

DIVERSIFICATION

INNOVATION

DEREGULATION

THAIRE LIFE ASSURANCE PCL

DIGITAL COMPANY

2016

ANNUAL REPORT

THAIRE LIFE ASSURANCE PCL



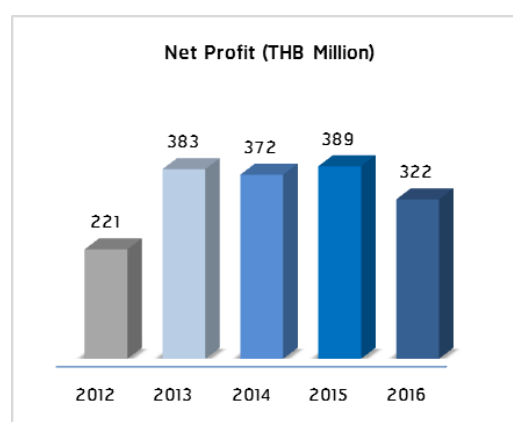
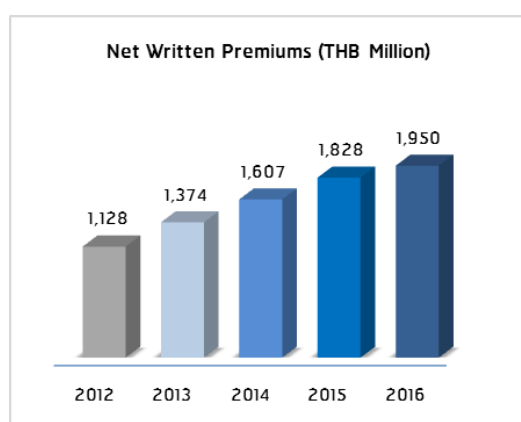
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Financial Highlights

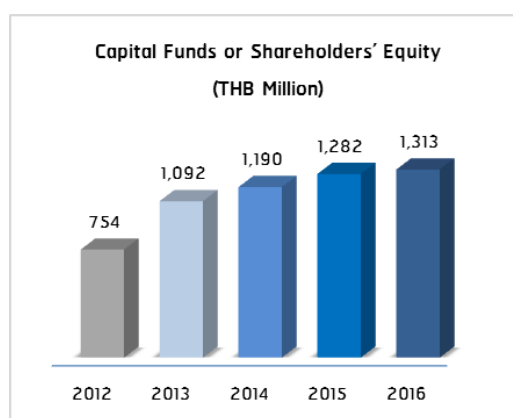
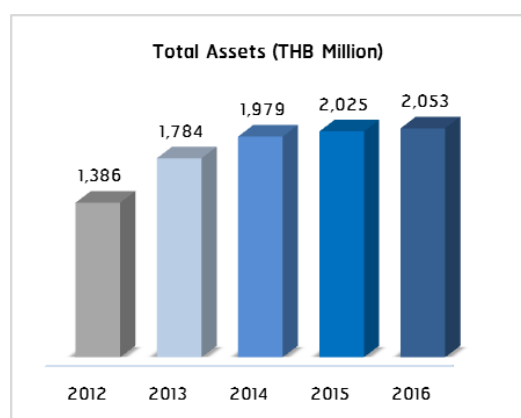
(Unit: THB Million)

Operating Results	Growth (Percent)				
	2014	2015	2016	2015/2014	2016/2015
Gross written premium	1,624	1,851	1,975	14.0	6.7
Net written premium	1,607	1,828	1,950	13.8	6.7
Profit before tax	449	478	390	6.5	(18.4)
Net profit	372	389	322	4.6	(17.2)
Net profit per share (THB)	0.62	0.65	0.54	4.8	(16.9)



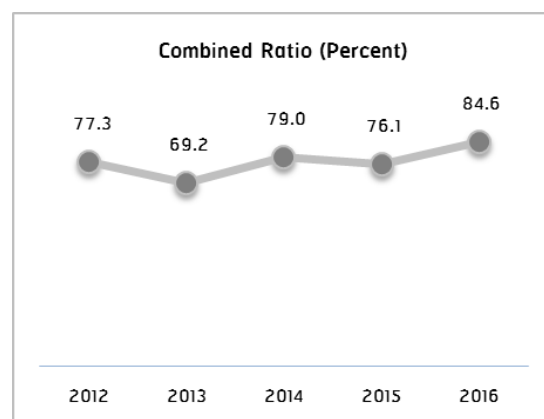
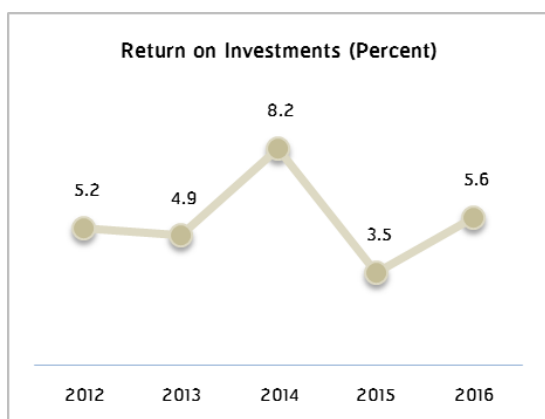
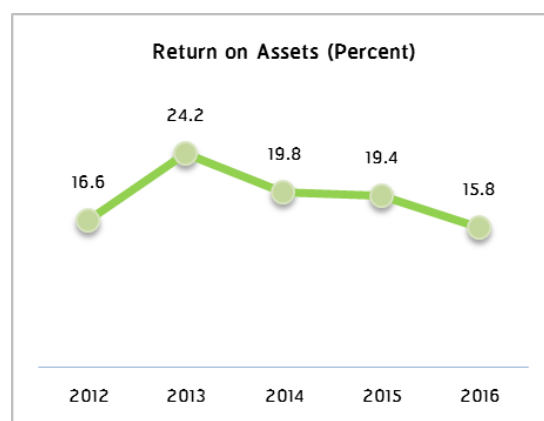
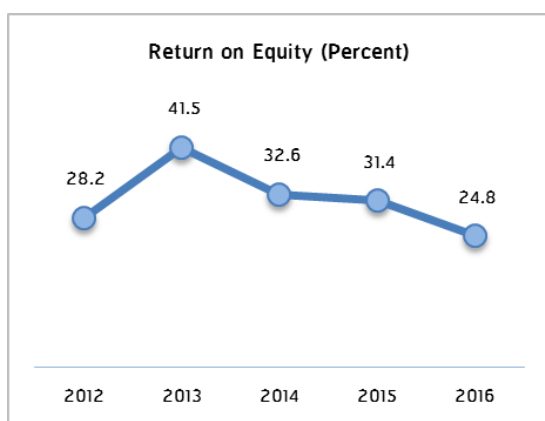
(Unit: THB Million)

Financial Status at the End of Year	Growth (Percent)				
	2014	2015	2016	2015/2014	2016/2015
Total assets	1,979	2,025	2,053	2.3	1.3
Total liabilities	789	743	740	(5.8)	(0.5)
Share capital issued and paid-up	600	600	600	-	-
Capital funds or shareholders' equity	1,190	1,282	1,313	7.7	2.4
Book Value per Share (THB)	1.98	2.14	2.19	8.1	2.3
Dividend per Share (THB)	0.45	0.50	0.40	11.1	(20.0)



(Unit: Percent)

Financial Ratios			
	2014	2015	2016
Return on revenue	21.8	20.5	15.6
Return on net written premium	23.1	21.3	16.5
Return on equity	32.6	31.4	24.8
Return on assets	19.8	19.4	15.8
Return on investment	8.2	3.5	5.6
Combined ratio	79.0	76.1	84.6



Letter to Shareholders

Dear Shareholders:

The Thai economy performed slightly better in 2016 than the previous year as government spending on several long-awaited projects and other development initiatives began to work their way through into the system. It is probable that a rate of growth in real GDP for 2016 will be 3.1 percent. Growth in the life insurance sector was slightly below the previous year at 6 percent with written premiums totaling THB 567,974 million.

For THREL net earned premiums were 7.2 percent up on last year at THB 1,966 million. Net earned premiums from conventional reinsurance were THB 1,185 million down 3.9 percent. Non-conventional reinsurance which includes ordinary life insurance, commercial and housing credit insurance, and group life insurance rose 7.1 percent to THB 466 million and accident and health insurance expanded to THB 315 million. Total non-conventional reinsurance rose 30.1 percent to THB 781 million.

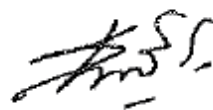
A ratio between conventional and non-conventional reinsurance was at 60:40 compared with 66:34 a year earlier illustrating the faster rate of growth from the non-conventional classes. The Company is also competing successfully in the bancassurance sector in commercial and housing credit sectors and this generated an 8.8 percent increase over the previous year.

Thailand has an aging population and an increasing demand for health insurance is evident, this resulted in health reinsurance premiums expanding by 46.9 percent in 2016.

The Company posted a net profit of THB 322 million in 2016 down 17.2 percent on the previous year, with earnings per share of THB 0.54. Total assets grew 1.3 percent to THB 2,053 million and shareholders' equity by 2.4 percent to THB 1,313 million, representing a book value of THB 2.19 per share. The capital adequacy ratio (CAR) stood at 350 percent at the end of 2016.

During the year, the CRM strategy resulted in the organization of seminars educating customers in technical skills and knowledge and market trends in both life insurance and sales promotion. Seminar topics included digital marketing, big data, medical knowledge and projects implemented in conjunction with the Thai Life Assurance Association and the Society of Actuaries of Thailand.

With the support of shareholders and directors, business partners, and hard-working employees at all levels, the Company will continue to grow and maintain a strong market position resulting in sustainable prosperity.



(Sutti Rajitrangson)

Director and President

BOARD OF DIRECTORS

1. Mr. Suchin Wanglee

Chairman and Chairman of the Investment Committee

Age 80	Experience:	
Date of Appointment: December 1999	Listed Company	
Shareholding: 0.22 percent	Dec 1999 – present	Chairman, Thaire Life Assurance PCL.
	May 2016 – present	Chairman of the Investment Committee, Thaire Life Assurance PCL.
Education:		
B.E. (Electrical),	2001 – present	Chairman, Navakij Insurance PCL.
Northrop Institute of Technology, U.S.A.	2007 – present	Advisor of the Executive Board, Advisor of the Investment Committee, Navakij Insurance PCL.
Training Courses by the Thai Institute of Directors Association (IOD):		
- Chairman 2000/2001	2010 – present	Vice Chairman, Thai Metal Drum MFG. PCL.
- Role of the Chairman Program (RCP)/2001	2009 – present	Chairman of the Remuneration and Nominating Committee, Thai Metal Drum MFG. PCL.
- Directors Certification Program (DCP)/2002		
- Director Accreditation Program (DAP)/2013	2011 – present	Vice Chairman, Sermsuk PCL.
- Corporate Governance VS Corporate Performance: “Duty or Choice?”/2016	2010 – present	Independent Director, Sermsuk PCL.
	2012 – present	Chairman of the Compensation Committee, Sermsuk PCL.
Others Training Courses:	2013 – present	Director of the Audit Committee, Sermsuk PCL.
- Advanced Insurance Science, Class 2, by OIC.	2010 – present	Independent Director, Director of the Audit Committee and Director of the Remuneration and Nominating Committee, BTS Group Holdings PCL.
- Executive Management “Urban development”, Urban Green Development Institute.		
- Top Executive Program in Commerce and Trade by University of the Thai Chamber of Commerce / 2015 By the University of the Thai Chamber of Commerce	1994 – present	Independent Director, Varopakorn PCL.
	Jun 1978 – Feb 2016	Chairman, Independent Director, Director of the Investment Committee, Thai Reinsurance PCL.
	1969 – 2013	Independent Director, Thai-German Ceramic Industry PCL
- Certificate of Top Executive Program, Capital Market Academy	Non-Listed Company	
	2014 – present	Management Advisor, Falcon Insurance PCL.
	2007 – 2014	Chairman, Falcon Insurance PCL.
	2007 – present	Chairman, T.I.I Co., Ltd.
	1982 – present	Chairman, Sathorn Thani Co., Ltd.
	1991 – present	Chairman, Rangsit Plaza Co., Ltd.
	2005 – present	Independent Director, Rajadamri Hotel PCL.
	1968 – present	Director, Wanglee Co., Ltd.
	1988 – present	Director, The Pet Co., Ltd.

2533 – present	Director, Nuchaphol Co., Ltd.
2006 – present	Director, Wanglee Development Co., Ltd Director,
2007 – present	Aqua Infinite Co., Ltd
1993 – 2016	Managing Director, P49 Interior and associates Co., Ltd.
1999 – 2016	Managing Director, PIA interior Co., Ltd.
2005 – 2011	Chairman, Lake Rajada Co Ltd

2. Mr. Sutti Rajitragson

Director and President

Age 69

Date of Appointment: August 2012

Shareholding: 0.00 percent

Experience:

Listed Company

Aug 2012 – present

Director and President Thaire Life Assurance PCL.

Feb 2014 – present

Director of the Investment Committee,
Thaire Life Assurance PCL.

Education:

B.S. Honor (Statistics), Chulalongkorn University

Non-Listed Company

2013 – present

Director, Thaire Services Co., Ltd.

1996 – present

Director, the Thai Life Assurance Association

2012 – present

Director, the Thai Life Assurance Association

2010 – 2012

President, the Thai Life Assurance Association

2001 – present

Director, TII Co., Ltd.

2007 – 2012

Senior Vice President, AIA Co., Ltd.

2000 – 2011

General Manager, AIA Co., Ltd. (Non-Life
Insurance) Thailand Branch

Training Courses by the Thai Institute of

Directors Association (IOD):

- Director Accreditation Program (DAP)/2012

Others Training Courses:

- Fellow (FLMI) (LOMA's Life Management
Institute), U.S.A.

- Certificate of Top Executive Program, Capital
Market Academy

3. Dr. Kopr Kritayakirana

Independent Director, Chairman of the Audit Committee and Chairman of the Nominating and Remuneration Committee

Age 77

Date of Appointment: December 1999

Shareholding: 0.00 percent

Experience:

Listed Company

Dec 1999 – present

Independent Director, Thaire Life Assurance PCL.

Nov 2016 – present

Chairman of the Audit Committee, Chairman of
the Nominating and Remuneration Committee
Thaire Life Assurance PCL.

Education:

Ph.D. (Physics), Harvard University, U.S.A.

May 2014 – Nov 2016

Director of the Audit Committee, Thaire Life
Assurance PCL.

Training Courses by the Thai Institute of

Directors Association (IOD):

- Directors Certification Program (DCP)/2001

Feb 2015 – Nov 2016

Director of the Nominating and Remuneration
Committee, Thaire Life Assurance PCL.

- Excellent Board Decision/2004	Apr 1989 – Apr 2013	Director, Thai Reinsurance PCL.
- Audit Committee Program (ACP)/2005	2003 – 2012	Director, Corporate Governance and Nominating Committee, Banpu PCL.
- DCP Refresher Course (RE QFRDCP)/2005		
- Corporate Governance Code/2016	Non-Listed Company	
	2000 – present	Advisor to the National Science and Technology Development Agency
Others Training Courses:		
- “IT Governance” by OIC /2015		

4. Dr. Apirak Thaipatanagul

Independent Director, Director of Audit Committee and Director of the Nominating and Remuneration Committee

Age 73

Date of Appointment: December 1999

Shareholding: - None -

Experience:

Listed Company

Dec 1999 – present

Oct 2012 – present

Feb 2015 – present

Non-Listed Company

2004 – present

1990 – present

2007 – present

1983 – present

Independent Director, Thaire Life Assurance PCL.

Director of the Audit Committee,
Thaire Life Assurance PCL.

Director of the Nominating and Remuneration
Committee, Thaire Life Assurance PCL.

Director and Chief Executive Officer,
Thai Life Insurance PCL.

Chairman, Thai Health Insurance PCL.

Vice Chairman, TII Co., Ltd.

Director and Executive Director, The Thai Life
Assurance Association

Education:

Ph.D. (Hon), National Institute of Development
Administration (NIDA)

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

- Director Accreditation Program (DAP)/2012

5. Mrs. Komkai Thusaranon

Independent Director, Director of the Audit Committee, Director or the Remuneration and Nominating Committee

Age 65

Date of Appointment: July 2016

Shareholding: - None -

Experience:

Listed Company

Jul 2016 – present

Nov 2016 – present

Jul 2016 – present

Nov 2013 – present

Independent Director, Thaire Life Assurance PCL

Independent Director, Director of the Audit
Committee, Director or the Remuneration and
Nominating Committee,
Thaire Life Assurance PCL

Director, Acting President, Executive Director /
Member of the Investment Committee,
Bangkok Life Assurance PCL.

Chairman of the Good Corporate Governance
Committee, Bangkok Life Assurance PCL.

Education:

Master of Development Economics
National Institute of Development Administration

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

- Directors Certification Program (DCP)/2003

Others Training Courses:

- OIC Advance Insurance Program, Class of 1/2011 by OIC
- Certificate of Executive Program, Class of 7, by, Capital Market Academy
- Top Executive Program, Class of 34, Civil Service Development Institute
- Certificate of National Defense Course, National Defense College, Class of 17/2003

- Apr 2014 – present Member of the Risk Management Committee, Bangkok Life Assurance PCL.
- Apr 2013 – Jun 2016 Independent Director, Director of the Audit Committee, Bangkok Life Assurance Public Company Limited

6. Dr. Sutee Mokkhavesa**Independent Director**

Age 41

Date of Appointment: November 2016

Shareholding: - None -

Education:

PhD. Applied Mathematical Finance Imperial College, London, UK

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

- Directors Certification Program (DCP)/2016

Experience:

Listed Company

- Nov 2016 – present Independent Director, Thaire Life Assurance PCL.
- 2006 – present Member of the Risk Management Committee, Advisor of Managing Director, Muang Thai Insurance (Public) Co., Ltd
- 2009 – present Director, Member of the Risk Management Committee, Executive Director, Advisor of Managing Director, Phatra Leasing (Public) Co., Ltd.

Non-Listed Company

- 2003 – present Senior Executive Vice President, Muang Thai Life Assurance PCL.
- 2016 – present Director, ST- Muang Thai Insurance Co., Ltd. (Lao PDR)
- 2009 – present Vice President of Risk Management Committee, Education, The Thai Life Assurance Association.
- 2006 – present Advisor to the Market Risk and Liquidity Risk/ Mortgage Insurance Committee/ ALM System Implementation Committee, Government Housing Bank
- 2007 – present Director, Kukai Kindergarten School.
- 2013 Risk Based Capital Tier2 Development Committee, OIC

7. Ms. Navadee Ruangrattanametee

Director and Senior Vice President

Age 41

Date of Appointment: July 2016

Shareholding: - None -

Education:

M.B.A., Assumption University of Thailand

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

- None -

Others Training Courses:

- Executive Management “Thammasat for Social” by Thammasat Science Institute Foundation / 2016
- Senior Executive Program (SEP) by Sasin Graduate Institute of Business Administration of Chulalongkorn University / 2013

Experience:

Listed Company

Jul 2016 – present

2013 – present

2007 – 2013

2005 – 2007

2004 – 2005

Non-Listed Company

- None -

Director, Thaire Life Assurance PCL.

Senior Vice President, Thaire Life Assurance PCL.

Vice President, Business Development 1, Thaire Life Assurance PCL.

Deputy Director, Thaire Life Assurance PCL.

Assistant Vice President,

Thaire Life Assurance PCL.

