary shares in EMCS Thai Co., Ltd. (“EMCS”) from existing shareholders and now holds 100 percent equity in EMCS.
<b>October 2017</b>	The Company was rated “Very Good” in the Corporate Governance Report of Thai Listed Companies (CGR) in 2017, organized by the Thai Institute of Directors (IOD).
<b>September 2017</b>	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.
<b>October 2016</b>	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).
<b>July 2016</b>	Thaire Training Co., Ltd., a subsidiary of the Company, became a unit under direct supervision of Thaire Services Co., Ltd.
<b>June 2016</b>	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.
<b>May 2016</b>	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.

## Thai Re Group Structure

As of December 31, 2020



## General Information of Our Group of Companies

Company	Nature of Business	Capital Registered/ Issued & Paid up (THB Million)	Percentage Owned (Percent)
Thaire Services Co., Ltd.	Providing a wide range of outsourcing services solution to life and non-life insurance companies and self-insured corporation.	100/100	100.0
Thaire Actuarial Consulting Co., Ltd.	Provision of actuarial services	50/50	100.0
EMCS Thai Co., Ltd.	Provision of computer services in relation to motor insurance claims and related statistics	30/30	100.0
<b>Indirectly shareholding by Thaire Services Co., Ltd.</b>			
Thaire Innovation Co., Ltd.	Providing digital platforms, technical consultation and related services to business and individual.	37.5/37.5	100.0
<b>Other entities in which the Company holds more than 10 Percent of shares</b>			
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	10.1

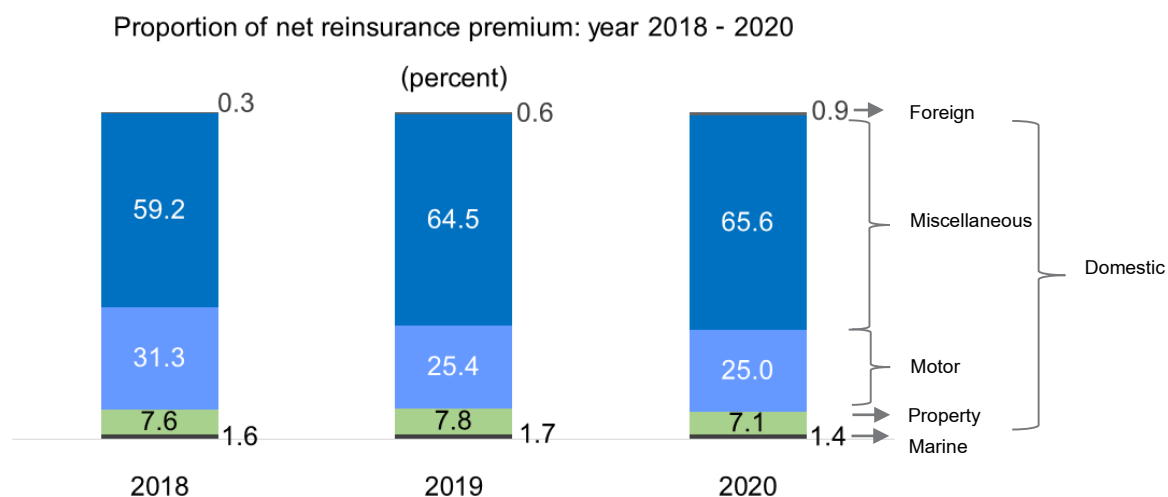


## 9 Nature of Business

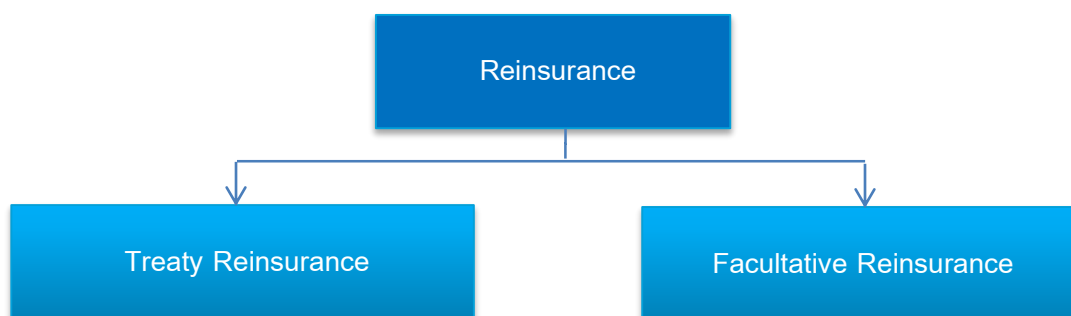


### Core Business

The Company offers variety of general reinsurance service to all local and international insurers. 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

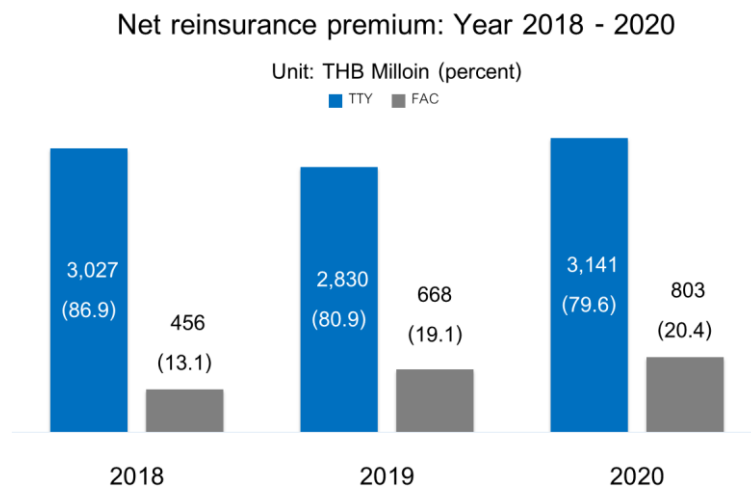
Company. The Company also has a policy to make only partial retrocessions for insurance policies that provide protection for more than one year.

In 2020, the net reinsurance premium under TTY agreements was 79.6 percent of the total, decreasing from 80.9 percent in 2019.

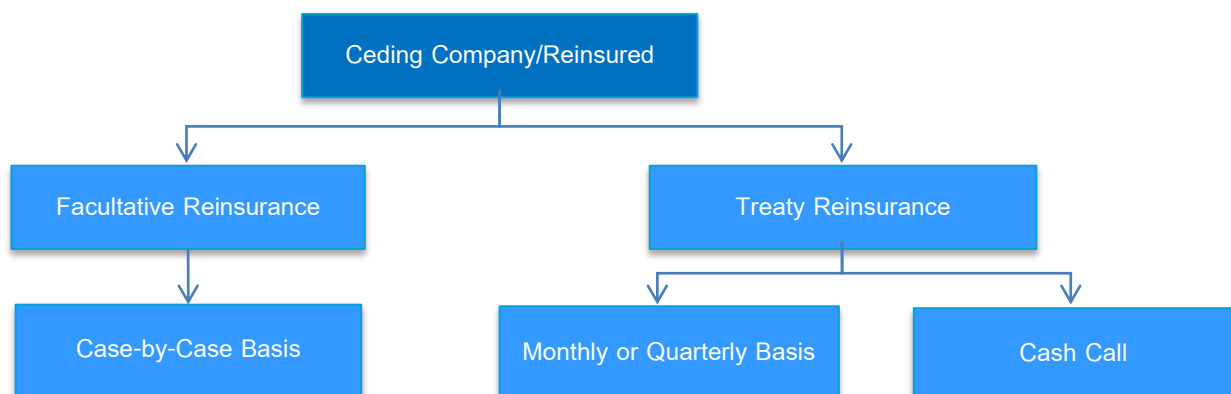
## 2. Facultative Reinsurance (FAC)

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 2020, the net reinsurance premium under facultative reinsurance contracts was 20.4 percent of the total, increasing from 19.1 percent in 2019.



## Compensation



When loss is incurred, the cedant will 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	2020		2019		2018	
		Amount	Percent	Amount	Percent	Amount	Percent
1. Underwriting Income							
- Net Earned Premium	Thai Re & Subsidiaries	3,749.9	84.6	3,608.8	76.8	3,359.4	90.3
	Thai Re	3,749.9		3,608.8		3,359.4	
- Fee and Commission Income	Thai Re & Subsidiaries	159.7	3.6	394.4	8.4	309.3	8.3
	Thai Re	159.7		394.4		309.3	
2. Net Investment Income							
	Thai Re & Subsidiaries	137.4	3.1	307.8	6.6	-291.6	-7.8
	Thai Re <sup>/1</sup>	175.8		346.1		-259.0	
3. Service and Others Income							
	Thai Re & Subsidiaries	386.3	8.7	385.6	8.2	343.0	9.2
Total (The Company and its subsidiaries)		4,432.3	100.0	4,696.6	100.0	3,720.1	100.0

Note: <sup>/1</sup> Included dividend income from subsidiaries.

## Investment

### 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 in financial and investment market landscapes.

# 10 Market Situation and Competition



## Current Non-Life Insurance Business Condition

The Office of the National Economic and Social Development Council revealed that the Thai economy in 2020 would likely shrink by 6.3 percent versus the prior year's growth of 2.4 percent. This stemmed primarily from the severe impact of the COVID-19 pandemic on countries across the globe, including Thailand. The use of lockdown measures to contain the outbreak has adversely affected economic activities in nearly all sectors, including the household sector which has experienced a dwindling income due to lay-offs or reduction in work hours, the business sector which has seen a revenue drop and investment slowdown as triggered by diminished purchasing power of consumers at home and abroad, and the tourism and related sectors which have been hit hard by the domestic and international travel restriction measures. In the efforts to alleviate these problems, the government has loosened the fiscal and monetary policy to kick-start the economy through measures such as a cut in the policy rate to 0.5 percent, a moratorium on debt repayments for both the household and the business sectors, an acceleration of lending through various projects, a roll-out of measures/schemes for wage subsidy or reduction of the people's cost of living such as the No One Will Be Left Behind scheme, the co-payment scheme, a reduction of water and electricity bills, a relief measure for tourism under the We Travel Together campaign, the issue of a one-trillion-baht loan decree, etc.

The COVID-19 outbreak is deemed a challenge to the non-life insurance business and can be both a crisis and an opportunity for this industry. Several classes of business have been drastically impacted by the pandemic. Among them, for instance, is insurance related to international activities, whether international travel insurance or marine insurance. Since travel insurance sales rely on Thai travelers' outbound trips, the premium in 2020 significantly dropped by 61.9 percent year-on-year. Likewise, marine insurance has been adversely affected because the outbreak has substantially driven down demand from Thailand's key trading partners and also disrupted the supply chains of some industries overseas. At the same time, the US-China trade war has hampered growth in international trade and world economy alike. This result in Marine insurance premium shrink by 3.3 percent year-on-year.

However, there is always an opportunity in a crisis. Numerous classes of business still have a good growth potential or at least can manage to weather the crisis, propelled by positive factors. They include:

1) **Personal accident and health insurance** Due to an awareness of the COVID-19 severity and sales promotion of the sellers of products and services by providing free COVID-19 coverage to customers, the sales of these two types of insurance with COVID-19 coverage increased remarkably in the first half of 2020, particularly health insurance. For accident insurance, its sales, if excluding the COVID-19 coverage, were equal to, or probably dropped slightly from, the preceding year on account of the public's weaker purchasing power. Nonetheless, the new wave of COVID-19 which broke out around mid-December 2020 will likely lead sales of

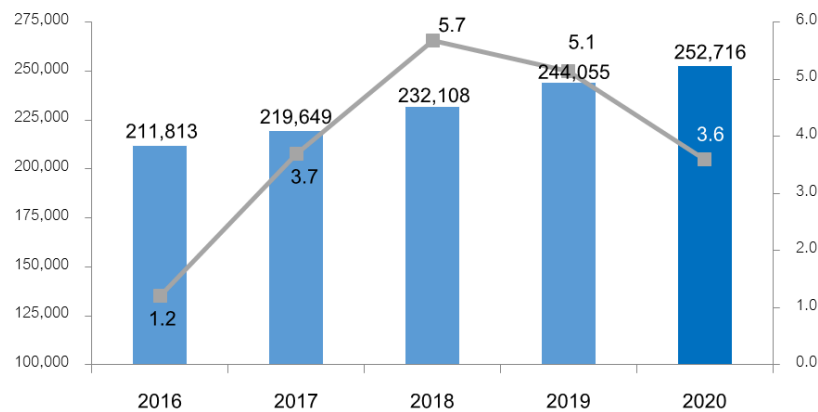
personal accident and health insurance with COVID-19 coverage to grow again until there is broad-scale vaccination, which is expected around the third quarter of 2021. It is thus predicted that, for the whole of 2020, accident insurance premium will grow marginally by 0.7 percent, while health insurance premium will increase hugely by 44.1 percent.

2) **Fire insurance** In the first half of the year, residential ownership transfer declined minimally from the previous year, which is better than forecast by analysts. For the latter half of the year, the real estate market has recovered in tandem with gradual improvement of the domestic economic activities. There were a number of encouraging factors, including developers' marketing campaigns such as price discounting and promotion programs, together with the government sector's stimulus measures, consisting of reduction of transfer fee and mortgage fee, the Baan Dee Mee Down scheme, revision of the LTV measure to enable the public to more easily own a first home, and measure for state-owned banks to cut mortgage loan interest rates and extend repayment period. However, the real demand for housing was already reflected in the first half of the year. Mortgage refinancing and multi-purpose loan application will continue to grow and, for the whole of 2020, insurance premium increase slightly by 0.5 percent.

3) **Industrial all risks (IAR) insurance** Subsequent to the entry into a hard market of property reinsurance business, reinsurance capacity in both the world and Thai markets has shrunk, springing from unsatisfactory underwriting results. Worse still, the COVID-19 outbreak has caused reinsurance capacity of the international reinsurers to decline even further, thereby leading IAR premium rates of large cases to edge up. Despite that, there still is demand for IAR insurance from Thai businesses, resulting the IAR insurance market grow by 10.0 percent in the year 2020.

4) **Motor insurance** The COVID-19 pandemic has triggered a drastic shrinkage in consumers' purchasing power, while draught has eroded buying power in the upcountry. Meanwhile, stricter lending criteria of auto finance companies resulted in a dramatic decrease in sales of new cars in the year 2020 to 0.79 million units, down over 21.4 percent compare to the previous year. However, a hike in prices of vehicles sold in 2020 in tandem with their advanced technology, coupled with higher repair costs and adjustment of the voluntary motor insurance coverage, led to a relative increase in premium rates. By taking all these factors into account, motor insurance premium grow slightly by 1.4 percent compare to the previous year.

Based on all aforementioned factors, it is forecast that direct written premium of the non-life insurance business in 2020 will increase by 3.6 percent, or to approximately THB 252,716 million compare to the previous year of THB 244,055 million.

Direct Premium and Growth Rate: 2016 – 2020

Source: OIC

On the side of market share, it is found that, in 2020, there were a total of 55 licensed non-life insurance companies. The top six companies wrote 50.2 percent of the total market. The major distribution channels were insurance brokers, 59.7 percent; agencies, 13.5 percent; and banks, 11.5 percent, respectively.

Year 2020 saw the non-life insurance business being threatened by the COVID-19 crisis like all other types of businesses. This simultaneously created an opportunity for the business since the crisis has heightened public awareness of the importance of health insurance, as evident from health insurance and COVID-19 coverage becoming more popular and widely recognized. In 2020, with the adaptation to new ways of life during the COVID-19 crisis and the use of technology as a helpful tool, insurance companies have striven to expand diverse distribution channels to allow for easier and more convenient access to their products through, for example, online sales channels, counter services, Line application, and others. To ride out the COVID-19 pandemic, non-life insurance companies have turned to compete in pricing, protection plans and servicing, along with development of new distribution channels and services through the use of technology and online social media, especially in the accident/health and motor classes. This is another crucial factor that will create a tougher competitive environment at present and in the not too distant future.

## Non-Life Reinsurance Market

The total reinsurance premiums ceded in 2020 account for THB 72,115 million, representing 28.5 percent of direct written premiums. Of such total reinsurance premiums, 16.5 percent is reinsurance ceded by Thai domestic insurers. Reinsurance written by Thai Re amounts to THB 4,329 million or around 6.0 percent, while the remaining 83.5 percent is reinsurance ceded to overseas reinsurers.

	2020 Non-Life Reinsurance Premiums <sup>1</sup>		
	THB Million	Proportion (Percent of Direct Premium)	Proportion (Percent of Reinsurance Premium)
Direct written premiums	252,716	100.0	
Reinsurance ceded premiums	72,115	28.5	100.0
- Domestic	11,931	4.7	
Thai Re	4,329	1.7	6.0
Other companies	7,602	3.0	10.5
- Foreign	60,184	23.8	83.5

Source: OIC and <sup>1</sup> Thai Re

Competitive edges in Thai reinsurance market lie in expertise and professionalism, ability to take risk, financial stability, customer relations management, and pricing. The Company is confident that it will be able to impressively expand the business opportunity.

## Industry Outlook

The COVID-19 pandemic has severely affected both the people and the economy in Thailand. It has caused a slowdown in and disruption to businesses and industries, as well as public and private sector investments, a halt in travel and tourism, and a slowdown in people's spending. Against this backdrop, however, the non-life insurance business has been propped up by many encouraging factors, including a greater preference for health insurance, particularly COVID-19 insurance, the government sector's issue of measures to promote/stimulate sales of residential properties or vehicles and people's spending, and tax measures for health insurance. These factors helped to shore up non-life insurance premiums for the whole of 2020 from the previous year.

Nonetheless, the COVID-19 situation worldwide remains severe, with repeated outbreaks in several countries, including Thailand. A new wave of the pandemic hit Thailand in mid-December 2020. The Thai government has made utmost endeavor to keep COVID-19 under control soonest possible, but it is hard to predict when the new wave of the infections will end. As from December 2020, several countries started rolling out their COVID-19 vaccination programs for some target population groups, which will help alleviate the severity of the pandemic. For Thailand, if the government's vaccination plan is on track, the vaccines will be first offered to at-risk groups by mid-2021, and then gradually offered to other groups.



In the wake of the new wave of the pandemic, non-life insurers have relaunched their COVID-19 coverage programs, providing both a renewal of the insurance taken out in 2020 and the newly-developed coverage plans. Premium and protection have been adjusted to fit into the current risk so that consumers will obtain appropriate medical coverage. It is expected that both the renewal and the new coverage plans will become popular. Meanwhile, insurers also focus on development and design of other products to fulfill consumer demand and stay in sync with the situation. Online sales channels have been expanded, whether through the companies' own channels or collaboration with their business partners such as brokers and banks, thus allowing quick, easy and convenient access to insurance and better addressing customers' needs. This is also driven by other factors such as the full entry into an ageing society in the near future, increasing medical expenses, awareness of the importance of health care of consumers and their family members, and the government's tax policy to favor the purchase of health insurance. At the same time, new products and services have been crafted to more truly respond to needs of different groups of consumers, for instance, health insurance for high-net-worth individuals, the elderly and children, specific health insurance, etc. Based on all these factors, it is expected that accident and health insurance will grow dramatically and continuously when compared with other classes of business.

The Company anticipates that the new wave of COVID-19 will have far-reaching adverse impacts on various industries continuously until there is broad-based vaccination in all countries throughout the world. Therefore, the non-life insurance business will carry on in such an uncertain environment. The Company further predicts that the overall non-life insurance business will likely steady or grow slightly in 2021 by 2.0 percent and achieve direct written premium of around THB 257,700 million.



# 11 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 ever before. The Company, therefore, needs effective and efficient enterprise risk management that enables the Company to take advantage of VUCA environment and helps the Company accomplish its mission, fulfill its vision, achieve its strategic goals, and thrive in the future.

As a result, 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, and reputation 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 and the Board of Directors 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. 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.

The Company manages its strategic risk by developing its strategic plans that are well aligned with the Company's mission and vision. The Company's strategic plans are continuously monitored and revised to ensure that they keep up with the changing market conditions. Business process improvements are regularly conducted to efficiently help the Company meet its goals and objectives.

The Company emphasizes on expanding its range of personal lines which covers more diversified and low sum insured risk. This will minimize the adverse effects on the operating results and enable the Company to have more sustainable performance. The Company also focuses on developing new distribution channels, products, and services and improving its business process and IT system so that it can operate 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.

#### **Product and Channel Innovation Risk**

Product and channel innovation risk is the risk arising from the Company's inability to develop innovative products and distribution channels.

The Company has a multi-faceted approach to manage product and channel innovation risk. Customer behavior data for niche customer segments are captured, analyzed, and utilized so that the Company would be able to better develop innovative products and channels that match potential consumers' expectations within each segment.

#### **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.

The Company is well aware of the potential causes of capital deficiency and has implemented risk management measures to address these issues. Factors affecting capital adequacy are examined thoroughly and fully 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. In case there is some potential new sizable projects that might affect the Company's performance, projected Capital Adequacy Ratio will be calculated and used in the decision making process. The Company has a conservative and actuarially sound loss reserve calculation. Reserve adequacy must be evaluated at least once a year whereas the Company's actuarial report must be signed off by the Fellow actuary. The Company also establishes an effective account receivable management, and continuously monitors its customer's financial condition.

#### **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 loss of one or a few may have an adverse effect on the Company's financial performance.

The Company manages its customer concentration risk by developing a policy that aims to grow and expand business with several non-life insurance companies to diversify income sources and reduce risk of overdependence on any single insurer. The Company continues to improve service quality with existing customers to ensure high levels of customer satisfaction and customer retention.

## **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, inability to develop talent in accordance with their expectations and the Company's plans, lack of mechanism that foster innovative behavior and innovation within the Company, or low engagement from employees that might lead to high turnover ratio and below-target performance.

The Company manages its human capital risk by deploying a talent development program for middle management and a succession plan for senior management. Competency-based training programs have been in place whereas internal regulations and welfare have been revised. Various company activities have been continuously deployed to increase employee engagement.

### Business Process Risk

Business process risk is the risk arising from erroneous or ineffective business processes. The Company manages its business process risk by developing and implementing control measures and revising its operational manuals periodically to ensure that they are complete, accurate, and up to date. Information technology systems that integrate business functions across the enterprise have been used to support business operations throughout the Company. Internal operations are continuously monitored and improved by the process improvement department to ensure the efficient conduct of all operations and audited by the internal audit department.

### Information Technology and Cybersecurity Risk

Information technology and cybersecurity 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 cyber threats to IT systems, data, and infrastructure.

The Company manages its IT and cybersecurity risk by putting in place IT policies and procedures to ensure operational continuity, protection against data loss, and prevention of data breaches. A variety of IT security including system security and data security have been put in place whereas cybersecurity policies and guidelines have been developed and maintained. IT security awareness and cybersecurity training programs are mandatory provided to all employees. Latest news and update about IT security and cybersecurity are regularly shared with all employees.

In addition through Business Continuity Management a Business Continuity Plan is in place to ensure that the Company is well prepared and able to manage unexpected situations that might affect its business operations. The Company-wide BCP drills are revised and conducted once a year. Additionally, the IT team is encouraged to develop new innovative ideas and explore new opportunities with existing business partners and various startups.



### Compliance Risk

Compliance risk is the risk arising from the Company's inability to act in accordance with industry laws and regulations as well as its internal policies.

Compliance risk management system has been put in place to manage compliance risk. The Company regularly informs new regulations to all employees. The Company always participates in public hearing process and provides constructive comments to the regulators. Warning system has been put in place together with legal search system. Compliance status is reported to senior executives every month and the Enterprise Risk Management Committee and the Audit Committee every quarter. Inter-departmental meeting is called upon to prevent or solve some special issues if needed

### Fraud Risk.

Fraud risk is the risk arising from wrongful or criminal deception as well as violation of internal or external regulations, intended to result in financial or personal gain.

The Company manages fraud risk by having various policies in place as well as the internal control and audit systems to prevent, detect, and deter fraud in 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 product development, ratemaking, underwriting, and reinsurance or fluctuations in the timing and amount of loss reserves and claim settlements.

The Company manages its insurance risk by developing its own underwriting guidelines based on technical knowledge and updated statistics and revising them periodically to keep up with changes in market conditions. The Company places a strong emphasis on underwriting discipline of individuals. Underwriting audit is in place to assure that underwriting guidelines are strictly followed. Statistical data and insights are incorporated into marketing plans to help the Company developing new profitable products with long-term growth potential. Customer needs are identified and taken in to account when developing new products for the niche market. The Company has established the policy that requires all products to be reviewed every 2 years.

The Company constantly monitors claim aging to ensure that suspended claims are not left untouched and puts in place claim monitoring and claim management system to ensure prompt payment. Simulation models for flood and earthquake have already been in place as well as the Company's excess of loss program to protect the reinsurance contracts underwritten against adverse claims experience.

### 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 manages its market risk by establishing its investment policy that is in accordance with the OIC's requirements, with clear guidelines to provide direction for investment and portfolio management.

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. 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 manages its liquidity risk by establishing 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.

#### 6. 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 manages its credit risk by regularly analyzing and evaluating its retrocessionaires and issuers of securities' credit quality and monitoring 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-."

#### 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 and cause adverse effects to business.

The Company manages its emerging risk by continually gathering and analyzing 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.

# 12 Structure of Shareholders and Management



## Shareholders

1. Top ten major shareholders as of 9 November 2020 are as follows:

Shareholders	No. of Shares	Percentage (Percent)
1. HWIC Asia Fund A/C Class C	1,987,104,436	47.14
2. Mr. Wachira Tayanaraporn	134,000,000	3.18
3. Viriyah Insurance Pcl.	133,658,535	3.17
4. Thai NVDR Co., Ltd. <sup>1</sup>	120,397,672	2.86
5. Bangkok Insurance Pcl.	100,051,996	2.37
6. Dr. Kanokkaew Viravan	78,258,600	1.86
7. The Navakij Insurance Pcl.	63,295,919	1.50
8. Mr. Kerati Panichewa	43,161,179	1.02
9. Mr. Sataporn Ngarmruengpong	42,448,500	1.01
10. Mr. Oran Vongsuraphichet	36,548,300	0.87
<b>Total</b>	<b>2,738,925,137</b>	<b>64.98</b>
11. Other Shareholders	1,476,068,695	35.02
<b>Grand Total</b>	<b>4,214,993,832</b>	<b>100.00</b>

<sup>1</sup>Thai NVDR Company Limited, the issuer of NVDRs, do not exercise voting rights at the shareholders' meeting. Investors can check the latest number of shares of the company held by Thai NVDR Co., Ltd. at the website of the Stock Exchange of Thailand ([www.set.or.th](http://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.

HWIC Asia Fund, a major shareholder of the Company, owns 47.14 percent of total shares as of the registration book closing date of 9 November 2020.

For the latest update on the top ten major shareholders, please visit website of the Company at <https://investor.thaire.co.th/shareholdings.html> and the Stock Exchange of Thailand at [www.set.or.th](http://www.set.or.th) after the closing of the shareholders registration book.

## Shareholders' agreement

The Company has entered a written agreement with Fairfax, major shareholder as follows:

Fairfax has no ultimate control over the company and has the right to nominate maximum 40 percent of the total number of Company' Board of Directors.

## 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	2016	2017	2018	2019	2020 <sup>1</sup>
Earnings per share (THB)	0.21	0.15	-0.24	0.03	0.05
Dividend per share (THB)	0.15	0.10	0	0	0.04
Payout Ratio (percent)	72.23	66.67	0	0	80.00

Remark: <sup>1</sup>Subject to the approval of Annual General Meeting of Shareholders No.28 on 23 April 2021

## Shareholding of Director and Management

Shareholding of Board of Directors and management, 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, 2019 <sup>1</sup>	No. of Shares as of Dec 31, 2020 <sup>1</sup>	Change Increase (Decrease) in 2020	Percentage
<b>Director</b>					
1	Mr. Chai Sophonpanich	3,739,104	3,739,104	-	0.09
	Their spouses and children who have not reached maturity	-	-	-	-
2	Mr. Chandran Ratnaswami	-	-	-	-
	Their spouses and children who have not reached maturity	-	-	-	-
3	Mr. Kerati Panichewa	35,091,582	43,161,179	8,069,597	1.02
	Their spouses and children who have not reached maturity	-	-	-	-

No.	Name	No. of Shares as of Dec 31, 2019 <sup>1</sup>	No. of Shares as of Dec 31, 2020 <sup>1</sup>	Change Increase (Decrease) in 2020	Percentage
4	Mr. Jiraphant Asvatanakul	770,616	770,616	-	0.018
	Their spouses and children who have not reached maturity	-	-	-	-
5	Mr. Chanin Roonsamram	-	-	-	-
	Their spouses and children who have not reached maturity	-	-	-	-
6	Ms. Potjane Thanavaranit	204,820	204,820	-	0.005
	Their spouses and children who have not reached maturity	-	-	-	-
7	Mr. Sara Lamsam	3,500,000	3,500,000	-	0.08
	Their spouses and children who have not reached maturity	-	-	-	-
8	Mr. Gobinath Arvind Athappan	-	-	-	-
	Their spouses and children who have not reached maturity	-	-	-	-
9	Mrs. Chaveewan Aksornsawaddi	-	-	-	-
	Their spouses and children who have not reached maturity	-	-	-	-
10	Ms. Ada Ingawanij	-	-	-	-
	Their spouses and children who have not reached maturity	-	-	-	-
11	Mr. Oran Vongsuraphichet	36,548,300	36,548,300	-	0.87
	Their spouses and children who have not reached maturity	-	-	-	-
<b>Management</b>					
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: <sup>1</sup> Number of common stock issued and Paid-up 4,214,993,832 shares



## Board of Directors Structure

The Company's Board of Directors comprises of 11 members. 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 Board of Directors and Executives section.

The Board chairman, Vice-Chairman, and Board Secretary shall be elected annually at the first Board meeting after the Annual General Shareholders' Meeting. To separate the role of policy setting, auditing, and management, the Chairman and Chief Executive Officer (CEO) are required not to be the same persons.

### Board of Directors

The Board of Directors of the Company consists of 11 members, ten members are non-executive directors, one member 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 31 December 2020, members of the Board of Directors are listed as below:

Board of Directors	Position
1. Mr. Chai Sophonpanich	Chairman, Director of Investment Committee and Director of Nomination and Remuneration Committee
2. Mr. Chandran Ratnaswami	Vice Chairman, Chairman of the Nomination and Remuneration Committee, and Chairman of Investment Committee
3. Ms. Potjanee Thanavarani	Independent Director and Chairman of the Director of Audit Committee
4. Mr. Chanin Roonsamram	Independent Director and Director of Audit Committee
5. Mr. Kerati Panichewa	Director
6. Mr. Sara Lamsam	Independent Director
7. Mr. Jiraphant Asvatanakul	Director, Director of Nomination and Remuneration Committee and Director of Investment Committee <sup>1</sup>
8. Mr. Gobinath Arvind Athappan	Director
9. Mrs. Chaveewan Aksornsawaddi	Independent Director and Director of Audit Committee
10. Ms. Ada Ingawanij	Independent Director and Director of Audit Committee
11. Mr. Oran Vongsuraphichet	Director, Director of Investment Committee, Director of Nomination and Remuneration Committee <sup>1</sup> , Chairman of Enterprise Risk Management Committee and Chief Executive Officer,

Remark: <sup>1</sup> Appointed from board meeting on 23 February, 2021



The directors authorized to sign on behalf of the Company are Mr. Jiraphant Asvatanakul, Mr. Oran Vongsuraphichet and Mr. Kerati Panichewa, Any two shall co-sign with the Company's seal affixed.

#### **Scope of Duties, Authorities and Responsibilities of the Board of Directors**

1. Supervising and managing the Company so that it is in accordance with the law, Company's objectives, the Articles of Association and the resolutions of shareholders' meetings by aiming at the appropriate benefit of the Company.

2. Reviewing and approving Company's policy and business plan as follows:

- Approval of important issues in Company's business, i.e. structure, management, vision, mission, objectives, plan, strategy, policy, risk management, long-term business plan, financial goal and annual budget.
- Approval of hiring or termination of the Company's top management, approval of salary and employee benefits and annual performance evaluation of top management.
- Approval of annual salary increase rate for employees and regulations on the welfare of employees.
- Assigning the responsibility and authority to management and their subordinates.
- Following up and evaluating the Company's performance compared to the plan and budget.

3. Put in place a robust financial reporting and auditing system and efficient internal control and risk management process.

4. Ensuring that the Company follows good corporate governance practices, business ethics and corporate social responsibilities.