8. Mrs. Nutchakorn Suwansathit

Director and Senior Vice President

Age 42

Date of Appointment: July 2016

Shareholding: - None -

Education:

M.M., (International Program), College of Management Mahidol University (CMMU)

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

- None -

Others Training Courses:

- TLCA Executive Development Program by Experience Association: Thailand/2012
- Executive Development Program (EDP) by Fiscal Policy Research Institute Foundation / 2015
- Senior Executive Program (SEP) by Sasin Graduate Institute of Business Administration of Chulalongkorn University / 2013

Experience:

Listed Company

Jul 2016 – present

2013 – present

2007 – 2013

2005 – 2007

2004 – 2005

Non-Listed Company

- None -

Director, Thaire Life Assurance PCL.

Senior Vice President, Thaire Life Assurance PCL.

Vice President, Business Development2,

Thaire Life Assurance PCL.

Deputy Director, Thaire Life Assurance PCL.

Assistant Vice President, Thaire Life Assurance

PCL.

Management

1. Ms. Duangnaporn Phermnamlap

Secretary and Vice President - Accounting and Finance

Age 37

Shareholding: - None -

Education:

B.Acc., Thammasart University

Experience:

2016 – present

Director of Investment Committee, Thaire Life Assurance PCL.

2012 – present

Vice President – Accounting and Finance, Thaire Life Assurance PCL.

2002 – 2012

Deputy Department Manager, Accounting Division, Thai Reinsurance PCL.

Non-Listed Company

- None -

2. Ms. Duangnapa Kanchanawongwut

Vice President - Investment

Age 43

Shareholding: 0.00 percent

Education:

M.B.A. (Finance), National Institute of Development Administration (NIDA)

Experience:

2012 – present

Vice President - Investment, Thaire Life Assurance PCL.

2002 – 2012

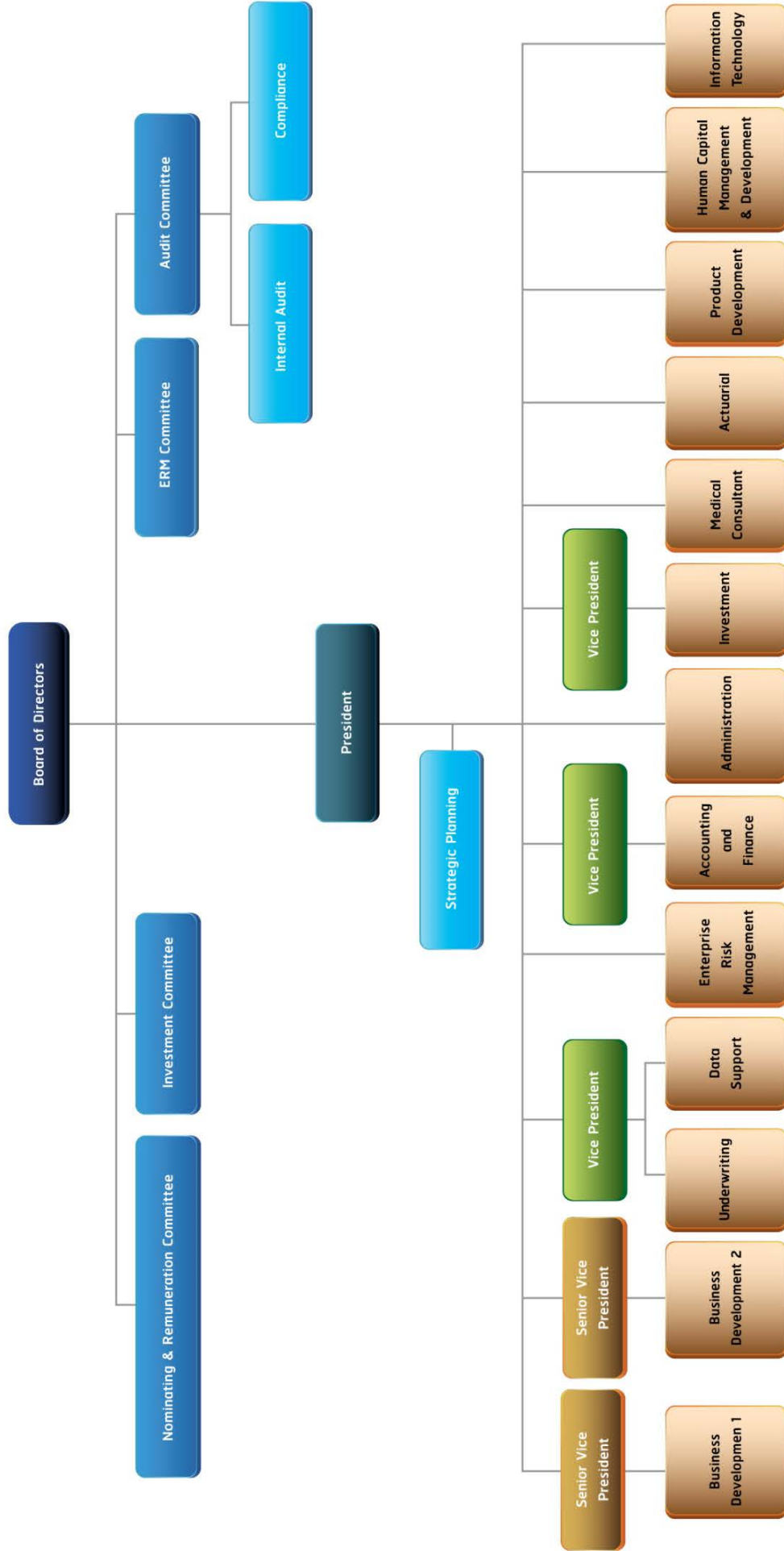
Department Manager, Thai Reinsurance PCL.

Non-Listed Company

- None -

Organization Chart

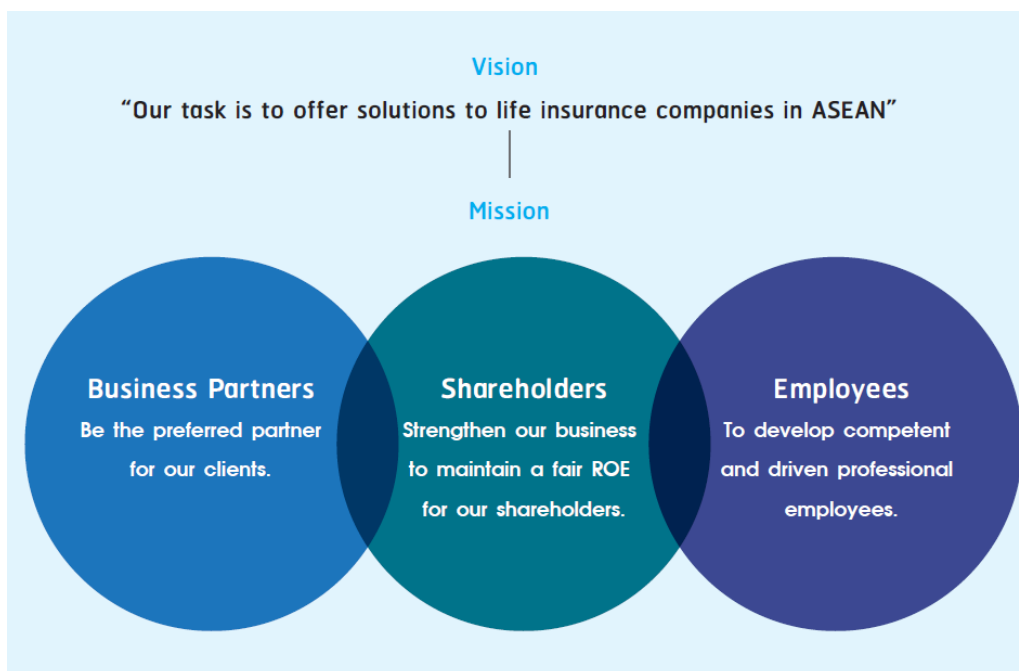
As of December 31, 2016



Policy and Overview of Business Operation

Thaire Life Assurance PCL. (“the Company” or “THREL”) was established in 2000 by the transfer of the entire life reinsurance business and related assets and liabilities from Thai Reinsurance PCL. (“THRE”) to comply with the Life Insurance Act and Non-Life Insurance Act B.E. 2535 which requires the separation of life and non-life insurance business. The Company has since maintained continuous growth. On October 9, 2013, it was listed on the Stock Exchange of Thailand, whereby THRE allocated a portion of ordinary shares held in the Company for sale to general investors to ensure stability for future business expansion. This represented another major milestone on a path towards sustainable growth.

Corporate Vision & Mission



Business Goals

Aspiring to be more than just a conventional reinsurance provider, the Company is committed to developing the organization to provide customers with a comprehensive range of insurance services by collaborating in business development, marketing, planning, product development, formulation of underwriting and claim guidelines and life reinsurance services.

In the past year, the Company devised plans on business expansion and product development to serve seniors, launched innovation-driven marketing and human resource development, and explored new sales channels reaching more target groups. The Company has implemented projects in joint development and offered products through various media such as television, radio, online media, telemarketing and sales via agents. Studies of consumer behavior and market trends have helped in developing this type of business.

The Company has also developed accident and health insurance products and introduced health insurance products with several life insurance companies. Customisation of benefits, pricing, setting underwriting guidelines and managing and controlling risks jointly with insurance companies is now being implemented.

The Company plans to expand its life reinsurance services to product advisory and additional services for all types of life insurance. Bancassurance such as credit life insurance, life and accident insurance, and health insurance is included in this plan. In the previous year, the Company expanded this business in association with insurance companies which are business partners of leading banks in Thailand.

Under the plans for marketing support provision of systems is a main focus to facilitate reinsurance and services to life insurance companies' customers, and the streamlining of accounting, financial and investment management.

Significant Developments in the Past Five Years

December 2012

The Extraordinary General Meeting of Shareholders No. 2/2012 on December 24, 2012 resolved to approve a split of the par value from THB 10 to THB 1 per share and an increase of the registered capital by another THB 100 million to accommodate an initial public offering to a total of THB 600 million, divided into 600 million ordinary shares with a par value of THB 1 per share, with an issued and fully paid capital of THB 500 million, divided into 500 million ordinary shares with a par value of THB 1 per share.

July 2013

The Extraordinary General Meeting of Shareholders No. 1/2013 on July 19, 2013 resolved to approve an amendment to allocation of newly issued ordinary shares, as follows :

- (1) Allocation of not more than 90 million new ordinary shares with a par value of THB 1 per share by rights offering to the Company's existing shareholders.
- (2) Allocation of not more than 10 million new ordinary shares for an initial public offering.

August 2013

Approval was granted, to allow the Company to have non-Thai nationals (as defined in the Life Insurance Act B.E. 2535 (and subsequent amendments)) holding an aggregate of more than 49 percent of the total number of voting shares and paid-up shares of the Company for a period of 10 years. For the preparation of listing Thaire Life on the Stock Exchange of Thailand, the Company and THRE offered 295 million shares for Private Placement, by offering rights to the Company's existing shareholders. The first public offering price was THB 9.50 per share. The offered shares were as follows:

- (1) The existing shares held by THRE in the Company being 285 million shares, thereby leading to THRE's holding in the Company to reduce from 100 percent to 50.8 percent
- (2) An offering of 10 million newly issued shares

- October 2013** The Company was listed on the Stock Exchange of Thailand, with the first trading day on October 9, 2013
- August 2014** At the Extraordinary General Meeting of Shareholders No. 1/2014 on August 4, approval for the amendment of Clause 10. of the Article of Association to “Clause 10. The Company’s shares can be transferred without any restriction”, in order to comply with the Office of Insurance Commission (OIC) letter No. 4220/2386 dated August 15, 2013, stating that foreigners can hold more than 49 percent of the total voting and paid-up shares of the Company.
- November 2014** THRE partly sold the Company’s ordinary shares. Thus, THRE’s shareholding decreased from 50.8 percent to 41.5 percent.
- March 2015** THRE decreased its shareholding in the Company from 41.5 percent to 24.3 percent leading to a change in the Company’s status from a subsidiary to an associated company of THRE.
- October 2015** The Company was rated “Very Good” in the Corporate Governance Report of Thai Listed Companies (CGR) in 2009 published by the Thai Institute of Directors (IOD).
- April 2016** THRE decreased its shareholding in the Company from 24.3 percent to 17.5 percent leading to a change in the status of their relationship from an associated company to a market investment.
- October 2016** The Company was rated “Very Good” in the Corporate Governance Report of Thai Listed Companies in 2015 published by the Thai Institute of Directors (IOD).

Business Overview

Apart from the core business in providing all types of life reinsurance, the Company sets aside part of the written premiums as reserves and invests such reserves to generate returns to cover its contingent liabilities. Therefore, investment also plays a crucial part in the Company’s core activity.

The Company diversifies its investment in a variety of short-term and long-term securities, both debt and equity instruments, and complies with regulations under the OIC’s Notification Re: Investment in Other Businesses of Life Insurance Companies.

Shareholding Structure of the Group of Companies

The Company has a clear shareholding structure and there is no cross-shareholding or pyramid structure in its group of companies, thus creating no conflict of interest. In entering into related party transactions, the Company has complied with the policy on interest and conflict of interest and the measures or procedures for approval of related party transactions.

THREL has one associated company, EMCS Thai Co., Ltd. (“EMCS”). Established in late 2000 to provide computer services for management of motor insurance claims and related statistics, EMCS currently has a total registered and paid-up capital of THB 30 million, of which 20 percent is owned by the Company.

Shareholding in the Associated Company by Other Parties

Apart from the Company, other shareholders of EMCS Thai Co., Ltd. ("EMCS") include Thai Reinsurance PLC., holding 49 percent, Bangkok Insurance Plc., 19.3 percent and other shareholders, 11.7 percent. None of those other shareholders of the associated company are THREL's related parties.

Relationship with Major Shareholder's Business Group

The Company uses human resource services and IT system from THRE and also uses IT services provided by Thaire Services Co., Ltd. The said operational support is deemed essential so as to ensure the most efficient sharing of resources between them.

Business Structures and Types

Type of Products or Services

The Company's core business is to provide all types of life reinsurance. A portion of the insurance premiums collected is reserved and invested to generate returns to cover future liabilities.

The life insurance industry in Thailand is divided into two segments: life insurance and life reinsurance. Currently, there are a total of 22 life insurance companies operating in the country, with Thaire Life Assurance PCL. the only reinsurance company.

The objectives of life insurance can be divided as:

- 1) **Death and illness benefit:** The insured will gain benefit from life insurance cover. The insurer will pay a benefit to the beneficiary upon the insured's illness, accident or death. The total amount of claims to be made in the future is unpredictable. Policies include, for example, whole life insurance, credit life insurance, personal accident insurance, health insurance and critical illness insurance.
- 2) **Savings benefit:** The insured will receive a benefit throughout the term of the insurance contract as pre-determined at the beginning of the insurance, irrespective of whether the insured is ill, has an accident or dies. In this case, insurance companies are able to devise a benefit payment plan in advance. Policies that provide benefits to be paid to the insured in the future include endowment insurance, investment-linked life insurance, annuity life insurance and life insurance with refund/dividend. Life insurance for savings benefit is a greater part of the market when compared with life insurance for death and illness benefit.

The risk to which insurance companies are exposed can be categorized into two types. For the death and illness benefit type of cover, the sum insured is typically high and insurance companies are unable to predict the number and claim amounts to be reimbursed in the future. For savings benefit, this involves smaller sums insured and allows insurance companies to prepare a predictable claim payment plan.

Reinsurance will be arranged to manage risk exposure and regulatory guideline which includes the following:

- A life insurance company whose direct premium is less than THB 1,000 million must have a retention limit of at least THB 500,000.
- A life insurance company whose direct premium is THB 1,000 million or more must have a retention limit of THB 1,000,000 or more.

Life insurance companies will transfer the claim payment risk to the reinsurer. They can take out the reinsurance with more than one reinsurance company and the reinsurance company can further transfer such risk to other reinsurers, depending on the degree of risk and the retention limit of each reinsurer. Considering that life insurance for death and illness benefit creates a risk exposure greater than life insurance for savings benefit, reinsurance is thus taken out more for the former than for the latter.

Key factors for reinsurer selection:

- Reputation, financial status and credit rating of A or higher;
- Advantages of the reinsurance terms and conditions that meet the insurance companies' requirements including underwriting, reinsurance agreement, reinsurance pricing and commission.
- Various service factors that support the business operations
- Satisfactory and timely service

Types of Life Insurance Reinsured by the Company

The types of life insurance reinsured by the Company include:

(1) Ordinary Life Insurance

This is a life insurance which pays the insured amount to the beneficiary at the death of the insured or pays the insured amount to the living insured upon expiry of the policy. In general, the policy is set to expire on the date the insured reaches the age of 90 or 99. Premium is paid throughout the insured's lifetime. However, the premium payment period for some types of insurance may be shortened to meet policyholders' requirements, for example, a term of 15 or 20 years or the age of 60.

(2) Group Life Insurance

Under group life insurance, it provides coverage for five persons or more, mostly a group of corporate employees. This is a type of staff welfare provided by private organizations and state agencies for their employees. This type of insurance is normally renewed, and premium paid, on a yearly basis. There is also a tailor-made policy where premium is paid in one lump sum for the entire coverage period.

(3) Credit Life Insurance

This insurance plan provides protection against death or against death and total permanent disablement of a borrower of a bank loan. Banks need risk insurance in the event that their borrowers are dead or become totally and permanently disabled. Under this policy, the insured amount and coverage period will be reduced according to the outstanding balance and period of the relevant loan. The example of loan products under insurance protection include home loan, business loan, car loan and credit loan, etc.

(4) Accident & Health Insurance

This is an insurance that provides coverage against death and loss of body part caused by an accident and also provides compensation for medical expenses incurred from either an illness or an accident.

Types of Reinsurance Agreement

Reinsurance agreements are divided into two types as follows:

1. Treaty Reinsurance

This is a form of reinsurance made between an insurance company and a reinsurer subject to pre-agreed terms and conditions. The insurance company sets the retention limit based on its financial capability and then cedes the excess of the retention to the reinsurer. The agreement, in general, establishes a broad framework for reinsurance

terms and conditions with respect to, for instance, coverage, reinsured amount, etc. Any policy that meets such pre-determined conditions can therefore be instantly reinsured by the Company.

2. Facultative Reinsurance

Facultative reinsurance is made in the case where a life insurance company does not take out Treaty Reinsurance with the Company or where the insurance is not qualified under the Treaty Reinsurance. The offered terms and conditions, coverage and premium rate for facultative reinsurance are granted and approved on a case by case basis.

Facultative reinsurance contracts are automatically renewed on a yearly basis, unless any of the contract parties gives a notice of cancellation three months ahead of the year-end. These contracts allow time for both parties to reconsider the conditions before confirming such cancellation if they cannot reach a mutually agreed solution. In case a facultative reinsurance contract is canceled, the Company will terminate coverage under new policies, while reinsurance coverage under renewed policies will remain valid until the policies expire.

Characteristics of Reinsurance Business under Marketing Policy

The Company reinsures life insurance for domestic insurance companies and is unable to directly provide life insurance services. Its business can be categorized into two main types:

1. Conventional Reinsurance

Conventional reinsurance is reinsurance provided for life insurance companies which make all arrangements by themselves, ranging from policy format to marketing and sales of products. Risks associated with the sum insured are transferred to several reinsurers at home and overseas. Conventional reinsurance features two types of reinsurance contracts: Treaty and Facultative reinsurance.

The Company has developed the conventional reinsurance business and maintained its growth rate by rendering services in product advice, underwriting guidelines, and the provision of facultative reinsurance of varied types such as credit life insurance, life and accident insurance, group insurance and critical illness insurance.

2. Non-conventional Reinsurance

Since domestic reinsurance market is an open market where international reinsurers can enter at any time and volume of business is limited, the Company cannot be very selective about reinsurance cases to accept.

THREL serves as an active reinsurer by participating in all activities with life insurance companies, ranging from new product launch and development to meet market demand, marketing and planning to the acquisition of new distribution channels. By doing so, the Company can design appropriate policies and determine appropriate pricing as well as achieving a higher underwriting sharing ratios. Its income earned in the form of reinsurance premium is a greater proportion than that of conventional reinsurance. Non-conventional reinsurance also features the two types of reinsurance contracts: Treaty and Facultative reinsurance.

In its non-conventional reinsurance business development, the Company has implemented projects in joint development and offered products through various media such as television, radio, online media, telemarketing and sales via agents. Also, innovative niche accident and health insurance products have been developed with good success rates. It also writes facultative reinsurance for credit life insurance and ordinary life insurance from bancassurance and agents.

Revenue Structure

Unit: THB Million

Revenue	2016		2015		2014	
	Amount	Percent	Amount	Percent	Amount	Percent
Net earned premiums income						
– Conventional reinsurance	1,185.3	57.6	1,232.7	65.2	1,148.2	67.4
– Non-conventional reinsurance	780.5	37.9	600.7	31.7	434.7	25.5
Investments income	86.7	4.2	52.4	2.8	115.6	6.8
Commission and brokerage income	2.3	0.1	3.7	0.2	2.7	0.2
Others income	3.6	0.2	2.6	0.1	2.3	0.1
Total	2,058.4	100.0	1,892.1	100.0	1,703.5	100.0

Procurement of Products or Services

1. Sources of Funds

Our sources of funds come from shareholders, net written premium and net profit from investments. As of December 31, 2016, the Company recorded total shareholders' equity of THB 1,313.0 million, net earned premium of THB 1,965.8 million and net profit from investments of THB 86.7 million.

In the future, the Company may raise funds in other ways, such as issuance of new shares for rights offering or offering to specific investors on a private placement basis, issuance of warrants, etc. The company does not have a policy to mobilize funds from borrowing or any other external sources.

2. Investments

Investment Policy

The Company adopts a conservative investment policy by focusing on investments to ensure consistent income earnings. Importance is given to the quality of securities for the safety of our investments taking into consideration the maintenance of liquidity that could comfortably cover the unpredictable future loss. The Company exercises caution in portfolio management to bring the stable long-term return at an acceptable risk level, while controlling risks at low level under the risk-based capital framework and adhering to the OIC's regulations. Our investment policy is reviewed regularly. Our investment strategy is readily changeable to always be in sync with the ever-changing market environment and ensure the maximum long term benefit.

Operating Procedures of Investment Department

Investment department considers investments based on the obtainable rate of return and risk to which the Company is exposed and then proposes study results on assets to invest to the head of investment department, the President for approval. Investment is under oversight of the President to ensure its compliance well that the board-approved investment policy.

Lending

Credits extended by the Company include loans under the staff welfare scheme, such as an emergency loan, a housing loan, and a car loan. These loans are intended to help relieve employees' difficulties, where

necessary, and enable them to have their own house or residence of their own. Interest is charged at either a fixed or a floating rate, depending on type of the loan.

3. Ability in Maintaining Capital Funds

It is our policy to maintain all key ratios at not less than the minimum legal requirements and comparable with international standards. Any ratio deemed crucial to our position and stability will be maintained at a high level, including the capital adequacy ratio as required by law.

As of December 31, 2019, our shareholders' equity stood at THB 1,313.0 million in total and the Company could maintain capital funds at THB 1,224.3 million, representing a pre-audit CAR of 350 percent, which is substantially higher than the OIC's minimum requirement of 140 percent.

Policy on Liquidity Management

Our policy aims to maintain liquidity at an appropriate level by making available sources of funds, whether from cash receivable or from liquid assets, to be able to meet our funding needs in any situations.

Market Situation and Competition

Competition Strategies and Business Opportunities

THREL is the only life reinsurer in Thailand. The Company's unique understanding of the Thai life insurance market enables the Company to offer a range of flexible services including life reinsurance and competitive pricing to growing market expectations. Well-trained and technically skilled team undertakes product development, research and planning, and risk management. The Company has also created a significant database on Thailand's population as it relates to life insurance, including mortality tables, causes of death and all relevant statistics about the country's aging population which in turn enables the Company to develop appropriate products and manage risk exposure.

Compliance with all relevant laws and regulations and the meeting of all solvency requirements has gained the Company a reputation as a trusted business partner. The Company has a sound capital base with a capital adequacy ratio (CAR) of 424 at December 31, 2015 and the pre-audit CAR stood at 350 percent, considerably exceeding 300 percent as at December 31, 2016. Because of this, ceding companies enjoy the lowest credit risk charge. In 2016, the Company obtained a financial strength rating of A- (Excellent), signifying a sound financially stable business from AM Best.

The Company places an emphasis on the development of value added products and services in partnership with all life insurance companies. It explores business opportunities with its business partners and seeks ways to jointly develop and offer products that are in market demand. This includes products for seniors and accident and health insurance using all types of distribution opportunities. The Company also offers a full portfolio management service to Thai life insurers to enable them to better understand the marketing, underwriting and claims functions and profitability of life insurance products and also placing them in a better position to educate clients on the benefits of life insurance.

Target Groups

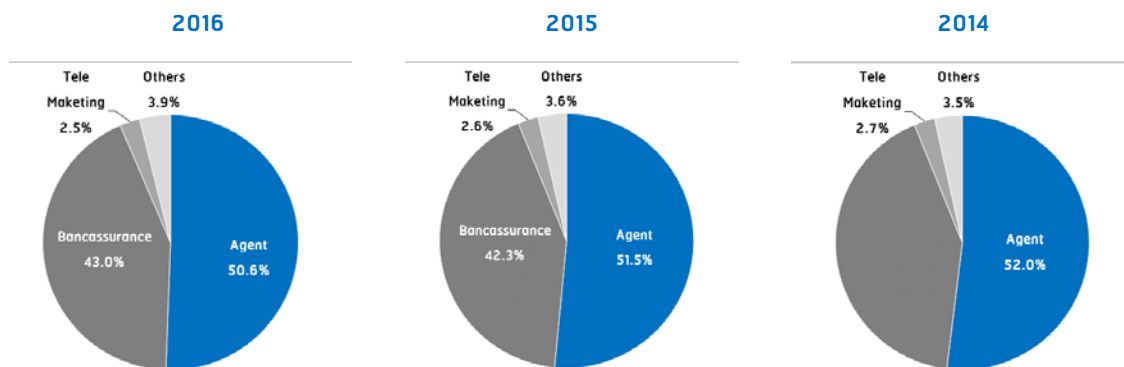
THREL's target groups are the 22 Thai life insurance companies.

Distribution and Distribution Channels

Life insurance companies in Thailand sell their products through four channels as follows:

- 1) Agents
- 2) Bancassurance
- 3) Telemarketing
- 4) Other channels

Direct Premiums, Distribution Channels in 2014 - 2016



Source: Office of Insurance Commission/The Thai Life Assurance Association

Agents generated the highest market share with bancassurance making inroads in the market. Bank customers purchasing power for life products has seen them create a new earnings stream and this has been a key factor in most banks concentration on bancassurance. Life insurance companies used bancassurance as their main distribution channel has also stimulated interest.

THREL currently distributes its products via direct sales to all of the 22 domestic life insurance companies.

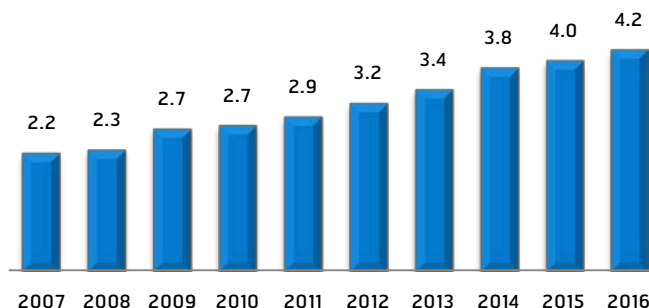
Market Situation

Life Insurance

Life insurance is generally recognized as a means of insulating people and their family members from financial risks and enhancing their security. Awareness of the importance of life insurance has resulted in a rise of cover taken out by Thai people. An increase in net premium per GDP was to go up to 4.2 percent in 2016 from 4.0 percent in 2015 and a mere 2.2 percent in 2007.

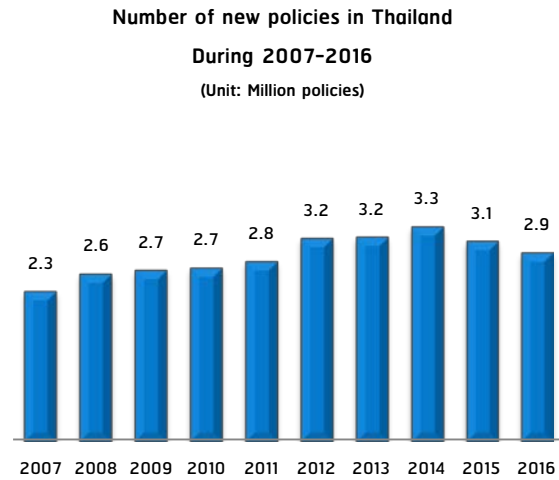
Net Premiums per GDP in Thailand during 2007-2016

(Unit: Percent)



Source: Office of Insurance Commission/The Thai Life Assurance Association

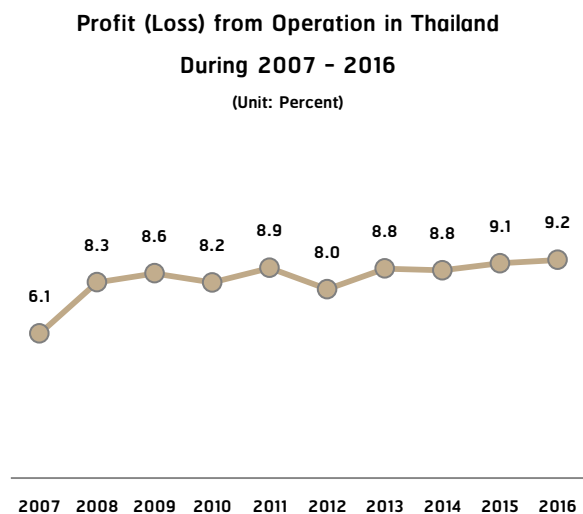
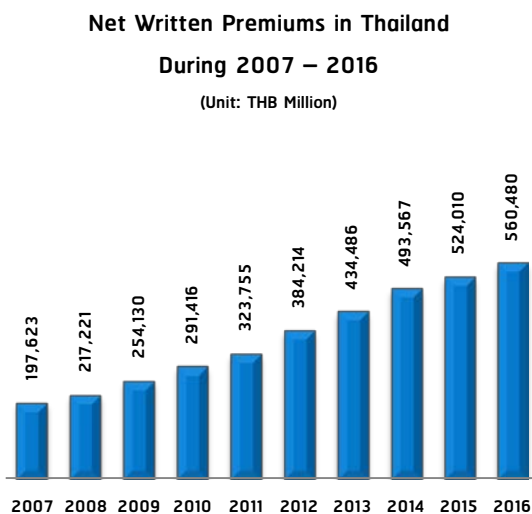
The number of life insurance policies in force in Thailand was 22.6 million in 2016 up from 13.1 in 2007, a ten-year rate of growth of 5.6 percent. The number of new policies was 2.9 million in 2016 up from 2.3 million in 2007, a ten-year rate of growth of 2.3 percent.



Source: Office of Insurance Commission/The Thai Life Assurance Association

The economic slowdown continued to affect the life insurance industry. The net written premium of THB 560,480 million in 2016 remained single-digit growth, similar to 2015, of 7.0 percent. Growth factors were premiums on life policy and health rider that grew 14.5 percent in 2016, due to the life insurers focused on offering health products to meet their consumer needs as the advancement into aging society, changing lifestyle and turning their attention to health care that its cost has increased.

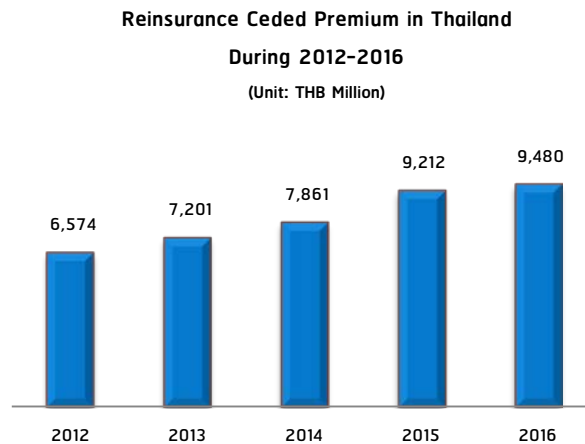
The life insurance market has been profitable and published figures indicate that overall companies have enjoyed an average operating profit margin of approximately 8-9 percent (an average of 8.4 percent) over a 10-year period to 2016.



Source: Office of Insurance Commission/The Thai Life Assurance Association

Life Reinsurance

Thailand's reinsurance market was approximately 1.6-1.7 percent of direct premiums for the five years to 2016 and was not expected to change significantly. Although this figure is low, reinsurance still plays an important role to the primary insurers. The reinsurance market will be in tandem with growth in life insurance business. During the five years to 2016, reinsurance premiums recorded an annual growth rate of 7.6 percent.



Source: Office of Insurance Commission/The Thai Life Assurance Association

Competition

Despite an ability to reinsure with each other, life insurance companies generally avoid this preferring to use the reinsurance providers. Apart from reinsurance to THREL, there are foreign reinsurers operating in the Thai market. These include SwissRe, Reinsurance Group of America (RGA), HanoverRe, MunichRe, SCOR and reinsurance affiliates of multinational life insurance corporations that have entered joint ventures or have a shareholding in a Thai life insurer.

Competition strategies principally lie in pricing, expertise and professionalism, the ability to take risk, and financial stability. There are some barriers where foreign reinsurers lack market knowledge and relationships with Thai insurance companies when compared to THREL.

Market reinsurance premium grew from THB 7,861 million in 2014 to THB 9,212 million in 2015, and was recorded to grow to THB 9,480 million in 2016 an annual growth rate of 2.9 percent. THREL premiums increased from THB 1,624 million in 2014 to THB 1,851 million in 2015, and increased to THB 1,975 billion in 2016 up 6.7 percent from 2015.

Reinsurance premiums during 2014 – 2016

(Unit: THB Million)

	2016		2015		2014	
	Amount	Growth (percent)	Amount	Growth (percent)	Amount	Growth (percent)
Net written premiums	560,480	7.0	524,010	6.2	493,567	13.6
Reinsurance ceded premiums	9,480	2.9	9,212	17.2	7,861	9.2
THREL's gross written premium	1,975	6.7	1,851	14.0	1,624	17.0
THREL's market share from reinsurance ceded premium (percent)	20.8		20.1		20.7	

Source: Office of Insurance Commission/The Thai Life Assurance Association

Industry Outlook

With a stable political and economic environment, Thai life insurance business is expected to grow. Higher income levels are expected to increase the demand for insurance products. Government policies are promoting insurance at different levels and this will encourage further growth opportunities. Insurers are also implementing imaginative business development plans to reach a broader market and different social groups. THREL expects market growth 6.0-7.0 percent in 2017.

Risk Factors

Unexpected changes in the business environment, both internal and external, can have a major impact in the Company's ability to realize its goals. Being prepared for the unexpected is an important management function that helps minimize the impact of adverse business conditions and the consequent effect on the financial and reputational status of the Company.

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

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

Key risks affecting the Company are as follows:

1. Strategic Risk

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

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

1.1 Innovation Risk

Innovation Risk is the risk arising from the Company's inability to adapt to a rapidly changing competitive environment or lack of development in services, products, operating processes, or business models that create new

value or add more value for all stakeholders. Ignoring innovation risk will affect the Company's competitive advantage and operating performance in the future.

Innovation Risk Management

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

1.2 Strong Balance Sheet Risk

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

Strong Balance Sheet Risk Management

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

1.3 Customer Concentration Risk

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

Customer Concentration Risk Management

The Company has a policy of expansion into new business with several different life insurance companies to diversify income sources and reduce any risk of over-dependence from any single insurer. The Company has also taken an active role in exploring new opportunities with customers, ranging from the launching of innovative marketing plans and developing new products to the research involved in new distribution channels. The creation of new products in this way helps the Company develop appropriate pricing strategies and coverage as well as determining the level of reinsurance required. The Company continues to improve service quality in a variety of ways to ensure high levels of customer satisfaction and resulting 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 that could affect the Company's income, profit, and capital.

2.1 Human Capital Risk

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

Human Capital Risk Management

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

2.2 Business Process Risk

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

Business Process Risk Management

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

2.3 Information Technology Risk

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

Information Technology Risk Management

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

3. Insurance Risk

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

Insurance Risk Management

Underwriting guidelines are developed based on technical knowledge and statistical data updated periodically to keep up with changes in market conditions. Changes in the business cycle and market environment are taken into consideration and also reflected in the Company's underwriting strategy. Underwriting audits are performed to ensure that all guidelines are strictly followed. The Company has a conservative and actuarially sound loss reserve calculation. An excess of loss reinsurance programme is also in place to protect 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 which could lead to fluctuation in the market value of the Company's assets, liabilities, earnings, and capital.

Market Risk Management

The Company has an investment policy and clear guidelines to provide direction for investment and portfolio management. These have been established in accordance with the Life Insurance Acts B.E. 2551, which specifies the types of security that can be invested in and their limits. Changes in the economic, political, and regulatory environment are taken into consideration as part of the Company's ongoing monitoring process and incorporated into the Company's investment strategy and portfolio management.

The Company has adopted a prudent investment policy and avoids speculative investments that would jeopardize its capital. The Company invests in high quality securities that are expected to generate reasonable and consistent returns. Major losses on the Company's investment portfolio are not considered likely. Since investment income is the major source of income for the Company, investment activities are closely monitored by the Board of Directors and the Company's Executives.

5. Credit Risk

Credit Risk is the risk arising from possible default by the Company's counterparties or from changes in the credit quality of issuers of securities or the Company's retrocessionaires. This could lead to an overdue debt or default of a financial obligation which may affect the Company's cash flow and overall performance.

Credit Risk Management

The Company regularly analyzes and evaluates its retrocessionaires and issuers of securities' credit quality and monitors their financial stability. The Company has a strict policy to retrocede its business to retrocessionaires and buy the securities from the issuers that have credit ratings of at least "A-."

6. Liquidity Risk

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

Liquidity Risk Management

The Company has established procedures to measure, monitor, and manage its liquid assets and cash flow, ensuring a matching of assets and liabilities. The Company also manages its liquidity position through prudent investment decisions and diversification of assets and liabilities to ensure that sufficient cash is available when needed. The Company's liquidity position is set to be higher than the level of liquidity required by the Office of Insurance Commission.

7. Emerging Risk

Emerging Risk is the risk that does not currently exist but might emerge at some point in the future due to changes in the social, technological, economic, environmental, and political developments. These risks are difficult to identify, appear slowly, and have adverse impacts when they materialize. Emerging risk identification is usually accomplished through analysis of historical data and prediction of future events. Examples of such risk include risks from Genetically Modified Organisms, nanotechnology, and pandemic.