5. Consideration and approval all connected transactions, related party transactions, acquisition and disposal of assets, and any other acts as required by law or supervising authority to avoid all conflicts of interest.

6. Consideration the appointment of sub-committees where issues require such consideration.

Moreover the Board of Directors have delegated management authority to the Chief Executive Officer and Chief Executive Officer may delegate to its subordinates as appropriate. Responsibilities for all management activities is granted except for authority to approve any transaction where there may be a conflict of interest involving the Company or its subsidiaries.

#### **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 Board of Directors by submitting an invitation letter at least 14 days before the meeting date allowing the directors adequate time to fully consider the matters.

2. Determining the meeting agenda with the Chief Executive Officer.

3. Encouraging the director to attend the meeting and ensuring that the meetings run effectively with sufficient time for the presentation of information and questions and opinions from the directors. Controlling the discussions and summation of the meeting's resolutions.
4. Promoting corporate governance principles among directors.
5. Communicating all essential information to directors.
6. Encouraging the directors' participation in shareholders' meetings and acts as Chairman of the meeting. Control and ensure that the meeting is efficient and respond to all questions raised by shareholders.
7. Supervising and follow up the directors to perform their duty in the scope of authorities and responsibilities to meet the Company's objectives and plans and compliance with the laws and the corporate governance principles of the Company.
8. Promoting good relationship between executive directors and non-executive directors including the directors and management.

#### Approval authority of the Board of Directors

The Board of Directors has the authority to approve important matters of the Company as stipulated by law. The board also has authority to approve the operational authority to the Chief Executive Officer and senior management in various matters within the specified authority or credit limit. In case the authority or credit limit is exceeded, it shall be proposed to Board of Directors for approval.

### 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 2020, the Board of Directors held four meetings. The 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 on November 24, 2020, to evaluate the annual performance, approve annual remuneration of Chief Executive Officer and employees, and discuss any other issues if any.



### Audit Committee meeting

In 2020, the Audit committee members held four meetings; their main duties can be summarized as follows:

1. Reviewing 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 2020, EY Office Limited was nominated and appointed as auditors of the Company for another year.
3. Holding two meetings with the external auditors. A meeting without the attendance of management to review the guidelines and the scope of audit performance. And another meeting to review the audit plans, its results, and recommendations has been undertaken to ensure that all audit processes are done in a manner with auditing standards.
4. Supervising and approving internal annual audit plans based on the Company's risk status. 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. Reviewing the related party transaction reports every quarter.
6. Reviewing the Company's risk management policies, policy implementation and guidelines for effective risk management.
7. Reviewing the compliance with laws and regulations every quarter.
8. Reviewing the Company for appropriate and adequate implementation on anti-fraud /corruption measures and the whistleblowing /protection system.
9. Reviewing the Audit Committee Charter to cover the duties and responsibilities under the principles of good corporate governance.
10. Conducting the annual Audit Committee self-evaluation for review and self-improvement.
11. Conducting the annual internal control adequacy evaluation and propose results to the Board of Directors.

### Nomination and Remuneration Committee meeting

In 2020, the Nomination and Remuneration committee held two meetings to appoint qualified persons to replace retired directors and determine remuneration for the Committee and the Board of Directors, Chief Executive Officer and employees. The committee performed their duties completely as specified in the Charter.

### Investment Committee meeting

In 2020 the Investment Committee held one meeting to revise the Company's investment policy and classified the investment assets to comply with the Thai Financial Reporting Standard 9 (TFRS 9) which the Company fully adopted since 1 January 2020.

### Enterprise Risk Management Committee meeting

The Enterprise Risk Management Committee had met five times in 2020 to revise the Company's risk appetite and identify the Company's top risks. Risk register has been prepared whereas risk owner, risk tolerance, key risk indicators, and risk management measures have been revised to ensure that the Company's enterprise risk management that has been put in place is efficient and effective, and enable the Company to manage its risks within the Company's risk appetite. The Enterprise Risk Management Committee has continuously monitored the Company's risk profile, key risk status, and Capital Adequacy Ratio and report the results to the Board of Directors every quarter.

The names of the Board of Directors, including their meeting attendance in 2020 are given below.

Board of Directors	Position	No. of meetings attended / No. of meetings held			
		Board of Directors	Audit Committee	Nomination and Remuneration Committee	Investment Committee
1. Mr. Chai Sophonpanich	Chairman, Director of Investment Committee and Director of Nomination and Remuneration Committee	4/4	-	2/2	1/1
2. Mr. Surachai Sirivallop <sup>1</sup>	Vice Chairman, Director of the Nomination and Remuneration Committee, and Director of Investment Committee	1/4 <sup>1</sup>	-	0/2 <sup>1</sup>	0/1 <sup>1</sup>
3. Mr. Chandran Ratnaswami	Vice Chairman, Chairman of the Nomination and Remuneration Committee, and Chairman of Investment Committee	2/4 <sup>2</sup>	-	1/2 <sup>2</sup>	0/1 <sup>2</sup>
4. Mr. Kerati Panichewa	Director	4/4	-	-	-
5. Mr. Jiraphant Asvatanakul	Director and Director of Nomination and Remuneration Committee and Director of Investment Committee <sup>5</sup>	4/4	-	2/2	-
6. Mr. Chanin Roonsamrarn	Independent Director and Director of Audit Committee	3/4 <sup>2</sup>	4/4	-	-
7. Mr. Sara Lamsam	Independent Director	3/4 <sup>2</sup>	-	-	-



Board of Directors	Position	No. of meetings attended / No. of meetings held			
		Board of Directors	Audit Committee	Nomination and Remuneration Committee	Investment Committee
8. Mr. Aswin Kongsiri <sup>3</sup>	Independent Director and Chairman of Audit Committee	2/4 <sup>3</sup>	2/4 <sup>3</sup>	-	-
9. Ms. Potjanee Thanavarani	Independent Director and Director of Audit Committee	4/4	4/4	-	-
10. Mr. Gobinath Arvind Athappan	Director	2/4 <sup>2</sup>	-	-	-
11. Mrs.Chaveewan Aksornsawaddi <sup>4</sup>	Independent Director and Director of Audit Committee	2/4 <sup>4</sup>	2/4 <sup>4</sup>	-	-
12. Ms. Ada Ingawani <sup>4</sup>	Independent Director and Director of Audit Committee	2/4 <sup>4</sup>	2/4 <sup>4</sup>	-	-
13. Mr. Oran Vongsuraphichet	Director, Director of Investment Committee, Director of Nomination and Remuneration Committee <sup>5</sup> , Chairman of Enterprise Risk Management Committee and Chief Executive Officer	4/4	-	-	1/1

**Remark** <sup>1</sup> Left the position of Vice Chairman, Director of the Nomination and Remuneration Committee, and Director of Investment Committee on 7 July 2020.

<sup>2</sup> The director was absent due to prior engagement and the COVID-19 situation.

<sup>3</sup> Left the position of Independent Director and Chairman of Audit Committee on 7 July 2020.

<sup>4</sup> Held the position of Independent Director and Director of Audit Committee on 7 July 2020

<sup>5</sup> Appointed from board meeting on 23 February 2021

## Management

At 31 December 2020, the management of the Company according to definition of the Securities & Exchange Commission were:

Name	Position
1. Mr. Oran Vongsuraphichet	Director & Chief Executive Officer
2. Mrs. Nantinee Chinwanno	Executive Vice President
3. Ms. Pojaman Fuangaromya	Executive Vice President
4. Mr. Wichai Chaochaicharoenkul	Senior Vice President
5. Mr. Chamroen Phusit	Senior Vice President
6. Dr. Piyawadee Khovidhunkit	Senior Vice President
7. Mr. Chatchai Payakarintarakura <sup>1</sup>	Senior Vice President (Head of Accounting and Finance)

**Remark** <sup>1</sup> Mr. Chatchai Payakarintarakura held the position of Head of Accounting and Finance and responsible for overseeing accounting by registering as an accountant for the Company since January 1, 2018. In 2020, Mr. Chatchai has received continuous training for accounting knowledge in the amount of 6 hours.

### 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 CEO is 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 Ms. Waraporn Lertrungrueng as Company Secretary from 1 June 2018. The qualifications of the Company Secretary can be found in the report 56-1 (Attachment 1) and the roles of the Company Secretary can read via the Company's website at <https://investor.thaire.co.th/directors.html>.

### Remunerations for the Directors and Executives

#### Remuneration Policies 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 shall receive extra compensation. 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 2020 according to the resolution of the Annual General Meeting of Shareholders No. 27 on 7 July 2020 are listed below:

(Unit: THB)

Board of Directors	Remunerations (Monthly per person)		Conference fee*		Gratuity
	Chairman	Director	Chairman	Director	
Board of Directors	30,000	25,000	35,000	25,000	-
Audit Committee	-	-	50,000	35,000	-
Nomination and Remuneration Committee	-	-	25,000	25,000	-
Investment Committee	-	-	25,000	25,000	-
Enterprise Risk Committee	-	-	-	-	-

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

#### b) Directors' remuneration received from being a Board of Directors in the subsidiary company.

Directors did not receive gratuity from being a Board of Directors in the subsidiary company

The remunerations<sup>1</sup> in 2020 are listed below:

(Unit: THB)

Board of Directors	Remunerations (Monthly)	Gratuity <sup>2</sup>	Remunerations				
			Board of Directors	Audit Committee	Nomination and Remuneration Committee	Investment Committee	Total
1. Mr. Chai Sophonpanich	300,000	-	140,000	-	50,000	25,000	515,000
2. Mr. Surachai Sirivallop <sup>3</sup>	90,000	-	25,000	-	-	-	115,000
3. Mr. Chandran Ratnaswami	240,000	-	50,000	-	25,000	-	315,000
4. Mr. Kerati Panichewa	240,000	-	100,000	-	-	-	340,000
5. Mr. Jiraphant Aswatanakul	240,000	-	100,000	-	50,000	-	390,000
6. Mr. Chanin Roonsamrarn	240,000	-	75,000	140,000	-	-	455,000
7. Mr. Sara Lamsam	240,000	-	75,000	-	-	-	315,000
8. Mr. Aswin Kongsiri <sup>4</sup>	90,000	-	50,000	100,000	-	-	240,000
9. Ms. Potjane Thanavarani <sup>5</sup>	240,000	-	100,000	170,000	-	-	510,000
10. Mr. Gobinath Arvind Athappan	240,000	-	50,000	-	-	-	290,000
11. Mrs. Chaveewan Aksornsawaddi <sup>6</sup>	150,000	-	50,000	70,000	-	-	270,000
12. Ms. Ada Ingawani <sup>6</sup>	150,000	-	50,000	70,000	-	-	270,000
13. Mr. Oran Vongsuraphichet	240,000	-	100,000	-	-	25,000	365,000
<b>Total</b>	<b>2,700,000</b>	<b>-</b>	<b>965,000</b>	<b>550,000</b>	<b>125,000</b>	<b>50,000</b>	<b>4,390,000</b>

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

<sup>2</sup> There was no gratuity for directors in 2020



<sup>3</sup> Left the position of Vice Chairman, Director of the Nomination and Remuneration Committee, and Director of Investment Committee on 7 July 2020.

<sup>4</sup> Left the position of Independent Director and Chairman of Audit Committee on 7 July 2020.

<sup>5</sup> Held the position of Chairman of Audit Committee on 7 July 2020

<sup>6</sup> Held the position of Independent Director and Director of Audit Committee on 7 July 2020

#### c) Monetary remuneration for executives

In 2020, the Company paid salaries and bonus to seven executives, according to the list in the 'Management' Section, the total amount was THB 43.9 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 2020, contribution to such funds was provided for seven 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 3.4 million.
- Contribution to post-employment benefits totaling THB 3.6 million.

## Human Resources

As of 31 December 2020, Thai Re Group had total workforce of 418 people. The number of employees working on each core business line is listed below:

Department	Employees
Reinsurance	
Executive	7
Business Development	28
Business Support	42
Organization Support	55
<b>Total</b>	<b>132</b>
Service Providers	286
<b>Grand Total</b>	<b>418</b>



### Remunerations for Employees

The employees are considered as the important resources to bring the company to achieve its vision and goal. Therefore, the Company determines the appropriate organizational structure and manpower, with an effective recruitment process to identify employees who have the knowledge, skills, experience and abilities to drive the company towards the goals. In addition, the company is confident that all selected employees are not involved in corruption.

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 2020, Thai Re Group has taken measures to help employees affected by the COVID-19 situation, including lower interest rates on loans and moratoriums, supply of masks and alcohol gels, as well as helping with food and travel expenses to employees who are necessary to be at the office.

In 2020, Thai Re Group paid THB 388 million for employee remuneration, details of which are as follows:

(Unit: THB Million)

Employees expenses	Thai Reinsurance	Service Provider	Total*
Salaries and wages	170	167	337
Social security fund	1	1	2
Contribution to provident fund	10	9	19
Defined benefit plans	4	6	9
Other benefits	12	9	21
<b>Total</b>	<b>197</b>	<b>192</b>	<b>388</b>

\* 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 2020, in addition to Functional and Technical Development, the Company continues to be a learning organization by partnering with SEAC, a leading training provider in Thailand, to provide employees with the opportunity to access the copyright courses of the world's leading institutions, including:

- Design Thinking course, The Stanford Center for Professional Development
- Outward Mindset course, The Arbinger Institute
- The Four Houses of DISC course, Extended DISC
- Emotional Intelligence course, Psytech International

Employees can choose to study an unlimited number of courses that interest them in both in-class and online formats without the need for supervisor approval in order to expand the worldview and promote learning of new things in addition to the normal work of employees.

In addition to the human resource development plans mentioned above, the Company continued to be a Learning Organization as a part of the 3D&I strategies that enhances the corporate culture to the organization of having sustainable innovation by initiating the Knowledge Management (KM) project, conducting a book exchange for reading program, introduction of Electronics Library and Coaching Library as well as continuing the Creative Day and Knowledge Sharing activities at least once a month so that employees can exchange ideas from employees and external speakers in a creative atmosphere by not limiting the knowledge that only related to their work, such as the introduction of savings for retirement, Knowledge of Artificial Intelligence (AI), Disease Prevention, Office Syndromes etc.

In 2020, the Company assigned 159 employees to attend 53 training courses in and outside the country, with total training period of 5,741 hours or an average of 36 training hours per person trained.

Course	Number of Courses	Number of Participants
Insurance	9	13
Non-Insurance	44	146
<b>Total</b>	<b>53</b>	<b>159</b>



## Internal Control and Risk Management

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

At the Board of Directors' Meeting No. 1/2021 held on 23 February 2021, which was attended by all members of the Audit Committee, the Board of Directors granted the Company's internal control systems for the year 2020. 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 agreed that 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 Audit Committee who have full authority to appoint, dismiss and transfer the Head of Internal Audit Department.

The Audit 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 10 October 2014. The Compliance Department is under supervision of the Audit Committee.

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.

# 13 Corporate Governance



## Corporate Governance Policies of Thai Re Group

Board of Directors of Thai Re and its subsidiaries is committed to conduct business in accordance with good corporate governance principles. The Company promotes innovation that adds value to shareholders, employees, customers, partners and all stakeholders to ensure that the Company has competitiveness and can adapt to various change factors. The Company also takes into account the ethics in business and the impact on society and the environment in the long term for sustainable organization.

The Board of Directors has set the policy on Corporate Governance for directors, management and employee and has disclosed such policy in the 2020 Sustainable Development Report which interested persons can download via the Company's website at <https://investor.thaire.co.th/download.html>.

## Subcommittees

For compliance in all aspects of the business the Board of Directors appoints three committees to oversee, monitor and resolve or recommend action. Those committees are Audit Committee, the Nomination and Remuneration Committee, the Investment Committee and one management committee level namely the Enterprise Risk Management Committee. The structures and accountabilities are as follows:

### a. Audit Committee

Audit Committee was established on 24 February 1999 comprising of four independent directors acting for a three-year term. Current committee members are:

Name	Position
1. Ms. Potjanee Thanavarani	Chairman of Audit Committee
2. Mr. Chanin Roonsamrarn	Director of Audit Committee
3. Mrs.Chaveewan Aksornsawaddi	Director of Audit Committee
4. Ms. Ada Ingawani	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. Two members namely Ms. Potjanee Thanavarani and Mrs.Chaveewan Aksornsawaddi graduated in accounting.



### Scope of Duties and Authority

1. Review and ensure the Company's financial reporting is accurate, reliable, with complete disclosure of significant information in accordance with Generally Accepted Accounting Principles.
2. Review and ensure the Company's internal control, internal audit and information technology audit are appropriate and effective.
3. Consider the charter of the internal audit unit and ensure the unit is independent. Also, to approve the appointment, performance evaluation, promotion, transfer and termination of the head of the internal audit unit or any other unit in charge of an internal audit.
4. Review and ensure the Company's practices comply with the laws and regulations specified by the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET), and others related to the Company's business.

In the case where the Audit Committee found a violation of the non-life insurance law and the Board of Directors does not take any remedy within the time deemed appropriate. The Audit Committee shall report to the Office of Insurance Commission (OIC) immediately.

5. Consider, select, nominate, and terminate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with the auditor at least once a year.
6. 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 Stock Exchange of Thailand (SET) and are reasonable and in the best interests of the Company.
7. Review and ensure the Company's risk management system is appropriate, effective and discreet according to the internationally accepted framework.
8. Review and ensure the Company has appropriately and adequately implemented the anti-fraud /corruption measures and the whistleblowing /protection system.
9. Express an opinion on the Company's overall internal control assessment report submitted to the Board of Directors.
10. Review and ensure the Audit Committee Charter covers the duties and responsibilities of the Audit Committee under the principles of good corporate governance and the laws and regulations relating to the Company's business at least once a year.
11. Prepare an Audit Committee Report signed by the Audit Committee Chairman. The report must contain information at least as required by The Stock Exchange of Thailand (SET) for publication in the Company's annual report.
12. To perform any other duties assigned by the Board of Directors with the consent of the Audit Committee.
13. In cases where an internal audit or other work of the Audit Committee requires specialized expertise, the Audit Committee shall consider hiring the consultants or external experts with the Company's budget, for professional opinions or recommendations.

## b. Nomination and Remuneration Committee

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

Name	Position
1. Mr. Chandran Ratnaswami	Chairman of the Nomination and Remuneration Committee
2. Mr. Chai Sophonpanich	Director of the Nomination and Remuneration Committee
3. Mr. Jiraphant Asvatanakul	Director of the Nomination and Remuneration Committee
4. Mr. Oran Vongsuraphichet <sup>1</sup>	Director of the Nomination and Remuneration Committee

Remark: Appointed from board meeting on 23 February 2021

### Scope of Duties and Authority

#### Nomination Responsibilities

1. To determine and recommend structure, size and composition and qualifications of the Board of Directors and sub-committee.
2. To determine policy, criteria, qualifications and nominating procedures for the appointment of directors and sub-committee members to replace those who completing their terms.
3. To recommend and nominate directors and sub-committee members from qualified candidates and propose to the Board of Directors for consideration and/or Shareholders' Meeting for approval, as the case may be.
4. To select, screen and propose a qualified person for the position of Chief Executive Officer (CEO) whenever this is vacant including to propose the criteria and succession plan for key management for Board of Director's consideration.

Key management mentioned above are Chief Executive Officer and the first key executives next to Chief Executive Officer.

#### Remuneration Responsibilities

1. To determine a policy and structure for remuneration and other benefits for directors, board advisor and sub-committee members of the Company based on transparent criteria and reasonable with the duties, responsibilities, related risks and also focus on increasing shareholder value.
2. To determine the remuneration policy of senior executives which will be in line with the Company's and their performance.
3. To determine the annual remuneration of the Board of Directors and sub-committee members before proposing to Shareholder's Meeting for approval.
4. To determine the annual remuneration of senior management before proposing to the Board of Directors for approval.

#### Other Responsibilities

To perform any other duties as assigned by the Board of Directors with the consent of the Nomination and Remuneration Committee.



### c. Investment Committee

Investment Committee was established on 28 February 1994 comprising of four 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 Ratnaswami	Chairman of Investment Committee
2. Mr. Chai Sophonpanich	Director of Investment Committee
3. Mr. Oran Vongsuraphichet	Director of Investment Committee
4. Mr. Jiraphant Asvatanakul <sup>1</sup>	Director of Investment Committee

Remark: Appointed from board meeting on 23 February 2021

#### Scope of Duties and Authority

1. To consider the investment policy framework and other business investment for approval from the Board of Directors.
2. To approve the Company's investment plan to be in line with the investment policy framework and risk management policy.
3. To supervise the investment of the Company to comply with the investment policy framework, other business investment, risk management policy, investment methodology and the relevant legal requirements.
4. To regulate the Company's investment transaction to be transparent and prevent the conflict of interest.
5. To supervise and ensure the system, staff and the information used for the investment be sufficient.
6. To report regularly the investment performance to Board of Directors.
7. To perform any other duties as assigned by the Board of Directors.

### d. 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.

Name	Position
1. Mr.Oran Vongsuraphichet	Chairman of Enterprise Risk Management Committee
2. Mrs.Nantinee Chinwanno	Director of Enterprise Risk Management Committee
3. Ms.Pojaman Fuangaromya	Director of Enterprise Risk Management Committee
4. Mr.Chamroen Phusit	Director of Enterprise Risk Management Committee
5. Mr.Chatchai Payakarintarangkura	Director of Enterprise Risk Management Committee
6. Mr.Wichai Chaochaicharoenkul	Director of Enterprise Risk Management Committee
7. Mrs.Nawarat Wongthitirat	Director of Enterprise Risk Management Committee
8. Dr.Piyawadee Khovidhunkit	Director and Secretary of Enterprise Risk Management Committee
9. Mrs.Thitaporn Tarakit	Advisor



**Scope of Authority:**

1. Seek any information it requires from employees who are directed to cooperate with the Committee's requests, or from external parties.
2. Take additional actions on any matters within its scope of responsibility, as necessary, to perform its duties and responsibilities.

**Scope of Duties and Responsibilities:**

1. Oversee the Company's risk management policy which covers strategic risk, operational risk, insurance risk, market risk, credit risk, liquidity risk, and other risks as deemed appropriated, and submit to the Board of Directors for approval.
2. Assess the overall effectiveness of current risk measures and the Company's Enterprise Risk Management framework and policy.
3. Meet at least quarterly to monitor the Company's risk status and the effectiveness of risk measures and provide ongoing guidance and support for the refinement of the overall risk management framework.
4. Report to the Board of Directors at least quarterly on the Company's risk status and the effectiveness of risk measures used to control the exposures, as well as significant incidents and proposed risk mitigation measures to ensure that the Company's risk profile stays within its risk appetite.
5. Review the effectiveness of the Company's Enterprise Risk Management Policy and Framework at least annually and update it as needed to respond to any event that might have a significant or material effect on the Company's financial position.
6. Ensure that the Company's Enterprise Risk Management complies with relevant regulatory requirements.
7. Perform other duties and responsibilities delegated by the Board of Directors.

In addition, the Board of Directors may appoint other subcommittees to help dealing with other special or important tasks occasionally.

## 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 SEC and OIC, 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, SET and OIC 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 undertake any business in the same nature and in competition with the business of the Company or its subsidiary, nor be a significant partner in a partnership or director with management authority, employee, staff member or advisor who receives salary or holds shares exceeding 1% of the total number of shares with voting rights of another company which undertakes business in the same nature and in competition with the business of the Company or its subsidiary.

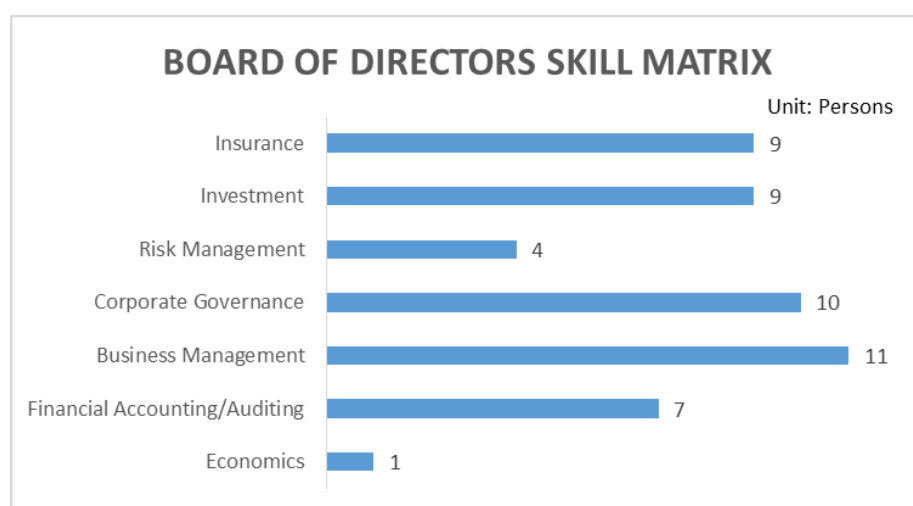
9. An independent director must not have any other characteristics which make him/her incapable of expressing independent opinions with regard to the Company's business affairs.

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, specialized 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. They must also completely meet the qualifications specified in Section 68 of the Public Limited Companies Act B.E. 2535 (and as amended) and the Notification of the SEC and must not possess any prohibited characteristics under the SEC Act (and as amended) and other applicable laws and regulations.



At present, the board of directors consists of 11 directors which suit the Company's size. Each director has working experience or ever held top management position in private or government sectors who has expertise in management, insurance, investment, corporate governance, risk management and finance & accounting which made the current board composition diversely and suitable with the business in all aspects.

#### 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 Board of Directors or 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 highest votes cast by shareholders shall be elected as directors in descending order until all of the required director positions are filled. In the event of a tied vote on the last in the order of director positions to be filled, the Chairman of the meeting shall have the deciding vote.

At present there are 2 directors appointed by major shareholders who are Mr. Chandran Ratnaswami and Mr. Gobinath Arvind Athappan

#### 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 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.

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 Use Policy

Internal information refers to information that has not yet been disclosed to the public or information that is used for the sole purpose of internal use in the Company (not for personal use), such as financial statements that have not yet been submitted to the SET, dividend payment, M&A and important commercial contracts, etc.

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, executives and employees who work in the unit that can access or use internal information 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.

2. 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.

3. The directors, executives and employees shall be informed of their duty to report securities holding including of their spouse and minor children to the SEC pursuant to Section 59<sup>1</sup> 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<sup>2</sup> and penalty clauses under Section 298 of the Securities and Exchange Act B.E. 2535 (and as amended).

4. The directors and executives and auditors 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. The report thereof shall be prepared and submitted to the Board of Directors on a quarterly basis.

<sup>1</sup> Notification of the Office of the Securities and Exchange Commission No. Sor Jor. 38/2561 Re: Preparation of Report on Changes to the Securities and Derivatives Holding of Director, Executive, Auditor, Plan Preparer and Plan Administrator dated 16 July 2018

<sup>2</sup> Notification of the Capital Market Supervisory Board No. ThorChor. 28/2554 Re: Rules on Report of the Acquisition or Disposition of Securities dated 12 September 2011,

## 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.

In 2020, the Company and its subsidiaries paid total audit fees of THB 5,050,000 to EY Office Ltd., consisting of audit fees for the Company of THB 2,900,000 and audit fees for four subsidiaries of THB 2,150,000

### 2. Non-Audit Fee

In 2020, the Company and its subsidiaries did not pay any other non-audit fee to EY Limited and the auditor.

## Compliance with Good Corporate Governance Principles by the Company in 2020

The Company is committed to embracing the principles of good corporate governance and management and creating value for shareholders, employees, customers, business partners and all groups of stakeholders. The Board of Directors' meeting held on 10 March 2020 considered the key appropriateness of the Company's CG Code to be applied in the business operations as follows.

(1) The Company establishes a sufficient, appropriate and well-appointed good corporate governance policy.

(2) The Company is in process of applying CG Code to improve the Company's initial good corporate governance guidelines in accordance with the CG Code, 2017 edition.

The Company applies the CG Code for Listed Companies that matches the context within which its business operates to ensure transparency, efficiency and sustainability. The Company's corporate governance principles under the CG Code are as follows:

### Principle 1: Establish Clear Leadership Role and Responsibilities of the Board

- All the directors and executives accept their roles as leaders of the organization and perform their duties responsibly, carefully and with integrity and act as role models all executives and employees. The compliance unit monitors and ensures that the laws, regulations and resolutions of the shareholders' meetings are strictly complied with.

- The Company segregates the roles, duties and responsibilities of the Board of Directors, the Board Chairman, Chief Executive Officer and the management and discloses these on the Company's website.

- The Board of Directors approves all matters of significance relating to corporate strategy, policy, objectives, goals, risk management, business plans, financial targets and yearly budgets. Additionally, overseeing efficient allocation and use of resources, performance assessment, monitoring and reporting helping ensure corporate goals are achieved.

- The Board of Directors defines, and monitors compliance of all Designated Authorities required for the business operations. This is communicated to all executives and employees requiring their acceptance and adherence.

- The Board of Directors are informed of the Company's operating results by the Chief Executive Officer on a quarterly basis.

- The Board of Directors believe that business should be conducted under strict rules of corporate governance and sustainable development by publishing its corporate governance policy, sustainability policy, codes of conduct and ethics, anti-corruption policies and measures, and other CG-related policies. All these standards of corporate behavior are communicated to all executives, employees and stakeholders requiring their acceptance and adherence and monitored through an annual compliance audit.

- The Board of Directors is aware of the importance of operating the business ethically and in a socially and environmentally responsible manner whilst seeking favorable returns and sustainable growth. The



Company also seeks innovative ideas to create added value for all stakeholders and is always ready to adapt to change and compete successfully.

## Principle 2: Define Objectives that Promote Sustainable Value Creation

- The Company clearly defines and communicates its corporate goals and objectives to all employees, and these become the foundation for business plans and budgets.
- The Company has promoted the implementation of new innovation and technology to explore more distribution channels, analysing and developing products including the services of subsidiaries such as Reinsurance System, Accounting and Financial System. This will enable the Company to compete and meet the consumer needs and create the Company's value as well as all stakeholders for sustainable growth. Moreover, the idea of cost reduction and environmental friendly are also promoted such as paperless project by implementing new workflow system in submitting the quotation of front office department as well as the E-Tax invoice of accounting and finance department.
- The Company places importance on sound corporate governance within its corporate culture. Its corporate governance policy encompasses six key principles, details of which are provided in the Sustainable Development Report available on the Company's website under the topic of "Investor Kit" (<https://investor.thaire.co.th/download.html>).
- The Board of Directors monitors and ensures compliance of resource management and that business operations are in alignment with established strategic plans.

## Principle 3: Strengthen Board Effectiveness

1. Structures, roles and duties of the Board of Directors and sub-committees
  - The Board of Directors monitors and ensures diversity among the board members. This is to provide the Company with a wide range of skills, ability, experience, knowledge, gender and age essential for the establishment and achievement of the corporate strategies and objectives. A Board Skill Matrix is used to appoint suitably qualified members of the Board of Directors.
  - Each director has working experience or ever held top management position in private or government sectors with the expertise in management, insurance, investment, corporate governance, risk management and finance & accounting which made the current board composition diversely and suitable with the Company's business in all aspects. In order to recruit the qualified persons, the Company has defined the criteria and procedures for nominating and appointing directors.
  - The Board of Directors comprises 11 members considered appropriate for the size of the Company. The balance between executive and non-executive directors is also considered appropriate and the number and qualifications of independent directors are complied with the SEC and OIC's requirements.
  - The Board Chairman and the Chief Executive Officer are not the same person and their roles and duties are clearly divided to ensure a balance of responsibility between them.



- The Board of Directors has appointed sub-committees to assist in enhancing its efficiency and overseeing the Company's operation, consisting of three sub-committees, which are the Audit Committee, the Nomination and Remuneration Committee and the Investment Committee, and one management-level committee, the Enterprise Risk Management Committee. Their duties and responsibilities are clearly defined, as described in the "sub committees" Section on Page 48.

- The Nomination and Remuneration Committee holds a meeting to set out the criteria and process of director nomination and appointment to ensure the candidates have the required qualifications, knowledge and expertise, and then recommends the candidates to the Board of Directors for appointment or approval, as the case may be, before proposing to the shareholders' meeting for further consideration on the director appointment.

- All directors understand their role and duty to report their holding of other positions and shall report to the Company at the end of each year and/or when there is any change during the year.