Emerging Risk Management

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

Structure of Shareholders and Management

Shareholders

Ten major shareholders as at the latest registration book closing date of August 31, 2016 are as follows:

	No. of Shares	Percentage
1. Thai Reinsurance Public Company Limited	104,790,630	17.5
2. Chase Nominee Limited	31,077,700	5.2
3. BNP Paribas Securities Services, London Branch	23,200,000	3.9
4. State Street Bank Europe Limited	22,111,677	3.7
5. Bualuang Long-Term Equity Fund	21,065,600	3.5
6. N.C.B.Trust Limited-Norges Bank 11	16,350,700	2.7
7. Aberdeen Small Cap Fund	14,614,729	2.4
8. Aberdeen Growth Fund	13,485,913	2.2
9. Aberdeen Long-Term Equity Fund	13,091,703	2.2
10. FWD Life Insurance Public Company Limited.	11,543,800	1.9
Total	271,332,452	45.2
11. Other shareholders	328,667,548	54.8
Grand Total	600,000,000	100.00

Among the shareholders listed above, none of the shares are held by Thai NVDR Co., Ltd., which is an issuer of non-voting depository receipts (NVDR). Normally, the voting rights on these shares are not exercised at the shareholders' meeting. For the latest update on number of the Company's shares held by Thai NVDR Co., Ltd., please visit website of the Stock Exchange of Thailand at www.set.or.th.

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

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

- None -

Shareholders' Agreement

-None-

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

We have a policy to pay dividends at not less than 40 percent of net profit from the separate financial statement after corporate income tax and all types of reserves as required by law and as specified in the Company's Articles of Association. However, the dividend payment is subject to change as deemed necessary and appropriate by the Board of Directors. The Company's dividend payment must be approved by OIC pursuant to Section 32 of the Life Insurance Act B.E. 2535 (and the subsequent amendments).

Shareholding of Director and Management

No.	Name	No. of Shares as of Dec 31, 2015 ¹	No. of Shares as of Dec 31, 2016 ¹	Change Increase (Decrease) in 2016	Percentage
<u>Director</u>					
1	Mr.Suchin Wanglee	241,471	1,341,471	1,100,000	0.22
	their spouses and children who have not reached maturity	-	-	-	-
2	Mr.Sutti Rajitragson	3,360	3,360	-	0.00
	their spouses and children who have not reached maturity	-	-	-	-
3	Dr.Kopr Kritayakirana	8,018	8,018	-	0.00
	their spouses and children who have not reached maturity	672	672	-	0.00
4	Dr.Apirak Thaipatanagul	-	-	-	-
	their spouses and children who have not reached maturity	-	-	-	-
5	Mrs. Komkai Thusaranon	-	-	-	-
	their spouses and children who have not reached maturity	-	-	-	-
6	Dr.Sutee Mokkhavesa	-	-	-	-
	their spouses and children who have not reached maturity	-	-	-	-
7	Ms. Navadee Ruangrattanametee	-	-	-	-
	their spouses and children who have not reached maturity	-	-	-	-
8	Mrs. Nutchakorn Suwansathit	-	-	-	-
	their spouses and children who have not reached maturity	-	-	-	-
<u>Management</u>					
9	Ms. Duangnaporn Phermnamlap	-	-	-	-
	their spouses and children who have not reached maturity	-	-	-	-
10	Ms. Duangnapa Kanchanawongwut	1,500	1,500	-	0.00
	their spouses and children who have not reached maturity	-	-	-	-

Management Structure

The Company's management structure is composed of the Board of Directors and four subcommittees, namely, the Audit Committee, the Remuneration and Nominating Committee, Investment Committee, the Risk Management Committee.

Board of Directors

The Board of Directors is composed of eight members of whom five are non-executive directors and three are executive directors. Four of them are qualified as independent directors, as defined by the Company based on the SEC's guideline. Each term of directorship is three years, as stipulated in the Company's Articles of Association. However, there is no limitation on the number of terms of office of the directors, independent directors and members of subcommittees because the Company needs to especially retain some board members who are knowledgeable and specialized in insurance business and are scarce. Profile of each director is presented in Board Members.

As of December 31, 2016, the Board of Director are listed below:

Director	Position
1. Mr.Suchin Wanglee	Chairman and Chairman of the Investment Committee
2. Mr.Sutti Rajitragson	Director, President, Director of the Investment Committee
3. Dr.Kopr Kritayakirana	Independent Director, Chairman of the Audit Committee, Chairman of the Remuneration and Nominating Committee
4. Dr.Apirak Thaipatanagul	Independent Director, Director of the Audit Committee, Director of the Remuneration and Nominating Committee
5. Mrs.Komkai Thusaranon	Independent Director, Director of the Audit Committee, Director of the Remuneration and Nominating Committee
6. Dr.Sutee Mokkhavesa	Independent Director
7. Ms.Navadee Ruangrattanametee	Director and Senior Vice President
8. Mrs.Nutchakorn Suwansathit	Director and Senior Vice President

The authorized directors on behalf of the Company are Mr. Suchin Wanglee, Mr. Sutti Rajitragson, Miss Navadee Ruangrattanametee and Mrs. Nutchakorn Suwansathit whereby any two of them shall co-sign with the Company's seal affixed, except Miss Navadee Ruangrattanametee and Mrs. Nutchakorn Suwansathit are unable to co-sign. Miss Duangnaporn Phermnamlap acts as the Company Secretary.

Term of Office

At every annual general meeting of shareholders, one-third of the total number of directors shall vacate office. If the number of directors is not divisible into a multiple of three, the number of directors nearest to one-third shall retire from office. The directors to retire from office in the first and second years following the registration of the Company shall be drawn by lots. In subsequent years, the directors who have remained in office for the longest time shall vacate office. A vacating director may be eligible for re-election.

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

1. Perform a duty and oversee the Company to ensure compliance with the laws, objectives and Articles of Association of the Company, resolutions of the Board of Directors and resolutions of the shareholders' meeting, by upholding accountability with due care and integrity.

2. Formulate and approve the vision, strategy, business direction, policy, goal, guideline, action plans and budgets of the Company and its subsidiary, prepared and proposed by the management, and supervise the business administration and performance of the management or the persons designated to handle such task to ensure compliance with the policy outlined by the Board of Directors.

3. Follow up on the performance of duty, on a continuous basis, to ensure it meets with the action plans and budgets.

4. Ensure that the Company and its subsidiary have in place a sound and efficient accounting system, a reliable financial reporting and auditing system, and an adequate and proper internal control and audit system.

5. Review the risk management process and policy and follow up on the performance thereof.

6. Ensure that there is no conflict of interest between stakeholders of the Company and its subsidiary.

7. Establish a policy on good corporate governance and ensure an efficient use of such policy.

8. Appoint subcommittees such as the Audit Committee or any other committees to assist in and support the Board of Directors' discharge of duty, as deemed fit.

9. Appoint the Company secretary to assist the Board of Directors in performing of duty to make certain that the Company's business operation conforms to the applicable laws and regulations.

10. Seek professional advice from external organizations, where necessary, to form a basis for proper decision-making.

11. Prepare an annual report and assume responsibility for the preparation and disclosure of financial statements to present financial position and working results in the past year to the annual shareholders' meeting.

12. Arrange for an annual general meeting of shareholders to be held within four months after the end of each fiscal year of the Company.

The delegation of power, duties and responsibilities of the Board of Directors excludes the authorization or sub-authorization of the directors or their appointees in the approval of transactions in which they or persons with potential conflict of interest (as defined in notification of the Securities and Exchange Commission or notification of the Capital Market Supervisory Board) may have a vested interest or may obtain benefits in any form or may have any other conflict of interest with the Company or its subsidiary, unless it is the approval of transactions that are in line with the policy and guideline approved by the shareholders' meeting or the Board of Directors of the Company.

The Scope of Duties, Authorities and Responsibilities of the Chairman

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

2. The Board Chairman determines the meeting agenda jointly with the President.
3. The Board Chairman chairs meetings ensuring that it is efficiently run with sufficient time for the presentation of information and participation of all directors from the raising of questions and opinions to the controlling of discussions and the summation of the meeting's resolutions.
4. The Board Chairman plays a key role in encouraging all directors to comply with corporate governance principles.
5. The Board Chairman communicates all essential information to directors.
6. The Board Chairman encourages directors' participation in shareholders' meetings and acts as chairman of the meeting to control and ensure that the meeting is efficient and to respond to all questions raised by shareholders.
7. The Board Chairman requires the Board of Directors to perform their duties in compliance with the laws and the corporate governance principles of the Company.

Board of Directors Structure

According to the Company's Articles of Association, the Board of Directors shall be composed of at least five, but not more than fifteen members.

- (1) The board members are categorized into two types:

Type 1: classified by management into

- Executive director
- Non-executive director

Type 2: classified by independence into

- Independent director
- Non-independent director

(2) The directors' term of office shall be three years at a time. At every annual general meeting of shareholders, one-third of the total number of directors shall vacate office. If the number of directors is not divisible into a multiple of three, the number of directors nearest to one-third shall retire from office. The directors to retire from office in the first and second years following the transformation of the Company shall be drawn by lots. In subsequent years, the directors who have remained in office for the longest time shall vacate office. A vacating director may be eligible for re-election at a shareholders' meeting.

Apart from retiring by rotation, a director shall vacate office upon his

1. Death;
2. Resignation;
3. Disqualification or possession of legally prohibited characteristics;
4. Being retired by resolution of a shareholders' meeting with votes not less than three-fourths of total number of shareholders attending the meeting and having voting rights, provided that their aggregate shareholding is not less than half of total number of shares held by the shareholders attending the meeting and having voting rights;
5. Being retired by a court order.

(3) The independent directors shall have the qualifications as regulated by the SEC and the SET.

(4) The Board of Directors shall be composed of independent directors in the number not less than one-third of total number of the board members, but not fewer than three persons.

(5) The Board Chairman and the President shall be elected by the Board of Directors. It has been made a policy to elect the Board Chairman on a yearly basis at the first board meeting held after every annual general meeting of shareholders.

(6) The directors and executives are allowed to assume the position of director and executive of affiliated companies or other companies, which shall comply with regulations of the SEC, the SET and concerned authorities and shall be informed to the Board of Directors' meeting.

(7) The Board of Directors shall designate a Company secretary, whose duties are to give advice on legal issues and all rules and regulations necessary for the Board of Directors, support the board activities, to coordinate and ensure that the board resolutions are implemented, and liaise with the shareholders, the SEC, the SET and all regulatory bodies concerned.

Board of Directors and Subcommittee' meeting

Board of Directors Meeting

1. The Board of Directors shall pre-determine dates of the meeting to be held at least four times a year (once every three months) and shall clearly specify regular items on the meeting agenda such as consideration and approval of reviewed/audited financial statements, etc. The agenda other than such regular items shall be jointly determined by the Board Chairman, Chairman of the Executive Board and the President as deemed crucial and necessary. If the meeting is not held monthly, the Company shall prepare and submit a performance report to the Board of Directors on a monthly basis to enable the Board of Directors to continuously monitor, control and supervise the management's operation.

2. Other Subcommittees may hold a meeting to consider the issues under their power and duties delegated by the Board of Directors, with the Company secretary to coordinate the meeting.

3. Details of the meeting agenda and meeting documents shall be submitted to the directors at least seven days in advance. The documents shall provide a brief summary of the proposed matters. Confidential issues that are not to be disclosed in writing shall be put forward for discussion at the meeting.

4. The non-executive directors may, as deemed fit and necessary, arrange a meeting without presence of the management, with the Company secretary to coordinate the meeting, and shall report results of such meeting to the executive directors.

5. The directors may additionally request essential information directly from the President and the Company secretary, including the executives assigned to handle such matter.

6. At every meeting, the executives and concerned parties should be invited to join the meeting in order to provide information and details as a basis for making the right and timely decision.

Audit Committee Meeting

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

1. Review of the financial statements of the Company prior to submission to the Stock Exchange of Thailand and the Securities Exchange Commission.
2. Nomination of auditors and their remuneration. In 2016, EY Office Limited was nominated and appointed as auditors of the Company for a further year.
3. Holding of joint meetings with the external auditors two sessions took place in 2016. At one meeting without the attendance of management, a review of guidelines and the scope of audit performance was conducted. A review of audit plans, results, and recommendations has been undertaken to ensure that all audit processes are done in a manner consistent with auditing standards.
4. Directing, supervising and approving internal annual audit plans based on the Company's risks in order of their significance. The inspection reports are audited to ensure that the investigation has been completed in accordance with auditing standards. This includes monitoring of the proposed revisions to the internal controls system to improve efficiency and effectiveness.
5. A review to ensure compliance with laws and regulations every quarter.
6. A review of transaction reports relating to the parties every quarter.
7. Directing and supervising the Enterprise Risk Management Committee. The ERMC review the Company's risk management policies, policy implementation and guidelines for effective risk management. Their reports on risk management are provided to the board and they provide useful feedback on a regular basis.
8. Conducting an annual Audit Committee self-evaluation for review and self-improvement.
9. Provision of an annual internal control evaluation and propose evaluation results to the Board of Directors.

Remuneration and Nominating Committee's Meeting

In 2016, the Remuneration and Nominating Committee held four meeting to consider the director nomination and the yearly remuneration for the Board of Directors, subcommittees and top management. The Remuneration and Nominating Committee performed duties within the scope of responsibilities set forth in the Remuneration and Nominating Committee Charter in all respects.

Investment Committee's Meeting

In 2016, there was an Investment Committee's meeting held to consider annual investment plan.

Enterprise Risk Management Committee's Meeting

In 2016, The Enterprise Risk Management Committee had five meetings. The committee reported risk management progress to the Audit Committee on a quarterly basis.

The names of the Board of Directors, including their meeting attendance in 2016 are given below.

Board of Directors	Position	No. of meetings attended / No. of meetings held			
		Board of Directors	The Audit Committee	The Remuneration and Nominating Committee	The Investment Committee
1.Mr.Suchin Wanglee	Chairman and Director of the Investment Committee	6/6	-	-	1/1
2.Dr.Kopr Kritayakirana	Independent Director, Chairman of the Audit Committee, Chairman of the Remuneration and Nominating Committee	6/6	4/4	4/4	-
3.Mr.Sutti Rajitrangson	Director, Director of the Investment Committee and President	6/6	-	-	1/1
4.Dr.Apirak Thaipatanagul	Independent Director, Director of the Audit Committee, Director of the Remuneration and Nominating Committee	5/6	4/4	4/4	-
5.Mrs.Komkai Thusaranon	Independent Director, Director of the Audit Committee, Director of the Remuneration and Nominating Committee	3/3	-	1/1	-
6.Dr.Sutee Mokkhavesa	Independent Director	-	-	-	-
7.Ms.Navadee Ruangrattanametee	Director	3/3	-	-	-
8. Mrs.Nutchakorn Suwansathit	Director	3/3	-	-	-

Remarks: 1. The 5th, 7th and 8th directors were appointed at 4th July, 2016.
2. The 6th directors were appointed at 29th November, 2016.

Management

As of December 31, 2016, the management of the Company are listed below:

Name	Position
1. Mr. Sutti Rajitrangson	President
2. Ms. Navadee Ruangrattanametee	Senior Vice President
3. Mrs. Nutchakorn Suwansathit	Senior Vice President
4. Ms. Duangnaporn Phermnamlap	Vice President – Accounting and Finance
5. Ms. Duangnapa Kanchanawongwut	Vice President – Investment

The Scope of Duties, Authorities and Responsibilities of President

1. Be responsible for, supervise and manage the Company's day-to-day operation and/or administration, including overall operational monitoring, to be in line with the policy, business strategy, operational goal and action

plans, financial targets, and budgets of the Company as approved by the Board of Directors and/or resolved by the shareholders' meeting.

2. Map out business plans, define the administration authority and prepare the yearly budgets for business operation and capital expenditure for the Board of Directors' approval, and report the actual performance against such approved business plans and budgets to the Board of Directors.

3. Set out the organization structure, management approach, and employee recruitment, training, employment and termination of employment, and determine employees' wage rate, salary rate, compensation, bonus and fringe benefits under the framework and budgets approved by the Board of Directors (except for the remuneration, salary, compensation, bonus and fringe benefits for the President and the Senior Executive Vice President which shall be determined by the Board of Directors).

4. Follow up on and report the Company's status and position and recommend alternatives and strategies that fit with the policy and market environment.

5. Supervise and control the Company's operations in the areas of, among others, finance, risk management, internal control, back-office operation, and resources.

6. Act as representative of the Company and have authority to contact government agencies and other regulatory bodies.

7. Communicate with the public, shareholders, customers and employees to promote a good reputation and image of the Company.

8. Ensure that good corporate governance practices are in place.

9. Have power to issue, amend, add and revise rules, orders and regulations pertaining to the Company's operations such as employment, appointment, removal and discipline of staff and employees, fixing of salary and other monies including aids and welfare provision.

10. Consider, negotiate and approve the entering into agreements and/or any other acts relating to the Company's day-to-day operation and/or administration under the delegation of power framework approved by the Board of Directors.

11. Assume any power, duty and responsibility as assigned or under the policy designated by the Board of Directors.

12. Have power to sub-authorize and/or assign other person to perform any particular act on his behalf, whereby any such sub-authorization and/or assignment shall be within the scope of authorization specified in the letter of attorney and/or shall conform to the rules, regulations or orders set forth by the Board of Directors. The said delegation of power, duties and responsibilities of the President excludes the authorization or sub-authorization of the President or his appointees in the approval of transactions in which he or persons with potential conflict of interest (as defined in notification of the Securities and Exchange Commission or notification of the Capital Market Supervisory Board) may have a vested interest or may obtain benefits in any form or may have any other conflict of interest with the Company or its subsidiary, unless it is the approval of transactions that are in line with the policy and guideline approved by the shareholders' meeting or the Board of Directors of the Company.

The Company has documented the delegation of power to serve as an operational handbook and a reference and to follow the procedure in a systematic manner. The Company determines and approve the yearly budgets which consist of the estimated underwriting income and expenses, capital expenditure, operating expenses, and purchase of fixed assets.

Company Secretary

The Board of Directors appointed Ms.Duangnaporn Phermnamlap as Company secretary from December 7, 2012.

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

Additional duties and responsibilities include:

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

Remuneration for the Board of Directors and Executives

The Remuneration and Nominating Committee is responsible for determining remuneration of directors and top management before seeking approval from the shareholders' meeting for director remuneration and from the Board of Directors for top management remuneration. The rate of remuneration is comparable with those offered in this business and is commensurate with their duties and responsibilities and sufficient to stimulate and retain the talented personnel. Directors who are assigned to also serve on other subcommittees will receive extra remuneration. The Board of Directors shall decide on the remuneration of each top management member based on a yearly evaluation of his/her performance.

1. Monetary Remuneration Directors 'Remuneration

The remunerations in 2016 as the resolution of the Annual General Meeting of Shareholders No. 5 on April 22, 2016 are listed below:

Board of Directors	Monthly Remunerations (per person)		Conference fee * (per person)		Gratuity
	Chairman	Director	Chairman	Director	
Board of Directors	-	-	20,000	20,000	No more than 3.0 million baht allocated to the Chairman and Executive Board, with 2 parts each. The other directors are allocated one part per person.
Audit Committee	-	-	30,000	20,000	-
The Remuneration and Nominating Committee	-	-	20,000	20,000	-
Investment Committee	-	-	20,000	20,000	-
Executive Board	-	-	30,000	-	-

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

In 2016, remuneration for the Board of Directors, details of which are shown in the below table:

Board of Directors	Gratuity	Remunerations					Total
		Board of Directors	Audit Committee	Executive Board ²	Investment Committee	Remuneration and Nominating Committee	
1. Mr.Suchin Wanglee	600,000	120,000	-	-	20,000		740,000
2. Mr.Surachai Sirivallop	600,000	20,000	-	120,000			740,000
3. Dr.Kopr Kritayakirana	300,000	120,000	80,000	-		80,000	580,000
4. Mr.Sutti Rajitragson	300,000	120,000	-	-	20,000		440,000
5. Mr.Chalaw Fuangaromya	300,000	80,000	120,000	-		60,000	560,000
6. Dr.Apirak Thaipatanagul	300,000	100,000	80,000	-		80,000	560,000
7. Mr.Oran Vongsuraphichet	300,000	20,000	-	-			320,000
8. Mr.Jiraphant Asvatanakul	300,000	-	-	-			300,000
9. Mr.Chone Sophonpanich	-	20,000					20,000
10. Mrs.Nutchakorn Suwansathit	-	60,000					60,000
11. Ms.Navadee Ruangrattanametee	-	60,000					60,000
12. Mrs.Komkai Thusaranon	-	60,000				20,000	80,000
13. Ms.Duangnaporn Phermnamlap					20,000		20,000
รวม	3,000,000	780,000	280,000	120,000	60,000	240,000	4,480,000

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

² The remuneration for Executive Committee only paid to Executive Board.

³ The 2th, 5th and 7-9th directors were resigned in 2016.

Executives' Monetary Remuneration

In 2559, the Company paid the remuneration, including salary and bonus, to the five executives with a total of 19.4 million baht.

2. Other Remunerations

Other remunerations for directors

- None -

Other remunerations for executives

The Company provided the provident fund for the Company's executives with 5-10 percent contribution on their salary. In 2016, the Company totally contributed Baht 1.3 million for five executives.

Human Resources

As at December 31, 2016, the number of employees working on each core business line is listed below:

Department	Employees
Business Development	6
Operation Support	11
Accounting and Finance	4
Others	5
Total	26

Employees' Remuneration

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

Apart from salaries, the remuneration package includes bonuses, financial aids, employee provident fund to which the Company contributes five to ten percent of the individual employees' salary depending on years of service, healthcare, social security fund, employee benefit program, life, accident & health insurance, and personnel development. In 2016, The Company paid Baht 40 million for employee remuneration, details of which are as follows:

Employees expenses	(THB Million)
Salary and wage	34.9
Social security fund	0.2
Contribution to provident fund	1.9
Defined benefit plans	0.3
Other benefits	2.9
Total	40.2

Human Resource Development Policy

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

In 2016, the Company assigned employees to attend 55 training courses in and outside the country, as shown in the below table:

Course	Number of Courses	Number of Participants
Within Thailand		
Other	46	26
In-House training	3	17
Overseas	2	2
Insurance related courses such as LOMA, CII, ANZIF, CAS	4	3
Total	55	48

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

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

Internal Control and Risk Management

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

At the Board of Directors meeting No. 1/2017 on February 21, 2017 in which the three Audit Committee members also participated, the Board of Directors assessed the Company's internal control system and inquired the management, staff members and concerned units about various pillars of the internal control system, including

1. Organization and environment
2. Risk management
3. Control over the management's performing of duties

4. IT and communication system

5. Follow-up system

The Board of Directors deemed that the Company's internal control system was adequate and appropriate for entering into transactions with the major shareholders, directors, executives and related persons of the foregoing persons. As well, other pillars of the internal control system were adequate and could allow for the Company to operate business under good corporate governance principles and with transparency.

In addition, the Board of Directors has entrusted the Audit Committee with power and duties to review and ensure that the Company has a sound and effective internal control and internal audit system and abides by the law governing securities and exchange, the SET's regulations or the laws applicable to the Company's business. The Audit Committee must hold a meeting at least once a quarter to review and ensure correctness of the Company's financial reporting and to consider and make certain that the Company's connected transactions or transactions with potential conflict of interest are correct and compliant with the applicable laws and the notifications and regulations of the Securities and Exchange Commission, the Capital Market Supervisory Board, the Board of Governors of the Stock Exchange of Thailand, the Stock Exchange of Thailand and other concerned authorities. Audit committee agreed with the Company's board of directors and auditor.

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 opinion consistent with that of the Board of Directors and the auditor.

3. Head of Internal Audit Unit

The Company has established Department of Internal Audit which is under the direct supervision of the Audit Committee with full authority to appoint, dismiss and transfer 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. Ms.Phanida Arkad-amnuay, is acting of head of internal audit.

4. Head of Compliance Unit

The Company has established a compliance department, which was approved by the Board of Directors on October 10, 2014. The Department will be under supervision of the Audit Committee. Ms.Phanida Arkad-amnuay, act as the head of Compliance department.

During the year, the department performed compliance monitoring and report to the audit committee to review on a regular basis every quarter.

Corporate Governance

Corporate Governance Policies

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

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

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

The Company encourages compliance with the corporate governance principles and code of business ethics and communicates with the directors, executives and employees to ensure that they would realize and acknowledge the significance of corporate governance and ethics and that all employees have studied, familiarized themselves with, and signed to acknowledge the corporate governance and ethics as a guideline for their operation. Moreover, the Company has to maintain corporate governance policies on its website and regularly monitors the compliance program in general. An assigned working party must report all updates and progresses to the Board of Directors. For instance, the Audit Committee has been entrusted with duties to monitor issues concerning a conflict of

interest, internal control and audit, and compliance with laws and regulations prescribed by relevant authorities, and to regularly report the Board of Directors on a quarterly basis. The Company secretary is responsible for reporting on securities holding by directors and executives and informing the results thereof to the Board of Directors on a quarterly basis; and so on.

Subcommittees

1. The Board of Directors may form Subcommittees in various aspects of concerns to assist in studying and scrutinizing details of particular matters. Qualifications and scope of duties and responsibilities of each committee shall be clearly defined.

For each board-level committee, a meeting shall be convened to assess the performance or review all policies at least once a year.

2. The Board Chairman shall not act as either chairman or member of the Subcommittees so as to ensure that each committee can truly exercise their independent judgment.

List of Subcommittee Members and the Scope of Duties and Authorities

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

Audit Committee

The Audit Committee was established on November 5, 2012, consisting of three independent directors. The Audit Committee's term is three years. As at December 31, 2016, its existing members are listed below:

Name	Position
1. Dr.Kopr Kritayakirana	Independent Director and Chairman of the Audit Committee
2. Dr.Apirak Thaipatanagul	Independent Director and Audit Committee
3. Mrs.Komkai Thusaranon	Independent Director and Audit Committee

There are two members of the Audit Committee, namely Dr.Apirak Thaipatanagul and Dr.Kopr Kritayakirana, who has accounting and financial knowledge, was assigned to examine and oversee the Company's operation, financial reporting, internal control system, external auditor selection, and conflict of interest.

Term of Office

Chairman and members of the Audit Committee are in office for a term of three years. The chairman and members who retire by rotation upon the end of each term of office could be reappointed to serve on the Audit Committee.

The Scope of Duties and Authorities

1. To review and ensure the accuracy and adequate disclosure of the Company's financial reports by collaborating with the Company's external auditor and executives who are in charge of financial reporting on a quarterly and yearly basis.

2. To recommend the auditor, during the course of auditing the Company's accounts, to review or examine any transactions deemed necessary and significant.

3. To review and ensure the appropriateness and effectiveness of the Company's internal control and internal audit systems, assess the independence of the internal audit unit, recommend the appointment, rotation and termination of employment of heads of the internal audit unit or any other units involved with internal audit functions, and approve the audit plans, budgets and manpower for the internal audit unit.

4. To review and ensure the Company's compliance with the law governing securities and exchange, including notifications of the Securities and Exchange Commission, notifications of the Capital Market Supervisory Board, notifications of the Board of Governors of the Stock Exchange of Thailand, regulations of the Stock Exchange of Thailand, and any other laws applicable to the Company's business.

5. To consider, select and recommend appointment of an independent person to serve as the Company's auditor, propose remuneration for the Company's auditor, and participate in a meeting with the auditor, without presence of the management, at least once a year.

6. To consider the connected transactions, assets acquisition/disposal transactions or transactions with potential conflict of interest and ensure their correctness and compliance with the laws, notifications and regulations of the Securities and Exchange Commission, the Capital Market Supervisory Board, the Board of Governors of the Stock Exchange of Thailand, and the Stock Exchange of Thailand including other concerned authorities, to make certain that these transactions are reasonable and bring about the maximum benefit to the Company.

7. To review and ensure that the Company has in place a risk management policy and assist the Board of Directors in monitoring and ensuring the Company's compliance with a sound and effective risk management policy and approach.

8. To prepare the Audit Committee's performance report, duly signed by the Audit Committee Chairman, for publishing in the Company's annual report, including at least the following information:

- (a) Opinion on accuracy, completeness and reliability of the Company's financial reports;
- (b) Opinion on adequacy of the Company's internal control system;
- (c) Opinion on compliance with the law governing securities and exchange, notifications and regulations of the Securities and Exchange Commission, the Capital Market Supervisory Board, the Board of Governors of the Stock Exchange of Thailand, and the Stock Exchange of Thailand, including any other laws applicable to the Company's business;
- (d) Opinion on appropriateness of the auditor;
- (e) Opinion on transactions with possible conflict of interest;
- (f) Number of meetings convened by the Audit Committee and meeting attendance by each Audit Committee Member;
- (g) Opinion or observation in overall received by the Audit Committee from a discharge of duty under the charter;

- (h) Any other transactions that should be disclosed to the shareholders and general investors within the scope of duties and responsibilities designated by the Board of Directors.
9. To perform any other task as assigned by the Board of Directors with the Audit Committee's consent.

Enterprise Risk Management Committee

The Enterprise Risk Management Committee was established on December 1, 2012, consisting of Director & President as Vice Chairman, and senior executives from various departments as members. The Committee is under the supervision of the Audit Committee.

The Scope of Duties and Authorities

1. To recommend an approach to risk management and policy on risks and risk appetite.
2. To follow up on implementation of risk policy and control adequacy.
3. To monitor overall enterprise risk versus risk appetite.
4. To report risk management performance to the Executive Board and the Audit Committee.
5. To monitor the management of existing risks and risks that will arise in the future.

Investment Committee

The Investment Committee was established on February 25, 2014, consisting of directors or executives and personnel with knowledge, skill and experience in investment management, risk management or securities analysis. The Board of Directors appoints the Investment Committee from among the directors, executives or external personnel. The Investment Committee's term is three years. As at December 31, 2016, Existing members are listed below:

Name	Position
1. Mr.Suchin Wanglee	Investment Committee
2. Mr.Sutti Rajitragson	Investment Committee
3. Ms.Duangnaporn Phermnamlap	Investment Committee

The Scope of Duties and Authorities

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

6. To report results of the investments to the Board of Directors on a regular basis.
7. To perform any other task or the task under its authority and responsibility as assigned by the Board of Directors.

Remuneration and Nominating Committee

The Remuneration and Nominating Committee was established on February 26, 2015, consisting of three members of Independent Director. Its existing members are listed below:

Name	Position
1. Dr.Kopr Kritayakirana	Independent Director and Chairman of the Remuneration and Nominating Committee
2. Dr.Apirak Thaipatanagul	Independent Director and Remuneration and Nominating Committee
3. Mrs. Komkai Thusaranon	Independent Director and Remuneration and Nominating Committee

The Scope of Duties and Authorities

Nomination

1. To determine and recommend the structure, size, composition, and qualification of the Board of Directors and subcommittees.
2. To determine policy, criterion, qualification, and nominating procedures for appointing directors and subcommittee members to replace the outgoing members.
3. To recruit and nominate the directors and subcommittee members from the qualified candidates and submit the lists to the Board of Directors for approval and/or propose them to the meeting of shareholders for approval, as the case may be.
4. To select, screen and propose a qualified person to assume the position of President when it becomes vacant, including succession plan and regulations for the key top management positions, and submit these to the Board of Directors for consideration. In this regard,

Top management means president, as well as any other assigned positions in the future.

Remuneration

1. To determine a policy and structure of remuneration and other benefits for directors, board advisors, and subcommittee members of the Company that are subject to transparent criteria and are commensurate with their responsibilities, taking into account duties, responsibilities and related risks and focusing on increase in shareholders' equity in the long term.
2. To determine a policy on remuneration of top management that is consistent with the Company's overall performance and the performance of that executive.
3. To determine annual remuneration of the Board of Directors and subcommittee members and propose it to the meeting of shareholders for approval.
4. To determine annual remuneration of the individual top management and propose it to the Board of Directors for approval.

Others

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

Nomination and Appointment of Directors and Top Management

Nomination and Appointment of Independent Directors

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

Definition of Independent Director

"Independent Director" of the Company means a person who possesses the complete qualifications and has the minimum independency as required under the Notification of the Board of Governors of the Stock Exchange of Thailand as follows:

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

interest, unless the foregoing relationship already ended for at least two years before the date of appointment as the Company's independent director.

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

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

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

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

Nomination of Directors and Executives

Criteria for Director Selection

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

The existing THREL Board of Directors is composed of eight members, the number of which is compatible with the Company's business operation. All of them have had work experience or used to assume a top-ranking position in the business and government sectors. In view of their educational background, most of the directors finished their studies in the field of business administration and economics and some of them graduated in accounting and laws. As such, the Board of Directors is composed of experts with skills and experience in a diverse field of professions that can suitably cover all aspects of the Company's affairs.

Nomination and Appointment Process for Directors

In order to nominate a candidate for director position, the Remuneration and Nominating Committee and shareholders' consent is required. There is also no limit to how many candidates a shareholder can nominate. The Company offers an opportunity to each shareholder to propose appropriate candidates through the Company's

website prior to the Annual General Meeting of Shareholders which is usually held 3 months prior to the end of fiscal year. The candidates must be competent and have a proficiency background in various professional fields. Also, the candidates must have leadership skills, vision, virtue and ethic, exceptional working history as well as be able to express opinion freely. The shareholders may cast their votes for each individual candidate in accordance with the rules and regulations of the Company as follows:

- 1) Each shareholder casts a number of votes equal to the number of the share units.
- 2) Each shareholder will cast the votes as stated in rule number 1 and the votes can be for one or many candidates. However, the vote must be evenly split. The Company does not apply cumulative voting due to the structure of the shareholders of the Company, which does not have any absolute major shareholder who can influence the Company or decide which candidate to vote for.
- 3) Those who receive majority of votes from shareholders will be elected as Directors of the Company.

Criteria for Executive Selection

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

Nomination and Appointment Process for Executives

The Remuneration and Nominating Committee is responsible for nominating a qualified candidate for the President position. At the same time, the President and the Board of Directors are jointly responsible for nominating senior executives in the first and second layers below the President. Qualified candidates are screened 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.

Monitoring of Associated Companies

Under the Company's mechanism for monitoring of its 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 associated companies. The appointed persons shall be obligated to perform duties in the best interest of the associated companies that they serve. Number of director seats in the associated companies to which the Company is entitled is allocated according to the Company's shareholding percentage in any such entities or as agreed upon in the shareholders' agreement.

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

Internal Information Disclosure Policy

The Company has a policy to prohibit executives and employees at all levels from using internal information for personal benefit. Apart from the data security measure that limits number of personnel who could access confidential information and the requirement for directors and executives to comply with the SEC regulations, the

Company has incorporated best practices into its code of business ethics and clearly stipulated disciplines and disciplinary actions in the Company's work regulations. In this respect, all employees are to sign the data security policy compliance agreement in a bid to prevent them from using the Company's information for personal benefit or to prevent unauthorized use of such information. Moreover, the Company adopts the following policy and measure to monitor the executives' use of internal information for personal benefit and for securities trading:

1. Provide the directors and executives with knowledge about their duty to report their securities holding and the holding of securities by their spouse and minor children to the SEC in accordance with Section 59 and penalty clauses in Section 275 of the Securities and Exchange Act B.E. 2535 (and the subsequent amendments), and also to report their and their spouse's and minor children's acquisition or disposal of securities to the SEC in accordance with Section 246 and penalty clauses in Section 298 of the Securities and Exchange Act B.E. 2535 (and the subsequent amendments).

2. Ensure that the directors and executives, including their spouse and minor children, prepare and disclose reports on their securities holding and the holding of securities by their spouse and minor children of securities in the Company including changes in such holdings to the SEC in accordance with Section 59 and penalty clauses in Section 275 of the Securities and Exchange Act B.E. 2535 (and the subsequent amendments), and to submit a copy of such reports to the Company on the same day that such reports are submitted to the SEC.

3. Ensure that the directors, executives, staff and employees of the Company and its subsidiary who have known of the material insider information that has an effect on prices of the securities shall exercise caution in trading securities of the Company during a 30-day period prior to the date on which the financial statement or such insider information is disclosed to the public and during a 24-hour period after the disclosure of such information to the public. Those concerned with the insider information shall not make it available to other parties until the information is notified to the SET. A violation of such rules and regulations shall be deemed as a disciplinary offence pursuant to the Company's working regulations. Persons committing such offence shall be penalized, according to the degree of its severity, ranging from verbal warning to written warning, putting on probation and termination of employment by way of dismissal, removal or discharging, as the case may be.

4. Prohibit the directors, executives, staff and employees of the Company from using the insider information, which has or may have an impact on changes in prices of the Company's securities and has not yet been disclosed publicly and which they have derived from their position or status, for selling or buying or for offering to sell and to buy or for persuading other persons to sell or to buy or to offer to sell or to buy shares or other securities (if any) of the Company, directly or indirectly, in such a manner that could cause damage to the Company, directly or indirectly, irrespective of whether such transaction is performed for personal benefit or for the other's benefit or whether such information is disclosed to allow for other person to perform such transaction in exchange for a benefit for themselves.

Auditors' Remuneration

Audit Fee

Remuneration for the external auditors payable by the Company and associated companies is comprised of annual audit fee, review audit fee for quarterly financial statements, fee for review and assessment of internal control on investments, and fee for audit of the risk-based capital report of life reinsurance business under the OIC's regulations. For 2016, a total of THB 2.2 million was paid to EY Office Ltd.

Non-Audit Fee

In the fiscal year 2016, the Company:

- Did not pay any audit fee to the auditors or to the person or entity relating to the auditors and the audit firm with which the auditors have worked;
- Did not pay any other service fees unrelated to the audit; and
- Did not bear any future expenses arising from unfinished assignments.

Compliance with Good Corporate Governance Principles by the Company in 2016

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

Chapter 1: Rights of Shareholders

1.1 Rights of Shareholders

The Company gives importance to and respects rights to which the shareholders are entitled in their capacity as both investors and owners of the Company, and accordingly provides the shareholders with an opportunity to exercise their basic rights under the laws.

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

1.2 Shareholders' Meeting

The Company sets out that an annual general meeting of shareholders is held within the first four months after the end of an accounting year and that, where there is an urgent need to consider any matter which could affect or is related to the shareholders' interest and is subject to the shareholders' approval, the Board of Directors may then convene an extraordinary general meeting of shareholders case by case. In 2016, the Company held one shareholders' meeting, i.e. the Annual General Meeting of Shareholders No. 5 on April 22, 2016, which was attended by five out of the total six directors. For such meeting, the Company adopted the best practices in accordance with the AGM Checklist project carried out by the Thai Investors Association, which are:

Treatment of shareholders before the meeting date

1. The Company provided the shareholders with an opportunity to propose meeting agenda or submit questions about the Company for the 2016 Annual General Meeting of Shareholders and to nominate qualified persons for election as the Company's directors in advance during the period from September 1, 2015 until December 31, 2015 through e-mails or letters sent directly to the Company Secretary. The result was that after the end of such period none of the shareholders proposed the meeting agenda or nominated qualified persons as the Company's directors for the Board of Directors' consideration.
2. 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, documents or evidence showing identification of the shareholders or proxies entitled to attend the meeting, and documents for all agenda items are publicized via the Company's website in both Thai and English languages at least 30 days ahead of the meeting date and prior to the delivery of those documents to the shareholders by mail. In 2016, the Company posted the notice of the shareholders' meeting on its website 38 days prior to the meeting date.
3. In 2016, the Company submitted the notice of the shareholders' meeting and relevant documents to the shareholders 22 days in advance. The shareholders would have sufficient time to study the meeting agenda in advance. The Company delivers notice of the shareholders' meeting, giving detailed information of the meeting date, time and venue, meeting agenda, objectives and reasons, opinion of the Board of Directors, minutes of the previous meeting, annual report, proxy forms prescribed by Ministry of Commerce with proxy-granting instructions that are clear and easy for the shareholders to follow, list of independent directors whom the shareholders can select and assign as their proxy to attend the meeting on their behalf, details of documents that the shareholders must bring on the meeting date, the Company's Articles of Association pertinent to the shareholders' meeting and method of vote casting, and all other documents to preserve shareholders' right to attend the meeting.
4. The Company facilitates and encourages all shareholders and institutional investors, to participate in a shareholder meeting in order to allow for all shareholders to equally exercise their rights at the meeting, by setting the suitable meeting time and date and arranging the meeting venue that is conveniently accessible to all shareholders. The Company also provides proxy forms, for all shareholders who are unable to attend the meeting to assign a proxy to attend the meeting on their behalf.