## 2. Self-assessment by the Board of Directors

The Board of Directors regularly conducts a board performance evaluation on a yearly basis to jointly consider and review its working performance, problems and obstacles arising over the past year. The evaluation results are then proposed to the Board of Directors' meeting for improvement of the Board of Directors' working efficiency and effectiveness. Like previous years, the board performance evaluation for 2020 was carried out (as a whole and individual basis) using the assessment form issued by the Stock Exchange of Thailand's Corporate Governance Center. The form was filled out by all directors, asking for their opinion on six key issues as follows:

1. Board structure and qualifications
2. Roles, duties and responsibilities of the board
3. The board meeting
4. Duties of directors
5. Relationship with the management
6. Director's self-improvement and management training

The overall assessment scores show that the Board of Directors strongly agreed or opined that the above issues were excellently conducted. The average assessment score for 2020 was 3.66 points out of the total 4 points, or 91.60 percent and individual committee self-assessment results at 3.88 points or 97.11 percent. In addition, the Board of Directors also arranged for a self-assessment of all sub-committees, namely the Audit Committee, the Nomination and Remuneration Committee and the Investment Committee. The assessment results reveal that all sub committees performed their duties completely and in line with the charters.

## 3. Director improvement

The Board of Directors supports the training and provision of knowledge for directors so that they can continuously develop and improve their work. The Company Secretary will from time to time provide them with details of the training courses that are useful for performing their duties. The Company will arrange an orientation



program for new directors. To ensure that the newly elected directors can perform their duties efficiently, the Board Chairman and Chief Executive Officer 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 2020, there are three directors attending the training / seminar / as a speaker, as follows:

1.	Mr.Jiraphant Asvatanakul	Director, Director of the Nomination and Remuneration Committee and Director of the Investment Committee
- Thailand Insurance Super Leadership Program Class 1/2020 by OIC Advanced Insurance Institute		
2.	Mr.Sara Lamsam	Independent Director
- Thailand National Defence College Class 63		
- Seminar: Enhance the efficiency in compliance with the Personal Data Protection Act by OIC.		
- “Redesigning business model after global pandemic” for Thailand Insurance Super Leadership Program Class 1/2020 by OIC Advanced Insurance Institute		
- Transform Leader to Mitigate VUCA World by Muang Thai Academy		
3.	Mr. Oran Vongsuraphichet	Director, Director of the Investment Committee, Director of the Nomination and Remuneration Committee, Chairman of Enterprise Risk Management Committee and Chief Executive Officer
- Thailand Insurance Super Leadership Program Class 1/2020 by OIC Advanced Insurance Institute		

#### Principle 4: Ensure Effective CEO and People Management

##### 1. Nomination of senior executives

The Board of Directors attaches importance to the nomination and development of senior executives to ensure they have the knowledge and competency to be effective managers. The Company has appropriate criteria for executive selection.

##### 2. Succession plan

The Company has a succession plan from the department manager to senior management level and the identification of qualified candidates has been clearly set. The succession plan shall be reviewed annually to prevent the personnel and operation risks and always be ready to report to Board of Directors.

##### 3. Development of senior executives and employees

The Board of Directors encourages the development of senior executives and employees through skills enhancement for current roles and career advancement. Employees are provided with both in-house and external training designed to expand their knowledge and experience relevant to their roles and operational efficiency. The Human Capital Management & Development Department provides all employees with details of the training courses that are appropriate, as described in the “Human Resources” Section on Page 54.

#### 4. Performance evaluation of senior executives

The Board of Directors annually conducts a performance evaluation of the Chief Executive Officer and other senior executives as a basis for their remuneration. The Nomination and Remuneration Committee draws up the criteria for performance evaluation, conducts the performance assessment, and determines the remuneration of Chief Executive Officer and the remuneration of other senior executives as evaluated by Chief Executive Officer before proposing to the Board of Directors' meeting for consideration and approval.

#### 5. Remuneration of directors, committee members and executives

The Board of Directors plays a key role in outlining policies and overseeing the Company's operation and compliance with the best practices. As such, the remuneration of directors and other committee members should be appropriate and consistent with the long-term goals and objectives of the Company and also commensurate with their duties and responsibilities based on the individual directors' role and participation and should be competitive with other comparable businesses.

The Nomination and Remuneration Committee determines the remuneration of directors and senior management at the Executive Vice President level and higher. The remuneration of directors is subject to the approval of the shareholders' meeting and the remuneration of each sub-committee also proposed separately for approval. The remuneration of Chief Executive Officer and other senior executives is subject to the approval of the Board of Directors' meeting and, according to the remuneration criteria, is competitive with other comparable businesses, commensurate with their duties and responsibilities, and enough to motivate and retain the qualified personnel. The remuneration of each senior executive is determined based on his or her annual performance evaluation together with the Company's performance.

### Principle 5: Nurture Innovation and Responsible Business

#### 1. Promotion of innovation

- The Company encourages innovation in all of its work units with respect to product development, marketing, distribution channel, business process and technology so as to ensure more efficient and more effective results and enable the Company to create and maintain a sustainable competitive advantage.
- As regards organizational management and sustainability, the Company attaches importance to efficient management of both internal and external resources. The Board of Directors considers and approves plans and budgets for all resources required by the Company to enable the Company to achieve the corporate goals and objectives on a sustainable basis, and also oversees and ensures that the IT risk management and the policy and measures for IT system security are in place.

#### 2. Responsible business operation

Although its reinsurance business has no direct impact on the environment, the Company still advocates a business operation that is socially and environmentally responsible and does not infringe upon stakeholders' rights in seeking sustainable achievement of objectives.



## 2.1 Non-violation of human rights

The Company recognizes its responsibility to all groups of stakeholders such as shareholders, investors, employees, customers, business partners, competitors, creditors and others including communities, society and the environment in a bid to retain their sustainable mutual interests by paying attention to rights of those stakeholders according with the laws and obligations of the Company. The Company will not perform any act that infringes upon rights of stakeholders. The Board of Directors has a policy on human rights for adherence by all executives and employees. The Company's code of conduct and ethics sets out the standards of behavior to ensure that stakeholder's rights are fully observed. Any stakeholder damaged by a failure of the Company to observe such rights can expect fair and proper compensation for any damage suffered.

More details of the policy on human rights are available at the Company's website: <https://investor.thaire.co.th/misc/cg/20190610-thre-policy-human-right-en.pdf> under the topic of "Corporate Governance."

## 2.2 Treatment to stakeholders

The Company has formulated a guideline on treatment to each group of stakeholders for all directors, executives and employees to adhere to, the details of which are as follows:

### Treatment to shareholders

Apart from the basic shareholder rights established by law and the Company's Articles of Association such as a right to attend the shareholders' meeting, right to vote, right to express opinion freely at the shareholders' meeting, and right to earn a fair return, the Company also provides additional protection to shareholders rights as follows:

- Ensure that the shareholders are provided with full disclosure of all information both financial and non-financial accurately, correctly and simultaneously through the Stock Exchange of Thailand's electronic media, the Company's website, and all other forms of media.
- Encourage shareholders to exercise their right to attend shareholders meetings, their right to vote and other rights to which they are entitled, and not perform any act that violates or prejudices shareholders' rights.
- Permits shareholders the right to make suggestions or lodge a complaint regarding the Company's business operation through channels indicated on the Company's website. The Company will ensure that all suggestions or complaints are screened and considered by the Board of Directors or the concerned parties and the outcome of such advised to shareholders. In 2020, there were no suggestions or complaints filed. Telephone calls were made to Investor Relations asking for information about the Company's business operations.

### Treatment to employees

Employees hold the key to a successful reinsurance and insurance-based enterprise. The Company seeks to encourage its employees to have pride in their work and be keen to advance their careers. The Company therefore attaches priority to staff development, fair treatment of all employees and provision of compensation compares favorably within the insurance industry. The Company also ensures employees' well-being through a modern and comfortable workplace environment. Employees are also provided with health benefits and recreational activities. The details are as follows:

- All employees are accorded treatment following human rights principles with dignity, equality and without violation or infringement of any other rights.
- Employees at all levels are properly selected through a fair and transparent recruitment process, based on the required qualifications for each position, educational background, work experience and other requirements without discrimination based on sex, age, nationality, religious or any other status unrelated to job requirements.
- The Company considers health and safety at work to be an essential part of employee treatment. A safety, occupational health and workplace environment committee ensures that all aspects of workplace health and safety are properly considered. The Company also fosters a pleasant work environment for employees and provides safety and convenience for customers, business partners and stakeholders when visiting the Company. A disaster recovery plan has been formulated in the event of fire or another emergency and the plan execution is practiced annually. All equipment is inspected, maintained and repaired to always remain functional. In 2020, there was no report of any employee accident or sickness at work. The Company has incorporated the best practice for safety into its code of conduct and ethics.
- A welfare committee has been set up as an employee representative to work with the management in improving employee welfare and to arrange activities for employee participation such as New Year's activities and other off-premises events.
- The Company provides its employees with pre-employment checkups and annual health checkups according to age groups. For health promotion among employees, the Company makes available standard and comfortable fitness rooms with complete workout equipment. Employees are encouraged to participate in sports activities organized by the insurance sector to promote exercise by employees and give them an opportunity to socialize with their peers in the same business. It is believed that having healthy staff members is a way to reduce sickness and improve efficiency.
- Under the Company's policy and procedure for remuneration and welfare, employee compensation is set out at an appropriate level that is commensurate with their duties and responsibilities and competitive with the comparable positions in similar businesses. The employee compensation is decided based on salary and compensation surveys in insurance business and other industries derived from various sources together with the individual employees' yearly performance evaluation. The Company has also established an



employee provident fund which gives employees the rights to receive employer's contribution and benefit thereof from the Company based on the required years of service specified by the Company so that they will have accumulated savings for their future needs. Details of employee compensation (including contributions to the provident fund) are presented on Page 54.

- The Company has established a human resource development policy, encouraging consistent employee training and competency development to enhance skills and helping employees advance their careers. Recognizing that employees are the most valued asset of the organization, the Company makes certain that all employees are developed according to their career path and career development plan created for each of them.

- Employees are encouraged to access information through channels such as the Company's Intranet, internal announcements or e-mails promoting clear and open communication between the Company and employees enhancing efficiency and developing good team work.

- The annual employee engagement survey shall be conducted to measure the level of engagement of employees towards their supervisors, colleagues and team as well as having good communication and human relation skill. The survey results will be used to motivate the employee as well as good working attitude which will result in the achievement of the goals and success of the Company.

- Channels are made available for employees to make comments, lodge complaints and raise any other work-related issues, all of which will be considered in a fair and transparent manner and be treated in accordance with the policy on complaints/whistleblowing and whistleblower protection.

#### Treatment to customers

The Company attaches considerable importance to customer satisfaction. It has developed a code of best practice in customer relations including fair and non-discriminatory treatment of customers, building of good and sustainable customer relations:

- The Company treats customers on a fair and non-discriminatory basis and avoids any unethical acts or using the customers' confidential information for the benefit of third party.

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

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

- The Company will not disclose customers' information which is derived from its business operations unless otherwise permitted by the customers or where it has the duty or is required by law to make such disclosure or where the disclosure will benefit insurance business or the public as a whole.

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

- The Company improves and maintains its service standards to ensure timely and genuine responsiveness to customers' requirements and arranges for a work unit to closely take care of the individual customers. It also conducts study, research and co-development of products and services that meet customers' demand, additionally preparing analytical and research papers and arranging seminars that are useful for customers and business partners.

#### Treatment to business partners, competitors and creditors

The Company is committed to treating 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 conduct and ethics in order for all parties to abide by, as follows:

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

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

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

- The Company will not perform any act that will tarnish its competitors' reputation through any allegation that may cause reputational damage.

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

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

- The Company complies with all conditions under agreements made with creditors in a strict, correct, complete and punctual manner with respect to guarantee, fund management, payment and any other matters agreed upon with the creditors. In the event of failure to fulfill the conditions, the Company will promptly notify the creditors and provide reasons and remedial measures for such failure in order to jointly seek solutions to the problems.

- The Company abides by the anti-corruption policy and measures and the principle of integrity, and neither gives nor receives any bribe whether in form of a gift or any other benefit. It shall not perform any act that is conducive to fraud and bribery, and shall not perform any act or assist in or support any act that is deemed as a misconduct according to the relevant laws and notifications, nor perform any act relating to



property in bad faith or any act that is detrimental to the national economy or security, nor conceal or take part in embezzlement or sale of property obtained from such act. The Company communicates the said policy to outsiders and its employees for acknowledgement and adherence to. More details can be found in the Company's 2020 Sustainable Development Report under the topic of "Anti-Corruption."

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

In 2020, the Company had a dispute which has not yet been resolved with a foreign reinsurance company through arbitration. The Company entered into a reinsurance agreement with the said reinsurance company since 2015 and has continually received the compensation pursuant to the terms of the reinsurance agreement. Until 2020 such reinsurance company was behind in payment. The Company has continuously followed up for the collection of outstanding amount but was refused to settle any payment. The Company therefore submitted the dispute for arbitration through the arbitration process. As of December 31, 2020 the Company was entitled to receive the amount of Baht 140 million (excluding interest). Instead of paying the said amount to the Company, the reinsurance company submitted a counter dispute claiming that it had the right to rescind the reinsurance contract and claim monetary restitution of approximately 745 THB million (plus interest from August 14, 2020).

The Company's management has considered all the arguments raised by the said reinsurance company, including the Company's supporting evidence, as well as comparing the market practice between the Company and other reinsurers in making reinsurance agreements with the same characteristics, together with a legal opinion from the Company's external legal counsel, and reasonably believed that the said reinsurance company was not entitled to rescind the reinsurance agreement. The Company strongly believes that such allegations and the counterclaim amount do not have legal merit. Therefore, such dispute will not cause damage to the Company and will not have any significant impact on the Company's business operations

#### Treatment to society and the environment

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

- The Company encourages all employees to join in CSR activities and community development, and operates business without causing any impact on society and the environment. In 2020, the Company made contributions to communities, society and the environment as follows: (1) creation of a pleasant workplace surrounding; (2) granting of scholarships to children in remote areas in Sakon Nakhon and Mukdahan



Provinces; (3) Donate traffic equipment to Sutthisan Police Station for use in the surrounding communities, and (4) reduction of energy consumption. All members of the organization have cooperated in conducting business without posing any impact on society, the environment and all groups of stakeholders.

- The Company is determined to operate business with fairness and display responsibility to society, the environment and all groups of stakeholders in its core business processes. The Company assesses the impact of its activities on the economy, society and the environment and also pinpoints the issues that significantly affect its business operation or have an influence on stakeholders' decision-making so that it could identify operational goals that cause no impact on society and the environment and could disclose the operational information that is particularly important to the organization and its stakeholders.

- The Company educates its employees on conservation of natural resources and the environment. It encourages all employees to most efficiently use natural resources by, for example, using the computerized data filing technology so as to reduce paper consumption, ensuring that both sides of the paper are used, using energy-saving electrical appliances, setting the turn-on/off times for air-conditioners, switching off air-conditioners and lightings during lunch break or when they are not needed in order to save energy, recycling used items, etc. In 2020, Workplace environment is improved and maintained to be in a tidy, pleasant and healthy condition up to safety standard to ensure employees' security while at work.

- The Company is aware of the importance of society and communities. As part of Thai society, the Company deems that it has duty and responsibility to support and operate CSR activities, which is in line with the main objective of its establishment to operate business for the utmost benefit of insurance business and national economy as a whole. Further details can be found in the Company's 2020 Sustainable Development Report under the topic of "Corporate Social Responsibility Activities."

#### Treatment to regulators and government agencies

The Company complies with all laws, notifications, rules and regulations stipulated by the concerned regulators and government agencies. Including corporate governance and anti-corruption cooperation. The Company was granted a renewal of its membership of Thailand's Private Sector Collective Action Coalition Against Corruption ("CAC") since 2018. Such CAC recertification is valid for three years from the date of approval by CAC Committee. The Company will continue to renew membership in 2021.

#### **Principle 6: Strengthen Effective Risk Management and Internal Control**

##### **1. Risk management and internal control**

- The Company has in place efficient and effective risk management and internal control systems which enable it to achieve the main corporate goals and objectives and attain the established target, thereby leading to financial security, competitive advantage, prevention of legal offence, and sustainable growth.

- The Company gives importance to risk management that emphasizes learning from the past loss events and refines the risk management measures and key risk indicators that are appropriate and compatible



with the changing business environment. Risk impact and possibility are evaluated so as to prioritize risks and apply a suitable risk management approach. The Board of Directors has considered and approved a policy on risk management that is in line with the Company's main goals and objectives, strategy and risk appetite and regularly reviews the policy at least once a year. The Company has established the Enterprise Risk Management Committee to be responsible for monitoring its risk-based performance and submitting a report thereon to the Board of Directors on a quarterly basis.

- Recognizing the significance of internal control, the Company has put in place an efficient enterprise-wide internal control system to mitigate corruption risk, prevent legal offence, and promote and instill in all employees the norm of compliance with the laws and the Company's regulations. A legal compliance unit has been set up to ensure the Company operates business in conformity with the laws and relevant standards.

## 2. Whistleblowing or complaints

The Company provides secure and easily accessible complaint channel and a complaint management process for employees or outsiders or stakeholders to report complaints about damages occurring to them or voice their concerns or report any suspicious incidents or clues to possible misconduct concerned with the Company, as well as to seek advice on compliance with the code of ethics and the related policies. The reported information shall be treated as confidential and the informants or whistleblowers shall be protected and shall neither be punished nor be adversely affected from their reporting such complaints or whistleblowing. The Company communicates the said policy to employees and outsiders for acknowledgement and adherence to. The policy on complaints/whistleblowing and whistleblower protection can be found on the Company's website at <https://investor.thaire.co.th/misc/cg/20180627-thre-policy-complaint-en.pdf> under the topic of "Corporate Governance."

## Principle 7: Ensure Disclosure and Financial Integrity

### 1. Information disclosure

The Company attaches importance to maintaining of financial reliability and disclosing of material information. The Board of Directors is responsible for overseeing and ensuring that the Company's financial reporting and information disclosure are carried out in an accurate, adequate, timely and equitable manner and that the disclosure through various channels strictly complies with the legal or regulatory requirements. The Company has disclosed information to demonstrate its good corporate governance and business transparency as follows:

- The Company prepares, communicates and posts the corporate governance policy, anti-fraud policy, anti-corruption policy and measures, and all other CG-related policies on the Company's Intranet and website ([https://investor.thaire.co.th/cg\\_principle.html](https://investor.thaire.co.th/cg_principle.html)) for the directors, executives, employees and all groups of stakeholders to acknowledge and abide by, with a policy review conducted on a yearly basis.

- The Company's information, both financial and non-financial, is disclosed. The financial information, especially financial statements, are to be audited/reviewed by the auditors and approved by the Audit

Committee and the Board of Directors before submission to the SET, the SEC, shareholders, investors and concerned agencies.

- Essential information is made available on the Company's website in both Thai and English languages, including information such as nature of business, list of the Board of Directors and management team, financial statements, Form 56-1, annual report (Form 56-2), important news and business activities, which are useful to shareholders, investors, analysts and the general public. The Company also discloses the roles and duties of the Board of Directors and sub-committees, meeting frequency and meeting attendance of each director in the past year, details of which can be found in the "Board of Directors Structure" Section.

- The Company publishes a report on the Board of Directors' responsibility for financial report in its annual report (Form 56-2).

- The Company discloses information on remuneration of directors and management in the Form 56-1 and the annual report (Form 56-2) and also discloses the policy on remuneration of the individual directors for serving as director and senior management, including type, nature and amount of remuneration received by each director for serving on the sub-committees and as director in subsidiaries, details of which can be found in the "Board of Directors Structure" Section.

- The Company sets a requirement to report all trading transactions/securities holdings of directors and executives. The Company Secretary is assigned to collect all of such information for reporting to the Board of Directors' meeting on a quarterly basis.

- The Company discloses Investment Governance Code: I Code and Investment 2020 Governance Policy Principle on the Company's website ([https://investor.thaire.co.th/cg\\_principle.html](https://investor.thaire.co.th/cg_principle.html))

## 2. Investor relations

The Company gives importance to investor relations management and remains committed to performing duties with accountability and integrity and providing accurate, adequate and reliable information to ensure that the investors, analysts and interested parties could receive the information in a correct, sufficient, complete, transparent and equitable manner. The Company has assigned Mr. Oran Vongsuraphichet, Director & Chief Executive Officer, and Mr. Bheerawas Bhunakh to be in charge of "Investor Relations." For contact, please call 02-660-6111 or e-mail to address: [ir@thaire.co.th](mailto:ir@thaire.co.th). In 2020, there were 15 meetings held with members of the media, stock analysts, investors and fund managers.

## 3. Report on interests

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

- The Company has a policy for the directors and executives to disclose their interests and their related persons in a form designated by the Company on a yearly basis and when there is a change in such



information during the year. The directors and executives who have interests in any transactions of the Company shall not participate in decision-making, and the transactions shall be processed according to the Company's measures or procedures for approval of related party transactions.

- The Company has a policy on trading of the Company's securities and procedures for reporting of securities holding in order for the directors, executives and employees who can access and benefit from such information to abide by, and requires that the directors and executives have duty to report their securities holding in accordance with the SEC's regulations.

## **Principle 8: Ensure Engagement and Communication with Shareholders**

### **1. Rights of shareholders**

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

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

The Company communicates with the shareholders, discloses crucial information and discloses its shareholding structure in subsidiaries and associated companies clearly in the annual report and on its website in order for the shareholders to rest assured that the Company has an efficient, transparent and examinable management structure which could deliver a reasonable shareholder return and lead to sustainable growth.

### **2. Shareholders' meeting**

The Company sets out that an annual general meeting of shareholders is held within the first four months after the end of an accounting year and that, where there is an urgent need to consider any matter which could affect or is related to the shareholders' interest and is subject to the shareholders' approval, the Board of Directors may then convene an extraordinary general meeting of shareholders case by case.

Since the outbreak of Coronavirus (COVID-19) has spread widely and the rate of infected people was increasing quickly. The government has announced a state of emergency in all areas and the Bangkok Metropolitan Administrative's announcement regarding temporary closure of the premises and requested to consider activities involving gathering group of people which may promote person-to-person transmission of

the virus. To cooperate with the government agencies which shall be a part of the Company's corporate social responsibility and sustainability. The Annual General Meeting of Shareholders was postponed from April to July.

In 2020, the Company held 1 shareholders' meeting which was 27<sup>th</sup> Annual General Meeting of Shareholders on 7 July, 2020. There were 6 out of 11 directors attending the meeting or 54.54 percent. From the outbreak of COVID-19, the Company limited the number of shareholders who wanted to attend the meeting in person. However live broadcast was also provided to facilitate the shareholders who could not attend in person as well. The Board Chairman and the Chairman of Audit Committee also attended the meeting.

The Company has always complied the good practice in shareholders meeting arrangement according to the guideline of Thai Investor Association as follows:

#### 2.1 Treatment to shareholders before the meeting date

- The Company provided the shareholders with an opportunity to propose meeting agenda or submit questions about the Company and to nominate qualified persons for election as the Company's directors at the 2020 Annual General Meeting of Shareholders (AGM) in advance during the period from September 10, 2019 to December 31, 2019 through e-mails or letters sent directly to the Company Secretary. At the end of such period, none of the shareholders proposed the meeting agenda or nominated any qualified persons as the Company's directors for the Board of Directors' consideration.

- The notice of the meeting, meeting agenda with the Board of Directors' opinion, proxy forms prescribed by Ministry of Commerce comprising Proxy Form A, Form B and Form C (applicable to only shareholders who are registered as foreign investors and have appointed a custodian in Thailand to take care of their shares), documents or evidence showing identification of the shareholders or proxies entitled to attend the meeting, and documents for all agenda items are publicized via the Company's website in both Thai and English languages at least 30 days ahead of the meeting date. In 2020, the Company posted the notice of the shareholders' meeting on its website 35 days prior to the meeting date.

- The Company encourages the shareholders who are unable to attend the meeting to assign other person or any of the independent directors as their proxy to attend and vote at the meeting on their behalf by using the proxy form in which they could determine their voting direction. The Company publicizes the proxy forms and all details and procedures on its website at least 30 days in advance. For the AGM held in July 2020, there were a total of 93 shareholders present at the meeting, with 42 of them attending in person and 51 by proxy.

- The invitation letter shall be delivered informing the date, time and venue of the meeting together with the followings : meeting agenda, objective and reason, board opinion, previous Minutes of Meeting, annual report, proxy form specified by the Ministry of Commerce, proxy appointing process, names of independent directors to be appointed as a proxy, required documents to be presented on the meeting date, Company's Articles of Association regarding the shareholders' meeting and voting, etc. in order to maintain the right to attend the meeting. The Company has actually sent the invitation letter and supporting documents to the



shareholders at least 21 days before the meeting date so that the shareholders shall receive sufficient, correct, complete information and consider the agenda in advance. The meeting announcement was also posted in the newspaper at least 3 days before the meeting for 3 consecutive days in order to notify the shareholders in advance to attend the meeting. In 2020 due to the COVID-19 impact, the Company delivered the invitation letter and supporting documents to shareholders 15 days in advance however still comply with the Public Limited Companies Act B.E. 2535 determining not less than 7 days before the meeting date.

- The Company facilitates and encourages all shareholder groups, whether individual or juristic persons and institutional investors, to participate in a shareholders' meeting in order to allow for all shareholders to equally exercise their rights at the meeting, by setting the suitable meeting time and date and arranging the meeting venue that is conveniently accessible by all shareholders. The Company also provides proxy forms, i.e. Proxy Form A, Form B and Form C, for all shareholder groups who are unable to attend the meeting to assign a proxy to attend the meeting on their behalf. In addition, the Company contacts institutional investors such as asset management companies or custodians to dispatch their representatives to attend the meeting and assists in screening all documents for meeting attendance in advance.

## 2.2 Treatment to shareholders on the meeting date

- Due to the COVID-19 situation, the Company had to set up the meeting room with a distance which caused the number of seats be limited. The Company however has facilitated the shareholders by arranging the broadcast live via the VDO Conference for shareholders who did not wish to attend the meeting in person.

- The Company provides convenience for all shareholders and proxies, whether they are individual, juristic or institutional investors, on the meeting date on an equitable basis. The Company arranges for a sufficient number of reception staff, document screening staff and computer equipment to facilitate the registration, the meeting and the vote counting in an efficient manner. English language interpreters are available for foreign investors who wish to attend the meeting.

- To prevent the outbreak of Covid-19, the Company set up a screening point in front of the meeting room for all attendees to register, fill out questionnaires and temperature screening.

- Registration begins one hour and 30 minutes before the start of the meeting. The Company will not perform any act in such a way that will restrict rights of the shareholders to attend the meeting and all shareholders are entitled to register for attending the meeting at any time throughout the meeting.

- The barcode system is used for meeting registration and vote counting to ensure accuracy, convenience, and rapidity.

- Before the start of the meeting, the Company Secretary will introduce to the shareholders the Board of Directors, the management, the auditors and the legal advisor who has been assigned to inspect the casting and counting of votes, and will inform the meeting of the number and percentage of shareholders attending the meeting in person and by proxy and also explain to the shareholders about how to cast votes and use voting ballots for each agenda item. The voting ballots for director election will be separated from other agenda items.

The shareholders and proxies attending the meeting have the right to cast votes equal to the number of shares they hold. One ordinary share is equal to one vote. The Company has only one type of shares, i.e. ordinary shares, and does not have any preferred shares and any other types of securities.

- The Company's legal advisor is assigned to serve as inspector of vote casting and vote counting in order to monitor and ensure that the registration, the meeting and the vote counting are conducted transparently and accurately at every step in accordance with the laws and the Company's Articles of Association, while the shareholders are given an opportunity to the vote counting and to raise any questions regarding the vote counting.

- The Company conducts the meeting according to the agenda and has no policy to add any new agenda items or change material information without notifying the shareholders in advance. During the meeting, the Chairman gives the opportunity to the shareholders to raise questions and express opinions on each agenda item and provides clarifications to all queries to the shareholders' satisfaction. At the previous meeting of shareholders, the Board Chairman, the Audit Committee Chairman, Director & CEO, senior management, the auditors and the legal advisor participated in the meeting to answer the questions raised by the shareholders.

- The shareholders are instructed to use voting ballots for all agenda items. Voting ballots are provided for each agenda item. Separate ballots are used for each director election to enable the shareholders to vote as they deem appropriate. Voting ballots are collected in the meeting room and the results of such vote counting will be combined with the votes indicated in advance in the proxy forms before announcing the final voting results to the meeting.

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

### 2.3 Treatment to shareholders after the meeting date

- Resolutions of the shareholders' meeting will be disclosed together with voting results by the next business day immediately after the meeting date through a news release to the SET. For the 2020 shareholders' meeting, the Company could disclose the meeting's resolutions and voting results on the day of the meeting.

- The Company prepares Minutes of the Shareholders' Meeting by containing therein all material information such as explanations, questions, comments, voting procedures, voting results, and so on. For the 2020 Annual General Meeting, the Company completed the Minutes within 14 days after the meeting and submitted to the SET in accordance with the SET's requirements. The Minutes were also available on the Company's website for the shareholders who were or were not at the meeting to view.

- Visual records of the meeting were also made available for shareholders who did not attend the meeting or any interested persons to view on the Company's website at [www.thaire.co.th](http://www.thaire.co.th).



### 3. Equitable treatment of shareholders

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

- All shareholders are given an equal right, regardless of the percentage and period of their shareholding, to propose meeting agenda in advance and to nominate persons for director election. The Company has disclosed this information via the SET and posted the clearly-defined relevant process on the Company's website. For the recent 2020 Annual General Meeting, the shareholders were allowed a period of time from September 10, 2019 to December 31, 2019, or more than three months before the end of the accounting year, to propose director nomination and meeting agenda through e-mails or letters sent directly to the Company Secretary for compilation and submission to the Nomination and Remuneration Committee and/or the Board of Directors for further consideration. In the event that the Board of Directors resolves to reject the agenda items proposed by the shareholders, the Company will notify the shareholders of reasons for such rejection at the shareholders' meeting. Besides, the shareholders who attend the annual general meeting are also granted the right to additionally nominate persons for director election directly to the meeting. At the recent 2020 Annual General Meeting, none of the shareholders nominated any qualified persons for election as directors or proposed any additional agenda items.

- The shareholders are able to forward their questions, comments or suggestions in advance through e-mails or letters directly to the Company Secretary prior to the meeting date so that all questions could be gathered for further clarification at the meeting. In 2020, none of the shareholders submitted any questions, comments or suggestions in advance through the aforementioned channels.

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

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

- All shareholders have an equal access to the Company's information. Up-to-date information is disclosed through the Company's website, the SET's information disclosure system as well as the Company's 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." Information regarding interests of the directors, executives and their related persons is reported to the Board of Directors. The



directors or executives who have a conflict of interest in or are connected with any transactions shall be prohibited from involving in the approval process for any such transactions. The Audit Committee is assigned to follow up on this matter and report to the Board of Directors on a quarterly basis.

#### **The principles not yet applicable to the organization**

The Board of Directors attaches importance to the principles of good corporate governance and applies the Principles of Good Corporate Governance for Listed Companies 2012 set out by the Stock Exchange of Thailand and the CG Code for Listed Companies 2017 that fit with the context within which the Company operates business in order to create sustainable value, improve its corporate governance standard, and ensure transparent and efficient business operation with sustainable growth. However, in 2020, total compliance with the Principles of Good Corporate Governance for Listed Companies 2012 and the CG Code was not possible, details of which are 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, its core activity, which are crucial to decision-making to ensure the best interests of the Company, its shareholders and stakeholders as a whole and to achieve the established goals and sustainable growth.

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

The Company's practice: The Company has no such policy in place since it needs directors with knowledge and skills in insurance sector where there is a shortage of qualified candidates. Most of the directors have expertise in the business and 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 knowledge, competence and experience in the insurance business 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 knowledge and skills in insurance sector where there is a shortage of qualified candidates. However, the Company's Board of Directors



has considered and concluded that all independent directors are able to perform their duty and raise the opinions independently.

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

The Company's practice: The Company adopts the criteria for director nomination and selection based on the nature of business and strategy and accordingly defines qualifications of the nominated directors that are suitable and compatible with its business strategy, especially focusing on the necessary skills it still lacks. The Company also uses a policy on diversity in board composition in terms of professional skills, specialized expertise, knowledge and competence, and work experience in order to nominate qualified persons as its directors or executives who have the required experience, knowledge and capability that are useful to the Company. The Board Skill Matrix is used as a basis for director nomination to ensure that the selected board members have suitable qualifications that align with the Company's business direction.