Treatment of shareholders on the meeting date

1. On the meeting date, the Company provides convenience for the shareholders and proxies on an equitable basis, whether individual, juristic or institutional investors, and arranges for a sufficient number of reception staff, document screening staff and computer equipment to ensure the registration, the meeting and the vote counting are carried out efficiently. English language interpreters are available for foreign investors who wish to attend the meeting.
2. Registration begins one hour and a half 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.

3. The barcode system is used for meeting registration and vote counting to ensure accuracy, convenience and rapidity.
4. The meeting starts with introducing the Board of Directors, the management, the auditors and legal advisors who have been assigned as inspectors of the meeting, and will explain to the shareholders about how to cast votes and use voting ballots for each agenda item.
5. The Company's legal advisors are assigned to serve as inspectors to independently monitor and ensure that the registration, the meeting and the vote counting are conducted transparently and accurately at every step in accordance with the laws and the Company's Articles of Association, while the shareholders are given an opportunity to volunteer to witness the vote counting and to raise any questions regarding the vote counting.
6. The Company conducts the meeting according to the agenda and has no policy to add any new agenda items or change material information without notifying the shareholders in advance. During the meeting, the Chairman gives the opportunity to the shareholders to raise questions and express opinions on each agenda item and provides clarifications to all queries to the shareholders' satisfaction. At the previous meeting of shareholders, the Board Chairman, Chairman of the Remuneration and Nominating Committee, Director&President, top management, the auditors and the legal advisors participated in the meeting to answer the questions raised by the shareholders.
7. The shareholders who join the meeting after the meeting has already been declared open are given the right to cast votes on the agenda item that is still under consideration and has not yet been voted on.

Treatment of shareholders after the meeting date

1. For the 2016 shareholders' meeting, the Company disclosed the meeting resolutions and voting results immediately after the meeting date through a news release to the SET.
2. For the 2016 Annual General Meeting and the previous extraordinary general meeting of shareholders, the Company made the minutes containing all material information available within 14 days after each meeting in accordance with SET requirements and posted the minutes on the Company's website.
3. Audio and visual records of the meeting were also made available in VCD format for interested shareholders who did not attend the meeting.

The Company communicates with shareholders, discloses corporate information and the shareholding structure in its subsidiaries and associated companies clearly in its annual report and on its website. Such disclosure is to assure shareholders that the Company's management structure is effective, transparent and accountable and will lead to sustainable growth and generate a fair rate of return for shareholders.

Chapter 2: Equitable Treatment of Shareholders

2.1 Treatment of Shareholders

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

1. All shareholders are given an equal right, regardless of their shareholding percentage, to nominate persons for directorship and to propose agenda items in advance. The Company has disclosed this information via the SET and posted on the Company's website the process for completion and submission to the Remuneration and Nominating Committee and/or the Board of Directors for further consideration. In the event that the Board of Directors resolves to reject the agenda items proposed by the shareholders, the Company will notify the shareholders of the reasons for such rejection at the shareholders' meeting. The shareholders who attend the annual general meeting are also granted the right to nominate persons for directorship directly to the meeting. At the 2016 Annual General Meeting, no shareholders nominated qualified persons for election as directors or proposed additional agenda items.
2. The shareholders are allowed to forward their questions, comments or suggestions in advance through e-mails or letters directly to the Company Secretary prior to the meeting date so that all questions could be gathered for answering at the meeting. In 2016, none of the shareholders submitted questions, comments or suggestions in advance through the said channels.
3. 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.
4. All shareholders have an equal access to the Company's information. Up-to-date information is always disclosed via the Company's website. Shareholders are properly and equitably treated by having access to information disclosed through the SET's information disclosure system and the Company's website and investor relations unit.
5. The Company formulates in writing a guideline on data storage and control over the use of internal information to ensure fairness to shareholders; notifies and prohibits the directors, executives, employees and their related persons such as spouse, minor children and nominee from using internal information that is crucial to trading of the Company's shares and share price movement and has not yet been disclosed publicly in accordance with the Securities and Exchange Act B.E. 2535; and stipulates that the directors and executives must report to the SEC their holding of securities of listed companies in which they hold office within 30 business days after assuming the position and within three business days after buying or selling the securities and must always submit a copy of such report to the Company Secretary.

2.2 Participation in Shareholders' Meeting

1. Shareholders who are unable to attend the meeting by themselves are encouraged to appoint other persons or any of the independent directors as their proxy to attend the meeting and cast votes on their behalf by using the proxy form that allows the shareholders to determine their voting direction. The Company posts the proxy forms including all relevant details and procedures on its website at least 30 days in advance. At the annual general meeting held in April 2016, there were a total of 887 shareholders attending the meeting of whom 99 attended the meeting in person and 788 attended by proxy.
2. Shareholders are encouraged to use ballots for voting on each agenda item. Ballots are separately provided for each agenda item. In particular, ballots for election of directors are arranged on an

individual basis so that the shareholders can cast votes as they deem fit. The voted ballots are collected in the meeting room and the total votes derived will be aggregated with the votes pre-determined in the proxy forms, the final voting result of which will be announced in the meeting room.

Chapter 3: Awareness of Stakeholders' Roles

3.1 Non-Violation of Human Rights

The Company respects the stakeholders' rights under the laws or the obligations or agreements made between them and shall not perform any act in violation of the rights of those stakeholders. We have formulated a policy on human rights for the Board of Directors, executives and all employees to adhere to and have clearly defined the rights of all groups of stakeholders in the code of ethics and business conduct. We also make certain that all such rights are protected with fair treatment and that the stakeholders receive a fair compensation for any damage arising from violation by the Company. The details are available and can be downloaded from the Company's website at www.thairelife.co.th and the annual registration statement (Form 56-1)

3.2 Treatment of All Groups of Stakeholders

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

Treatment of Shareholders

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

1. The Company ensures that the shareholders receive adequate and appropriate information by disclosing crucial information, both financial and non-financial, to the shareholders in an accurate, complete and timely manner through various channels such as the SET's electronic information disclosure system, the Company's website, newspaper, press release, or written letter, etc.
2. The Company encourages the shareholders to exercise their right to attend the shareholders' meeting, right to cast votes at the meeting, and other rights to which they are entitled, and shall not perform any act that will infringe on or prejudice the shareholders' rights.
3. The Company grants rights to the shareholders to express their comments or lodge any complaints regarding the Company's business operation through channels indicated on the Company's website. All comments are screened and forwarded to the Board of Directors or the concerned units and any development thereof will be informed to the relevant shareholders in due course. In 2016, no suggestions or complaints were submitted to the Company and there were only some phone contacts with our Investor Relations unit, inquiring about the Company's business operation.

Treatment of Employees

Employees are a key resource and critical to business success. The Company would like all employees to take a pride in the Company and experience good career opportunities.

1. The Company treats all staff members under the principles of human rights, dignity and equality and does not perform any act that will infringe on or prejudice rights of the employees.
2. The Company recruits suitable personnel at all levels through a fair and transparent process, based on factors such as qualification for each position, scholastic requirement, work experience and other requirements essential for such job, without discrimination on the grounds of gender, age, race, religion or any other status unrelated to the work.
3. The Company places importance on safety, sanitation and a pleasant working environment. Once a year the Company conducts a fire drill to remind everyone of the dangers of events such as a fire and maintains and repairs all equipment to ensure it is fully operational at all times. In order to emphasize the importance of this the Company incorporated the above guideline into the code of ethics and business conduct. In 2016, no employees suffered a work-related injury or illness.
4. The Company has formed a Welfare Committee to represent employees in improving welfare in conjunction with the management and in arranging activities for employee participation.
5. The Company provides a compulsory annual health check-up program, classified by age group, for all employees. The Company also encourages employees to exercise by providing a fully-equipped standard gym, believing that employees in good health help to decrease the illness rate and increase their working efficiency.
6. The Company adopts a policy and practice that ensures employees' remuneration and fringe benefits are at an appropriate level and commensurate with their duty and responsibility and are comparable with those of similar businesses. To serve this purpose, salary and compensation survey data in insurance and similar industries from different sources and data on yearly performance evaluation of the individual employees are used as a basis for such consideration. In addition, the Company provides a provident fund, so that employees can accumulate funds for their future needs. Details of employee remuneration (including contribution to the provident fund) are presented in "*Human Resources*" section.
7. Realizing that personnel are the organization's most valued resources, the Company implements a policy on personnel development by encouraging employees to undergo training and competence development in order to strengthen their working efficiency and advance their career. All employees are developed according to the training road map, career path and career plan designed for the individual employees. Number of employees' training hours are described in 'Human Resources' Section.
8. The Company allows employees to always be updated on relevant news and information through channels such as the Company's Intranet, internal news circular, e-mail, etc. in a bid to promote communication between the organization and employees and, hence, increase teamwork efficiency and relation.
9. Every year the Company conducts an employee attitude and satisfaction survey in order to use the comments and suggestions obtained from the survey for further corrective action.
10. The Company also allows employees to convey their opinions and lodge complaints and any other issues relating to their work either to their supervisors or directly to top management. All comments and complaints are considered in conformity with the policy on complaints and whistleblowing management and whistleblower protection.

Treatment of Customers

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

1. The Company treats customers on a fair and non-discriminatory basis and avoids any unethical acts such as collusion in price fixing or job allocation or use of customers' confidential information for the benefit of a third party.
2. The Company strictly honors undertakings made with customers and delivers a quality and reliable service in accordance with its business standards.
3. The Company provides services in a polite and respectful manner and promotes a long lasting and sustainable relationship with its customers to ensure friendliness and satisfaction amongst all parties.
4. The Company will not disclose customers' information 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.
5. The Company gives advice on and assistance only in matters relevant to its business.
6. The Company maintains high service standards in order to serve customers' requirements.

Treatment of Business Partners, Competitors and Creditors

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

1. The Company sets out rules for evaluation and selection of partners and counterparties who conduct business with a high degree of accountability, follow codes of ethics and display professional integrity and are not involved in any form of fraud.
2. The Company treats all partners and counterparties on an equitable and non-discriminatory basis and does not take advantage of its partners and counterparties.
3. The Company puts in place a management and follow-up system to ensure the agreement conditions are completely fulfilled, together with a fraud prevention process at all steps of its operation.
4. The Company does not perform any act that will tarnish its competitors' reputations through any allegation without any reasonable grounds.
5. The Company does not seek to obtain confidential information of its competitors by any unethical or improper method.
6. The Company does not perform any act that will infringe upon the intellectual property and invention under patent of other parties or its competitors.
7. The Company complies with all conditions under agreements made with creditors in respect of guarantees, fund management, payments and any other matters agreed upon with such creditors.
8. In the event of failure to fulfill the conditions, the Company will promptly notify creditors and provide reasons and remedial measures for such failure in order to jointly seek solutions to the problem.

9. The Company abides by an anti-fraud policy and follows the principles of integrity, and neither gives nor receives any bribe whether in form of a gift or any other benefit. It will not perform any act that is conducive to fraud and bribery. It will not perform any act or assist in or support any act that is deemed as misconduct according to the relevant laws and notifications. It will not perform any act relating to property in bad faith or any act that is detrimental to the national economy or security, nor conceal or take part in a transfer or sale of property obtained from such act.
10. The Company has a policy to abide by the laws governing intellectual property or copyright and does not infringe on intellectual property or copyright.

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

Treatment of Regulatory Bodies and Government Agencies

The Company complies with all laws, notifications, rules and regulations stipulated by regulatory bodies and government agencies. The Company also cooperates and collaborates in corporate governance and anti-corruption measures that have been supported by regulatory bodies and government agencies or other private agencies in order to enhance management efficiency and ultimately achieve strong and sustainable development.

Treatment of Society and Environment

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

1. The Company encourages all employees to join in CSR activities and community development, and operates business without causing any negative impact on society and the environment. In 2016, the Company promoted the creation of a pleasant workplace condition and improvement of the surrounding environment. It also arranged road safety campaign activities within the organization and in nearby communities and also in conjunction with the OIC.
2. The Company is determined to operate its business with fairness and display responsibility for society in general and the environment and all groups of stakeholders in its core business processes. The Company assesses the impact of its activities on society the economy and the environment. The Company also identifies operational goals that cause no impact on society and environment.
3. The Company encourages all employees to use natural resources efficiently with the least possible waste, to recycle all types of products and to conserve energy through lower power usage.
4. The workplace environment has been improved and maintained and meets modern day health and safety standards.
5. The Company is aware of the importance of a sound society. As part of Thai society, the Company deems that it has duty to support and operate CSR activities and community development. This is complementary to the Company's main objective to operate a business for the benefit of the insurance business and national economy as a whole.

3.3 Whistleblowing and Complaints Report

The Company, with the Board of Directors' approval, has adopted a policy on complaints and whistleblowing management and whistleblower protection. Measures, regulations, guidelines and procedures for dealing with this have been communicated to all concerned parties to ensure a full understanding and an method for handling each case correctly and properly. The details are presented in the Corporate Governance Handbook which can be downloaded from the Company's website at www.thairelife.co.th and the annual registration statement (Form 56-1)

Chapter 4: Information Disclosure and Transparency

4.1 Disclosure of Information

It is important that the Company discloses all significant information such as business activity and financial reports to the public through various channels required by law or by authorities in a strict, complete and timely manner, by ensuring that the information disclosed is accurate, precise and relevant. The Company also discloses the following information to demonstrate its compliance in responsible corporate governance and business transparency:

1. The Company has established the code of business ethics and best practices for the Board of Directors, the management and staff to adhere to since 2012. The corporate governance policy, anti-corruption policy, and handbook on corporate governance and business ethics of the THRE Group are posted on the Intranet and the Company's website, in order for all directors, executives and staff members to familiarize themselves with, acknowledge and abide by.
2. The Company's information, both financial and non-financial, is disclosed. The financial information is audited and reviewed by the auditors and approved by the Audit Committee and the Board of Directors.
3. All information, including financial statements and annual reports is made available on the Company's website in both Thai and English.
4. Press releases and significant business activities that are useful to shareholders, investors, securities analysts and general public are made available via the Company's website.
5. The Company discloses the roles and duties of the Board of Directors and committees, the number of meetings and attendance record of each member in the past year.
6. The Company publishes a report on the Board of Directors' responsibility for the financial report in its annual report (Form 56-2).
7. The Company discloses information on remuneration for directors and management in the annual registration statement (Form 56-1) and the annual report (Form 56-2) and also discloses the policy on remuneration for directors and top management, including type, nature and amount of remuneration received by each member for serving on committees and as a director in subsidiaries.
8. The Company has a requirement to report all trading transactions of securities holdings of directors and executives. The Company Secretary is assigned to collect all of such information to report to the Board of Directors.

4.2 Investor Relations

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

The Company has assigned Ms.Duangnaporn Phermnamlap, Company secretary, to be in charge of “Investor Relations” unit. For enquiries, please call 02 660 6111 or e-mail to corpsecretary@thairelife.co.th. For activities in 2016, there were 16 meetings held with members of the media, securities analysts, investors and fund managers.

4.3 Report on Interest

The Company has established guidelines and rules and procedures for reporting the interests of directors, executives and their related persons, which were duly approved by the Board of Directors. Such reports show compliance with regulations for connected transactions and monitoring the interest of directors, executives and their related persons insofar as the said interest is relevant to the Company’s business management.

1. The Company has a policy under which the directors and executives are required to disclose their interest and interest of 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 interest in any transactions of the Company shall not participate in decision-making on such transactions, and the transactions shall be processed according to the measures or procedures for approval of related party transactions of the Company.
2. The Company has a policy on trading of the Company’s securities and procedures for reporting of securities holdings of directors, executives and employees who have access to confidential internal information, and requires that the directors and executives have a duty to report their securities holding in accordance with SEC’s regulations.

Chapter 5: Board of Directors’ Responsibility

5.1 Responsibility of the Board of Directors

In addition to its power, duties and responsibilities prescribed under the law and the Company’s Articles of Association, the Board of Directors also has other responsibilities:

1. The Board of Directors has duty to determine the Company’s vision and mission so that the executives and employees would perform their duties towards a common goal. In 2016, the Board of Directors reviewed and approved the vision, mission, strategy, target and direction for business operation of the Company as well as reviewed the significant policies to be in line with business operation under corporate governance principles such as the policy on corporate governance, the anti-corruption policy, etc.
2. The Board of Directors monitors and ensures that the Company’s strategies are put into practice. At every quarterly meeting, the Board of Directors follows up on the management’s performance and

requires that there must be a report on the Company's operation and business performance, especially the performance against financial targets and action plans, to make sure that the established strategies are accomplished.

3. Determine the duties, authorities and responsibilities of the Board of Directors in accordance with the applicable laws, rules and regulations and the power, duties and responsibilities of all Subcommittees so as to enable the Board of Directors and the Subcommittees to correctly make consideration and render opinion within the scope of their power, duties and responsibilities.

The roles, duties and responsibilities of the Board of Directors are as follows:

- (a) The directors must have knowledge, ability and experience that are useful for business operation, be keen on the activities of the Company of which they serve as director, and have strong determination, honesty and integrity in business operation.
- (b) The directors must, in performing duties, comply with the laws, objectives and Articles of Association of the Company, resolutions of the Board of Directors and resolutions of the shareholders' meeting with honesty, integrity, due care, protection of the Company's interest, and accountability to shareholders on a continuous basis.
- (c) The Board of Directors has duties to determine the Company's business policy and direction, including action plans, budgets, etc., and to monitor and supervise the management to implement the policy efficiently and effectively so as to maximize economic value and shareholders' wealth.
- (d) The Board of Directors should always follow up on the Company's operation and be kept informed of the Company's compliance with the laws and relevant agreements and should see that the management notifies all crucial issues of the Company to ensure effective business operation.
- (e) The Board of Directors should arrange for the Company to have in place an effective internal control and internal audit system under the Audit Committee's advice.
- (f) The independent directors and other third-party directors should be prepared to exercise their independent judgment with respect to strategy formulation, business administration, resource utilization, director appointment and determination of operational standard procedures, and also be prepared to object to any acts performed by other directors or the management in the case where there is a conflict in matters that will dampen the equality of all shareholders.
- (g) Assess the Company's compliance with corporate governance policy and review the policy at least once a year.
- (h) Establish a written code of business conduct for the directors, executives and employees to familiarize with and adhere to in business operation.
- (i) Arrange for the Audit Committee to render opinion to the Board of Directors regarding the transactions with conflict of interest in material aspect between the Company and persons with vested interest or related persons of the directors or executives, whereby the directors or executives with vested interest shall not be allowed to participate in the meeting or cast votes on any such agenda item. The nature of

such relationship and definition of persons with vested interest shall be as specified in regulations of the SET and the SEC.

- (j) Arrange for the Company's internal control system to be reviewed by the internal unit and/or external agency to reasonably ensure that, once this is fulfilled, the Company will be able to achieve its goals in (a) efficient and effective operations and worthwhile utilization of resources; (b) accurate, reliable and timely accounting and financial reporting; and (c) compliance with the Company's policies, rules and regulations and the laws. Results of such internal control review shall be reported to the Audit Committee, the Executive Board and the Board of Directors in order to further develop and improve the internal control system.

5.2 Self-Evaluation of Board of Directors

Annually, each member of the board is required to evaluate the overall performance of the Board of Directors, using an evaluation form determined by the SET Corporate Governance Center. The purpose of this is to jointly review performance, problems and obstacles in the past year. The result will be used as a guideline to improve the work of the Board of Directors to ensure greater effectiveness and efficiency. In 2016, the SET Corporate Governance Center's evaluation form was used, similar to the past years. All directors completed the evaluation and the result showed that the Board of Directors expressed opinion on all of the six main subjects of the evaluation as follows:

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

The overall evaluation of the Board of Directors for the year 2016 found that the Board was operating exceptionally well.

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

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

The overall evaluation result of the year 2016 showed that all subcommittees completely performed their duties and in accordance with the Charter. Their opinion on the above issues was in the level of strongly agreed or excellent action.

5.3 Performance Evaluation of Top Management

The Board of Directors sets out that there shall be a performance evaluation of President (CEO) and other executives on an annual basis at the last meeting of the year to be a basis for consideration on their compensation. In

this respect, the board of directors shall consider and recommend compensation rate for President (CEO) and executives.

5.4 Development of Directors and Executives

1. The Company encourages the directors, executives and Company Secretary to attend seminars and training programs organized by Thai Institute of Directors, the SET, the SEC and the National Corporate Governance Committee so that they could use the obtained knowledge for operational improvement on a continuous basis. The directors must at least undergo training and participate in the continuing programs as required by the SET and the SEC.
2. New directors shall be provided with basic information about the Company, entailing a listed company director handbook, annual registration statement (Form 56-1), annual report (Form 56-2), minutes of the Board of Directors' meetings, minutes of the shareholders' meetings, the Company's corporate governance policy, and others, which will be helpful for the new directors in performing their duties.
3. The executives and employees shall be rotated to assume the tasks in which they are adept, based primarily on suitability of work and timing. The President shall determine such timing and consider their working performance as a basis for drawing up a development and succession plan. This is also aimed to enrich the executives and employees' knowledge and competence and enable them to replace each other.

5.5 Succession Plan for Top Management

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

5.6 Remuneration of Directors, Committee Members and Executives

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

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

Corporate Social Responsibility

Policy Overview

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

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

- Business partners, the insurance business sector and Thai people in general by cooperatively developing and building business with the Company's counterparties and to effectively respond to society's current requirements.
- Benefits for shareholders through growth in revenue and profits and maintaining sustainable growth and development.
- Development of employees through skills improvement and promotion of good quality of life for all personnel.

CSR Activities and Reports

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

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

Anti-Corruption Activities

The Company has a policy to act against corruption and bribery for commercial benefit and established this in 2012 in its business ethics code in respect of best practices towards customers, competitors and state agencies. The report is available in Sustainable Development Report and can be downloaded from the Company's website at www.thairelife.co.th.

CSR Plan

The Company is committed to operating its business in a fair and responsible manner towards society, the environment and all groups of stakeholders involved in the core business processes of the Company.

Related Party Transactions

The Company entered into juristic persons with parties possibly having a conflict as follows:

Juristic Persons with Possible Conflict of Interest	Relationship	Nature of Transaction	As of Dec 31, 2016 (THB)	As of Dec 31, 2015 (THB)	Rationale and Necessity
1. Thai Life Insurance PCL	Dr. Apirak Thaipatanagul is Director and Chief Executive Officer of Thai Life Insurance PCL, and also serves as Director of THREL.	- Written premium	78,339,192	17,735,283	Engaging in life reinsurance business, the Company, therefore, earns written premium, commission, claims and others in the normal course of operation, which is in line with the Company' s policy. This transaction was made with life insurance companies in general. <u>Opinion of the Audit Committee</u> This is a normal transaction of life insurance business, with conditions and prices agreed upon with the third parties.
		- Retrocession premium	2,336,584	2,283,425	
		- Commission received	397,500	680,222	
		- Commission paid	22,082,827	1,123,280	
		- Claim recovery	804,164	702,666	
		- Claims paid	40,646,384	1,625,784	
2. Bangkok Life Assurance PCL.	Mrs. Komkai Thusaranon is Director and be in charge President of Bangkok Life Assurance PCL, and also serves as Director of THREL.	- Accrued accounts receivable (payable), net	3,990,729	1,009,391	
		- Written premium	213,066,235	-	
		- Commission paid	60,512,976	-	
		- Claim paid	152,791,954	-	
		- Accrued accounts receivable (payable), net	(10,337,977)	-	- Engaging in life reinsurance business, the Company, therefore, earns written premium, commission, claims and others in the normal course of operation, which is in line with the Company' s policy. This transaction was made with life insurance companies in general. <u>Opinion of the Audit Committee</u> This is a normal transaction of life insurance business, with conditions and prices agreed upon with the third parties.

Juristic Persons with Possible Conflict of Interest	Relationship	Nature of Transaction	As of Dec 31, 2016 (THB)	As of Dec 31, 2015 (THB)	Rationale and Necessity
3. Thai Reinsurance PCL	Thai Reinsurance PCL is THREL's major shareholder of 17.47 percent. (24.3 Percent as of Dec 31, 2015)	- Service fee for human resource and IT	2,994,288	3,510,456	<p>THREL used human resource and IT service provided by personnel in THRE Group, with service fee charged at cost price plus additional margin</p> <p><u>Opinion of the Audit Committee</u></p> <p>This transaction is deemed essential and the service charge at cost price plus additional margin is reasonable</p>
4. Thaire Services Co., Ltd.	Thaire Services Co., Ltd. Is a subsidiary of Thai Reinsurance PCL, which is THREL's major shareholder.	<ul style="list-style-type: none"> - IT consulting fee and service fee - Computer equipment service fee - Management consulting service fee - Revenue from office space rentals 	<ul style="list-style-type: none"> 5,693,641 1,337,500 1,310,750 2,056,260 	<ul style="list-style-type: none"> 3,168,077 - 2,118,600 2,040,480 	<ul style="list-style-type: none"> - THREL used IT consulting service and IT service for advice on procurement, repair and maintenance of computer equipment and core business system, with service fee charged at cost price plus additional margin. - THREL uses for computer server and equipment, with service fee charged at cost price plus additional margin. - Management consulting service fee, THREL used human resource, with service fee charged at cost plus 5 percent margin. - THREL rented to Thaire Services Co., Ltd. an office space of 323 sq.m. on the 2nd and 4th floors at a rental fee of THB 113,050 per month, with public utility fees of actual used. <p><u>Opinion of the Audit Committee</u></p> <ul style="list-style-type: none"> - Such IT consulting services are necessary for the

Juristic Persons with Possible Conflict of Interest	Relationship	Nature of Transaction	As of Dec 31, 2016 (THB)	As of Dec 31, 2015 (THB)	Rationale and Necessity
5. Thaire Actuarial Consulting Co., Ltd.	Thaire Actuarial Consulting Co., Ltd. is a subsidiary of Thaire Services Co., Ltd.	- Revenue from office space rental	149,880	205,800	<p>Company and the service charge at cost price plus addition margin is deemed reasonable.</p> <p>- Revenue from office space rental is a normal transaction and the conditions and price are comparable with rental charges of the nearby companies.</p> <hr/> <p>- THREL rented to Thaire Actuarial Consulting Services Co., Ltd. an office space of 41 sq.m. on the 1st floor at a rental fee of THB 350 per sq.m., with public utility fees of actual used. (6th, in 2015)</p> <p><u>Opinion of the Audit Committee</u></p> <p>Revenue from office space rental is a normal transaction and the conditions and price are comparable with rental charges of the nearby companies.</p>

Policy on Interest and Conflict of Interest

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

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

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

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

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

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

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

Measures or Procedures for Approval of Related Party Transactions

The Company abides by the law governing securities and stock exchange and the regulations, notifications, directives or requirements of the Capital Market Supervisory Board and the Stock Exchange of Thailand. The executives or stakeholders who have a vested interest are not allowed to participate in the approval of such transactions. In the case where it is legally required to obtain approval from the Board of Directors' meeting, the Company will arrange the Audit Committee to join the meeting to consider and advice regarding necessity and reasonableness of any such transactions. The principles for entering into the arm's-length transactions and the non-arm's-length transactions are as follows:

Arm's-length transactions

The Board of Directors gives approval in principle for the management to approve the arm's-length transactions executed by the Company and its subsidiaries with the directors, executives or related persons provided that those transactions are under the same trade terms and conditions as those executed by persons of ordinary common sense with general counterparties in the same situation and the bargaining power thereof is free from their influence in their capacity as directors, executives or related persons. The Company will present a summary report on the said transactions to the Audit Committee's meeting and the Board of Directors' meeting on a quarterly basis.

Non-arm's-length transactions

The non-arm's-length transactions are to be considered by the Audit Committee before proposing to the Board of Directors and/or the shareholders' meeting for further consideration and approval. In this respect, the Company must observe the law governing securities and exchange and the regulations, notifications, directives or requirements of the Capital Market Supervisory Board and the Stock Exchange of Thailand, including the disclosure rules for connected transactions. In the case where the Audit Committee has no expertise in the consideration of any potential related party transactions, the Company will appoint an independent specialist or its auditor to render opinion on such transactions to be a basis for decision making by the Audit Committee and/or the Board of Directors and/or the shareholders, as the case may be. This is to ensure that such transactions are necessary and reasonable and are executed in the interest of the Company. The Company will disclose information on the related party transactions in the annual registration statement and notes to the financial statements that have been audited by the Company's auditor. Related Party Transactions

Policy or Trend of Related Party Transactions in the Future

In enter into any related party transactions in the future, the Board of Directors must comply with the law governing securities and exchange and the regulations, notifications, directives or requirements of the Capital Market Supervisory Board and the Stock Exchange of Thailand, including the disclosure rules for connect transactions of the Company or its subsidiaries, in accordance with the accounting standards set out by the Federation of Accounting Professions. The current related party transactions with other life insurance companies are the usual transactions executed in line with condition in general. The related party transactions made with companies in the same group, namely Thai Reinsurance PCL. (parent company), Thaire Services Co., Ltd. and Thaire Actuarial Consulting Co., Ltd., include human resource management service fee, IT consulting and service fee, and office space rental, all of which will continue to take place. The human resource management service fee and the IT consulting and service fee are made through resource sharing among THRE Group member companies, to ensure cost saving, whereas the office space rental fee is comparable with space rental by other nearby companies in nearby areas.

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

The Company has engaged in life reinsurance of all classes. The reinsurance premium written are partially appropriated for insurance reserve which is further invested to bring in returns that could cover contingent liabilities. Thus, in addition to life reinsurance, investment is extremely crucial for our business operation.

Our major income source is net reinsurance premium written which make up 95-97 percent of total income, followed by investment income which is around 3-4 percent of total income. The remainder includes commission and brokerage income and other incomes. Such premium growth was primarily caused by continuous expansion of Thailand's life insurance market.

The Company provided reinsurance for domestic life insurance companies. The services are classified by two main types of business, which are conventional and non-conventional reinsurance. Over the past 5-6 years, non-conventional reinsurance has played a pivotal role in growing the Company's overall premiums. It has experienced robust growth and contributed an increasing proportion in the Company's total reinsurance premium written when compared with the past records.

On the investment side, the Company enjoyed an average rate of return on investment of 3-6 percent in 2015 and 2016, and 8 percent in 2014. The main investment assets are held-to-maturity investments such as government and state enterprise securities, debentures, etc., which make up about 40-60 percent of total investment assets, moreover by available-for-sale investments such as equity securities and unit trusts, accounting for approximately 30-50 percent of total investment assets.

Operating Performance

Income

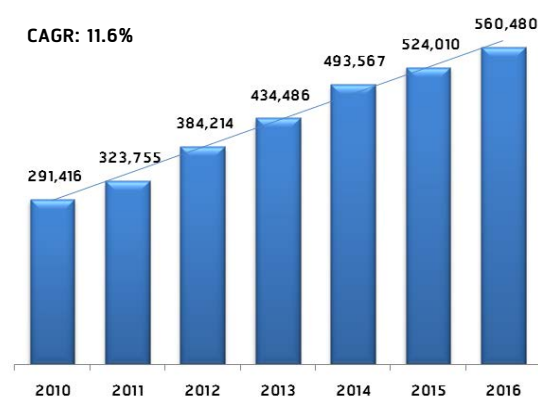
The Company's income is mainly derived from earned premium, commission income and profits from investment of its associated companies, net investment income, profits (losses) from investment, fair value gain (losses) as well as other incomes. In 2016, 2015 and 2014, the Company's total income was recorded at THB 2,058.4 million, THB 1,892.2 million and THB 1,703.6 million respectively, representing a growth rate of 8.8 percent and 11.1 percent respectively. A rise in the Company's total income derives from net insurance premiums owing to the growth in total revenue and the expansion of domestic insurance business which will be described as follows:

Earned Premium

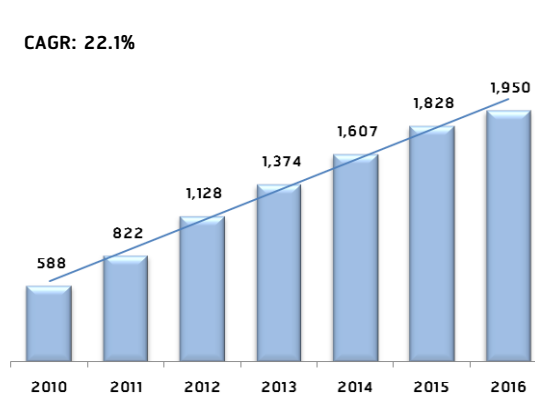
Earned premium is the amount of total premiums calculated from gross reinsurance premium written less reinsurance premium ceded and change in unearned premium reserves.

In 2016, 2015 and 2014, the Company's income had gain from earned premium of THB 1,965.8 million, THB 1,833.5 million and THB 1,583.0 million respectively, representing a growth rate of 7.2 percent and 15.8 percent respectively. In terms of net reinsurance premium written, the growth was primarily caused by the expansion of domestic life insurance market which increased annually. Life insurance market of Thailand's CAGR between years 2010-2016 was at 11.6 percent while the Company's CAGR of the same period was approximately 22.1 percent, resulting in increased gross written premiums from life insurance companies.

Net premium written in Thailand During 2010-2016
(THB Million)



THREL's Net premium written During 2010-2016
(THB Million)



Source: OIC and the Thai Life Assurance Association

Another contributing factor was growth in non-conventional reinsurance, which the Company has innovated and developed in partnership with a life insurance company, which it has grown remarkably in the past 4-5 years, resulting in a higher market share when compared with the conventional reinsurance.

(Unit: THB Million)

Earned Premium	2016		2015		2014	
	Amount	Percent	Amount	Percent	Amount	Percent
Conventional Reinsurance	1,185.3	60.3	1,232.8	67.2	1,148.2	72.5
Non-conventional Reinsurance	780.5	39.7	600.7	32.8	434.8	27.5
Total	1,965.8	100.0	1,833.5	100.0	1,583.0	100.0

Net Investment Income

Net investment income is income derived from investments in assets, including loans. It consists of interest, dividend, gain on sales of investments, share of profit from investment in an associate, and so on.

In 2016, 2015 and 2014, the Company generated net investment income of THB 86.7 million, THB 52.4 million and THB 115.6 million, respectively, increased 65.3 percent but decreased 54.7 percent respectively. The rates of return on investment were 5.6 percent, 3.5 percent and 8.2 percent, respectively.

Net investment income will vary according to investment situation each year; for example, interest rate from debt securities or dividends from securities investment in the stock market, etc. In 2016, the Company's revenues from investment increased owing to the selling of investment in equity securities, resulting in profits of approximately THB

27 million. As for 2015, the Company's revenues from investment declined due to the continual reduction of policy rate which in turn affected the return on bank's interest and interest from bond investment.

Items	2016	2015	2014
Investment Yield ^{/1} (percent)	5.6	3.5	8.2
Investment ^{/2} (THB Million)	1,596.8	1,526.1	1,483.5

/1 Investment Yield: Divide the summary of net investment income, gain (losses) on investments, share of profit from investment in an associate, and fair value gain (losses) by the average investment assets.

/2 Investment assets consist of cash and cash equivalents, trading investments, available-for-sale investments, held-to-maturity investments, general investments, loans, and investments in an associated.

Notes to financial statements for the year ended December 31, 2016 and 2015 classified business lines as conventional and non-conventional reinsurance as follows:

(Unit: THB Million)

	2016		2015	
	Conventional Reinsurance	Non-Conventional Reinsurance	Conventional Reinsurance	Non-Conventional Reinsurance
Earned Premiums	1,185.3	780.5	1,232.8	600.7
Underwriting expenses	944.7	663.1	969.5	385.6
Profit from underwriting	240.6	117.4	263.3	215.1
Underwriting profit margin (percent)	20.3	15.0	21.4	35.8

From the above table, the Company earned underwriting profit from non-conventional reinsurance and developing new and highly demanded policies as well as devising innovative marketing plan while expanding distribution channels appropriate for the Company's target customers more than the conventional reinsurance. In 2016, the underwriting profit margin from non-conventional reinsurance was recorded at 15.0 percent, a decline of 35.8 percent compared to the same period of the previous year. Furthermore, the underwriting profit margin for the conventional reinsurance was 20.3 percent, compared to 21.4 percent growth of the previous year. This is due to the increasing of claims incurred.

Expenses

Two major expense categories for the Company are 1) claim expenses and 2) underwriting expenses.

Claims Expenses

Claims expenses consist of claims incurred, whether paid or unpaid to the reinsured in case of the insured's becoming ill, having an accident or passing away, and benefits under a life insurance policy payable upon the insured reaching the age specified in the policy or upon completion of a period of time specified in the policy, deducted by claims recovered from reinsurance. These also include actuarial claim liability reserve, which is derived from the best possible estimate of claims expected to be paid to the insured in the future for both the reported and the unreported losses incurred before or on the estimation date, and include loss adjustment expenses.

In 2016, 2015 and 2014, the Company recorded claims expenses at THB 952.9 million, THB 783.2 million and THB 645.4 million respectively, representing a loss ratio of 48.9 percent, 44.0 percent and 40.8 percent respectively. Nevertheless, the Company can manage and handle claim and loss adjustment to some extent as well

as capable of estimating premium reserves classified business lines as conventional and non-conventional reinsurance. However, in some cases, such expenses may be uncontrollable since they depend largely on risks faced by the insured.

Nevertheless, claim payment will directly affect the profit commission which will be discussed later on. Loss ratio will be calculated from compensation and expenditures in handling with such compensation, compared to earned premiums. The loss ratio will be employed as one of the instruments in measuring the Company's efficiency in the reinsurance business, called "the combined ratio" which will be explained in details later.

Underwriting Expenses

Underwriting expenses include commission expenses, other underwriting expenses, and operating expenses.