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 2020, a quorum as required by law was constituted at all meetings of the Company's Board of Directors and any director who had conflict of interest in any transaction was not entitled to consider and vote on such issue.

7. A corporate governance committee should be set up.

The Company's practice: The Board of Directors recognize the importance of good corporate governance for the best interests of the Company at the same time promoting fairness and transparency in business operation. Therefore several policies has been set as follows: anti-corruption policy, complaints / whistleblowing and whistleblower protection and other CG related policies related to corporate governance. The Company ensures that all directors, executives and employees comply with these policies and follows up on such policy compliance.

8. 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 conflict of interests will abstain from voting.

# 14 Corporate Social Responsibility



## Sustainability Policy

Thai Reinsurance Public Company Limited and its subsidiaries have the main objectives to generate good returns, create value for the insurance business along with social and environmental development according to the guidelines for sustainable development to strengthen social security and sustainable growth. Company's sustainability policy are 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.

Thai Re Group 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 2020, the Company focused 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 completed its business expansion into Southeast Asia where opportunities arise for both premium and services income exist. Innovations and new technologies have been introduced throughout the Company, including product development, marketing, distribution channels and business processes, resulted 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 <https://investor.thaire.co.th/download.html>

## Business Operation with Impacts on CSR

In 2020, 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 and violating the rights of stakeholders.

## Social and Environmental Contribution Activities

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 2020 are presented in the Sustainability Report 2020, which is downloadable from the Company's website at <https://investor.thaire.co.th/download.html>

## 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 2020 are provided in the Sustainable Development Report 2020, which can be downloaded from the Company's website at <https://investor.thaire.co.th/download.html>

## 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.

# 15 Related Party Transactions



The Company group has had related party transactions with related companies (in terms of shareholder and/or co-committees) and within the Company group in specific case required by normal operation according to the agreed 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 2020 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	Gross reinsurance premium written			Premium ceded to reinsurers			Amounts due from (to) reinsurers			Amounts deposited (withheld) on reinsurance			Name of Directors
	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018	
Krungthai Panich Insurance PCL.	10.57	10.01	8.69	-	0.02	0.05	1.34	2.15	1.64	1.84	0.84	(0.03)	Mr. Kerati Panichewa
Thaivivat Insurance PCL.	136.93	208.77	200.78	-	0.01	0.03	(26.10)	(7.20)	(0.71)	93.20	67.59	25.74	Mr. Jiraphant Asavatanakul
Bangkok Insurance PCL.	563.29	490.15	134.05	104.42	75.68	17.72	11.57	15.92	9.11	46.69	46.07	43.20	Mr. Chai Sophonpanich
Falcon Insurance PCL.	172.33	195.30	138.79	5.40	4.83	4.18	9.96	18.56	5.44	9.51	16.06	12.54	Mr. Oran Vongsuraphichet
Muang Thai Insurance PCL.	795.69	698.50	697.49	-	0.03	0.08	11.66	37.91	40.47	197.58	164.97	134.86	Mr. Sara Lamsam
ST-Muang Thai Insurance Co., Ltd.	0.19	0.20	-	-	-	-	0.00	-	-	-	-	-	Mr. Sara Lamsam is a director of Muang Thai Life Assurance PCL. and Muang Thai Insurance PCL. who are the shareholders of ST-Muang Thai Insurance Co., Ltd.
<b>Total</b>	<b>1,679.00</b>	<b>1,602.93</b>	<b>1,179.80</b>	<b>109.82</b>	<b>80.57</b>	<b>22.06</b>	<b>8.43</b>	<b>67.34</b>	<b>55.95</b>	<b>348.82</b>	<b>295.53</b>	<b>216.31</b>	

(Unit: THB Million)

Company Involved	Commission & Brokerage Income			Commission & Brokerage Expenses			Claims Recovery			Claims Expenses			Name of Director
	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018	
Krungthai Panich Insurance PCL.	0.01	0.01	0.01	3.05	2.33	2.40	(0.49)	0.80	(0.13)	2.17	3.17	2.74	Mr. Kerati Panichewa
Thaivivat Insurance PCL.	(0.00)	0.01	0.01	13.65	22.21	27.90	(0.26)	0.51	(0.09)	17.48	209.52	135.67	Mr. Jiraphant Asavatanakul
Bangkok Insurance PCL.	49.36	34.03	9.77	221.65	195.26	54.48	31.69	34.05	5.19	240.66	183.04	90.34	Mr. Chai Sophonpanich
Falcon Insurance PCL.	2.63	2.31	1.07	52.65	54.65	35.23	1.77	2.09	1.56	58.09	72.98	43.90	Mr. Oran Vongsuraphichet
Muang Thai Insurance PCL.	(0.08)	0.07	0.01	277.20	265.46	262.91	(1.57)	2.62	(0.38)	441.25	434.18	394.79	Mr. Sara Lamsam
ST-Muang Thai Insurance Co., Ltd.	-	-	-	0.05	0.05	-	-	-	-	-	-	-	Mr. Sara Lamsam is a director of Muang Thai Life Assurance PCL. and Muang Thai Insurance PCL. who are the shareholders of ST-Muang Thai Insurance Co., Ltd.
<b>Total</b>	<b>51.92</b>	<b>36.43</b>	<b>10.87</b>	<b>568.25</b>	<b>539.96</b>	<b>382.92</b>	<b>31.14</b>	<b>40.07</b>	<b>6.15</b>	<b>759.65</b>	<b>902.89</b>	<b>667.44</b>	



## Other Services (Performed by Subsidiary Companies)

(Unit: THB Million)

Company Involved	Service Income			Account Receivable			Accrued Revenue			Name of Director
	2020	2019	2018	2020	2019	2018	2020	2019	2018	
Krungthai Panich Insurance PCL.	0.10	0.46	0.74	0.00	0.05	0.02	0.01	0.01	0.01	Mr. Kerati Panichewa
Road Accident Victims PCL.	-	-	-	-	-	-	-	-	-	Mr. Jiraphant Asavatanakul
Thaivivat Insurance PCL.	0.05	0.23	0.26	-	0.02	-	-	-	-	Mr. Jiraphant Asavatanakul
Bangkok Insurance PCL.	7.21	7.92	1.90	0.58	2.03	0.46	0.01	0.01	0.01	Mr. Chai Sophonpanich
Falcon Insurance PCL.	2.77	2.87	1.20	0.60	0.35	0.11	0.05	-	-	Mr. Oran Vongsuraphichet
Thaire Life Assurance PCL.	7.43	4.81	-	-	-	-	-	-	-	Mr. Oran Vongsuraphichet
Kasikornbank PCL.	0.01	-	-	-	-	-	-	-	-	Mr. Sara Lamsam
Muang Thai Insurance PCL.	15.61	17.76	13.09	1.30	1.56	0.88	0.01	-	-	Mr. Sara Lamsam
Muang Thai Life Assurance PCL.	-	-	0.01	-	-	-	-	-	-	Mr. Sara Lamsam
<b>Total</b>	<b>33.18</b>	<b>34.05</b>	<b>17.20</b>	<b>2.48</b>	<b>4.01</b>	<b>1.47</b>	<b>0.08</b>	<b>0.02</b>	<b>0.02</b>	

## Investment in Securities

(Unit: THB Million)

Company Involved	Type of Investment	Investment Fund (Market Value)			Dividend / Interest			Shareholding THAIRE		Name of Director
		2020	2019	2018	2020	2019	2018	No. of shares	Percent	
Krungthai Panich Insurance PCL.		-	-	-	-	-	-	-	-	Mr. Kerati Panichewa
Thaivivat Insurance PCL.		-	-	-	-	-	-	3.67	0.09	Mr. Jiraphant Asavatanakul
Bangkok Insurance PCL.		338.90	362.31	404.21	17.30	17.25	3.70	100.05	2.37	Mr. Chai Sophonpanich
Falcon Insurance PCL.	Common	-	-	-	-	-	-	25.36	0.60	Mr. Oran Vongsuraphichet
Thaire Life Assurance PCL.	Stock	190.30	218.15	-	7.90	16.97	-	-	0.00	Mr. Oran Vongsuraphichet
Muang Thai Insurance PCL.		-	-	-	-	-	-	-	-	Mr. Sara Lamsam
Muang Thai Life Assurance PCL.		-	-	-	-	-	-	30.80	0.73	Mr. Sara Lamsam
HWIC Asia Fund								1,987.10	47.14	Mr. Chandran Ratnaswami
<b>Total</b>		<b>529.20</b>	<b>580.46</b>	<b>404.21</b>	<b>25.20</b>	<b>34.22</b>	<b>3.70</b>	<b>2,146.98</b>	<b>50.93</b>	

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			Additions assets			Disposals assets			Name of Director
	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018	
Thaire Services Co., Ltd.	0.37	0.40	0.30	9.20	8.40	7.10	-	4.50	-	-	-	0.03	-	-	-	Mr. Oran Vongsuraphichet
Thaire Actuarial Consulting Co., Ltd.	0.20	0.20	0.15	3.53	-	-	-	-	-	-	-	0.02	-	-	0.02	Mr. Oran Vongsuraphichet
EMCS Thai Co., Ltd.	0.10	-	-	-	-	-	40.10	36.00	33.00	-	-	-	-	-	-	Mr. Oran Vongsuraphichet
Thaire Innovation Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Mr. Oran Vongsuraphichet
<b>Total</b>	<b>0.67</b>	<b>0.60</b>	<b>0.45</b>	<b>12.73</b>	<b>8.40</b>	<b>7.10</b>	<b>40.10</b>	<b>40.50</b>	<b>33.00</b>	<b>-</b>	<b>-</b>	<b>0.05</b>	<b>-</b>	<b>-</b>	<b>0.02</b>	

## 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 directors and executives must disclose their interests and their related persons as follows:
  - 1.1 First disclosure : within 7 days after the appointment
  - 1.2 Annual disclosure : report as of 31 December of every year
  - 1.3 Report any change on their interest : within 3 days

In order for the Company to have the information for the connected transactions process which may cause conflict of interest and may lead to the transfer of benefits of the Company and its subsidiaries.

2. 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.
3. The directors must not approve any matters in which they have interests or have conflicts of interest both directly and indirectly.
4. The Audit Committee shall report transactions with a possible conflict of interest and connected transactions to the Board of Directors on a quarterly basis.
5. 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.
6. 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.



## 16 Analysis of Financial Information and Operating Results



### Overall Performance

Net profit THB 222 million was significantly improved from last year profit of THB 125 million (up 77.9 percent) due to several factors as follows:

1. Gross written premium THB 4,329 million decreased 2.8 percent due to long-term reinsurance projects's premium gradually decline by THB 598 million from last year which was equivalent to 13.4 percent. However, the Company had new premium growth particularly from Health insurance with higher retention to offset against the long-term premiums, then resulting in a slight decrease.

2. Underwriting results turned to a profit of THB 54 million from last year loss of THB 225 million. Performance recovered 123.9 percent due to decremental claim expenses and long-term projects costs gradually decline in proportion to the premium reduction. Besides, underwriting results improved significantly from Health insurance.

3. Net investment income THB 132 million decreased 56.3 percent because in last year there were gain from selling investment funds of THB 112 million whereas this year with new accounting standards (TFRS 9) effective in the year 2020 such gain from selling investment funds (FVOCI) of THB 59 million was presented directly in Retained Earnings, instead of Statement of Income.

(Unit: THB Million)

	2020	2019	Growth (Percent)
Gross Written Premium	4,329	4,455	(2.8)
Underwriting Profit (Loss)	54	(225)	123.9
Net Investment Income	132	301	(56.3)
Net Services Income	63	80	(20.7)
Profit Before Tax	255	164	55.6
Income Tax	(33)	(39)	(16.2)
<b>Net Profit</b>	<b>222</b>	<b>125</b>	<b>77.9</b>

## Analysis of Non-Conventional and Conventional business

### Non-Conventional

(Unit: THB Million)

	2020	2019	Growth (Percent)
Gross Written Premium	2,400	2,602	(7.8)
Net Written Premium	2,329	1,958	18.9
Underwriting Profit (Loss) <sup>1</sup>	259	(15)	1,858.5
Loss Ratio (Percent)	41.3	48.4	(7.1 ppt.)
Combined Loss and Commission Ratio (Percent)	88.2	100.7	(12.5 ppt.)

Note: <sup>1</sup> Excluded Underwriting expenses

Gross written premium decreased by 7.8 percent due to the long-term reinsurance projects' premium gradually decline by THB 598 million from last year. Whilst net written premium increased 18.9 percent because the company had new premium growth particularly from Health insurance with higher retention to offset against the long-term premiums. The underwriting results turned to a profit of THB 259 million improved from last year presented a loss of THB 15 million or improved 1,858.5 percent due to cost of the long-term reinsurance project gradually decline in proportion to the premium. Besides, underwriting results improved significantly from Health insurance. Thus, loss ratio and combined loss and commission ratio decreased by 7.1 ppt. and 12.5 ppt. orderly.

### Conventional

(Unit: THB Million)

	2020	2019	Growth (Percent)
Gross Written Premium	1,928	1,853	4.1
Net Written Premium	1,615	1,540	4.9
Underwriting Profit <sup>1</sup>	140	121	12.9
Loss Ratio (Percent)	59.7	62.7	(3.0 ppt.)
Combined Loss and Commission Ratio (Percent)	91.1	95.5	(1.4 ppt.)

Note: <sup>1</sup> Excluded Underwriting expenses

Gross and net written premium grew by 4.1 percent and 4.9 percent orderly from normal business growth. However, underwriting profit increased from last year 12.9 percent and combined loss and commission ratio down 3.0 ppt. due to lower claim expenses from property insurance.

## Results of Domestic Non-Life Reinsurance by Products

(Unit: THB Million)

	2020	2019	Growth (Percent)
<b>Gross Written Premium</b>			
Property	347	330	5.1
Marine	66	71	(7.3)
Motor	988	888	11.4
Miscellaneous	2,891	3,145	(8.1)
<b>Total</b>	<b>4,292</b>	<b>4,434</b>	<b>(3.2)</b>
<b>Net Written Premium</b>			
Property	281	272	3.4
Marine	53	58	(8.3)
Motor	988	888	11.3
Miscellaneous	2,584	2,259	14.4
<b>Total</b>	<b>3,908</b>	<b>3,477</b>	<b>12.4</b>
<b>Underwriting Profit (Loss) <sup>1</sup></b>			
Property	76	(19)	498.9
Marine	14	10	43.8
Motor	50	84	(40.3)
Miscellaneous	261	31	751.1
<b>Total</b>	<b>401</b>	<b>106</b>	<b>279.9</b>
<b>Loss Ratio (Percent)</b>			
Property	32.3	67.5	(35.2 ppt.)
Marine	24.5	35.4	(10.9 ppt.)
Motor	63.9	61.8	2.1 ppt.
Miscellaneous	45.5	51.0	(5.5 ppt.)
<b>Total</b>	<b>48.8</b>	<b>54.7</b>	<b>(5.9 ppt.)</b>
<b>Combined Loss and Commission Ratio (Percent)</b>			
Property	73.0	107.1	(34.1 ppt.)
Marine	73.8	83.8	(10.0 ppt.)
Motor	94.6	90.8	3.8 ppt.
Miscellaneous	89.3	98.7	(9.4 ppt.)
<b>Total</b>	<b>89.2</b>	<b>97.1</b>	<b>(7.9 ppt.)</b>

 Note: <sup>1</sup> Excluded Underwriting expenses

- **Property**

Gross written premium THB 347 million increased 5.1 percent and net written premium of THB 281 million up 3.4 percent. Underwriting profit of THB 76 million increased 498.9 percent was mainly due to lower claim expenses (loss ratio down 35.2 ppt.).

- **Marine**

Gross written premium THB 66 million decreased 7.3 percent and net written premium THB 53 million down 8.3 percent whilst an underwriting profit THB 14 million improved by 43.8 percent because of lower claim expenses. Loss ratio stood at 24.5 percent (down 10.9 ppt.).

- **Motor**

Gross and net written premium THB 988 million increased 11.4 percent and 11.3 percent orderly. Underwriting profit THB 50 million down 40.3 percent due to higher claim and commission expenses. Combined loss and commission ratio stood at 94.6 percent (up 3.8 ppt.).

- **Miscellaneous**

Gross written premium of THB 2,891 million decreased 8.1 percent due to the long-term reinsurance projects gradually decline by THB 598 million from last year. Whilst net written premium THB 2,584 million increased 14.4 percent because the company had new premium growth particularly from Health insurance with higher retention to offset against the long-term premiums. The underwriting profit of THB 261 million improved by 751.1 percent due to cost of the long-term reinsurance project gradually decline in proportion to the premium. Besides, the combined loss and commission ratio improved by 9.4 ppt., therefore the underwriting results improved accordingly.

## Results of Foreign Non-Life Reinsurance

(Unit: THB Million)

	2020	2019	Growth (Percent)
Gross Written Premium	36.5	21.2	72.2
Net Written Premium	36.5	21.2	72.2
Underwriting Profit (Loss) <sup>1</sup>	(2.9)	1.3	(323.1)
Loss Ratio (Percent)	64.8	50.1	14.7 ppt.
Combined Loss and Commission Ratio	108.2	91.7	16.5 ppt.

Note: <sup>1</sup> Excluded Underwriting expenses

Following the Company's expansion into ASEAN Economic Community (AEC), the Company received more gross written premium by THB 36.5 million up 72.2 percent from Vietnam, Cambodia and Singapore. The underwriting loss of THB 2.9 million due to higher claim expenses, as a result loss ratio (increased 14.7 ppt.).

## Investment

(Unit: THB Million)

	2020	2019	Growth (Percent)
Net investments income	122	170	(28.2)
Gain on investments	2	112	(98.2)
Fair value gain on investments	13	26	(50.0)
Investment expenses	(5)	(7)	(28.6)
<b>Total</b>	<b>132</b>	<b>301</b>	<b>(56.1)</b>

Net investment income THB 122 million included interest and dividend income decreased 28.2 percent due to lower dividend and interest income from COVID-19 impact particularly several listed companies and investment funds paid less dividend.

Gain on investment THB 2 million decreased from last year because in last year there were gain from sale of investment funds of THB 112 million while this year with the impact of new accounting standards TFRS9, gain from sale of investment funds (FVOCI) of THB 59 million presented directly in Retained Earnings, instead of Statement of Income.

Fair value gain (mark-to-market) of THB 13 million decreased from last year THB 26 million because of high volatile of share prices in the Stock Exchange of Thailand.



## Service Business

(Unit: THB Million)

Company name	Nature of business	Income		percent	Profit (loss)*		percent
		2020	2019		2020	2019	
EMCS Thai Co., Ltd. (EMCS)	Provision of computer service in relation to motor insurance claims and related statistics	165	159	3.8	49	52	(6.6)
Thaire Services Co., Ltd.	Provision of computer service, health insurance claims and supporting services.	216	219	(1.2)	11	21	(45.7)
Thaire Actuarial Consulting Co., Ltd.	Actuarial service	14	14	(2.8)	4	(1)	486.9
Thaire Innovation Co., Ltd.	E-commerce services	-	-	-	(4)	(5)	27.2

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

EMCS's revenue of THB 165 million increased by 3.8 percent from normal business growth but a profit of THB 49 million decreased by 6.6 percent because there are new investment costs to expand more services to clients and thus net profit slightly decline.

Thaire Services' revenue THB 216 million decreased by 1.2 percent due to postponement of several training courses from COVID-19 impact. The net profit 11 million down 45.7 percent due to revenue drop from COVID-19 impact together with additional new investment expenditure to improve efficiency, future cost reduction and expand more services to clients. Such investment expenditures couldn't capitalized in accounting basis.

Thaire Actuarial revenue THB 14 million same as last year whereas the increment in net profit of THB 4 million mainly due to costs reduction caused profit improvement.

Thaire Innovation, the subsidiary of Thaire Services, hasn't fully operated during 2020 since it's been on the change of its business objectives from "Non-life insurance broker" to "E-commerce services". Subsequently, the Ministry of Commerce granted the license in February 2021 and the Company could start its new business operations accordingly.

## Financial Position

### Assets

Total assets of THB 7,007 million decreased from last year THB 806 million or 10.3 percent mainly due to (a) reinsurance contract decreased THB 594 million as a result of declining in the long-term reinsurance projects and (b) receivables from reinsurance contracts decreased THB 169 million from settlement in the past year.

### Liabilities

Total liabilities of THB 3,325 million decreased THB 938 million or 22.0 percent mainly due to (a) insurance contract liabilities decreased THB 325 million, (b) due to reinsurers decreased THB 525 million because of declining of the long-term reinsurance projects and (c) premium received in advance had been realised to revenue during the year of THB 82 million.

### Equity

Shareholders' equity of THB 3,681 million increased of THB 132 million or 3.7 percent due to an increasing profit of THB 97 million and allocation of statutory reserve THB 10 million. During the year 2020, the Company has reduced the accumulated loss by offsetting against the share capital of THB 506 million and the statutory reserve of THB 39 million.

### Key Accounting Policies

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 of 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 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 April 2019. Details of the accounting policies of the Company and its subsidiaries can be viewed in the annual report (form 56-2) at [www.thaire.co.th](http://www.thaire.co.th) or [www.set.or.th](http://www.set.or.th).

During the year, the Group adopted several revised and new financial reporting standards and interpretations with effective beginning on or after January 1, 2020. The adoption of these financial reporting standards does not have any material impact to the financial statements of the Company and its subsidiaries.

- **Financial reporting standards related to financial instruments**

Consists of 5 accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments



Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

Although the Company meets the requirements specified by the financial reporting standard No. 4 (TFRS4 revised 2019) to be able to the Guidance to TFRS9, but the Company considers adoption of the financial reporting standard No.9 (TFRS9) would be more suitable.

- **TFRS16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

- **Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Covid-19 Pandemic**

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Covid-19 Pandemic which it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

During the period from the first quarter to the third quarter of 2020, the Group elected to apply the temporary relief measures on accounting alternatives relating to

- Opted not to take into account forward-looking information when determining expected credit losses, in cases where the Group uses a simplified approach to determine expected credit losses.
- Opted to measure the fair value of investments in unquoted equity securities instruments using the fair value as at 1 January 2020.

In the fourth quarter of 2020, the Group has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic. As a result, in preparing the financial statements for the year ended 31 December 2020, the Group has decided to discontinue application of all temporary relief measures on accounting alternatives with no significant impact on the Group's financial statements.



## Contingencies and off-balance sheet arrangements

The Company has certain contingencies as follows:

1. Operating lease of THB 0.2 million related to office rental and vehicles.
2. Service contracts of THB 0.8 million related to maintenance of reinsurance software computers.
3. Capital expenditures of THB 2.0 million related to the development of software computer and building improvement.

## Factors affecting future performance

### External factors

- The COVID-19 endures substantial undesirable impact to all parties and consequentially to both Thai and international economic.
- Intervention from supervisory authorities in order to reduce insurance premiums for various types such as compensation during car repairment, reduction of premiums from the government's major rice insurance program.
- Farmers' purchasing power is still low due to the continued decline in agricultural product prices including drought and floods that occur periodically throughout the year.
- Interest rates and dividends which are affected by the economic conditions both domestically and internationally which are in a downtrend. It may affect the rate of return on investment in the short term.

### Internal factors

- The International Financial Reporting Standard No. 17 (IFRS17) is due adoption to all international insurance companies with effective 1 January 2023. For Thailand, it's still under the consideration of the Federation of Accounting Professions which expected to be effective on 1 January 2024. We expect IFRS17 would make vast impact to the company's overall financial statements and operating results. Thus, the company has started an intensive study to analyse the impact and will inform to the shareholders in due course.



## Insurance Risk Management

The Company's strategy is still focusing on personal line of non-conventional reinsurance. For the conventional reinsurance, the Company will be more selective on commercial property lines where premiums are reasonable against risks. With COVID-19 impact in 2020, the Company expects property lines premium would grow favorable especially high-sum insurance segment. The Company has managed insurance risk by entering into Excess of Loss Protection that incorporated into the Company's capital level to limit the amount of damages as follows:

(THB Million)

Type	Limit of liability	Excess coverage	Total
Fire & Misc	50	1,200	1,250
Marine	30	70	100

In addition, the Company continues closely and timely monitoring risk accumulation and assesses the highest potential impact of natural perils on a quarterly basis.

# 17 Ten-Year Financial Highlights



Consolidated financial statements	2020	2019	2018	2017	2016	2015	2014** (Restated)	2014	2013	2012	2011
	(Unit: THB Million)										
Gross Written Premium	4,329	4,455	4,849	4,903	5,183	5,262	4,714	6,338	5,918	6,261	7,416
Net Written Premium	3,944	3,498	3,483	3,041	3,404	3,314	4,462	6,069	5,550	5,357	5,757
Net Underwriting Profit (Loss) <sup>1</sup>	54	(225)	(459)	(174)	264	276	(2,150)	(1,812)	(4,320)	(6,093)	(2,352)
Net Investment Income	132	301	(297)	371	45	2,914	590	590	742	728	272
Net Income (Loss) from Services	63	80	65	71	58	63	49	49	62	45	21
Profit (Loss) before Income Tax	255	164	(688)	257	347	3,202	(1,339)	(1,339)	(3,529)	(5,346)	(2,052)
Net Profit (Loss)	222	125	(1,012)	(111)	278	2,655	(1,953)	(1,953)	(2,799)	(4,349)	(1,660)
Total Assets	7,007	7,813	9,842	12,395	14,418	15,112	14,682	14,682	27,910	33,433	25,720
Total Liabilities	3,325	4,263	6,222	7,529	9,038	9,656	10,899	10,899	25,082	30,154	24,978
Share capital paid up	3,709	4,215	4,215	4,215	4,215	4,215	4,215	4,215	3,512	3,512	1,187
Capital Funds (Shareholders' Equity)	3,681	3,549	3,620	4,866	5,320	5,413	3,054	3,054	2,273	3,476	728
Book Value per share (Baht)	0.99	0.00	0.86	1.15	1.26	1.28	0.72	0.72	0.65	0.99	0.61
Dividend Per Share (Baht)	0.04*	-	-	0.10	0.15	-	-	-	-	-	0.2

Remark: \*Subject to the approval of Annual General Meeting of Shareholders No.28 on 23 April 2021



Consolidated financial statements	2020	2019	2018	2017	2016	2015	2014** (Restated)	2014	2013	2012	2011
<b>Ratio (Percent)</b>											
Return on Revenue	5.0	3.0	(25.1)	(2.9)	6.9	40.8	(28.2)	(28.2)	(42.7)	(69.1)	(26.8)
Return on Net Written Premium	5.6	3.6	(29.1)	(3.7)	8.2	80.1	(43.8)	(32.2)	(50.4)	(81.2)	(28.8)
Return on Equity	6.1	3.5	(23.9)	(2.2)	5.2	62.7	(73.3)	(73.3)	(97.4)	(206.9)	(89.9)
Return on Assets	3.0	1.4	(9.1)	(0.8)	1.9	17.8	(9.2)	(9.2)	(9.1)	(14.7)	(9.5)
Return on Investment	3.3	6.0	(4.7)	4.7	0.5	28.7	4.5	4.5	4.4	4.9	3.4
Loss Ratio <sup>2</sup>	49.0	54.8	54.8	46.8	43.6	43.6	101.2	85.3	136.1	169.9	103.7
Acquisition Ratio <sup>3</sup>	49.6	51.5	58.3	58.7	48.9	50.3	46.7	44.5	42.4	44.1	43.7
Combined Ratio	98.6	106.2	113.1	105.5	92.5	93.9	147.9	129.8	178.5	214.0	147.4
Solvency Ratio	91.7	102.5	121.8	167.5	157.7	127.7	59.7	43.9	51.8	39.2	32.1
Current Ratio (times)	1.3	1.2	1.1	1.2	1.2	1.1	1.1	1.1	1.0	1.1	1.1
Reserve Ratio <sup>4</sup>	123.2	139.6	170.6	234.5	249.8	227.2	151.3	111.2	218.7	272.2	120.3

**Description:**

1. In 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".

2. In 2016, 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 associated company to investments assets.

3. The Company has changed Acquisition Ratio formula from "acquisition cost to net written premiums" to "acquisition cost to earned premium" that caused to change in combined ratio which were presented in 2010 - 2019 in this report.

**Note:**

1. Net of other operating expenses, bad debts and doubtful accounts
2. Loss incurred expressed as a percentage of earned premiums
3. A ratio of total commission to earned premium plus total incurred expenses to earned premium
4. Aggregation of Unpaid losses, Unearned premium reserve and Life policy reserve

## 18 Report on the Board of Directors' Responsibilities for the Financial Report



The Board of Directors are responsible for the Company and its subsidiaries' financial statements including the financial information shown in the annual report. The Company's financial statements ended 31 December 2020 are prepared in accordance with the Thai Accounting Standard. The appropriate accounting policies are constantly implemented. Sufficient important information are disclosed in the footnotes of the financial statements which have been audited by the auditors.

The Board of Directors have 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 have 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 regards to these matters appears in the Report of the Audit Committee in this Annual Report.

The Board of Directors are of the view that the Company has maintained an effective internal control system at an adequate and appropriate level to assure the credibility of the financial statements. The financial positions, operating performance and cash flows of Thai Reinsurance Public Co., Ltd. and its subsidiaries are presented correctly and completely in accordance with the accounting standard.

(Chai Sophonpanich)  
Chairman

(Oran Vongsuraphichet)  
Chief Executive Officer



# 19 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 2020, 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 2020, 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 to each matter were described below.

### Reinsurance premiums written

Revenues from the Company's core business are reinsurance premiums written whereby in 2020, the Company had reinsurance premium written of Baht 4,329 million. In doing the reinsurance business, the Company has entered into both facultative reinsurance and treaty reinsurance contracts with customers that are general insurance companies whereby the contracts contain various conditions relating to type of insurance, ceding ratios and coverage periods, among others. In addition, recognition of earned reinsurance premiums under the reinsurance contracts is required to meet the criteria and definition of insurance contracts under Thai Financial Reporting Standards, which involve the judgement exercised by the Company's management in considering and reviewing classification of insurance contracts. Therefore, I focused on examining that reinsurance premiums were actually earned and correctly recognised.

The audit procedures I performed were to assess and test, on a sampling basis, the Company's internal controls relevant to the recognition of reinsurance premium earned from reinsurance contracts, to assess the methodology and key assumptions used in the tests of insurance contract classification, to test accuracy and completeness of data used by the Company for the tests of insurance contract classification and to reconcile the amounts of reinsurance premium with those shown on the statements of accounts received from the reinsured. In addition, I performed analytical procedures of gross premium written, disaggregated by type of reinsurance and tested, on a sampling basis, significant adjustments made by journal vouchers.



### Loss reserves

As described in Note 18 to the financial statements, as at 31 December 2020 the Company had loss reserves (included as a part of insurance contract liabilities) of Baht 1,250 million. 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 and forecast 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 claims incurred, and the accuracy of the forecasted information. 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 incurred claims data, and reviewing documents and loss reports of major claims from insurance companies against accounting records of such losses.

### 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: 23 February 2021

## 20 Financial Statements and Notes to Financial Statements



Thai Reinsurance Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2020 and 2019

(Unit: Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
Assets					
Cash and cash equivalents	8	209,845,474	184,603,593	125,548,222	105,346,768
Accrued investment income		2,655,437	6,231,515	2,293,229	6,083,871
Reinsurance assets	9	175,571,883	769,340,554	175,571,883	769,340,554
Reinsurance receivables	10	1,359,976,971	1,528,510,979	1,359,976,971	1,528,510,979
Debt financial assets	11.2	2,472,537,053	-	2,326,625,261	-
Equity financial assets	11.3	1,496,699,198	-	1,496,699,198	-
Investments in securities	11.4	-	4,046,119,055	-	3,909,142,622
Loans and interest receivables	12	17,047,440	21,441,043	16,961,745	21,285,480
Investments in subsidiaries	13.2	-	-	307,699,320	307,699,320
Premises and equipment	14	233,858,280	248,744,382	131,580,371	139,590,861
Right-of-use assets	15.1	5,905,255	-	3,791,832	-
Intangible assets	16	117,058,108	114,164,750	59,111,650	63,866,299
Deferred tax assets	17.1	245,801,358	240,688,983	233,133,079	229,378,293
Other assets					
Deferred commissions and brokerages expenses		499,916,518	510,475,858	499,916,518	510,475,858
Corporate income tax awaiting refund		35,278,886	33,713,300	32,671,065	31,975,631
Others		134,511,102	108,573,124	51,285,070	44,802,943
Total assets		7,006,662,963	7,812,607,136	6,822,865,414	7,667,499,479

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 2020 and 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
Liabilities and owners' equity					
Liabilities					
Insurance contract liabilities	18	2,537,813,832	2,862,390,705	2,537,813,832	2,862,390,705
Due to reinsurers	19	406,897,710	932,087,671	406,897,710	932,087,671
Derivative liabilities	20	90,654	-	-	-
Income tax payables		5,035,877	5,488,933	-	-
Employee benefit obligations	21	78,643,654	64,135,113	45,926,269	38,600,646
Lease liabilities	15.2	5,891,092	4,080,315	3,696,103	1,376,704
Other liabilities					
Premium received in advance		153,379,763	235,192,586	153,379,763	235,192,586
Deferred commissions and brokerages income		22,223,663	78,465,646	22,223,663	78,465,646
Others		115,242,449	81,475,425	47,734,368	24,960,208
Total liabilities		3,325,218,694	4,263,316,394	3,217,671,708	4,173,074,166
Owners' equity					
Share capital	22				
Registered, issued and paid-up					
4,214,993,832 ordinary shares of Baht 0.88 each					
(31 December 2019: 4,214,993,832 shares of					
Baht 1.00 each)		3,709,194,572	4,214,993,832	3,709,194,572	4,214,993,832
Retained earnings					
Appropriated					
Statutory reserve	23	61,700,000	90,400,000	48,500,000	77,200,000
Unappropriated		400,411,936	(412,784,888)	243,543,999	(544,358,341)
Other components of owners' equity		(489,862,239)	(343,318,202)	(396,044,865)	(253,410,178)
Total owners' equity		3,681,444,269	3,549,290,742	3,605,193,706	3,494,425,313
Total liabilities and owners' equity		7,006,662,963	7,812,607,136	6,822,865,414	7,667,499,479

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 2020 and 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Revenues					
Reinsurance premium written		4,328,727,602	4,455,274,300	4,328,727,602	4,455,274,300
Less: Premium ceded to reinsurers		(384,549,052)	(957,596,603)	(384,549,052)	(957,596,603)
Net reinsurance premium written		3,944,178,550	3,497,677,697	3,944,178,550	3,497,677,697
Add (less): Unearned premium reserves (increased) decreased from prior year		(194,315,826)	111,147,290	(194,315,826)	111,147,290
Earned reinsurance premium		3,749,862,724	3,608,824,987	3,749,862,724	3,608,824,987
Commissions and brokerage income		159,675,467	394,391,956	159,675,467	394,391,956
Net investment revenue	25	122,076,870	170,332,919	160,559,129	208,662,478
Net gains from financial instruments	26	2,334,716	111,921,054	2,313,067	111,620,726
Fair value gains on financial instruments	27	12,988,105	25,843,060	12,967,653	25,853,521
Shares of loss from investments in an associate		-	(327,038)	-	-
Service income		379,171,559	375,668,883	-	-
Other income		6,203,782	9,985,982	1,913,953	9,793,372
Total revenues		4,432,313,223	4,696,641,803	4,087,291,993	4,359,147,040
Expenses					
Gross claims		2,074,314,581	3,117,631,889	2,074,314,581	3,117,634,889
Less: claim recovery from reinsurers		(238,535,607)	(1,140,528,943)	(238,535,607)	(1,140,528,943)
Commissions and brokerage expenses		1,675,486,829	1,919,380,233	1,675,486,829	1,919,380,233
Other underwriting expenses		155,091,181	144,304,748	155,165,309	144,392,901
Operating expenses	28	189,439,207	187,465,058	202,666,002	196,664,299
Investment expenses		5,837,171	6,758,063	5,837,171	6,758,063
Service expenses		315,730,697	295,647,357	-	-
Finance costs		399,275	187,775	228,661	11,225
Expected credit losses	29	(42,009)	-	(153,895)	
Other expenses		64,687	2,244,086	314,640	219,658
Total expenses	30	4,177,786,012	4,533,090,266	3,875,323,691	4,244,532,325
Profit before income tax expenses		254,527,211	163,551,537	211,968,302	114,614,715
Income tax expenses	17.2	(32,526,974)	(38,755,044)	(17,266,958)	(19,895,881)
Net profits		222,000,237	124,796,493	194,701,344	94,718,834
Net profits attributable to:					
Shareholders of the Company		222,000,237	125,128,553	194,701,344	94,718,834
Non-controlling interests of the subsidiaries		-	(332,060)		
		222,000,237	124,796,493		
Earnings per share	32				
Basic earnings per share					
Net profits attributable to shareholders of the Company		0.05	0.03	0.05	0.02

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 2020 and 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
<b>Net profits</b>		222,000,237	124,796,493	194,701,344	94,718,834
<b>Other comprehensive income (loss)</b>					
Items to be recognised in statements of income for subsequent periods					
Loss on revaluation of available-for-sale investments		-	(242,985,502)	-	(243,291,272)
Add: Income taxes		-	48,597,100	-	48,658,254
Losses on revaluation of available-for-sale investments - net of income taxes		-	(194,388,402)	-	(194,633,018)
Losses on investments in debt securities measured at fair value through other comprehensive income		(124,825)	-	(73,803)	-
Add: Income taxes		24,965	-	14,761	-
Losses on investments in debt securities measured at fair value through other comprehensive income - net of income taxes		(99,860)	-	(59,042)	-
Total items to be recognised in statements of income for subsequent periods		(99,860)	(194,388,402)	(59,042)	(194,633,018)
Items not to be recognised in statements of income for subsequent periods					
Losses on investments in equity securities measured at fair value through other comprehensive income		(122,402,331)	-	(122,402,331)	-
Add: Income taxes		24,480,466	-	24,480,465	-
Losses on investments in equity securities measured at fair value through other comprehensive income - net of income taxes		(97,921,865)	-	(97,921,866)	-
Actuarial losses		(5,628,106)	(7,841,948)	(3,486,334)	(3,745,435)
Add: Income taxes		1,125,621	1,568,390	697,267	749,087
Actuarial losses - net of income taxes		(4,502,485)	(6,273,558)	(2,789,067)	(2,996,348)
Total items not to be recognised in statements of income for subsequent periods		(102,424,350)	(6,273,558)	(100,710,933)	(2,996,348)
<b>Other comprehensive loss for the years</b>		(102,524,210)	(200,661,960)	(100,769,975)	(197,629,366)
<b>Total comprehensive income (loss) for the years</b>		119,476,027	(75,865,467)	93,931,369	(102,910,532)
<b>Total comprehensive income (loss) for the years attributable to:</b>					
Shareholders of the Company		119,476,027	(75,533,407)	93,931,369	(102,910,532)
Non-controlling interest of the subsidiaries		-	(332,060)		
		119,476,027	(75,865,467)		

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

**Thai Reinsurance Public Company Limited and its subsidiaries**  
**Statements of changes in owners' equity**  
**For the years ended 31 December 2020 and 2019**

(Unit: Baht)

	Consolidated financial statements													
	Equity attributable to shareholders of the Company													
	Issued and paid-up share capital	Retained earnings		Unappropriated Statutory reserve	Debt securities measured at fair value through other comprehensive income - net of income taxes		Equity securities measured at fair value through other comprehensive income - net of income taxes		Revaluation deficit on available-for-sale investments - net of income taxes	Deficit as a result of change in shareholding percentage in a subsidiary	Total other components of owners' equity	Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiary	Total owners' equity
		Appropriated -			- net of income taxes	- net of income taxes								
Note														
Balance as at 1 January 2019														
	4,214,993,832	-	85,400,000	(527,704,160)	-	-	-	(59,021,776)	(93,821,601)	(152,843,377)	3,619,846,295	-	3,619,846,295	
		-	-	125,128,553	-	-	-	-	-	-	125,128,553	(332,060)	124,796,493	
		-	-	(6,273,558)	-	-	-	(194,388,402)	-	(194,388,402)	(200,661,960)	-	(200,661,960)	
	-	-	-	118,854,995	-	-	-	(194,388,402)	-	(194,388,402)	(75,533,407)	(332,060)	(75,865,467)	
	-	-	-	-	-	-	-	-	3,913,577	3,913,577	3,913,577	332,060	4,245,637	
23	-	-	5,000,000	(5,000,000)	-	-	-	-	-	-	-	-	-	
	-	-	-	1,064,277	-	-	-	-	-	-	1,064,277	-	1,064,277	
	4,214,993,832	-	90,400,000	(412,784,888)	-	-	-	(253,410,178)	(89,908,024)	(343,318,202)	3,549,290,742	-	3,549,290,742	
Balance as at 1 January 2020														
	4,214,993,832	-	90,400,000	(412,784,888)	-	-	-	(253,410,178)	(89,908,024)	(343,318,202)	3,549,290,742	-	3,549,290,742	
	-	-	-	13,450,989	4,836,394	(255,260,773)	253,410,178	2,985,799	16,436,788	-	16,436,788	-	16,436,788	
4	4,214,993,832	-	90,400,000	(399,333,899)	4,836,394	(255,260,773)	-	(89,908,024)	(340,332,403)	(3,565,727,530)	3,565,727,530	-	3,565,727,530	
	-	-	-	222,000,237	(99,860)	(97,921,865)	-	-	(98,021,725)	(102,524,210)	222,000,237	-	222,000,237	
	-	-	-	(4,502,485)	-	-	-	-	-	-	(102,524,210)	-	(102,524,210)	
	-	-	-	217,497,752	(99,860)	(97,921,865)	-	-	(98,021,725)	119,476,027	119,476,027	-	119,476,027	
	(505,799,260)	-	-	505,799,260	-	-	-	-	-	-	-	-	-	
22	-	-	(38,559,081)	38,559,081	-	-	-	-	-	-	-	-	-	
23	-	-	9,859,081	(9,859,081)	-	-	-	-	-	-	-	-	-	
23	-	-	-	154,289	-	-	-	-	-	-	154,289	-	154,289	
	-	-	-	-	-	-	-	-	-	-	-	-	-	
	-	-	-	47,594,534	-	(47,594,534)	-	-	(47,594,534)	-	-	-	-	
11.3.2	-	-	-	-	-	-	-	-	(3,913,577)	(3,913,577)	(3,913,577)	-	(3,913,577)	
	-	-	-	-	-	-	-	-	(489,862,239)	(489,862,239)	3,681,444,269	-	3,681,444,269	
	3,709,194,572	-	61,700,000	400,411,936	4,736,534	(400,777,172)	-	-	(93,821,601)	(3,913,577)	3,681,444,269	-	3,681,444,269	

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


**Thai Reinsurance Public Company Limited and its subsidiaries**
**Statements of changes in owners' equity (continued)**

For the years ended 31 December 2020 and 2019

	Note	Separate financial statements						
		Issued and paid-up share capital	Retained earnings		Other components of owners' equity			Total owners' equity
			Appropriated - Statutory reserve	Unappropriated	Debt securities measured at fair value through other comprehensive income - net of income taxes	Equity securities measures fair value through other comprehensive income - net of income taxes	Revaluation deficit on available-for-sale investments	
<b>Balance as at 1 January 2019</b>		4,214,993,832	77,200,000	(637,145,104)	-	-	(58,777,160)	3,596,271,568
Profit for the year		-	-	94,718,834	-	-	-	94,718,834
Other comprehensive loss for the year		-	-	(2,996,348)	-	-	(194,633,018)	(197,629,366)
Total comprehensive income (loss) for the year		-	-	91,722,486	-	-	(194,633,018)	(102,910,532)
Reversal of expired dividend payable		-	-	1,064,277	-	-	-	1,064,277
<b>Balance as at 31 December 2019</b>		4,214,993,832	77,200,000	(544,358,341)	-	-	(253,410,178)	3,494,425,313
<b>Balance as at 1 January 2020</b>		4,214,993,832	77,200,000	(544,358,341)	-	-	-	3,494,425,313
Cumulative effect of the change in accounting policies	4	-	-	13,741,980	4,791,350	(255,260,773)	(253,410,178)	16,682,735
<b>Balance as at 1 January 2020 - as restated</b>		4,214,993,832	77,200,000	(530,616,361)	4,791,350	(255,260,773)	-	3,511,108,048
Net profit		-	-	194,701,344	(59,042)	-	-	194,701,344
Other comprehensive loss for the year		-	-	(2,789,067)	-	(97,921,866)	-	(100,769,975)
Total comprehensive income (loss) for the year		-	-	191,912,277	(59,042)	(97,921,866)	-	93,931,369
Decrease share capital to offset the deficit	22	(505,799,260)	-	505,799,260	-	-	-	-
Transfer reserve to offset the deficit	23	-	(38,559,081)	38,559,081	-	-	-	-
Appropriated to statutory reserve	23	-	9,859,081	(9,859,081)	-	-	-	-
Reversal of expired dividend payable		-	-	154,289	-	-	-	154,289
Transfer to retained earnings due to disposals of investment in equity	11.3.2	-	-	47,594,534	-	(47,594,534)	-	-
<b>Balance as at 31 December 2020</b>		3,709,194,572	48,500,000	243,543,999	4,732,308	(400,777,173)	-	3,605,193,706

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 2020 and 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Cash flows from operating activities					
Cash received (paid) for reinsurance		1,958,862,675	(179,410,926)	1,958,862,675	(179,413,926)
Interest income		25,049,422	32,179,276	23,691,258	30,123,173
Dividends received from subsidiaries		-	-	40,079,987	40,499,975
Dividend income from other companies		100,753,335	135,411,168	100,753,335	135,411,168
Revenues from other investments		71,038,775	9,530,272	70,992,126	9,556,982
Other income		361,537,793	371,735,712	1,913,953	9,370,146
Commission and brokerage expenses		(1,772,494,217)	(1,026,159,024)	(1,772,494,217)	(1,026,159,024)
Other underwriting expenses		(144,019,297)	(147,470,452)	(144,093,425)	(147,558,605)
Operating expenses		(163,915,806)	(171,614,017)	(176,831,340)	(176,708,424)
Other expenses		(273,183,067)	(247,081,088)	(312,363)	(218,632)
Income tax revenues (expenses)		(18,160,668)	(21,514,489)	6,815	(760,411)
Cash received on financial assets		1,590,118,217	-	1,567,928,204	-
Cash paid for financial assets		(1,676,256,826)	-	(1,645,217,073)	-
Investments in securities		-	1,017,389,640	-	1,046,855,774
Loans		4,393,604	2,023,708	4,323,735	2,179,272
Investments in a subsidiary		-	(4,846,528)	-	-
Net cash provided by (used in) operating activities		63,723,940	(229,826,748)	29,603,670	(256,822,532)
Cash flows from investing activities					
Disposals of equipment and intangible assets		450,179	944,038	91,873	715,660
Purchases of premises, equipment and intangible assets		(36,500,606)	(30,354,348)	(7,798,655)	(5,634,115)
Net cash used in investing activities		(36,050,427)	(29,410,310)	(7,706,782)	(4,918,455)
Cash flows from financing activities					
Repayment of lease liabilities		(2,289,822)	-	(1,610,586)	-
Repayments on long-term loans		-	(3,753,052)	-	-
Net cash used in financing activities		(2,289,822)	(3,753,052)	(1,610,586)	-
Net increase (decrease) in cash and cash equivalents		25,383,691	(262,990,110)	20,286,302	(261,740,987)
Cash and cash equivalents at beginning of the years		184,603,593	446,268,704	105,346,768	367,087,755
Add: Cash and cash equivalents held by an associate whose status was changed to a subsidiary		-	1,324,999	-	-
Less: Increase in allowance for expected credit losses	8	(141,810)	-	(84,848)	-
Cash and cash equivalents at end of the years		209,845,474	184,603,593	125,548,222	105,346,768

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 2020 and 2019

#### 1. Corporate information

##### 1.1 Corporate information

Thai Reinsurance Public Company Limited (“the Company”) is a public company, incorporated, domiciled in Thailand and listed on the Stock Exchange of Thailand. As at 31 December 2020 and 2019, its major shareholder is HWIC ASIA FUND, which 47% 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.

##### 1.2 Coronavirus 2019 pandemic

The Coronavirus 2019 (Covid-19) pandemic has caused an economic slowdown and impacted businesses and industries in various sectors either directly or indirectly. This situation may bring uncertainties and have an impact on the environment in which the business operates. The Company’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues (if any) as the situation has evolved.

#### 2. Basis of 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 the Notification of the Office of Insurance Commission (“OIC”) regarding criteria, procedures, conditions and terms for preparation and submission of financial statements and operating performance reports of non-life insurance companies (No. 2) B.E. 2562 dated 4 April 2019.

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.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in Note 5 to the financial statements regarding summary of significant accounting policies.

## 2.1 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 as at 31 December	
			2020	2019
			%	%
Thaire Services Co., Ltd.	Provision of claim management and marketing services	Thailand	100.0	100.0
EMCS Thai Co., Ltd.	Provision of computer services in relation to motor claim management	Thailand	100.0	100.0
Thaire Actuarial Consulting Co., Ltd.	Provision of actuarial, training and advisory services	Thailand	100.0	100.0
Thaire Innovation Co., Ltd. <sup>(1)</sup>	Provision of develop electronic commerce services	Thailand	100.0	100.0

<sup>(1)</sup> It has been a subsidiary since 28 March 2019.

- (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.

## 2.2 Basis of separate financial statements preparation

The Company has prepared its separate financial statements, which have presented investments in subsidiaries under the cost method.



### 3. New financial reporting standards

#### 3.1 Financial reporting standards that became effective in the current year

During the year, the Group has adopted the new and revised (revised 2019) financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involve changes to key principles, which are summarised below:

##### (a) Financial reporting standards and accounting guidance related to financial instruments

###### Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

###### Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

###### Accounting standard:

TAS 32	Financial Instruments: Presentation
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###### Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

###### Accounting guidance related to financial instruments and disclosures applicable to insurance business

Accounting guidance related to financial instruments and disclosures applicable to insurance business was issued to comply with TFRS 4 (revised 2019) Insurance contracts, which allows insurers who meet certain criteria stipulated in TFRS 4 to delay adoption of TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures, which are temporarily effective on 2020, and to adopt the Accounting Guidance related to financial instruments and disclosures applicable to insurance business instead.

This accounting guidance has certain stipulations that differ from TFRS 9 in the following significant area.

- Classification and measurement of financial assets: These are classified as trading securities, available-for-sale securities, held to maturity debt securities, and loans and receivables, with no requirement to take into account the assessment of the Company's business model and the characteristics of the contractual cash flows.
- Loss on impairment, gain or loss on derecognition, and gain and loss on fair value hedges for available-for-sale equity securities items are recognised in profit or loss.
- The derivatives embedded in financial assets that are hybrid contracts are separated from host contract if they meet all criteria for separation.

In addition, the accounting guidance has some differences from TFRS 7 with respect to disclosures.

The Company's management already considered even though the Company meets the criteria stipulated in TFRS 4, enabling it to be able to choose to adopt such accounting guidance, the management consider that it would be more appropriate to adopt the TFRSs related to financial instruments. The adoption of these TFRSs had the impact to the Group's financial statements as follows:

#### Classification and measurement of financial assets

The Group shall reclassify financial assets and financial liabilities to comply with the Group's business model for managing assets and liabilities on the basis of the facts and circumstances that exist at the initial date of application as follows:

##### *Financial assets - equity instruments*

- Investments in listed securities

The Group considered to measure and classify investments in listed equity securities (previously classified as investments in available-for-sale securities under the cancelled former accounting standard) as financial assets at fair value through other comprehensive income on the effective date of the standard.

- Investments in non-listed equity securities

The Group considered to measure investments in non-listed equity securities (previously classified as general investments under the cancelled former accounting standard) and classify them as financial assets at fair value through other comprehensive income.



- Investments in unit trusts

The Group considered to measure and classify investments in unit trust (previously classified as available-for-sale investments according to the investment objectives under the cancelled former accounting standard) as financial assets at fair value through other comprehensive income.

#### *Financial assets - Debt instruments*

- Investments in unit trusts

The Group considered to measure and classify investments in unit trusts (previously classified as trading and available-for-sale investments according to the investment objectives under the cancelled former accounting standard) as financial assets at fair value through profit or loss.

- Investments in bonds and debentures

The Group considered to measure and classify investments in bonds and debentures (previously classified as Held-to-maturity investments under the cancelled former accounting standard) as financial assets at fair value through other comprehensive income.

- Investments in deposits at banks

The Group considered to measure and reclassify investments in deposits at banks (previously classified as Held-to-maturity investments under the cancelled former accounting standard) as financial assets measured at amortised cost less allowance for expected credit losses (if any).

- Loans and Interest receivables

The Group considered to continue to measure and classify loans, which the Group holds to collect contractual cash flow (both principal and interest), as loans and interest receivables measured at amortised cost less expected credit loss (if any).

#### Classification of financial liabilities

The adoption of these standards does not have any significant impact on classification of financial liabilities. The Group continues to classify them as financial liabilities to be measured at amortised cost.

#### Impairment of financial assets

The adoption of TFRS 9 requires the Group to move from incurred loss provisioning, under previous accounting policy, to expected loss provisioning, whereby it recognises an allowance for expected credit losses on its financial assets and it is no longer necessary for a credit impaired event to have occurred. The Group has decided to apply the general approach to determine expected credit

losses on debt financial assets and apply the simplified approach to determine expected credit losses on account receivables of non-insurance businesses.

#### Transition

The Group initially adopted these standards using the modified retrospective method whereby the adjustments of the cumulative effects of the first-time adoption of these standards were made against retained earnings or other components of owners' equity as at 1 January 2020, and the comparative information was not restated.

The cumulative effects of the changes in accounting policies were described in Note 4 to financial statements.

#### **(b) TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The Group initially adopted this financial reporting standard using the modified retrospective method whereby an adjustment of the cumulative effect was made against retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effects of the changes in accounting policies were described in Note 4 to financial statements.

#### **(c) Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Covid-19 Pandemic**

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Covid-19 Pandemic. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

During the year of 2020, the Group elected to apply the temporary relief measures on the following accounting alternatives:



- Opted not to take into account forward-looking information when determining expected credit losses, in cases where the Group uses a simplified approach to determine expected credit losses.
- Opted to measure the fair value of investments in unquoted equity securities instruments using the fair value as at 1 January 2020.

However as at 31 December 2020, the Group already assessed the financial impacts relating to the value of its assets as a result of the uncertainties of the COVID-19 pandemic and decided to discontinue application of all temporary relief measures on accounting alternatives with no significant impact on the Group's financial statements.

### 3.2 Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2021

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Group is currently evaluating the impact of these revised standards to the financial statements in the year when they are adopted.

## 4. Cumulative effects of the changes in accounting policies

As described in Note 3 to the financial statements, during the current year, the Group adopted Thai Financial Reporting Standards (TFRSs) related to financial instruments and TFRS 16. The cumulative effects of changes in accounting policies were recognised as adjustments to retained earnings and other components of owners' equity as at 1 January 2020 and the comparative information was not restated.



The impacts from changes in accounting policies to each line item of statement of financial position as at 1 January 2020 due to the adoption of these standards were presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	The impacts of			
	TFRSs related to			
	financial			
	instruments	TFRS 16		
	(Note 4.1)	(Note 4.2)		
	31 December			1 January
	2019			2020
Statement of financial position				
Assets				
Cash and cash equivalents	184,604	(125)	-	184,479
Debt financial assets	-	2,595,753	-	2,595,753
Equity financial assets	-	1,471,323	-	1,471,323
Investments in securities	4,046,119	(4,046,119)	-	-
Loans and interest receivables	21,441	-	-	21,441
Premises and equipment	248,744	-	(4,063)	244,681
Right-of-use assets	-	-	7,772	7,772
Deferred tax assets	240,689	(4,118)	-	236,571
Other assets	108,573	(277)	-	108,296
Liabilities				
Lease liabilities	4,080	-	3,709	7,789
Equity				
Retained earnings - unappropriated	(412,785)	13,451	-	(399,334)
Other components of owners' equity	(343,318)	2,986	-	(340,332)



(Unit: Thousand Baht)

	Separate financial statements			
	The impacts of			
	TFRSs related to			
	31 December	financial	TFRS 16	
	2019	instruments	(Note 4.2)	1 January 2020
		(Note 4.1)		
Statement of financial position				
Assets				
Cash and cash equivalents	105,347	(71)	-	105,276
Debt financial assets	-	2,458,744	-	2,458,744
Equity financial assets	-	1,471,323	-	1,471,323
Investments in securities	3,909,142	(3,909,142)	-	-
Loans and interest receivables	21,285	-	-	21,285
Premises and equipment	139,591	-	(1,376)	138,213
Right-of-use assets	-	-	5,085	5,085
Deferred tax assets	229,379	(4,171)	-	225,208
Liabilities				
Lease liabilities	1,376	-	3,709	5,085
Equity				
Retained earnings - unappropriated	(544,358)	13,742	-	(530,616)
Other components of owners' equity	(253,410)	2,941	-	(250,469)

#### 4.1 Financial instruments

Details of the impact on retained earnings and other components of owners' equity as at 1 January 2020 due to the first-time adoption of this set of TFRSs related to financial instruments were presented as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Impacts on retained earnings as at 1 January 2020</b>		
Classification of available-for-sale investments as financial assets measured at fair value through profit or loss	17,510	17,510
Recognition of an allowance for expected credit losses on financial assets	(687)	(332)
Total	16,823	17,178
Less: Income taxes	(3,372)	(3,436)
Impacts on retained earnings as at 1 January 2020	13,451	13,742

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
<b>Impacts on other components of equity as at 1 January 2020</b>		
Classification of investments in non-listed equity instruments as financial assets designated to be measured at fair value through other comprehensive income	15,197	15,197
Classification of held-to-maturity investments as financial assets at fair value through other comprehensive income	6,045	5,989
Classification of available-for-sale investments as financial assets measured at fair value through profit or loss	(17,510)	(17,510)
<b>Total</b>	<b>3,732</b>	<b>3,676</b>
Less: Income taxes	(746)	(735)
<b>Impacts on other components of owners' equity as at 1 January 2020</b>	<b>2,986</b>	<b>2,941</b>

As at 1 January 2020, the carrying values based on classification and measurement of financial assets in accordance with the set of TFRSs related to financial instruments as compared to those carrying values under the former basis, were as follows:

(Unit: Thousand Baht)						
Consolidated financial statements						
Classification and measurement in accordance with the set of TFRSs related to financial instruments						
	Carrying values under the former basis	Financial instruments measured at fair value through profit or loss	Debt instruments measured at fair value through other comprehensive income	Equity securities designated to be measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Carrying values under TFRS 9
<b>Financial assets</b>						
Cash and cash equivalents	184,604	-	-	-	184,479	184,479
Debt financial assets	2,589,470	777,769	876,696	-	941,288	2,595,753
Equity financial assets	1,456,649	54,323	-	1,417,000	-	1,471,323
Loans and interest receivables	21,441	-	-	-	21,441	21,441
Other assets - others	108,573	-	-	-	108,296	108,296
<b>Total financial assets</b>	<b>4,360,737</b>	<b>832,092</b>	<b>876,696</b>	<b>1,417,000</b>	<b>1,255,504</b>	<b>4,381,292</b>



(Unit: Thousand Baht)

Separate financial statements						
Classification and measurement in accordance with the set of TFRSs related to financial instruments						
		Debt instruments	Equity securities designated to be measured at fair value		Financial instruments measured at amortised cost	Carrying values under TFRS 9
	Carrying values under the former basis	Financial instruments measured at fair value through profit or loss	measured at fair value through other comprehensive income	through other comprehensive income		
<b>Financial assets</b>						
Cash and cash equivalents	105,347	-	-	-	105,276	105,276
Debt financial assets	2,452,493	756,249	849,593	-	852,902	2,458,744
Equity financial assets	1,456,649	54,323	-	1,417,000	-	1,471,323
Loans and interest receivables	21,285	-	-	-	21,285	21,285
<b>Total financial assets</b>	<b>4,035,774</b>	<b>810,572</b>	<b>849,593</b>	<b>1,417,000</b>	<b>979,463</b>	<b>4,056,628</b>

The following table showed a reconciliation of the balances of allowance for doubtful accounts recognised in accordance with TAS 101 Doubtful Accounts and Bad Debts and allowance for impairment recognised in accordance with TAS 105 Accounting for Investments in Debt and Equity Securities as at 31 December 2019 to the balance of allowance for expected credit losses determined in accordance with TFRS 9 related to financial instruments as at 1 January 2020 whereby the differences were due to remeasurement of allowance for expected credit losses under requirement of this TFRS.

(Unit: Baht)

Consolidated financial statements			
	Allowance for doubtful accounts and impairment as at 31 December 2019	Increase	Allowance for expected credit losses as at 1 January 2020
<b>Measured at fair value through other comprehensive income</b>			
Investments in debt securities	-	163,058	163,058
<b>Measured at amortised cost</b>			
Cash and cash equivalents	-	124,655	124,655
Investments in debt securities	-	122,433	122,433
Other financial assets	664,704	277,062	941,766
<b>Total</b>	<b>664,704</b>	<b>687,208</b>	<b>1,351,912</b>

(Unit: Baht)

	Separate financial statements		
	Allowance for doubtful accounts and impairment as at 31 December 2019	Increase	Allowance for expected credit losses as at 1 January 2020
<b>Measured at fair value through other comprehensive income</b>			
Investments in debt securities	-	163,058	163,058
<b>Measured at amortised cost</b>			
Cash and cash equivalents	-	71,138	71,138
Investments in debt securities	-	98,042	98,042
<b>Total</b>	<b>-</b>	<b>332,238</b>	<b>332,238</b>

## 4.2 Leases

Upon the first-time adoption of TFRS 16, the Group recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the incremental borrowing rate of each company in the Group at 1 January 2020. For leases previously classified as finance leases, the Group recognised the carrying amounts of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of the first-time adoption of TFRS 16.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Operating lease commitments as at 31 December 2019	1,944	1,944
Add: Option to extend lease term and purchase option	1,156	1,156
Add: Others	717	717
Less: Deferred interest expenses	(108)	(108)
Increase in lease liabilities due to the first-time adoption of TFRS 16	3,709	3,709
Liabilities under finance lease agreements as at 31 December 2019	4,080	1,376
Lease liabilities as at 1 January 2020	7,789	5,085
Weighted average incremental borrowing rates (% per annum)	2.26% - 6.90%	2.26% - 3.45%



The adjustments of right-of-use assets due to the first-time adoption of TFRS 16 adoption as at 1 January 2020 were summarised below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Furnitures, fixture and equipment	347	347
Motor vehicles	7,425	4,738
Total right-of-use assets	7,772	5,085

## 5. Summary of significant accounting policies

### 5.1 Reinsurance contracts classification

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

The Company classifies its contracts by assessing the significant of each contract’s reinsurance risk. If any contract has been classified as reinsurance contracts, it will continue its status until all rights and obligations are cancelled or terminated. Any contract which had been initially classified as investment contracts, will be classified as a reinsurance contract in the later time if the Company has been found exposed to reinsurance risk significantly from such contracts.

### 5.2 Revenue recognition

#### (a) Reinsurance premium written

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

Reinsurance premium written is recognised when the Company receives the reinsurance application or the statement of accounts and confirms the coverage under the reinsurance contracts.

For long-term insurance policies with coverage periods of longer than 1 year, they are recorded as premium received in advance and will be gradually recognised as earned over the annual coverage periods.

(b) Commission and brokerage income

Commission and brokerage income include profit commission from retrocession contracts.

Commission and brokerage income

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

Commission and brokerage income are recorded as deferred revenues and will gradually be amortised as revenues proportionately to the retroceded premiums that are recognised as expenses.

For long-term insurance policies with 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 retrocession contracts

Profit commission from reinsurance contracts is recognised as revenue on an accrual basis, based on an estimate of reinsurance profit over the term of a reinsurance contract calculated in accordance with the method and profit commission rate stipulated in the retrocession contracts.

At the end of each reporting period, the Company calculates profit commission from retrocession contract based on its portion of estimated cumulative retrocession profits from the effective date to the end of the retrocession 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 retrocession contracts", 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) Net investment revenues

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the allowance of expected credit loss).

Interest on loan is recognised as revenue on an accrual basis, based on effective interest rate is applied to the amount of principal outstanding.



Dividends are recognised as revenues when the Group had the right to receive the dividend.

Gain (loss) on investments are recognised as revenues or expenses on the transaction dates.

(d) Gain (loss) on financial instruments

Profit (loss) on disposal or write off of debt instruments measured at amortised cost, debt instruments measured at fair value through other comprehensive income, and equity instruments measured at fair value through profit or loss. The Company recognises in profit or loss on the transaction date.

(e) Fair value gain (loss) on financial instruments

Fair value gain (loss) from the change in fair value of equity instruments measured at fair value through profit or loss.

(f) Service income

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

(g) 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.

### 5.3 Expenses recognition

(a) Premium ceded to reinsurances

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 proportionately to the earned premium.

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.

(d) Other underwriting expenses

Other underwriting expenses are other insurance expenses for both direct and indirect expenses, including contributions, which are recognised as expenses on accrual basis.

(e) Operating expenses

Operating expenses are operating expenses, not related to underwriting and claim, which are recognised as expenses on accrual basis.

(f) Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

#### 5.4 Cash and cash equivalents and allowance for expected credit losses

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investment with an original maturity of three months or less and not subject to withdrawal restrictions. The Company determined the allowance for expected credit loss based on the general approach. Increase (decrease) in an allowance for expected credit loss is recorded as an expenses during the years.

#### 5.5 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.

## 5.6 Reinsurance receivables and allowance for impairment/due to reinsurers

### (a) Reinsurance receivables

Reinsurance receivables are stated at the outstanding balance of amount due from reinsurers and amounts deposited 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

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 receivables from/amount due to of reinsurance to the same entity when the following criteria for offsetting are met.

- (1) The Company has a legal right to offset amounts presented in the statements of financial position, and
- (2) The Company 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.

## 5.7 Financial instruments

### (a) Derivatives

The Group applies derivatives, such as forward exchange contracts, for hedging its exchange rate risk.

The Group initially recognises derivatives at fair values and subsequently re-measures at their fair values at the end of reporting periods. Gains or losses on revaluation of derivatives are recognised as revenues or expenses in the statements of income. The Group presents derivatives as financial assets when the fair value is higher than zero and as financial liabilities when the fair value is less than zero.

(b) Investment in securities and allowance for expected credit losses

Since 1 January 2020, the Group has classified its financial assets initially recognised as the following debt and equity financial assets:

Financial assets - debt instruments

The Group classifies investments in debt instrument as financial assets, which are to be subsequently measured at amortised cost or fair value according to its business model of financial assets management and their contractual cash flows characteristics. Such classification is based on facts and circumstances on the first-time adoption date or the acquisition date when initial or receive, classifies as follows:

- Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in statement of income. These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at fair value through other comprehensive income and financial assets with cash flows that are not solely payments of principal and interest. These financial assets initial recognised at fair value and will be recognised as net gain or loss from investment in profit or loss when disposal.

- Financial assets measured at fair value through other comprehensive income

Investments in debt instruments whose both of the following conditions are met: the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group has classified these as financial assets measured at fair value through other comprehensive income. These financial assets are initially recognised at fair value.

After initial recognition, gain or loss on changes in fair value are presented as a separate item in other comprehensive income. Profit or loss from the cumulative fair value of debt securities changes are recognised in other comprehensive income is recycled to profit or loss when derecognition. The expected credit loss and interest income which is calculated using the effective interest rate method are recognised in profit or loss.

At the end of reporting period, investments in debt instruments measured at fair value through other comprehensive income are presented in the statement of financial position net of allowance for expected credit loss (if any).



- Financial assets measured at amortised cost

Investments in debt instruments whose both of the following conditions are met: the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group has classified these as financial assets measured at amortised cost. These financial assets are initially recognised at fair value as at transaction date.

At the end of reporting period, investments in debt instruments measured at amortised cost are presented in the statement of financial position net of allowance for expected credit loss (if any).

Profit and loss from derecognition, change in value, or impairment on such assets will recognise in statement of income.

#### Financial assets - equity instruments

All equity instruments are recognised at fair value in the statement of financial, classifies as follows:

- Financial assets measured at fair value through profit or loss

Investment in equity instruments that held for trading. The Group has classified the financial asset measured at fair value through profit or loss, where an irrevocable election has been made by the management. Such classification is determined on an instrument-by-instrument basis.

After initial recognition, gain or loss arising from changes in fair value are recognised in profit or loss.

At the end of reporting period, investments in equity instruments measured at fair value through profit or loss are presented in the statement of financial position at fair value.

- Financial assets measured at fair value through other comprehensive income

Investment in equity instruments that not held for trading but held for strategic purposes or for securities with potential for low market volatility. The Group has classified the financial asset measured at fair value through other comprehensive income, where an irrevocable election has been made by the management. Such classification is determined on an instrument-by-instrument basis. Moreover, the Group has classified investments in real estate investment trusts and infrastructure trusts, infrastructure funds and property funds are investment in equity instrument designated at fair value through other comprehensive income.

After initial recognition, gain or loss arising from changes in fair value of investment in equity instruments is separately presented in other comprehensive income. The cumulative gain or loss arising from change in fair value will be recognised in retained earnings when disposal. Dividends are recognised as other income in statement of income, except when the dividends clearly represent a recovery of part of the cost of the financial asset, in which case, the gains are recognised in other comprehensive income.

At the end of the reporting period, investments in equity instruments designated at fair value through other comprehensive income are presented in the statement of financial position at fair value.

In addition, investments in equity instruments designated at fair value through other comprehensive income without requiring an expected credit loss.

Before 1 January 2020, the Group has classified investments in securities as follows:

- Investments in trading securities are stated at fair value. Changes in fair value of these securities are recorded in the statements of income.
- 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 debt investments are recorded at the amortised cost and less allowance for expected credit loss (if any). 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.
- Investments in non-marketable equity securities are classified as general investments and stated at cost net of allowance for impairment (if any).

#### Fair value

The fair value of marketable securities is calculated based on the latest bid price of the last working day of the period as quoted on the Stock Exchange of Thailand. The fair value of non-marketable securities is calculated using discounted future cash flows techniques. The fair value of government bonds, state enterprise securities and private debt securities is calculated using the formula determined by the Thai Bond Market Association. The fair value of unlisted investment units was determined by using the net asset value per unit as announced by the fund managers.

#### Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either has transferred substantially all the risks and



rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

The Group derecognised financial liability when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### (c) Loans and interest receivables and allowance for expected credit loss

Since 1 January 2020, loans and interest receivables are stated at amortised cost and less allowance for expected credit loss (if any).

Before 1 January 2020, loans and interest receivables 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.

#### (d) Other financial assets

Other financial assets are comprised of account receivables of subsidiaries, which stated at net realisable value. The Group recognised the allowance for expected credit loss on such assets by applies a simplified approach to determine the lifetime expected credit loss. Increase (decrease) in allowance for expected credit loss is recognised as expenses during the year.

### 5.8 Investments in subsidiaries

Investments in subsidiaries 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.

## 5.9 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
Computers	- 3 years and 5 years

Depreciation is recognized as expense in statements of income.

No depreciation is provided on land and buildings in progress.

The Group derecognized an item of property, buildings and equipment 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.

## 5.10 Intangible assets and amortisation

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

The Group amortised intangible assets with finite lives 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.

## 5.11 Right-of-use assets/lease liabilities

*Since 1 January 2020*

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the



underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

(a) Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Equipment	5	years
Motor vehicles	5	years

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.



### *Before 1 January 2020*

Leases of equipment, motor vehicles, and computer software which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised 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 long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated and amortised over the useful life of the asset.

Leases of equipment and motor vehicles 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 profit or loss on a straight-line basis over the lease term.

## **5.12 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 reserves with unearned premium reserves, and if unexpired risk reserves are higher than unearned premium reserves, 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)
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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.

### 5.13 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) Long-term employee benefits

##### Defined contribution plans

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

##### Defined benefit 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.

The obligation under the defined 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.

#### 5.14 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.

#### 5.15 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.

#### 5.16 Foreign currencies

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

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



### 5.17 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.

### 5.18 Impairment of assets

#### (a) Financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at FVTPL. The Group accounts for changes in ECLs in stages with differing methods of determining allowance for credit losses and the effective interest rate applied at each stage classified in any of the stages based on changes in credit quality since initial recognition.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Group considers a significant increase in credit risk to have occurred when contractual payments are more than 90 days past due and considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

The subsidiaries apply a simplified approach in calculating ECLs for account receivables. Therefore, the subsidiaries do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### (b) Non-financial 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.

#### 5.19 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.

### 6. 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:

#### 6.1 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.



## **6.2 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.

## **6.3 Allowance for expected credit losses of financial assets**

In determining an allowance for expected credit losses of financial assets, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

## **6.4 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.

## **6.5 Allowance for doubtful accounts on reinsurance receivables**

In determining the allowance for doubtful accounts on receivables from reinsurance contracts, 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.

## **6.6 Allowance for impairment of non-financial assets**

In determining allowance for impairment of a non-financial asset, the management is required to exercise judgements regarding determination of the recoverable amount of the asset, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next 5 years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to intangible assets recognised in financial statements by the Group.

#### **6.7 Premises and equipment/Right-of-use assets**

In calculating depreciation of buildings and equipment, and right-of-use assets, the management is required to estimate of the useful lives and salvage values of the Group's building and equipment, and right-of-use assets 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, and right-of-use assets 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.

#### **6.8 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.

#### **6.9 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.

#### **6.10 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.

#### **6.11 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.

#### **6.12 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.

### 6.13 Lease

#### Determining the lease term with extension and termination options

In determining the lease term, the management is required to exercise judgement in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Group to exercise either the extension or termination option.

#### Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

### 6.14 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.

### 6.15 Litigation

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

### 6.16 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.



## 7. Classification of financial assets and liabilities

As at 31 December 2020, carrying amounts of financial assets and liabilities were classified as follows.

(Unit: Baht)

	Consolidated financial statement				
	Financial instruments measured at fair value through profit or loss	Debt securities measured at fair value through other comprehensive income	Equity securities designated to be measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
<b>Financial assets</b>					
Cash and cash equivalents	-	-	-	209,845,474	209,845,474
Accrued investment income	-	-	-	2,655,437	2,655,437
Debt financial assets	130,646,378	1,901,924,524	-	439,966,151	2,472,537,053
Equity financial assets	-	-	1,496,699,198	-	1,496,699,198
Loans and interest receivables	-	-	-	17,047,440	17,047,440
<b>Financial liabilities</b>					
Derivative liabilities	90,654	-	-	-	90,654
Lease liabilities	-	-	-	5,891,092	5,891,092

(Unit: Baht)

	Separate financial statement				
	Financial instruments measured at fair value through profit or loss	Debt securities measured at fair value through other comprehensive income	Equity securities designated to be measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
<b>Financial assets</b>					
Cash and cash equivalents	-	-	-	125,548,222	125,548,222
Accrued investment income	-	-	-	2,293,229	2,293,229
Debt financial assets	114,016,234	1,901,612,106	-	310,996,921	2,326,625,261
Equity financial assets	-	-	1,496,699,198	-	1,496,699,198
Loans and interest receivables	-	-	-	16,961,745	16,961,745
<b>Financial liabilities</b>					
Lease liabilities	-	-	-	3,696,103	3,696,103

## 8. Cash and cash equivalents

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
Cash on hand	105,830	106,000	34,830	35,000
Deposits at banks with no fixed maturity date				
Saving and current accounts	209,881,454	184,497,593	125,598,240	105,311,768
Total cash and cash equivalents	209,987,284	184,603,593	125,633,070	105,346,768
Less: allowance for expected credit losses	(141,810)	-	(84,848)	-
Cash and cash equivalents - net	209,845,474	184,603,593	125,548,222	105,346,768

As at 31 December 2020 and 2019, saving accounts, money market funds and government bonds carried interest between 0.05% to 0.13% per annum and 0.10% to 0.38% per annum, respectively.

## 9. Reinsurance assets

(Unit: Baht)

	Consolidated and separate financial statements	
	31 December 2020	31 December 2019
Insurance reserves refundable from reinsurers		
Loss reserves	111,707,016	516,301,342
Unearned premium reserves	63,864,867	253,039,212
Reinsurance assets	175,571,883	769,340,554

## 10. Reinsurance receivables

(Unit: Baht)

	Consolidated and separate financial statements	
	31 December 2020	31 December 2019
Amounts deposited on reinsurance	811,569,442	813,170,691
Amounts due from reinsurers	570,747,786	738,555,161
Total	1,382,317,228	1,551,725,852
Less: Allowance for doubtful accounts	(22,340,257)	(23,214,873)
Reinsurance receivables - net	1,359,976,971	1,528,510,979

As at 31 December 2020 and 2019, the outstanding balances of amounts due from reinsurers were classified by overdue periods as follows:

	(Unit: Baht)	
	Consolidated and separate financial statements	
	31 December 2020	31 December 2019
Not yet due	336,008,691	670,381,698
Not over 12 months	206,285,435	42,318,927
Over 1 year to 2 years	4,095,727	20,287,833
Over 2 years	24,357,933	5,566,703
Total amounts due from reinsurers	570,747,786	738,555,161

As at 31 December 2020, the Company has an overdue amount of Baht 190 million due from an overseas reinsurer and the amount of Baht 50 million due to the same reinsurer whereby the net amount due of Baht 140 million (excluding interest). The Company has continuously followed up for collection of such amount, but the thereon reinsurer refused to make any payment. The Company therefore submitted its request for collection of the disputed amount through the arbitration process. However, such reinsurer still denied payment and purportedly asserted that it was entitled to cancel the reinsurance agreement and claimed for monetary restitution of a total of approximately Baht 745 million plus interest to be accrued since 14 August 2020. In this regard, the Company's management has considered all the arguments raised by such reinsurer, including the Company's supporting evidences, as well as comparing the practice in the market between the Company and other reinsurers in making reinsurance contracts, together with a legal opinion from the Company's external legal counsel, and reasonably believed that the cancellation of the reinsurance agreement was not lawful. In view of this, the Company strongly believes that such allegations and the counterclaim amount have no sufficient legal merit and the Company would incur no significant loss in relation to such disputes. Therefore, the management considers not to record any allowance for doubtful accounts for such overdue reinsurance receivables and not to record any provision for contingent liabilities as a result of such counterclaim. Up to the date of authorisation of these financial statements, such disputes have not yet been finalised.

## 11. Investments in securities

### 11.1 Classified by type of investments

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Debt financial assets	2,472,537,053	-	2,326,625,261	-
Equity financial assets	1,496,699,198	-	1,496,699,198	-
Trading investments	-	287,255,453	-	265,736,414
Available-for-sale investments	-	1,941,269,056	-	1,941,269,056
Held-to-maturity investments	-	1,812,224,156	-	1,696,766,762
General investments	-	5,370,390	-	5,370,390
Total investments in securities	3,969,236,251	4,046,119,055	3,823,324,459	3,909,142,622

### 11.2 Debt financial assets

#### 11.2.1 Classified by type of debt financial assets

(Unit: Baht)

	Consolidated financial statements			
	31 December 2020		1 January 2020	
	Cost/ amortised cost	Fair value	Cost/ amortised cost	Fair value
<b>Debt instruments measured at fair value through profit or loss</b>				
Private sector debt securities	103,278,457	130,646,378	754,854,427	777,768,330
Add: Unrealised gain	27,367,921	-	22,913,903	-
Total debt instruments measured at fair value through profit or loss	130,646,378	130,646,378	777,768,330	777,768,330
<b>Debt instruments measured at fair value through other comprehensive income</b>				
Government and state enterprise securities	1,650,094,270	1,652,489,917	514,813,464	516,310,110
Private sector debt securities	246,000,000	249,434,607	356,000,000	360,385,789
Add: Unrealised gain	5,830,254	-	5,882,435	-
Total debt instruments measured at fair value through other comprehensive income	1,901,924,524	1,901,924,524	876,695,899	876,695,899
<b>Debt instruments measured at amortised cost</b>				
Deposits at financial institutions which matured over 3 months	440,000,000		941,410,692	
Less: Allowance for expected credit loss	(33,849)		(122,433)	
Debt instruments measured at amortised cost - net	439,966,151		941,288,259	
<b>Debt financial assets - net</b>	<b>2,472,537,053</b>		<b>2,595,752,488</b>	

(Unit: Baht)

	Separate financial statements			
	31 December 2020		1 January 2020	
	Cost/ amortised		Cost/ amortised	
	cost	Fair value	cost	Fair value
<b>Debt instruments measured at fair value through profit or loss</b>				
Private sector debt securities	87,000,000	114,016,234	733,575,969	756,249,291
Add: Unrealised gain	27,016,234	-	22,673,322	-
Total debt instruments measured at fair value through profit or loss	114,016,234	114,016,234	756,249,291	756,249,291
<b>Debt instruments measured at fair value through other comprehensive income</b>				
Government and state enterprise securities	1,649,787,136	1,652,177,499	487,766,762	489,207,102
Private sector debt securities	246,000,000	249,434,607	356,000,000	360,385,789
Add: Unrealised gain	5,824,970	-	5,826,129	-
Total debt instruments measured at fair value through other comprehensive income	1,901,612,106	1,901,612,106	849,592,891	849,592,891
<b>Debt instruments measured at amortised cost</b>				
Deposits at financial institutions which matured over 3 months	311,000,000		853,000,000	
Less: Allowance for expected credit loss	(3,079)		(98,042)	
Debt instruments measured at amortised cost - net	310,996,921		852,901,958	
<b>Debt financial assets - net</b>	<b>2,326,625,261</b>		<b>2,458,744,140</b>	

### 11.2.2 Classified by stage of credit risk

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2020		31 December 2020	
	Allowance for expected credit losses recognised in statement of income		Allowance for expected credit losses recognised in statement of income	
	Fair value		Fair value	
<b>Debt instruments measured at fair value through profit or loss</b>				
Debt instruments without a significant increase in credit risk (Stage 1)	1,901,924,524	(90,416)	1,901,612,106	(90,416)

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	31 December 2020			31 December 2020		
	Allowance for expected credit losses recognised in statement of income			Allowance for expected credit losses recognised in statement of income		
	Gross carrying value	Net carrying value		Gross carrying value	Net carrying value	
Debt instruments measured at amortised cost						
Debt instruments without a significant increase of credit risk (Stage 1)	440,000,000	(33,849)	439,966,151	311,000,000	(3,079)	310,996,921

### 11.3 Equity financial assets

#### 11.3.1 Classified by type of equity financial assets

(Unit: Baht)

	Consolidated and Separate financial statements			
	31 December 2020		1 January 2020	
	Cost	Fair value	Cost	Fair value
Equity securities measured at fair value through profit or loss				
Domestic equity securities	-	-	47,749,879	54,323,010
Add: Unrealised gain	-	-	6,573,131	-
Total equity securities measured at fair value through profit or loss	-	-	54,323,010	54,323,010
Equity securities designated at fair value through other comprehensive income				
Domestic equity securities	2,000,770,664	1,496,699,198	1,760,476,320	1,417,000,352
Less: Unrealised loss	(500,971,466)	-	(319,075,968)	-
Less: Allowance for impairment	(3,100,000)	-	(24,400,000)	-
Equity securities measured at fair value through other comprehensive income - net	1,496,699,198	1,496,699,198	1,417,000,352	1,417,000,352
Equity financial assets	1,496,699,198	1,496,699,198	1,471,323,362	1,471,323,362

### 11.3.2 Derecognition of investments in equity securities

During the year, the Company derecognised its investments in equity securities designated as at fair value through other comprehensive income. The Company therefore transferred their changes in fair value previously recognised in other comprehensive income, to be recognised in retained earnings as follows:

(Unit: Baht)

Consolidated and Separate financial statement				
For the year ended 31 December 2020				
	Fair value on the derecognition date	Dividend received	Changes in fair value previously recognised in other comprehensive income (net of income taxes)	Reason for derecognition
Derecognition of investments				
Domestic marketable equity securities	334,115,924	6,411,240	47,594,534	Disposals
Total	334,115,924	6,411,240	47,594,534	



## 11.4 Classified by type of securities under the former accounting policy

(Unit: Baht)

	Consolidated financial statements		Separate financial statement	
	31 December 2019		31 December 2019	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<b>Trading investments</b>				
Unit trusts	275,278,457	287,255,453	254,000,000	265,736,414
Total	275,278,457	287,255,453	254,000,000	265,736,414
Add: Unrealised gains	11,976,996	-	11,736,414	-
<b>Trading investments - net</b>	287,255,453	287,255,453	265,736,414	265,736,414
<b>Available-for-sale investments</b>				
Equity securities	1,414,765,708	1,087,588,852	1,414,765,708	1,087,588,852
Unit trusts	867,673,036	878,087,170	867,673,036	878,087,170
Total	2,282,438,744	1,965,676,022	2,282,438,744	1,965,676,022
Less: Unrealised losses	(316,762,722)	-	(316,762,722)	-
Less: Allowance for impairment	(24,406,966)	(24,406,966)	(24,406,966)	(24,406,966)
<b>Available-for-sale investments - net</b>	1,941,269,056	1,941,269,056	1,941,269,056	1,941,269,056
<b>Held-to-maturity investments</b>				
Government and state enterprise securities	514,813,464		487,766,762	
Private enterprise debt securities	356,000,000		356,000,000	
Deposits at banks	941,410,692		853,000,000	
<b>Total held-to-maturity investments</b>	1,812,224,156		1,696,766,762	
<b>General investments</b>				
Equity securities	5,370,390		5,370,390	
<b>Total general investments</b>	5,370,390		5,370,390	
<b>Investments in securities - net</b>	4,046,119,055		3,909,142,622	



## 11.5 Investments subject to restriction and commitment

As at 31 December 2020 and 2019, the Company placed certain investments as securities and insurance reserves with the registrar in accordance with the Non-Life Insurance Act and others as required in the normal course of business of the Group as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	31 December 2020		31 December 2019	
	Cost	Fair value	Cost	Fair value
<b>Placed as securities</b>				
Government bonds	14.7	15.5	14.7	15.4
<b>Placed as insurance reserves</b>				
Government and state enterprise bonds	220.0	223.9	170.0	170.6
<b>Placed as performance bonds</b>				
Government bonds	0.6	0.6	0.5	0.5
	<u>235.3</u>	<u>240.0</u>	<u>185.2</u>	<u>186.5</u>

(Unit: Million Baht)

	Separate financial statements			
	31 December 2020		31 December 2019	
	Cost	Fair value	Cost	Fair value
<b>Placed as securities</b>				
Government bonds	14.7	15.5	14.7	15.4
<b>Placed as insurance reserves</b>				
Government and state enterprise bonds	220.0	223.9	170.0	170.6
<b>Placed as performance bonds</b>				
Government bonds	0.3	0.3	0.3	0.3
	<u>235.0</u>	<u>239.7</u>	<u>185.0</u>	<u>186.3</u>

## 12. Loans and interest receivables

### 12.1 Classified by stage of credit risk

(Unit: Baht)

Classification	Consolidated financial statement					
	31 December 2020			1 January 2020		
	Mortgaged loans	Others	Total	Mortgaged loans	Others	Total
Loans without a significant increase of credit risk (Stage 1)	16,836,151	211,289	17,047,440	21,086,613	354,430	21,441,043

(Unit: Baht)

Classification	Separate financial statement					
	31 December 2020			1 January 2020		
	Mortgaged loans	Others	Total	Mortgaged loans	Others	Total
Loans without a significant increase of credit risk (Stage 1)	16,836,151	125,594	16,961,745	21,086,613	198,867	21,285,480

### 12.2 Classified by the balance of receivable under former standard

(Unit: Baht)

	Consolidated financial statements	Separate financial statements
	31 December 2019	31 December 2019
<b>Mortgaged loans</b>		
Principal	21,086,613	21,086,613
<b>Personal guarantee loans</b>		
Principal	354,430	198,867
<b>Total loans</b>	<b>21,441,043</b>	<b>21,285,480</b>

The ending balances of loans and interest receivables as at 31 December 2020 and 2019 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.

### 13. Investments in subsidiaries

#### 13.1 Share capital of subsidiaries and shareholding percentage in subsidiaries

Company's Name	Nature of Business	Country of Incorporation	Paid-up Capital		Percentage Holding	
			31		31	
			December	31 December	31 December	31 December
			2020	2019	2020	2019
			Thousand Baht	Thousand Baht	%	%
<b>Investments in subsidiaries directly held by the Company</b>						
Thaire Services Co., Ltd.	Provision of claim management and marketing services	Thailand	100,000	100,000	100	100
EMCS Thai Co., Ltd.	Provision of computer services in relation to Motor claim Management	Thailand	30,000	30,000	100	100
Thaire Actuarial Consulting Co., Ltd.	Provision of actuarial, training and advisory services	Thailand	50,000	50,000	100	100
<b>Investments in a subsidiary held by another subsidiary</b>						
Thaire Innovation Co., Ltd.	Provision of develop electronic commerce service	Thailand	37,500	37,500	100	100

#### 13.2 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 the years ended	
	31	31	31	31	31	31	31	31
	December	December	December	December	December	December	December	December
	2020	2019	2020	2019	2020	2019	2020	2019
<b>Subsidiaries directly held by the Company</b>								
Thaire Services Co., Ltd.	100,000	100,000	-	-	100,000	100,000	-	4,500
EMCS Thai Co., Ltd.	167,700	167,700	-	-	167,700	167,700	40,080	36,000
Thaire Actuarial Consulting Co., Ltd.	50,000	50,000	(10,000)	(10,000)	40,000	40,000	-	-
<b>Total investment in subsidiaries</b>	<b>317,700</b>	<b>317,700</b>	<b>(10,000)</b>	<b>(10,000)</b>	<b>307,700</b>	<b>307,700</b>	<b>40,080</b>	<b>40,500</b>
<b>Subsidiary held by another subsidiary</b>								
Thaire Innovation Co., Ltd.	23,222	23,222	(22,222)	(20,666)	1,000 <sup>(1)</sup>	2,556 <sup>(1)</sup>	-	-

<sup>(1)</sup> Book value that presented in the financial statement of subsidiary company who held such investment.



## 14. Premises and equipment

(Unit: Baht)

Consolidated financial statement								
	Land	Buildings	Leasehold improvement	Motor vehicles	Office equipment and furniture	Computers	Assets under installation	Total
<b>Cost</b>								
1 January 2019	99,739,416	164,626,141	-	8,500,132	74,444,763	73,959,351	-	421,269,803
Additions	-	331,345	-	4,296,595	3,272,999	3,995,771	7,716,790	19,613,500
Increase due to the acquisition of control over a subsidiary	-	-	207,395	-	457,030	938,968	-	1,603,393
Transfer in (out)	-	241,000	-	7,490	48,300	-	(296,790)	-
Disposals/write-off	-	-	(207,395)	(3,054,000)	(1,240,886)	(665,278)	-	(5,167,559)
31 December 2019	99,739,416	165,198,486	-	9,750,217	76,982,206	78,228,812	7,420,000	437,319,137
Adjustments of right-of-use assets due to TFRS 16 adoption	-	-	-	(4,296,595)	-	-	-	(4,296,595)
Additions	-	24,500	-	-	1,505,532	9,917,106	1,339,288	12,786,426
Transfer in (out)	-	145,500	-	(7,490)	555,492	8,065,786	(8,759,288)	-
Disposals/write-off	-	-	-	(1,185,981)	(1,475,907)	(9,957,774)	-	(12,619,662)
Adjustment	-	-	-	-	(78,702)	-	-	(78,702)
31 December 2020	99,739,416	165,368,486	-	4,260,151	77,488,621	86,253,930	-	433,110,604
<b>Accumulated depreciation</b>								
1 January 2019	-	36,780,322	-	6,292,586	58,686,034	58,969,143	-	160,728,085
Increase due to the acquisition of control over a subsidiary	-	-	207,395	-	151,232	625,494	-	984,121
Depreciation for the year	-	8,251,814	-	863,358	5,270,291	8,264,710	-	22,650,173
Accumulated depreciation on disposals/write-off	-	-	(207,395)	(3,053,998)	(698,088)	(519,349)	-	(4,478,830)
31 December 2019	-	45,032,136	-	4,101,946	63,409,469	67,339,998	-	179,883,549
Adjustments of right-of-use assets due to TFRS 16 adoption	-	-	-	(233,103)	-	-	-	(233,103)
Depreciation for the year	-	7,388,522	-	629,787	5,792,633	9,198,702	-	23,009,644
Accumulated depreciation on disposals/write-off	-	-	-	(1,185,980)	(1,273,365)	(9,934,942)	-	(12,394,287)
Adjustment	-	-	-	(468)	468	308,315	-	308,315
31 December 2020	-	52,420,658	-	3,312,182	67,929,205	66,912,073	-	190,574,118
<b>Allowance for impairment</b>								
1 January 2019	-	8,678,206	-	-	-	-	-	8,678,206
Addition during the year	-	-	-	-	11,101	1,899	-	13,000
31 December 2019	-	8,678,206	-	-	11,101	1,899	-	8,691,206
Addition during the year	-	-	-	-	(11,101)	(1,899)	-	(13,000)
31 December 2020	-	8,678,206	-	-	-	-	-	8,678,206
<b>Net book value</b>								
31 December 2019	99,739,416	111,488,144	-	5,648,271	13,561,636	10,886,915	7,420,000	248,744,382
31 December 2020	99,739,416	104,269,622	-	947,969	9,559,416	19,341,857	-	233,858,280
<b>Depreciation for the year</b>								
2019								22,650,173
2020								23,009,644

(Unit: Baht)

Separate financial statement							
	Land	Buildings	Motor vehicles	Office equipment and furniture	Computer	Assets under installation	Total
<b>Cost</b>							
1 January 2019	63,664,000	85,937,245	6,202,936	62,613,406	22,331,121	-	240,748,708
Additions	-	272,495	1,431,070	1,308,358	1,100,862	-	4,112,785
Disposals/write-off	-	-	(3,054,000)	(745,628)	-	-	(3,799,628)
31 December 2019	63,664,000	86,209,740	4,580,006	63,176,136	23,431,983	-	241,061,865
Adjustments of right-of-use assets due to TFRS 16 adoption	-	-	(1,431,070)	-	-	-	(1,431,070)
Additions	-	24,500	-	631,776	3,096,080	145,500	3,897,856
Transfer in (out)	-	145,500	-	-	-	(145,500)	-
Disposals/write-off	-	-	-	(692,333)	(3,010,251)	-	(3,702,584)
Adjustment	-	-	-	(78,702)	-	-	(78,702)
31 December 2020	63,664,000	86,379,740	3,148,936	63,036,877	23,517,812	-	239,747,365
<b>Accumulated depreciation</b>							
1 January 2019	-	18,958,475	3,995,392	51,055,751	21,398,246	-	95,407,864
Depreciation for the year	-	4,303,647	683,893	3,767,024	814,744	-	9,569,308
Accumulated depreciation on disposals/write-off	-	-	(3,053,998)	(452,170)	-	-	(3,506,168)
31 December 2019	-	23,262,122	1,625,287	54,370,605	22,212,990	-	101,471,004
Adjustments of right-of-use assets due to TFRS 16 adoption	-	-	(54,106)	-	-	-	(54,106)
Depreciation for the year	-	4,312,540	629,787	3,985,110	1,431,391	-	10,358,828
Accumulated depreciation on disposals/write-off	-	-	-	(602,346)	(3,006,386)	-	(3,608,732)
31 December 2020	-	27,574,662	2,200,968	57,753,369	20,637,995	-	108,166,994
<b>Net book value</b>							
31 December 2019	63,664,000	62,947,618	2,954,719	8,805,531	1,218,993	-	139,590,861
31 December 2020	63,664,000	58,805,078	947,968	5,283,508	2,879,817	-	131,580,371
<b>Depreciation for the year:</b>							
2019							9,569,308
2020							10,358,828

As at 31 December 2020 and 2019, the Group had certain equipment items, which had been fully depreciated but are still in use. The original costs before deducting accumulated depreciation of those assets amounted to Baht 101.2 million and Baht 104.2 million, respectively (the Company only: Baht 62.6 million and 65.1 million, respectively).

As at 31 December 2020 and 2019, land and buildings thereon of a subsidiary with net book values amounting to 28.5 million and Baht 29.7 million, respectively, was granted an overdraft facility by a financial institution with interest at the rate of MOR.

## 15. Right-of-use assets/Lease liabilities

The Group has lease contracts for items of office equipment and motor vehicles used in its operations. Leases generally have lease terms between 1 - 5 years.

### 15.1 Right-of-use assets

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	For the year ended 31 December 2020			For the year ended 31 December 2020		
	Office equipment	Motor Vehicles	Total	Office equipment	Motor Vehicles	Total
As at 1 January 2020	347,276	7,424,543	7,771,819	347,276	4,738,015	5,085,291
Depreciation for the year	(175,813)	(1,690,751)	(1,866,564)	(175,813)	(1,117,646)	(1,293,459)
As at 31 December 2020	171,463	5,733,792	5,905,255	171,463	3,620,369	3,791,832

### 15.2 Lease liabilities

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	For the year ended 31 December 2020			For the year ended 31 December 2020		
	Office equipment	Vehicles	Total	Office equipment	Vehicles	Total
Lease liabilities as at 31 December 2019	-	4,080,315	4,080,315	-	1,376,704	1,376,704
Add: Increase in lease liabilities from first time adoption TFRS 16	347,276	3,361,311	3,708,587	347,276	3,361,311	3,708,587
Lease liabilities as at 1 January 2020	347,276	7,441,626	7,788,902	347,276	4,738,015	5,085,291
Add: Financial cost	6,083	385,929	392,012	6,083	215,315	221,398
Less: Lease payments during the year	(177,000)	(2,112,822)	(2,289,822)	(177,000)	(1,433,586)	(1,610,586)
Lease liabilities as at 31 December 2020	176,359	5,714,733	5,891,092	176,359	3,519,744	3,696,103

### 15.3 Expenses relating to leases that are recognised in profit or loss

(Unit: Baht)

	Consolidated financial statements	Separate financial statements
	For the year ended 31 December 2020	For the year ended 31 December 2020
Depreciation expense of right-of-use assets	1,866,564	1,293,459
Interest expense on lease liabilities	392,012	221,398
Expense relating to short-term leases	4,214,400	-
Expense relating to leases of low-value assets	233,600	-
Total expenses	6,706,576	1,514,857

The Group had total cash outflows for leases for the year ended 31 December 2020 of Baht 6.7 million (the Company only: Baht 1.6 million), including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments that do not depend on an index or a rate. Moreover, the Group had non-cash additions to right-of-use assets and lease liabilities of Baht 1.9 million and Baht 0.4 million, respectively (the Company only: Baht 1.3 million and Baht 0.2 million, respectively).



## 16. Intangible asset

(Unit: Baht)

	Consolidated financial statement				
	Computer software		Computer	Deferred	Total
	In-house development	Purchase/acquisition	Software under development	technical knowledge acquisition cost	
<b>Cost</b>					
1 January 2019	101,921	169,280,520	10,512,491	36,992,961	216,887,893
Additions	-	4,160,775	9,044,667	1,540,000	14,745,442
Increase due to acquisition of control over a subsidiary	-	8,220,867	-	-	8,220,867
Transfer in (out)	2,456,739	4,996,786	(7,453,525)	-	-
Adjustment	-	-	(310,960)	-	(310,960)
31 December 2019	2,558,660	186,658,948	11,792,673	38,532,961	239,543,242
Additions	790,031	701,507	20,849,377	7,388,000	29,728,915
Transfer in (out)	151,727	7,995,781	(8,147,508)	-	-
Disposals/write-off	-	(2,467,378)	-	(13,157,178)	(15,624,556)
31 December 2020	3,500,418	192,888,858	24,494,542	32,763,783	253,647,601
<b>Accumulated amortisation</b>					
1 January 2019	35,012	86,909,318	-	5,475,145	92,419,475
Increase due to acquisition of control over a subsidiary	-	1,556,963	-	-	1,556,963
Amortisation for the year	10,192	14,124,077	-	2,887,785	17,022,054
31 December 2019	45,204	102,590,358	-	8,362,930	110,998,492
Amortisation for the year	444,391	13,598,465	-	2,768,030	16,810,886
Accumulated amortisation on disposals/write-off	-	(2,467,080)	-	(2,072,999)	(4,540,079)
31 December 2020	489,595	113,721,743	-	9,057,961	123,269,299
<b>Allowance for impairment</b>					
1 January 2019	-	-	-	10,000,000	10,000,000
Addition during the year	-	2,780,000	-	1,600,000	4,380,000
31 December 2019	-	2,780,000	-	11,600,000	14,380,000
Addition during the year	-	2,440,194	-	(3,500,000)	(1,059,806)
31 December 2020	-	5,220,194	-	8,100,000	13,320,194
<b>Net book value</b>					
31 December 2019	2,513,456	81,288,590	11,792,673	18,570,031	114,164,750
31 December 2020	3,010,823	73,946,921	24,494,542	15,605,822	117,058,108
<b>Amortisation for the year</b>					
2019					17,022,054
2020					16,810,886



(Unit: Baht)

	Separate financial statement			
	Deferred technical			Total
	Computer softwares	Computer softwares under development	knowledge acquisition cost	
<b>Cost</b>				
1 January 2019	120,736,679	460,713	12,123,085	133,320,477
Additions	312,755	1,034,054	1,540,000	2,886,809
Transfer in/(out)	322,448	(322,448)	-	-
31 December 2019	121,371,882	1,172,319	13,663,085	136,207,286
Additions	578,041	1,641,175	7,388,000	9,607,216
Transfer in/(out)	725,930	(725,930)	-	-
Disposals/write-off	(2,467,378)	-	(5,848,000)	(8,315,378)
31 December 2020	120,208,475	2,087,564	15,203,085	137,499,124
<b>Accumulated amortisation</b>				
1 January 2019	62,779,612	-	964,463	63,744,075
Amortisation for the year	8,114,680	-	482,232	8,596,912
31 December 2019	70,894,292	-	1,446,695	72,340,987
Amortisation for the year	8,031,336	-	1,091,398	9,122,734
Accumulated amortisation on disposals/write-off	(2,467,080)	-	(609,167)	(3,076,247)
31 December 2020	76,458,548	-	1,928,926	78,387,474
<b>Net book value</b>				
31 December 2019	50,477,590	1,172,319	12,216,390	63,866,299
31 December 2020	43,749,927	2,087,564	13,274,159	59,111,650
<b>Amortisation for the year</b>				
2019				8,596,912
2020				9,122,734

As at 31 December 2020 and 2019, the Group had certain computer software, which had have been fully amortised but are still in use. The original costs before deducting accumulated amortisation of those assets amounted to Baht 65.2 million and 61.0 million, respectively (the Company only: Baht 39.2 million and 41.5 million, respectively).



## 17. Deferred tax assets and income tax expenses

### 17.1 Deferred tax assets

The components of deferred tax assets were 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 years ended 31 December		Changes in deferred tax assets or liabilities for the years ended 31 December	
	31 December	31 December	31 December	31 December				
	2020	2019	2020	2019	2020	2019	2020	2019
<b>Deferred tax assets (liabilities)</b>								
<b>arose from:</b>								
Loss reserves	227,732	212,316	227,732	212,316	15,416	7,579	15,416	7,579
Commission payable from reinsurance	(9,346)	34,202	(9,346)	34,202	(43,548)	(16,942)	(43,548)	(16,942)
Deferred commission and brokerage income	4,445	15,693	4,445	15,693	(11,248)	(25,466)	(11,248)	(25,466)
Unused tax losses	60,318	53,720	60,318	53,720	6,598	(26,593)	6,598	(26,593)
Revaluation deficit on available-for-sale investments	99,010	63,353	99,011	63,353	35,657	48,598	35,658	48,659
Allowance for doubtful accounts	4,676	4,776	4,468	4,643	(100)	(126)	(175)	(54)
Unrealised gains as a result of reclassification of investment types	(75,401)	(75,401)	(75,401)	(75,401)	-	14,777	-	14,777
Deferred commission and brokerage expenses	(99,983)	(102,095)	(99,983)	(102,095)	2,112	46,455	2,112	46,455
Others	34,350	34,125	21,889	22,947	225	(16,131)	(1,058)	(18,904)
<b>Deferred tax assets</b>	<b>245,801</b>	<b>240,689</b>	<b>233,133</b>	<b>229,378</b>				
<b>Total changes</b>					<b>5,112</b>	<b>32,151</b>	<b>3,755</b>	<b>29,511</b>
<b>Recognition of changes in:</b>								
- Retained earnings at beginning year					(3,372)	-	(3,436)	-
- Other component of equity at beginning year					(746)	-	(735)	-
- Statements of income					(16,401)	(18,343)	(17,267)	(19,896)
- Statements of comprehensive income					25,631	50,494	25,193	49,407
<b>Total changes</b>					<b>5,112</b>	<b>32,151</b>	<b>3,755</b>	<b>29,511</b>

As at 31 December 2020 and 2019, the Company had deferred tax assets which were recognised on unused tax losses that will gradually expire by 2025.

As at 31 December 2019, the Company had unused tax losses of approximately Baht 7,258 million, for which deferred tax assets had not been recognised, because the Company's management expected that future taxable profits would not be sufficient to allow utilisation of these unused tax losses that expired in 2020.

## 17.2 Income tax expenses

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2020	2019	2020	2019
<b>Current income tax:</b>				
Current income tax charge for the years	(16,126)	(20,412)	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(16,401)	(18,343)	(17,267)	(19,896)
<b>Income tax expenses reported in statements of income</b>	<b>(32,527)</b>	<b>(38,755)</b>	<b>(17,267)</b>	<b>(19,896)</b>



Reconciliations between income tax expenses and the product of accounting profits for the years ended 31 December 2020 and 2019 and the applicable tax rates were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2020	2019	2020	2019
Accounting profit (loss) before income taxes	254,527	163,552	211,968	114,615
Applicable tax rate	20%	20%	20%	20%
Income taxes at the applicable tax rates	(50,905)	(32,710)	(42,394)	(22,923)
Tax effects of:				
Tax losses expected not to be able to utilise	-	(26,484)	-	(26,484)
Tax-exempted revenues	21,872	29,705	21,872	29,705
Non-tax deductible expenses	(537)	(1,062)	(318)	(623)
Others	(2,957)	(8,204)	3,573	429
Total	18,378	(6,045)	25,127	3,027
Income tax expenses reported in statements of income	(32,527)	(38,755)	(17,267)	(19,896)

## 18. Insurance contract liabilities

(Unit: Baht)

	Consolidated and separate financial statements					
	31 December 2020			31 December 2019		
	Insurance contract liabilities	Reinsurance of liabilities	Net	Insurance contract liabilities	Reinsurance of liabilities	Net
Loss reserves						
- For reported claims	557,522,674	(52,778,547)	504,744,127	712,398,207	(130,828,980)	581,569,227
- For claims incurred but not reported	692,844,711	(58,928,469)	633,916,242	865,481,323	(385,472,362)	480,008,961
Premium reserves						
- Unearned premium reserves	1,280,336,987	(63,864,867)	1,216,472,120	1,275,476,487	(253,039,212)	1,022,437,275
Other insurance liabilities	7,109,460	-	7,109,460	9,034,688	-	9,034,688
Total	2,537,813,832	(175,571,883)	2,362,241,949	2,862,390,705	(769,340,554)	2,093,050,151

## 18.1 Loss reserves

(Unit: Baht)

	Consolidated and separate financial statements	
	For the years ended 31 December	
	2020	2019
Beginning balances	1,577,879,530	1,792,143,645
Claims incurred during the current years	2,030,296,848	2,995,362,964
Changes in loss reserves of prior years'		
incurred claims	39,126,504	113,888,582
Claims paid during the years	(2,396,935,497)	(3,323,515,661)
Ending balances	1,250,367,385	1,577,879,530

## 18.2 Claims development table

### (a) Gross claims table

(Unit: Million Baht)

Reporting year/ Underwriting year	31 December 2020											
	Prior to 2011	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Estimates of cumulative ultimate claims:												
- End of the reporting year	956	15,618	670	684	630	705	950	1,029	1,168	1,371	1,183	
- Next one year	3,323	23,501	1,219	1,085	1,045	1,177	1,468	1,628	1,844	2,087		
- Next two years	4,428	30,878	1,377	1,065	1,037	1,202	1,510	1,651	1,892			
- Next three years	4,728	34,891	1,574	1,058	1,033	1,202	1,501	1,652				
- Next four years	5,780	35,097	1,672	1,056	1,026	1,206	1,493					
- Next five years	6,666	35,213	1,741	1,054	1,022	1,208						
- Next six years	7,085	35,443	1,847	1,054	1,019							
- Next seven years	8,461	35,669	1,873	1,056								
- Next eight years	9,388	35,765	1,918									
- Next nine years	9,368	35,864										
Estimates of cumulative ultimate claims incurred	9,368	35,864	1,918	1,056	1,019	1,208	1,493	1,652	1,892	2,087	1,183	58,740
Cumulative payments to date	(9,334)	(35,836)	(1,907)	(1,056)	(1,019)	(1,206)	(1,485)	(1,626)	(1,793)	(1,780)	(448)	(57,490)
Total gross claims	34	28	11	-	-	2	8	26	99	307	735	1,250



## (b) Net claims table

(Unit: Million Baht)

31 December 2020												
Reporting year/ Underwriting year	Prior to 2011	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Estimates of cumulative ultimate claims:												
- End of the reporting year	658	4,594	626	632	584	668	893	829	1,034	1,118	1,069	
- Next one year	2,432	10,157	1,155	1,026	996	1,133	1,407	1,411	1,692	1,770		
- Next two years	3,280	15,153	1,317	1,008	988	1,159	1,448	1,435	1,741			
- Next three years	3,688	18,079	1,461	1,002	984	1,159	1,440	1,435				
- Next four years	4,210	18,138	1,495	1,001	978	1,163	1,433					
- Next five years	4,388	18,033	1,534	999	974	1,165						
- Next six years	4,464	18,037	1,555	999	971							
- Next seven years	4,638	18,030	1,582	1,001								
- Next eight years	4,796	18,046	1,612									
- Next nine years	4,804	18,069										
Estimates of cumulative ultimate claims incurred	4,804	18,069	1,612	1,001	971	1,165	1,433	1,435	1,741	1,770	1,069	35,070
Cumulative payments to date	(4,773)	(18,045)	(1,600)	(1,001)	(971)	(1,163)	(1,426)	(1,411)	(1,646)	(1,484)	(411)	(33,931)
Total net claims	31	24	12	-	-	2	7	24	95	286	658	1,139

Key assumptions and the methods, which were used in determining assumptions in estimation of loss reserves, were described in Note 35.1 to the financial statements.

### 18.3 Unearned premium reserves

(Unit: Baht)

	Consolidated and separate financial statements	
	For the years ended 31 December	
	2020	2019
Beginning balances	1,275,476,487	1,812,732,291
Premium written for the years	4,328,727,602	4,455,274,300
Premium earned during the years	(4,323,867,102)	(4,992,530,104)
Ending balances	1,280,336,987	1,275,476,487

### 19. Due to reinsurers

(Unit: Baht)

	Consolidated and separate financial statements	
	31 December 2020	31 December 2019
Amounts withheld on reinsurance	82,113,029	406,243,701
Other reinsurance payables	324,784,681	525,843,970
Total due to reinsurers	406,897,710	932,087,671

### 20. Derivatives liabilities

As at 31 December 2020, the Company had the following financial derivatives, present at fair value as follows.

(Unit: Baht)

	Consolidated financial statement		
	31 December 2020		
	Notional amounts	Fair value of contracts	
		Derivatives assets	Derivatives liabilities
Derivatives held for trading:			
Forward exchange contracts	4,371,045	-	90,654

On 6 November 2020, a subsidiary entered into USD forward exchange contract with a commercial bank. The contract has a period of 2.4 month.



## 21. Employee benefit obligations

The movements of employee benefit obligations for the years ended 31 December 2020 and 2019 were as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2020	2019	2020	2019
Employee benefit obligations at beginning of the years	64,135	48,675	38,601	33,494
Included in statements of income:				
- Current service cost	8,030	10,942	3,218	7,682
- Interest cost	1,075	1,510	621	1,003
- Past service cost	-	10,166	-	7,676
	9,105	22,618	3,839	16,361
Included in statements of comprehensive income:				
Actuarial (gains) losses arising from				
- Demographic assumptions changes	(2,546)	-	(1,259)	-
- Financial assumptions changes	899	6,472	358	3,115
- Experience adjustments	7,275	1,370	4,387	631
Total actuarial losses	5,628	7,842	3,486	3,746
Payments during the years	(225)	(15,000)	-	(15,000)
Employee benefit obligations at end of the years	78,643	64,135	45,926	38,601



Long-term employee benefit expenses included in statements of income for the years ended 31 December 2020 and 2019 were separately shown as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2020	2019	2020	2019
Loss adjustment expenses	163	1,079	163	1,079
Other underwriting expenses	694	2,289	694	2,289
Investments expenses	199	1,427	199	1,427
Operating expenses	2,783	11,566	2,783	11,566
Service expenses	5,266	6,257	-	-
Total expenses recognised in statements of income	9,105	22,618	3,839	16,361

As at 31 December 2020, the Group expected to pay Baht 1.5 million (the Company only: Baht 1.5 million) over the next 1-year period.

As at 31 December 2020 and 2019, the weighted average durations of the liabilities for long-term employee benefits were 13 years and 13 years, respectively (The Company only: 11 years and 11 years, respectively).

Principal actuarial assumptions at the valuation dates were as follows:

(Unit: Percent per annum)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Discount rates	1.49 - 2.17	1.61 - 2.16	1.49	1.61
Salary incremental rate	6.50	6.50	6.50	6.50
Staff turnover rates	10.52 - 20.27	0.00 - 22.50	10.52 - 20.27	10.00 - 22.50

The impact from sensitivity analysis on principal actuarial assumptions to the present value of employee benefit obligations as at 31 December 2020 and 2019 were summarised below.

Consolidated financial statement				
31 December 2020				
	Increase (decrease) in employee benefit		Increase (decrease) in employee benefit	
	Assumption increase	obligations	Assumption decrease	obligations
	(Percent per annum)	Million Baht	(Percent per annum)	Million Baht
Discount rate	1	(6.6)	1	7.7
Salary increase rate	1	8.3	1	(7.3)
Staff turnover rate	10.0 <sup>(1)</sup>	(5.0)	10.0 <sup>(1)</sup>	6.4

<sup>(1)</sup> 10% of staff turnover rate assumptions applied.

Consolidated financial statement				
31 December 2019				
	Increase (decrease) in employee benefit		Increase (decrease) in employee benefit	
	Assumption increase	obligations	Assumption decrease	obligations
	(Percent per annum)	Million Baht	(Percent per annum)	Million Baht
Discount rate	1.0	(5.7)	1.0	6.6
Salary increase rate	1.0	7.1	1.0	(6.2)
Staff turnover rate	10.0 <sup>(1)</sup>	(4.2)	10.0 <sup>(1)</sup>	5.3

<sup>(1)</sup> 10% of staff turnover rate assumptions applied.

Separate financial statement				
31 December 2020				
	Increase (decrease) in employee benefit		Increase (decrease) in employee benefit	
	Assumption increase	obligations	Assumption decrease	obligations
	(Percent per annum)	Million Baht	(Percent per annum)	Million Baht
Discount rate	1	(3.3)	1	3.8
Salary increase rate	1	4.2	1	(3.7)
Staff turnover rate	10.0 <sup>(1)</sup>	(2.3)	10.0 <sup>(1)</sup>	2.7

<sup>(1)</sup> 10% of staff turnover rate assumptions applied.

Separate financial statement				
31 December 2019				
	Increase (decrease) in employee benefit		Increase (decrease) in employee benefit	
	Assumption increase	obligations	Assumption decrease	obligations
	(Percent per annum)	Million Baht	(Percent per annum)	Million Baht
Discount rate	1.0	(3.0)	1.0	3.4
Salary increase rate	1.0	3.7	1.0	(3.3)
Staff turnover rate	10.0 <sup>(1)</sup>	(1.9)	10.0 <sup>(1)</sup>	2.2

<sup>(1)</sup> 10% of staff turnover rate assumptions applied.

On 5 April 2019, the Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette, which stipulates additional legal severance pay rates for employees, who have worked for an uninterrupted period of twenty years or more, with such employees being entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefit plan amendment, resulted in the Group having additional employee benefit obligations of Baht 10.2 million (The Company only: Baht 7.7 million) whereby the Group already recognised the past service costs as expenses in the statement of income.

## 22. Share capital

On 7 July 2020, the Annual General Shareholders Meeting No.27 approved that a registered capital reduction of Baht 505.8 million was made by reducing the par value per share from Baht 1.00 to Baht 0.88. As a result, the Company's registered and paid-up share capital decreased from Baht 4,215.0 million to Baht 3,709.2 million. The Company registered its capital decrease with the Department of Business Development, the Ministry of Commerce on 8 October 2020.

Reconciliation of the Group's registered and paid-up share capital during the year ended 31 December 2020 and 2019 as following:

(Unit: Baht)

	Consolidated and separate financial statements		
	Par value	For the year ended 31 December 2020	
		2020	2019
Registered and paid-up share capital:			
Balance as at beginning of the year	1.00	4,214,993,832	4,214,993,832
registered capital reduction	(0.12)	4,214,993,832	(505,799,260)
Balance as at ending of the year	0.88	4,214,993,832	3,709,194,572

## 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. During the year ended 31 December 2020, the Company transferred the statutory reserve of Baht 38.6 million in order to offset the deficit which was according to the resolutions made at the Annual General Shareholders Meeting No.27 held on 7 July 2020 and appropriated profit for the year 2020 to statutory reserve amounting to Baht 9.8 million (2019: no appropriation).

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 2019, the subsidiaries appropriated a total of Baht 5.0 million, from their net profit to be statutory reserve (2020: no appropriation).



## 24. Segment information/major customer information

### 24.1 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 2020 and 2019, assets and liabilities can be classified by operating segment as follows:

(Unit: Baht)

	Consolidated financial statement					
	31 December 2020			31 December 2019		
	Non-life insurance	Other	Total	Non-life insurance	Other	Total
Total assets	6,508,263,508	498,399,455	7,006,662,963	7,352,312,654	460,294,482	7,812,607,136
Total liabilities	3,217,671,708	107,546,986	3,325,218,694	4,173,074,166	90,242,228	4,263,316,394

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

(Unit: Baht)

	Consolidated financial statement		
	For the year ended 31 December 2020		
	Conventional products	Non-conventional products	Total
<b>Underwriting income</b>			
Gross reinsurance premium written	1,928,415,557	2,400,312,045	4,328,727,602
Less: Premium ceded to reinsurers	(313,077,050)	(71,472,002)	(384,549,052)
Net reinsurance premium written	1,615,338,507	2,328,840,043	3,944,178,550
Less: Unearned premium reserves increased from prior year	(53,222,352)	(141,093,474)	(194,315,826)
<b>Net earned reinsurance premium</b>	<b>1,562,116,155</b>	<b>2,187,746,569</b>	<b>3,749,862,724</b>
<b>Underwriting expenses</b>			
Net claims	931,951,058	903,827,916	1,835,778,974
Commissions and brokerage expenses - net	490,377,672	1,025,433,690	1,515,811,362
Other underwriting expenses	31,367,427	123,723,754	155,091,181
<b>Total underwriting expenses</b>	<b>1,453,696,157</b>	<b>2,052,985,360</b>	<b>3,506,681,517</b>
<b>Profit from underwriting</b>	<b>108,419,998</b>	<b>134,761,209</b>	<b>243,181,207</b>
Operating expenses			(190,200,315)
<b>Profit from operation</b>			<b>52,980,892</b>
Reversal of bad debts and doubtful accounts			761,108
<b>Loss before service and investment revenues</b>			<b>53,742,000</b>
Net service revenue			63,440,862
Net investment revenue			131,562,520
Other income			5,781,829
<b>Profit before income tax expenses</b>			<b>254,527,211</b>
Income tax expenses			(32,526,974)
<b>Net profit</b>			<b>222,000,237</b>

(Unit: Baht)

Consolidated financial statement			
For the year ended 31 December 2019			
	Conventional products	Non-conventional products	Total
<b>Underwriting income</b>			
Gross reinsurance premium written	1,853,022,736	2,602,251,564	4,455,274,300
Less: Premium ceded to reinsurers	(313,397,233)	(644,199,370)	(957,596,603)
Net reinsurance premium written	1,539,625,503	1,958,052,194	3,497,677,697
Add: Unearned premium reserves decreased from prior year	74,542,617	36,604,673	111,147,290
<b>Net earned reinsurance premium</b>	<b>1,614,168,120</b>	<b>1,994,656,867</b>	<b>3,608,824,987</b>
<b>Underwriting expenses</b>			
Net claims	1,012,638,023	964,464,923	1,977,102,946
Commissions and brokerage expenses - net	480,109,979	1,044,878,298	1,524,988,277
Other underwriting expenses	35,708,153	108,596,595	144,304,748
<b>Total underwriting expenses</b>	<b>1,528,456,155</b>	<b>2,117,939,816</b>	<b>3,646,395,971</b>
<b>Profit (loss) from underwriting</b>	<b>85,711,965</b>	<b>(123,282,949)</b>	<b>(37,570,984)</b>
Operating expenses			(187,449,113)
<b>Loss from operation</b>			<b>(225,020,097)</b>
Bad debts and doubtful accounts			(15,945)
<b>Loss before service and investment revenues</b>			<b>(225,036,042)</b>
Net service revenue			80,021,526
Net investment revenue			301,338,970
Share of loss from investments in an associate			(327,038)
Other income			7,554,121
<b>Profit before income tax expenses</b>			<b>163,551,537</b>
Income tax expenses			(38,755,044)
<b>Net profit</b>			<b>124,796,493</b>

## 24.2 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.

## 24.3 Major customers

During the years ended 31 December 2020 and 2019, the Group had gross reinsurance premium written for the amount equal to or more than 10% of total gross reinsurance premium written from major insurance companies as follows:

(Unit: Million Baht)

	Consolidated financial statements	
	For the year ended 31 December	
	2020	2019
Gross reinsurance premium written	2,615	2,815
Percentage of total gross reinsurance premium written (%)	60	63
Number of major customers (companies)	3	3

## 25. Net investment revenues

(Unit: Baht)

	Consolidate financial statements		Separate financial statements	
	For the year ended		For the year ended	
	31 December		31 December	
	2020	2019	2020	2019
Dividend incomes	98,652,444	131,960,904	138,707,431	172,460,879
Interest income	23,424,426	38,372,015	21,851,698	36,201,599
Total	122,076,870	170,332,919	160,559,129	208,662,478



## 26. Net gains from financial instrument

(Unit: Baht)

	Consolidate financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2020	2019	2020	2019
<b>Gain (losses) on disposal and derecognition:</b>				
Debt instruments measured at fair value				
through profit or loss	(615,400)	-	(620,062)	-
Debt instruments measured at fair value				
through other comprehensive income	2,708,663	-	2,691,676	-
Equity securities measured at fair value through				
profit or loss	241,453	-	241,453	-
Equity securities classified as trading	-	(11,153,273)	-	(11,180,731)
Equity securities classified as				
available-for-sale investments	-	28,006,266	-	28,060,434
Gains on reclassification of investment types	-	3,697,023	-	3,697,023
Gain from reversal of impairment loss of an				
associate	-	327,038	-	-
Gain from reversal of impairment loss on				
investments	-	91,044,000	-	91,044,000
<b>Total</b>	<b>2,334,716</b>	<b>111,921,054</b>	<b>2,313,067</b>	<b>111,620,726</b>

## 27. Fair value gains (losses) on financial instruments

(Unit: Baht)

	Consolidate financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2020	2019	2020	2019
<b>Fair value gains (losses) on investments</b>				
Debt instruments measured at fair value				
through profit or loss	13,078,759	-	12,967,653	-
Derivatives	(90,654)	-	-	-
Equity securities classified as trading	-	25,843,060	-	25,853,521
<b>Total</b>	<b>12,988,105</b>	<b>25,843,060</b>	<b>12,967,653</b>	<b>25,853,521</b>



## 28. Operating expenses

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2020	2019	2020	2019
Personnel expenses	135,205,442	123,236,916	138,780,463	123,370,795
Premises and equipment expenses, which were not expenses for underwriting	25,044,678	26,574,868	34,582,106	35,445,015
Taxes and duties	(3,860)	550,675	(3,860)	550,675
Bad debts and doubtful accounts (reversal)	(761,108)	15,945	(761,108)	15,945
Other operating expenses	29,954,055	37,086,654	30,068,401	37,281,869
Total operating expenses	189,439,207	187,465,058	202,666,002	196,664,299

## 29. Expected credit losses

(Unit: Baht)

	Consolidated financial statement	Separate financial statement
	For the year ended 31 December 2020	For the year ended 31 December 2020
Cash and cash equivalents	17,155	13,710
Debt instruments measured at fair value through other comprehensive income	(72,642)	(72,642)
Debt instruments measured at amortised cost	(88,584)	(94,963)
Other financial assets	102,062	-
Total	(42,009)	(153,895)

## 30. Expenses by nature

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2020	2019	2020	2019
Gross claims	2,069,423,353	3,109,248,546	2,069,423,353	3,109,251,546
Claim recovery from reinsurers	(238,535,607)	(1,140,528,943)	(238,535,607)	(1,140,528,943)
Commissions and brokerage expenses	1,675,486,829	1,919,380,233	1,675,486,829	1,919,380,233
Other underwriting expenses	115,112,175	106,352,123	115,186,303	106,440,275
Personnel expenses	368,451,989	345,893,440	189,487,869	176,464,826
Premises and equipment expenses	136,824,865	127,366,323	34,582,107	35,445,014
Bad debts and doubtful accounts (reversal)	(761,108)	15,945	(761,108)	15,945
Other expenses	51,783,516	65,362,599	30,453,945	38,063,429
Total expenses	4,177,786,012	4,533,090,266	3,875,323,691	4,244,532,325

## 31. 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 Krungsri Asset Management Company Limited and will be paid to employees upon termination in accordance with the fund rules. During the years ended 31 December 2020 and 2019, the Group contributed Baht 21 million and 19 million, respectively, to the fund (the Company only: Baht 10 million and 9 million, respectively).

## 32. Earnings per share

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

### 33. Commitments and contingent liabilities

#### 33.1 Capital commitments

As at 31 December 2020 and 2019, the Group had capital commitments of Baht 2.0 million and Baht 2.6 million, respectively (The Company only: As at 31 December 2020, it had capital commitment of Baht 0.5 million and as at 31 December 2019, the Company had no capital commitments), relating to the development of computer software and improvement of building.

#### 33.2 Service commitments

As at 31 December 2020 and 2019, the Group had outstanding service commitment and future minimum service fees amounting to Baht 0.8 million and Baht 2.1 million, respectively (The Company only Baht 0.1 million and Baht 1.5 million, respectively).

#### 33.3 Litigations

As mentioned in Note 10 to financial statement, as at 31 December 2020, the Company has dispute with an oversea reinsurer. Such reinsurer claimed for monetary restitution through arbitration process of a total of approximately Baht 745 million plus interest. However, the Company's management believes that such allegations and the counterclaim amount have no sufficient legal merit and the Company would incur no significant loss in relation to such disputes. Therefore, the management considers not to record any provision for contingent liabilities.

As at 31 December 2019, the Company had outstanding litigation cases for claims totaling Baht 19 million (the sued sum and interest thereon). The outcome of the cases has not yet been finalised. However, the Company set aside reserves for contingent losses of Baht 12 million. The Company's management believes that such reserves for contingent losses are adequate. However, such litigation cases had been finalised during the year ended 31 December 2020 with a total claim of Baht 19 million and the Company has completely recorded the additional difference of claim.



### 34. Related party transactions

#### 34.1 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 Services Co., Ltd.	Subsidiary
EMCS Thai Co., Ltd.	Subsidiary
Thaire Actuarial Consultation Co., Ltd.	Subsidiary
Thaire Innovation Co., Ltd.	Subsidiary
Thaire Life Assurance Plc. <sup>(1)</sup>	Related by way of common directors and shareholding
Bangkok Insurance Plc.	Related by way of common directors and shareholding
Thaivivat Insurance Plc.	Related by way of common directors and shareholding
Krungthai Panich Insurance Plc.	Related by way of common directors and shareholding
The Falcon Insurance Plc.	Related by way of common directors and shareholding
HWIC ASIA FUND	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
ST-Muang Thai Insurance Co., Ltd. <sup>(2)</sup>	Related by way of common directors

<sup>(1)</sup> This entity has been considered as a related party since 23 April 2019, which was the date that both parties have common director.

<sup>(2)</sup> This entity has been considered as a related party during the third quarter of 2019, the period during which both parties have common director.

### 34.2 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 financial statements		Separate financial statements		
	For the years ended		For the years ended		
	31 December		31 December		Pricing policy
	2020	2019	2020	2019	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
<b>Revenues</b>					
Dividend income	-	-	40	41	As declared
<b>Expenses</b>					
Service expenses	-	-	13	7	At cost
<u>Transactions with related parties</u>					
<b>Revenues</b>					
Reinsurance premium written	1,679	1,603	1,679	1,603	Ceded rates depending on type of insurance as specified in the reinsurance contracts
Commission income	52	36	52	36	Contracted rates or as mutually agreed
Dividend income	25	34	25	34	As declared
Service income	33	34	-	-	Contracted rates or as mutually agreed
Claim recovery from reinsurers	31	40	31	40	At the ratios as specified in the retrocession contracts
<b>Expenses</b>					
Premium ceded to reinsurers	110	81	110	81	Ceded rates depending on type of insurance as specified in the retrocession contracts
Gross claims	760	903	760	903	At loss rates as specified in the reinsurance contracts
Commission expenses	568	540	568	540	Contracted rates or as mutually agreed

During the year 2020, the Company received the transfer of intangible assets of Baht 3.2 million from a subsidiary at the original cost remained unamortised at the subsidiary.



### 34.3 Outstanding balances

As at 31 December 2020 and 2019, the Group had the outstanding balances with its related parties as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Reinsurance receivables				
Amounts deposited on reinsurance	348,938	295,568	348,938	295,568
Amounts due from reinsurers	137,374	133,364	137,374	133,364
Other assets				
Deferred commissions and brokerage expenses	163,682	165,257	163,682	165,257
Trade receivables	2,482	4,011	-	-
Insurance contract liabilities				
Loss reserves	553,795	511,112	553,795	511,112
Due to reinsurers				
Amounts withheld on reinsurance	122	28	122	28
Other reinsurance payables	128,943	66,018	128,943	66,018
Other liabilities				
Premium received in advance - net	60,847	56,171	60,847	56,171
Deferred commissions and brokerage income	14,048	8,827	14,048	8,827
Unearned revenues	87	23	-	-

### 34.4 Directors and management personnel's remuneration

During the years ended 31 December 2020 and 2019, the Group incurred employee benefit expenses on their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial		financial	
	statements		statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2020	2019	2020	2019
Short-term benefits	79,016	69,136	51,693	45,648
Long-term benefits	6,126	14,876	3,557	12,668
Total	85,142	84,012	55,250	58,316

## 35. Risks and risk management policies

### 35.1 Reinsurance risks

Reinsurance risk is the risk arising from the Company's reinsurance activities that might experience significant fluctuations in the timing, frequency, and severity of insured events, relative to the Company's expectations.

Statistical data and insights are incorporated into marketing plans and ratemaking process to help the Company develop new profitable products with long-term growth potential. Customer surveys are periodically conducted to make sure that new products are able to meet customer expectations. The Company's actuarial Fellow performs risk transfer tests on all new products and approves their pricing. The product review policy that is well established requires all products to be reviewed every 2 years.

Geographical areas and its related risks are diversified and taken into account in the underwriting process. Risk accumulation is closely and timely monitored on a monthly basis. 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 that might affect the Company's strength. The Company has a strict policy to retrocede its business to retrocessionaires that have credit ratings of at least "A-." The Company's retrocessionaires' credit quality are regularly analyzed and evaluated whereas their financial stability are constantly monitored.

The Company continuously monitors claim aging to ensure that suspended claims are not left untouched. The Company also puts in place claim monitoring and claim management system to ensure prompt payment. The Company's loss reserve policy emphasizes the adequacy and soundness of technical provisions calculation. Factors that might significantly affect the Company's loss reserve are examined and analyzed thoroughly. The Company has adopted the conservative methods and assumptions for the calculation of its technical provisions. Loss reserve estimates are actuarially sound and signed off by the Company's actuarial Fellow.



As at 31 December 2020 and 2019, reinsurance contract liabilities were classified by type insurance as follows.

(Unit: Million Baht)

	Consolidated and separate financial statement					
	31 December 2020			31 December 2019		
	Loss reserves			Loss reserves		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Fire	158	(30)	128	210	(34)	176
Marine	17	(2)	15	20	(2)	18
Motor	470	-	470	389	-	389
Personal accident	169	(9)	160	161	(9)	152
Miscellaneous	436	(70)	366	798	(471)	327
Total	1,250	(111)	1,139	1,578	(516)	1,062

(Unit: Million Baht)

	Consolidated and separate financial statement					
	31 December 2020			31 December 2019		
	Premium reserves			Premium reserves		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Fire	108	(14)	94	107	(13)	94
Marine	4	(1)	3	3	(1)	2
Motor	332	-	332	274	-	274
Personal accident	356	(28)	328	362	(20)	342
Miscellaneous	480	(21)	459	529	(219)	310
Total	1,280	(64)	1,216	1,275	(253)	1,022



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

(a) Ultimate loss ratio

The Company adopts the Chain Ladder method, which takes into accounts historical reported claims development patterns and premium written, to determine assumptions used in calculation of the Ultimate Loss Ratio, using the Expected Loss Ratio method. Such method is an actuarial method that brings the results of the multiplication of the Ultimate Loss Ratio and the earned premiums to arrive at the value of loss reserves.

(b) Unallocated loss adjustment expense ratio (ULAE), which is categorised into 2 types 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 impact from sensitivity analysis on key assumptions to the value of loss reserves and other relevant accounts as at 31 December 2020 and 2019 were summarised below.

Consolidated and separate financial statements					
31 December 2020					
Assumption	Increase in gross claim reserves	Loss reserves		Decrease in profit before income tax expenses	Decrease in owners' equity
		Increase in net claim reserves			
(decrease)					
(Percent)	Million Baht	Million Baht		Million Baht	Million Baht
Ultimate Loss Ratio	5.0	291	266	(266)	(213)
(Loss reserves for underwriting years from 2019 to 2020)	(5.0)	(201)	(190)	190	152
Changes in loss reserves	5.0	10	10	(10)	(8)
(Loss reserves for underwriting years before 2019)	(5.0)	(10)	(10)	10	8
Unallocated Loss Adjustment	5.0	0.2	0.2	(0.2)	(0.1)
Expense Ratio	(5.0)	(0.2)	(0.2)	0.2	0.1



Consolidated and separate financial statements					
31 December 2019					
Assumption increase (decrease) (Percent)	Loss reserves		Decrease in profit before income tax expenses		Decrease in owners' equity
	Increase in gross claim reserves	Increase in net claim reserves			
	Million Baht	Million Baht	Million Baht	Million Baht	
Ultimate Loss Ratio	5.0	214	200	(200)	(160)
(Loss reserves for underwriting years from 2018 to 2019)	(5.0)	(157)	(145)	145	116
Changes in loss reserves	5.0	30	9	(9)	(7)
(Loss reserves for underwriting years before 2018)	(5.0)	(30)	(9)	9	7
Unallocated Loss Adjustment Expense Ratio	5.0 (5.0)	0.2 (0.2)	0.2 (0.2)	(0.2) 0.2	(0.1) 0.1

## 35.2 Financial risk management policies

### 35.2.1 Financial instruments risks

The Group's financial instruments principally comprise cash and cash equivalents, investments in securities, loans, derivative securities, and other financial assets. The financial risks associated with these financial instruments and how they are managed is described below.

#### (a) Credit risk

Credit risk is the risk of default by the Group's counterparties unable to execute the contract's liabilities or possibilities that such counterparties being downgraded its credit rating.

##### (1) Insurance assets

The Group manages credit risk by analyze debtors' payment capability together with regularly monitoring their financial position. The Group also established policies and procedures to control credit limits and set up a strict policy to retrocede its business to retrocessionaires that have credit ratings of at least "A-".

##### (2) Financial assets

The Group has avoided speculative investments and invests in high quality securities that are expected to generate reasonable and consistent returns. The Group also established policies and procedures to control credit limits and set up a strict policy to buy securities from the issuers that have credit ratings of at least "A-". The Group regularly analyses and

evaluates the issuers' solvency, and monitors their credit ratings, performances, news and economic effects.

ECLs are calculated concerning the probability-weighted amounts which are determined by evaluating a range of reasonably possible outcomes, the time value of money, and considering all reasonable and supportable information. This includes forward-looking information. Such ECLs are calculated the estimate of expected cash shortfalls by multiplying the probability of default (PD) with the loss given default (LGD) with the expected exposure at the time of default (EAD).

For ECLs recognition, financial assets are classified in any of the below 3 stages. A financial asset can move between stages during its lifetime. The stages are based on changes in credit quality since initial recognition and considered the economic situation's changes. The Group defined the financial assets' stages as follows:

Stage 1 Financial assets that have not had a significant increase in credit risk

Financial assets that have not had a significant increase in credit risk (SICR) since initial recognition (i.e. no Stage 2 or 3 triggers apply) or debt investment that considered to have low credit risk at each reporting date with the exception of purchased or originated credit impaired (POCI) assets. The provision for ECL is 12-month ECL. 12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Stage 2: Financial assets have a SICR

When financial assets have a SICR since initial recognition, ECLs are recognised for possible default events over the lifetime of the financial assets. SICR is assessed by using a number of quantitative and qualitative factors that are significant to the increase in credit risk. Financial assets that are 90 or more days past due and not credit-impaired will always be considered to have experienced a significant increase in credit risk.

Stage 3: Lifetime ECL credit impaired

Financial assets that are credit-impaired or in default represent those that are at least 180 days past due in respect of principal and/or interest. Financial assets are also considered to be credit-impaired where the customers are unlikely to repay on the occurrence of one or more observable events that have a negative impact on the estimated future cash flows of the financial assets.

Risks related to the concentration of loans to are not substantial since the Company provides loans only to its employees and the loan collateral provided is adequate to cover the loan



amount. The ratio of loans to collateral values is in accordance with the requirements set by the Office of Insurance Commission.

The Subsidiaries manage credit risk of other financial assets by adopting appropriate credit control policy to each counterparty which its outstanding and financial position are regularly monitored. Each subsidiary calculates ECLs by choosing the historical periods which reflect the current collection conditions and suitable analysis and adjusted for forward-looking factors specific to the debtors and the economic environment. ECL of each overdue period at each reporting date are calculated the estimate of expected cash shortfalls by multiplying the receivables' outstanding with its default rate based on collection experiences.

The information relating to credit quality of financial assets were as below:

(Unit: Thousand Baht)

Consolidated financial statement					
31 December 2020					
	Financial assets where there without significant increase in credit risk (Stage 1)	Financial assets where there with a significant increase in credit risk (Stage 2)	Financial assets that are credit-impaired (Stage 3)	Financial assets where applied simplified approach to calculated expected credit losses	Total
<b>Cash and cash equivalents</b>					
Investment grade	209,987	-	-	-	209,987
Less: Allowance for expected credit loss	(142)	-	-	-	(142)
Net book value	209,845	-	-	-	209,845
<b>Debt instruments measured at fair value through other comprehensive income</b>					
Investment grade	1,901,925	-	-	-	1,901,925
Total fair value	1,901,925	-	-	-	1,901,925
Allowance for expected credit loss recognised in profit or loss	90	-	-	-	90
<b>Debt instruments measured at amortised cost</b>					
Investment grade	440,000	-	-	-	440,000
Less: Allowance for expected credit loss	(34)	-	-	-	(34)
Net book value	439,966	-	-	-	439,966
<b>Other financial assets</b>					
Not yet due	-	-	-	61,251	61,251
Over due					
Less than 3 months	-	-	-	16,308	16,308
3 - 6 months	-	-	-	259	259
6 - 9 months	-	-	-	49	49
9 - 12 months	-	-	-	29	29
Over 12 months	-	-	-	806	806

(Unit: Thousand Baht)

Consolidated financial statement					
31 December 2020					
	Financial assets where there without significant increase in credit risk (Stage 1)	Financial assets where there with a significant increase in credit risk (Stage 2)	Financial assets that are credit-impaired (Stage 3)	Financial assets where applied simplified approach to calculated expected credit losses	Total
Total	-	-	-	78,702	78,702
Less: Allowance for expected credit loss	-	-	-	(1,044)	(1,044)
Net book value	-	-	-	77,658	77,658

(Unit: Thousand Baht)

Separate financial statements				
31 December 2020				
	Financial assets where there without significant increase in credit risk (Stage 1)	Financial assets where there with a significant increase in credit risk (Stage 2)	Financial assets that are credit-impaired (Stage 3)	Total
<b>Cash and cash equivalents</b>				
Investment grade	125,633	-	-	125,633
Less: Allowance for expected credit losses	(85)	-	-	(85)
Net book value	125,548	-	-	125,548
<b>Debt instruments measured at fair value through other comprehensive income</b>				
Investment grade	1,901,612	-	-	1,901,612
Total fair value	1,901,612	-	-	1,901,612
Allowance for expected credit losses recognised in profit or loss	90	-	-	90
<b>Debt instruments measured at amortised cost</b>				
Investment grade	311,000	-	-	311,000
Less: Allowance for expected credit losses	(3)	-	-	(3)
Net book value	310,997	-	-	310,997

The above table showed the maximum exposure to credit risk for financial assets. The maximum exposure was shown in gross carrying amounts before collateral or any activities that could mitigate credit risk.

For financial assets recognised in the statement of financial position, the maximum exposure to credit risk equals their gross carrying amounts net of allowance for expected credit losses.

The significant movements in allowance for expected credit losses were stated below:



(Unit: Thousand Baht)

Consolidated financial statement					
For the year ended 31 December 2020					
	Financial assets where there without significant increase in credit risk (Stage 1)	Financial assets where there with a significant increase in credit risk (Stage 2)	Financial assets that are credit- impaired (Stage 3)	Financial assets where applied simplified approach to calculated expected credit losses	Total
<b>Cash and cash equivalents</b>					
Beginning balance as at 1 January 2020	125	-	-	-	125
Change due to remeasurement of allowance for impairment	17	-	-	-	17
Ending balance as at 31 December 2020	142	-	-	-	142
<b>Debt instruments measured at fair value through other comprehensive income</b>					
Beginning balance as at 1 January 2020	163	-	-	-	163
Change due to remeasurement of allowance for impairment	6	-	-	-	6
Newly purchased or acquired financial assets	5	-	-	-	5
Amounts written off	(84)	-	-	-	(84)
Ending balance 31 December 2020	90	-	-	-	90
<b>Debt instruments measured at amortised cost</b>					
Beginning balance as at 1 January 2020	122	-	-	-	122
Newly purchased or acquired financial assets	34	-	-	-	34
Amounts written off	(122)	-	-	-	(122)
Ending balance 31 December 2020	34	-	-	-	34
<b>Other financial assets</b>					
Beginning balance as at 1 January 2020	-	-	-	942	942
Change due to remeasurement of allowance for impairment	-	-	-	102	102
Ending balance 31 December 2020	-	-	-	1,044	1,044

(Unit: Thousand Baht)

	Separate financial statements			
	For the years ended 31 December 2020			
	Financial assets where there without significant increase in credit risk (Stage 1)	Financial assets where there with a significant increase in credit risk (Stage 2)	Financial assets that are credit- impaired (Stage 3)	Total
<b>Cash and cash equivalents</b>				
Beginning balance as at 1 January 2020	71	-	-	71
Change due to remeasurement of allowance for expected credit losses	14	-	-	14
Ending balance as at 31 December 2020	85	-	-	85
<b>Debt instruments measured at fair value through other comprehensive income</b>				
Beginning balance as at 1 January 2020	163	-	-	163
Change due to remeasurement of allowance for expected credit losses	6	-	-	6
Newly purchased or acquired financial assets	5	-	-	5
Amounts written off	(84)	-	-	(84)
Ending balance as at 31 December 2020	90	-	-	90
<b>Debt instruments measured at amortised cost</b>				
Beginning balance as at 1 January 2020	98	-	-	98
Newly purchased or acquired financial assets	3	-	-	3
Amounts written off	(98)	-	-	(98)
Ending balance as at 31 December 2020	3	-	-	3

(b) Market risk

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

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. 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.



### 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 2020 and 2019, 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).

(Unit: Million Baht)

Consolidated financial assets							
31 December 2020							
Fixed interest rates							
Based on repricing date or maturity date from 31 December 2019							
	Within 1	Longer	Floating	Non-interest		Effective	
	year	than	interest rate	bearing	Total	interest rate	
		5 years				(% per annum)	
	1 - 5 years						
<b>Financial Assets</b>							
Cash and cash equivalents	-	-	-	209	1	210	0.05 - 0.13
Reinsurance receivables	-	-	-	-	1,359	1,359	-
Debt financial assets	1,918	424	-	-	131	2,473	0.45 - 3.10
Equity financial assets	-	-	-	-	1,497	1,497	-
Loans and interest receivables	-	-	-	17	-	17	2.25 - 3.25
<b>Financial Liabilities</b>							
Due to reinsurers	-	-	-	-	407	407	-
Lease liabilities	2	4	-	-	-	6	2.26 - 6.90



(Unit: Million Baht)

Consolidated financial assets							
31 December 2019							
Fixed interest rates							
Based on repricing date or maturity date from 31 December 2019							
Longer							
Within 1		than	Floating	Non-interest		Effective	
year	1 - 5 years	5 years	interest rate	bearing	Total	interest rate	
						(% per annum)	
<b>Financial Assets</b>							
Cash and cash equivalents	-	-	-	185	-	185	0.24
Reinsurance receivables	-	-	-	-	1,529	1,529	-
Investments in securities							
Government and state enterprise securities	499	16	-	-	-	515	1.17
Private enterprise debt securities	25	331	-	-	-	356	1.79
Deposits at banks	941	-	-	-	-	941	1.64
Loans	-	-	-	21	-	21	3.25
<b>Financial Liabilities</b>							
Due to reinsurers	-	-	-	-	932	932	-
Liabilities under finance lease agreement	-	4	-	-	-	4	1.58 - 2.87

(Unit: Million Baht)

Separate financial statement							
31 December 2020							
Fixed interest rates							
Based on repricing date or maturity date from 31 December 2019							
Longer							
Within 1		than	Floating	Non-interest		Effective	
year	1 - 5 years	5 years	interest rate	bearing	Total	interest rate	
						(% per annum)	
<b>Financial Assets</b>							
Cash and cash equivalents	-	-	-	125	-	125	0.05 - 0.13
Reinsurance receivables	-	-	-	-	1,359	1,359	-
Debt financial assets	1,789	424	-	-	114	2,327	0.45 - 3.10
Equity financial assets	-	-	-	-	1,497	1,497	-
Loans and interest receivables	-	-	-	17	-	17	2.25 - 3.25
<b>Financial Liabilities</b>							
Due to reinsurers	-	-	-	-	407	407	-
Lease liabilities	2	2	-	-	-	4	2.26 - 3.45



(Unit: Million Baht)

Separate financial statement							
31 December 2019							
Fixed interest rates							
Based on repricing date or maturity date from 31 December 2019							
	Within 1 year	1 - 5 years	Longer than 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
<b>Financial Assets</b>							
Cash and cash equivalents	-	-	-	105	-	105	0.29
Reinsurance receivables	-	-	-	-	1,529	1,529	-
Investments in securities							
Government and state enterprise securities	473	15	-	-	-	488	1.16
Private enterprise debt securities	25	331	-	-	-	356	1.79
Deposits at banks	853	-	-	-	-	853	1.66
Loans	-	-	-	21	-	21	3.25
<b>Financial Liabilities</b>							
Due to reinsurers	-	-	-	-	932	932	-
Liabilities under finance lease agreement	-	1	-	-	-	1	1.58

The changes in interest rates affected on the Company's profit and loss and owners' equity as at 31 December 2020 were summarised below:

(Unit: Million Baht)

	Consolidated financial statement			Separate financial statement		
	Increase/ (decrease)	Impact to profit before income tax	Impact to owners' equity	Increase/ (decrease)	Impact to profit before income tax	Impact to owners' equity
Deposits at financial institutions	1%	2,092	1,674	1%	1,255	1,004
	(1%)	(2,092)	(1,674)	(1%)	(1,255)	(1,004)
Loans	1%	169	135	1%	168	134
	(1%)	(169)	(135)	(1%)	(168)	(134)

The above analysis has been prepared assuming that the amounts of the floating rate financial assets and all other variables remain constant for a year. Moreover, the floating legs of these assets are assumed to not yet have set interest rates. As a result, a change in interest rates affects fair value of the sensitivity calculation. This information is not a forecast or prediction of future market conditions and should be used with care.

### 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 has assessed the potential impact against the cost of such risk management and considered not enter into any forward foreign currency contracts due to the amount of foreign currency transactions doesn't have significant effect to the financial statements and some currencies are not available in the forward currency market.

As at 31 December 2020 and 2019, the balances of financial assets and liabilities denominated in foreign currencies were summarised belows.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	31	31	31	31	31	31
	December 2020	December 2019	December 2020	December 2019	December 2020	December 2019
	(Million units)	(Million units)	(Million units)	(Million units)	(Baht per 1 foreign currency unit)	
US Dollar	0.59	0.35	0.37	0.03	29.9909	30.1084
South Korea Won	0.38	0.13	0.28	0.19	0.0276	0.0260
Lao Kip	87.32	60.71	1.94	1.57	0.0032	0.0034
Philippines Peso	0.82	-	0.06	-	0.6235	-
Myanmar Kyat	-	7.50	-	0.75	0.0226	0.0203
Vietnam Dong	-	227.48	-	0.09	0.0013	0.0013

### 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.

As at 31 December 2020 and 2019, the Group had risk from its equity financial assets of which the price would change with reference to market conditions.

#### (c) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet commitments at maturity dates due to inability to liquidate its financial assets and/or procure sufficient funds 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.

As at 31 December 2020 and 2019, the periods to maturity of financial assets and liabilities counting from the financial position date were as follows:

(Unit: Million Baht)

Consolidated financial statement						
31 December 2020						
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
<b>Financial assets</b>						
Cash and cash equivalents	210	-	-	-	-	210
Reinsurance receivables	-	1,347	11	1	-	1,359
Debt financial assets	-	1,918	424	-	131	2,473
Equity financial assets	-	-	-	-	1,497	1,497
Loans and interest receivables	-	2	8	7	-	17
<b>Financial liabilities</b>						
Due to reinsurers	-	370	34	3	-	407
Lease liabilities	-	2	4	-	-	6

(Unit: Million Baht)

Consolidated financial statement						
31 December 2019						
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
<b>Financial assets</b>						
Cash and cash equivalents	185	-	-	-	-	185
Reinsurance receivables	-	1,504	23	2	-	1,529
Investments in securities						
Equity securities	1,064	-	-	-	5	1,069
Investment units	1,165	-	-	-	-	1,165
Government and state enterprise securities	-	499	16	-	-	515
Private enterprise debt securities	-	25	331	-	-	356
Deposits at banks	-	941	-	-	-	941
Loans	-	3	8	10	-	21
<b>Financial liabilities</b>						
Due to reinsurers	-	895	34	3	-	932

## Liabilities under finance

lease agreement	-	-	4	-	-	4
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(Unit: Million Baht)

## Separate financial statement

31 December 2020						
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
<b>Financial assets</b>						
Cash and cash equivalents	126	-	-	-	-	126
Reinsurance receivables	-	1,347	11	1	-	1,359
Debt financial assets	-	1,789	424	-	114	2,327
Equity financial assets	-	-	-	-	1,497	1,497
Loans and interest receivables	-	2	8	7	-	17
<b>Financial liabilities</b>						
Due to reinsurers	-	370	34	3	-	407
Lease liabilities	-	2	2	-	-	4

(Unit: Million Baht)

## Separate financial statement

31 December 2019						
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
<b>Financial assets</b>						
Cash and cash equivalents	105	-	-	-	-	105
Reinsurance receivables	-	1,504	23	2	-	1,529
Investments in securities						
Equity securities	1,064	-	-	-	5	1,069
Investment units	1,144	-	-	-	-	1,144
Government and state enterprise securities	-	473	15	-	-	488
Private enterprise debt securities	-	25	331	-	-	356
Deposits at banks	-	853	-	-	-	853
Loans	-	3	8	10	-	21
<b>Financial liabilities</b>						
Due to reinsurers	-	895	34	3	-	932
Liabilities under finance						
lease agreement	-	-	1	-	-	1



As at 31 December 2020 and 2019, the periods to maturity of assets and liabilities from insurance contracts counting from the financial position date were as follows:

(Unit: Million Baht)

Consolidated and separate financial statement						
31 December 2020						
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
<b>Assets from insurance contracts</b>						
Insurance reserve refundable						
from reinsurers						
Loss reserves	-	108	-	4	-	112
Total	-	108	-	4	-	112
<b>Liabilities from insurance contracts</b>						
Loss reserves	-	1,235	-	15	-	1,250
Other insurance liabilities	-	-	7	-	-	7
Total	-	1,235	7	15	-	1,257

(Unit: Million Baht)

Consolidated and separate financial statement						
31 December 2019						
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
<b>Assets from insurance contracts</b>						
Insurance reserve refundable						
from reinsurers						
Loss reserves	-	513	-	3	-	516
Total	-	513	-	3	-	516
<b>Liabilities from insurance contracts</b>						
Loss reserves	-	1,554	13	11	-	1,578
Other insurance liabilities	-	-	9	-	-	9
Total	-	1,554	22	11	-	1,587

### 35.2.2 Fair values of financial instruments

As of 31 December 2020 and 2019, the Group had the following assets and liabilities that were measured at fair value and assets and liabilities for which fair values were disclosed by fair value levels as follows:

(Unit: Million Baht)

	Consolidated financial statement				
	31 December 2020				
	Carrying	Fair values			
	values	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Debt financial assets	2,033	-	2,033	-	2,033
Equity financial assets	1,497	1,481	-	16	1,497
Assets for which fair value were disclosed					
Debt financial assets measured at amortised					
cost	440	-	440	-	440
Loans and interest receivables	17	-	-	17	17

(Unit: Million Baht)

	Consolidated financial statement				
	31 December 2019				
	Carrying	Fair values			
	values	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Trading investments					
Investment units	287	-	287	-	287
Available-for-sale investments					
Equity securities	1,063	1,063	-	-	1,063
Investment units	878	388	490	-	878
Assets for which fair value were disclosed					
Held-to-maturity investments					
Government and state enterprise securities	515	-	516	-	516
Private enterprise debt securities	356	-	360	-	360
Deposits at banks with maturity periods					
of over 3 months	941	-	941	-	941
General investments	5	-	-	21	21
Loans	21	-	-	21	21



(Unit: Million Baht)

	Separate financial statement				
	31 December 2020				
	Carrying	Fair values			
	values	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Debt financial assets	2,016	-	2,016	-	2,016
Equity financial assets	1,497	1,481	-	16	1,497
Assets for which fair value were disclosed					
Debt financial assets measured at amortised					
cost	311	-	311	-	311
Loans and interest receivables	17	-	-	17	17

(Unit: Million Baht)

	Separate financial statement				
	31 December 2019				
	Carrying	Fair values			
	values	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>					
Trading investments					
Investment units	266	-	266	-	266
Available-for-sale investments					
Equity securities	1,064	1,064	-	-	1,064
Investment units	878	388	490	-	878
<b>Assets for which fair value were disclosed</b>					
Held-to-maturity investments					
Government and state enterprise securities	488	-	490	-	490
Private enterprise debt securities	356	-	360	-	360
Deposits at banks with maturity periods					
of over 3 months	853	-	853	-	853
General investments	5	-	-	21	21
Loans	21	-	-	21	21



The fair value hierarchy of financial assets and liability was in accordance with those described in Note 5.19 to the financial statements. The methods and assumptions used by the Group in estimating the fair values of financial instruments were as follows:

(a) Debt financial assets

The fair value of bonds and debentures were estimated based on prices determined using the yield curve as announced by the Thai Bond Market Association.

The fair value of unlisted investment units, which classified as debt securities, was determined by using the net asset value per unit as announced by the fund managers.

(b) Equity financial assets

The fair value of equity securities, which were marketable securities, was estimated based on the last bid price of the last working day of the year.

The fair value of unlisted investment units, which classified as equity securities, was determined by using the net asset value per unit as announced by the fund managers.

The fair value of non-marketable securities was determined approximately using the discounted cash flow model or dividend discounted model.

(c) Derivatives instrument

The fair value of derivatives instrument is obtained from the counter-party.

(d) Loans and interest receivables

The fair value was estimated to be the present value of cashflows expected from the loans, discounted by the current market interest rate.

Before 1 January 2020, the methods and assumptions used by the Group in estimating the fair values of financial instruments were as follows:

(a) The fair value of investments in debts securities was estimated based on market prices or prices determined using the yield curve as announced by the Thai Bond Market Association.

(b) The fair value of investments in equity securities, which were marketable securities, was estimated 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 value determined approximately using the price per book value ratio.

(c) The fair value of loans were estimated to be the present value of cashflows expected from the loans, discounted by the current market interest rate.



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

Reconciliation of fair value measurements of equity financial assets, categorised within Level 3 of the fair value hierarchy, were presented below:

	(Unit: Thousand Baht)
	Consolidated and Separate financial statements
Balance as of 1 January 2020	20,567
Losses on revaluation during the year	(4,452)
Balance as of 31 December 2020	16,115

### 36. 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.

### 37. Event after the reporting period

On 23 February 2021, the Board of Directors' Meeting of the Company passed a resolution to propose to the Annual General Meeting which held in April 2021 to an approval of payment of a dividend of Baht 0.04 per share, from the net profit of 2020.

On 15 February 2021, the Board of Directors' Meeting of two subsidiaries company passed a resolution to propose to the Annual General Meeting for an approval of payment of a dividend of Baht 2.5 per share, or a total of Baht 15.0 million and Baht 0.3 per share, or a total of Baht 3.0 million, from the operating results of the second half of 2020 to the Company's shareholders.

### 38. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2021.

## 21 General Information



### Company Name

**Thai Reinsurance PCL**

#### Location

48/22-24 Soi Rajchadapisek 20, Rajchadapisek Road,  
Samsennok, Huaykwang, Bangkok 10310

#### Phone

0-2660-6111 0-2666-8088

#### Fax:

0-2660-6100 0-2666-8080

#### Nature of Business

Provision of reinsurance (non-life insurance business)

#### Registered Number

0107536001729

#### Home Page

[www.thaire.co.th](http://www.thaire.co.th)

#### No. of Issued/Paid-up Shares

4,214,993,832 ordinary shares of THB 0.88 each,

#### Registered Capital

Total THB 3,709,194,572.16

### Other Entities in which the Company holds shares more than 10 percent

#### Direct Shareholding

#### 1. Company Name

**Thaire Services Co., Ltd.**

##### Location

48/16 Rajchadapisek Soi 20, Rajchadapisek Road,  
Samsennok, Huaykwang, Bangkok 10310

##### Phone

0-2660-1234

##### Fax:

0-2276-7816

##### Nature of Business

Providing a wide range of outsourcing services solution to life  
and non-life insurance companies and self-insured corporation.

##### Registered Number

0105549052511

##### Website

<https://www.thaireservices.com>

##### No. of Issued/Paid-up Shares

10,000,000 ordinary shares of THB 10 each,

##### Registered Capital

Total THB 100,000,000

##### 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,  
Registered Capital Total THB 30,000,000

Percentage Owned 100.00 percent
  
3. **Company Name** **Thaire Actuarial Consulting Co., Ltd.**

Location 48/22, 5<sup>th</sup> Floor, Soi Rungruang, 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,  
Registered Capital Total THB 50,000,000

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: 0-2671-7437

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,  
Registered Capital Total THB 21,500,000

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	<a href="http://www.thairelife.co.th">http://www.thairelife.co.th</a>
No. of Issued/Paid-up Shares	600,000,000 ordinary shares of THB 1 each,
Registered Capital	Total THB 600,000,000
Percentage Owned	10.10 percent

### Indirect Shareholding by Thaire Services Co., Ltd.

#### Company Name

#### Thaire Innovation Co., Ltd.

Location	48/16, 1 <sup>st</sup> Floor, Soi Rungruang, Rajchadapisek Road, Samsennok, Huaykwang, Bangkok 10310
Phone	0-2660-6111 0-2666-8088
Fax:	0-2660-6100 0-2666-8080
Nature of Business	Providing digital platforms, technical consultation and related services to business and individual.
Website	-
Registered Number	0105559189374
No. of Issued/Paid-up Shares	375,000 ordinary shares of THB 100 each,
Registered Capital	Total THB 37,500,000
Percentage Owned	100.00 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

CPA Registration No. 4951  
EY Office Limited  
193/136-137, 33<sup>rd</sup> Floor, Lake Rajchada Office Complex,  
New Rajchadapisek Road, Bangkok 10110  
Phone: 0-2264-0777 Fax: 0-2264-0789-90