Commission expenses

As mentioned earlier, the Company's core business is to provide reinsurance services for life insurance companies. Under the reinsurance contract, account items consist of (1) reinsurance premium (2) deductible expenses such as commission expenses as agreed upon in the contract and (3) claim payable based on the liability per policy under such reinsurance contract. Therefore, the commission is comparable to a discount payable from reinsurance under the reinsurance contract. Commission is divided into 2 parts, commission payable to the life insurance company when transferring a transaction to the Company and profit commission which relies mainly on profit sharing from quality of such transaction the Company has to pay to the life insurance company. If the Company has to pay a large amount of claims for such transaction, the profit commission payable to the Company will decline as a result or not be paid at all. Nonetheless, the profit commission will vary based on each reinsurance contract's terms and conditions.

In 2016, 2015 and 2104, the Company recorded commission expenses at THB 620.2 million, THB 508.3 million and THB 560.3 million respectively, representing net commission expenses ratio of 31.7 percent, 28.3 percent and 35.2 percent respectively. In 2016, the Company acquired new project in non-conventional reinsurance business which provided commission on the first year's premium at a higher rate compared to renewal premiums. As for 2015, the commission ratio dropped due to higher proportion of renewal premiums which gave lower commission rate than the first year's premium including the decline of profit commission owing to higher compensation claims. In 2014, the Company acquired new project in non-conventional reinsurance business which provided commissions on the first year's premium at a higher rate compared to renewal premiums.

Net commission ratio will be calculated from commission expenses less commission income, compared to earned premium. Net commission ratio is regarded as one instrument in measuring the Company's efficiency in the reinsurance business, called the combined ratio which will be discussed later on.

Other underwriting expenses

Other underwriting expenses consist of contribution the Office of Insurance Commission, employee's expenses which are relate for underwriting and other underwriting expenses as agreed on in the reinsurance contract.

In 2016, 2015, and 2014, the Company recorded other underwriting expenses of THB 21.2 million, THB 14.0 million and THB 9.8 million respectively, accounting for a growth rate of 50.9 percent and 42.5 percent respectively.

Operating expenses

Operating expenses comprise of personnel expenses, premises and equipment expenses, tax and duties, and other operating expenses.

In 2016, 2015 and 2014, the Company recorded total operating expenses at THB 58.2 million, THB 55.2 million and THB 39.1 million respectively, accounting for a growth rate of 5.3 percent and 41.2 percent respectively. In 2016, an increase in operating expenses resulted from an increase in information technology consulting and service fees as well as computer appliance service expenditures. As for 2015, an increase in operating expenses resulted from an increase in personnel expenditures and information technology consulting and service fees to be in line with the Company's growth.

Underwriting Expenses and Operating Expenses Ratio

The ratio of underwriting expenses and operating expenses are one of the instrument employed in measuring the Company's efficiency in reinsurance business which is called "combined ratio". Such ratio is calculated from other underwriting expenses plus operating expenses in comparison with net written premiums, underwriting expenses and other operating expenses. In 2016, 2015 and 2014, the ratio of underwriting and operating expenses was equivalent to 4.0 percent, 3.8 percent and 3.0 percent respectively. The Company has established a policy to control such expenses not to exceed 5 percent of net written premiums and not higher than the average operating expenses of the life insurance industry.

Combined Ratio

Combined ratio is a commonly used ratio in measuring the efficiency of insurance. Combined ratio consists of the following:

1. Loss ratio
2. Net commission ratio
3. Underwriting expenses and operating expenses ratio

Consequently, if the combined ratio is lower than 100 percent, meaning that the Company has profits from its reinsurance business. The Company's combined ratio in 2016, 2015 and 2014 were 84.6 percent, 76.1 percent and 79.0 percent respectively. In 2016, the Company experienced an increase in combined ratio owing to higher loss ratio whereas in 2015, a decline in combined ratio was a result of a decrease in net commission expenses ratio.

Table illustrating the combined ratio

	(Unit: percent)		
	2016	2015	2014
Loss ratio	48.9	44.0	40.8
Net commissions ratio	31.7	28.3	35.2
Underwriting expenses and operating expenses ratio	4.0	3.8	3.0
Combined ratio	84.6	76.1	79.0

Net Profit

In 2016, 2015 and 2014, the Company recorded a net profit at THB 321.7 million, THB 388.7 million and THB 371.7 million respectively, representing a net profit margin of 15.6 percent, 20.5 percent and 21.8 percent

respectively. A decline of profit margin in 2016 was due to an increase in the Company's claims incurred and commission expenses while in 2015, the Company recorded a minor drop of profit margin even though profits from reinsurance business increased but profits from investment decreased since in the year earlier, the Company experienced a large sum of profits from selling investment funds.

Return on Equity

In 2016, 2015 and 2014, the Company recorded return on equity of 24.8 percent, 31.4 percent and 32.6 percent, respectively.

Financial Position

Assets

The Company's core assets are composed of cash and cash equivalents, accrued investment income, premium receivables, reinsurance assets, reinsurance receivables, investments in securities, and premises equipment.

As of the end of 2016, 2015 and 2014, the Company's total assets were recorded at THB 2,052.5 million, THB 2,025.3 million and THB 1,978.5 million respectively, growing by 1.3 percent and 2.4 percent respectively. Such asset growth was the result of an increase in cash, cash equivalent and investment assets in line with the Company's growth. The Company's assets comprise as follows:

Reinsurance Receivables

Reinsurance Receivables consists of amounts deposited on reinsurance and amount due from reinsurers.

Amounts Deposited on reinsurance are premium reserves collected by an insurance company (a reinsured) from a reinsurer as security in case the reinsurer encounters financial difficulties and is unable to perform obligations under the insurance contract. Such reserves will be returned by the reinsured in the following year or upon an expiry of the contract.

In 2016, 2015 and 2014, the Company's reinsurance receivables amounted to THB 273.1 million, THB 317.9 million and THB 338.8 million, representing 13.3 percent, 15.7 percent and 17.1 percent of total assets respectively. Details are described below:

(Unit: THB Million)			
Reinsurance Receivables	2016	2015	2014
Amounts deposited on reinsurance	56.3	70.2	75.3
Amounts dues from reinsurers	216.8	247.7	263.5
Total	273.1	317.9	338.8

In 2015 and 2016, the decline in the Company's reinsurance assets was attributed to a decline in amounts due from the reinsurance due to its higher efficiency in credit management.

Investment Assets

Investment assets are composed of available-for-sale investments, held-to-maturity investments, general investments, and loans, details of which are as follows:

(Unit: THB Million)

	2016		2015		2014	
	Amount	Percent	Amount	Percent	Amount	Percent
Cash and cash equivalents	181.9	11.4	73.9	4.8	79.8	5.4
Trading investment						
Equity securities	73.3	4.6	76.5	5.0	80.5	5.4
Available for sale investment						
Equity securities	207.9	13.0	110.8	7.3	90.2	6.1
Unit trusts	512.1	32.1	490.2	32.1	355.7	24.0
Held to maturity investment						
Government and state enterprise securities	468.3	29.3	393.2	25.8	464.4	31.3
Private enterprise debt securities	25.0	1.6	25.0	1.6	25.0	1.7
Deposits at banks	103.0	6.5	335.0	22.0	367.0	24.7
General investments	2.1	0.1	2.1	0.1	2.1	0.1
Loans	0.3	0.0	0.5	0.1	-	-
Investments in an associate	22.9	1.4	18.9	1.2	18.8	1.3
Total	1,596.8	100.0	1,526.1	100.0	1,483.5	100.0

Trading investments

Trading investments refer to investment performed by the Company with the intention to sell them in the near future in which the Company has to invest such registered shares in the Stock Exchange of Thailand (SET)

In 2016, 2015 and 2014, the Company had total trading investments of THB 73.3 million, THB 76.5 million and THB 80.5 million respectively, representing 3.6 percent, 3.8 percent and 4.1 percent of its total assets respectively. During the year 2014, the Company transferred a part of its investments in a company listed on the Stock Exchange of Thailand (SET) from "available-for-sale investments" to "trading investments" owing to the change in its investment policy in compliance with the Company's investment situation and fluctuation of the share price in the stock market.

Nevertheless, trading investments in 2016, 2015 and 2014 accounted for 4.6 percent, 5.0 percent and 5.4 percent of investment assets respectively.

Available-for-sale investments

Available-for-sale investments refer to investments made by the Company and intended to be sold in the future, comprising of equity securities and unit trusts.

In 2016, 2015 and 2014, the Company's available-for-sale investments amounted to THB 719.9 million, THB 601.1 million and THB 445.8 million respectively, representing 35.1 percent, 29.7 percent and 22.5 percent of total assets respectively. A proportion of equity securities to unit trusts in the available-for-sale investments in 2016 were

reported at 30 percent to 70 percent respectively. As for 2014 and 2015, such proportion was estimated 20 percent to 80 percent respectively.

However, available-for-sale investments in 2016, 2015 and 2014 made up 45.1 percent, 39.4 percent and 30.1 percent of investment assets respectively. In 2015 and 2016, the Company experienced a growth in available-for-sale investments resulting from additional investments in unit trusts.

Held-to-maturity investments

Held-to-maturity investments are investments made by the Company and intended to be held until maturity, comprising of government and state enterprise securities, debentures, and deposits at banks.

In 2016, 2015 and 2014, held-to-maturity investments amounted to THB 596.3 million, THB 753.2 million and THB 856.4 million, respectively, representing 29.1 percent, 37.2 percent and 43.3 percent of total assets, respectively. The majority of investment items were government and state enterprise securities and deposits at banks.

Held-to-maturity investments accounted for 37.4 percent, 49.4 percent and 57.7 percent of investment assets in 2016, 2015 and 2014, respectively, decreased due to rebalance of the Company's portfolio by increasing in available-for-sale investments.

Premises and equipment

In 2016, 2015 and 2014, premises and equipment-net of the Company amounted to THB 42.6 million, THB 42.9 million and THB 45.1 million respectively, representing 2.1 percent, 2.1 percent and 2.3 percent of total assets respectively. Property, building and equipment-net declined in 2016 and 2015 as a result of depreciation.

(Unit: THB Million)

Particulars	2016	2015	2014
Land	17.6	17.6	17.6
Building	22.8	23.2	24.8
Furniture, Fixture and equipment	1.7	1.0	1.1
Computers	0.2	0.2	0.1
Motor Vehicles	0.3	0.9	1.5
Total – Net	42.6	42.9	45.1

Liabilities

As at the end of 2016, 2015, and 2014, the Company had total liabilities of THB 739.5 million, THB 742.9 million and THB 788.8 million, respectively, down by 0.5 percent and up by 5.8 percent, respectively. The chiefly attributed changes in total liabilities were a decrease in amounts due to reinsurers in 2015.

Amounts Due to Reinsurers

In 2016, 2015 and 2014, amounts due to reinsurers totaled THB 184.4 million, THB 154.2 million and THB 283.1 million, respectively, representing 9.0 percent, 7.6 percent and 14.3 percent of total liabilities and equity, respectively. In 2016, the accrued transaction on the amount due to reinsurers increased as a result of the business expansion of the Company and the list is not yet due.

Insurance Contract Liabilities

Insurance contract liabilities are composed of long-term insurance policy reserves refer to reserves for long-term reinsurance agreements, loss reserves and outstanding claims and premium reserves

Long term insurance policy reserves

Long term insurance policy reserves refer to reserves for long-term reinsurance agreements. At every final date of the reporting period, there will be comparison between value of gross premium valuation reserves and unearned premium reserves for policies that still remain in force. If value of gross premium valuation reserves is higher than unearned premium reserves, such difference will be recognized and the gross premium insurance reserves will be presented in the financial statements. The gross premium insurance reserves are life insurance reserves calculated by the actuarial method pursuant to the OIC notification.

In 2016, 2015 and 2014, the Company maintained long term insurance policy reserves of THB 285.4 million, THB 269.3 million and THB 215.8 million respectively, representing 13.9 percent, 13.3 percent and 10.9 percent of total liabilities and shareholders' equity respectively. As for 2015 and 2016, an increase in long term insurance policy reserves was a result of an increase in net reinsurance premium of long-term policies.

Loss Reserves

Loss reserves refer to provisions for claims for losses incurred but not yet agreed upon or reported. Provisions for claims shall conform to the law governing reserve calculation.

In 2016, 2015 and 2014, the Company's loss reserves equaled THB 49.7 million, THB 58.0 million and THB 38.3 million respectively, accounting for 2.4 percent, 2.9 percent and 1.9 percent of total liabilities and owners' equity respectively. In 2016, a decrease in loss reserves resulted from an increase in incurred but not reported claims (IBNR) whereas in 2015 the Company experienced an increase in loss reserves thanks to an increase in estimates of the incurred but not reported claims (IBNR)

Premium Reserves

Premium reserves refer to unearned premiums of active policies for short-term reinsurance agreements, with the reserving method in line with the OIC notification. At every final date of the reporting period, there will be a comparison between value of premium reserves and value of unexpired risk reserves. If value of unexpired risk reserves is higher than premium reserves, such difference will be recognized and the unexpired risk reserves will be presented in the financial statements. The unexpired risk reserves, consistent with the actuarial method, are provided for any possible future claims arising from the insurance that remains in force.

In 2016, 2015 and 2014, the Company had premium reserves of THB 182.1 million, THB 197.8 million and THB 203.3 million, respectively, representing 8.9 percent, 9.8 percent and 10.3 percent of total liabilities and shareholders' equity, respectively. In 2015 and 2016, a decline in premium reserves was due to a decline in net reinsurance premium of group life and personnel accident.

Asset Management Ability

Amounts due from reinsurers

Amounts due from reinsurers consist of premium receivables, commission income receivables, claim receivables and various other items receivable from reinsurers, excluding reinsurance premium receivable, and are deducted by allowance for doubtful accounts. The Company records allowance for doubtful accounts for the estimated losses that may be incurred due to uncollectible, taking into account collection experience and the status of reinsurers.

In 2016, 2015 and 2014, the Company had outstanding debts from reinsurance which was equivalent to THB 216.8 million, THB 247.7 million and THB 263.5 million, respectively, which were accounted for 10.6 percent, 12.2 percent, 13.3 percent of the total asset respectively. In 2015 and 2016, the amounts due from reinsurers declined since the Company was able to manage debt collection more effectively. As for 2014, the amounts due from reinsurers had increased in according with business expansion.

Nevertheless, 95 percent of the amounts due from reinsurers are not yet due. Only less than 5 percent exceeds the payment due date as indicated in No.8 of notes in the financial statement.

In 2016 and 2015, the Company had recognized THB 8.7 million and THB 2.4 million allowances for impairment of available for sale investments which was considered as expenses in profit and loss statement due to significant decline of investment value in equity fund. In 2014, there was no recognized an impairment of investment.

Liquidity and Capital Adequacy

Cash flow from operating activities

Cash flow from operating activities is reinsurance receivables and investment income less commission expenses, operating expenditures and corporate income tax. In 2016, 2015 and 2014, the Company had cash flow provided from operating activities of THB 418.0 million, 282.1 million and THB 289.0 million respectively. An increase in cash flow from operating activities in 2016 was the result of a growth in reinsurance receivables and investment income which in 2015, such cash flow dropped due to a decline in investment income.

Cash flow from investment activities

In 2016, 2015 and 2014, the Company reported cash flow for investing activities of THB 10.0 million, THB 18.0 million and THB 1.2 million respectively. As for 2016 and 2015, the Company's cash flow from investing activities increased as a result of an investment in reinsurance industry as well as other systems to support business expansion.

Cash flow from financing activities

In 2016, 2015 and 2014, the Company's cash flow employed in financing activities amounted to THB 300.0 million, THB 270.0 million and THB 270.0 million respectively. The only cash flow from financing activities was dividend payment paid to the Company's shareholders.

Capital Structure

The Company does not acquire other capital sources from loaning or have any other sources out of financial budget. Nevertheless, the Company's D/E ratio at the end of 2016 was 0.6 times and debts caused mainly by due to reinsurers and insurance contract liabilities.

Factors with Possible Impacts on Future Operation and Financial Position

Economic Volatility

Economic fluctuation could be a threat to consumers' purchasing power. Particularly in tough economic times, consumers will become more stringent in their spending, including their decision on buying insurance. Some of them choose to take out insurance only when they could save enough money. Besides this, interest rate is another factor influencing consumers' insurance buying decision, which is made based on comparison with yields from other forms of financial instruments. Interest rate also has an effect on the rate of return receivable by the Company from investments, which will further affect our operating performance.

Domestic Reinsurance Business Expansion by Foreign Reinsurers

Factors include the expansion of international reinsurance companies in Thailand (not in a form the joint venture), cutting-edge technology and ongoing product innovation and development have made the reinsurance with life insurance companies more difficult. However, major life insurance companies in Thailand are still close and in good relationship with the Company, as well as the Company had an expertise in the life insurance business of Thailand as well, led to The Company's growth steadily.

Financial Information

(Unit: THB Thousand)

	2016	2015	2014	2013	2012	2011	2010 (Restated)
OPERATIONS							
Gross Written Premiums	1,975,176	1,850,785	1,623,774	1,387,856	1,144,948	841,638	606,664
Net Written Premiums	1,950,078	1,828,084	1,606,600	1,373,504	1,127,988	821,764	588,157
Earned Premium	1,965,811	1,833,458	1,582,962	1,399,753	1,040,660	839,243	522,012
Underwriting Profit ¹	299,753	423,065	331,274	412,793	232,954	248,628	114,514
Net investment income	86,682	52,424	115,612	58,406	52,449	48,368	51,960
Profit before Tax	390,000	478,113	449,188	473,685	286,680	298,189	166,492
Net Profit	321,748	388,673	371,717	382,998	220,798	200,999	121,628
FINANCIAL INFORMATION							
Investment Assets	1,596,792	1,526,145	1,483,505	1,336,066	1,038,978	970,589	915,804
Total Assets	2,052,532	2,025,325	1,978,544	1,784,390	1,386,433	1,274,740	1,167,030
Total Liabilities	739,517	742,862	788,832	692,804	632,109	461,119	443,015
Paid-up Capital	600,000	600,000	600,000	600,000	500,000	500,000	500,000
Capital Funds (Shareholders' Equity)	1,313,015	1,282,464	1,189,712	1,091,586	754,324	813,622	724,016
Book Value per share (Baht)	2.19	2.14	1.98	1.82	1.51	1.63	1.45
Dividend per Share (Baht)	0.40	0.50	0.45	0.45	0.42	0.40	0.20
FINANCIAL RATIO (Percent)							
Loss Ratio ²	48.9	44.0	40.8	37.3	36.2	31.5	37.2
Expenses Ratio ³	35.7	32.1	38.3	31.9	41.0	38.9	40.3
Combined Ratio	84.6	76.1	79.0	69.2	77.3	70.4	77.5
Return on Equity	24.8	31.4	32.6	41.5	28.2	26.1	18.0
Investment Yield	5.6	3.5	8.2	4.9	5.2	5.1	6.1
Earning per Share (Baht)	0.54	0.65	0.62	0.71	0.44	0.40	0.24

Description:

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

* 2010 was restated according to the change in accounting policy as above.

2. Since 2013, the Company has prepared financial statements disclosing the investments in associated company by using the equity method which is in accordance with TAS 28 Investment in Associated Company (revised 2009)

*2012 2011 and 2010 were restated according to the change in accounting policy as above.

Note:

1. Net of other operating expenses and allowance for doubtful debt (if any)
2. Loss incurred expressed as a percentage of earned premiums deduct life policy reserve increase(decrease)
3. Expenses Ratio expressed as a Commission Ratio plus Underwriting and Operating expenses Ratio

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

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

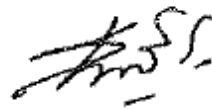
The Board of Directors has provided and maintained an effective internal control system. They also have ensured that appropriate procedures are being utilized to evaluate the adequacy of internal controls and risk management, and monitored the effectiveness of its compliance. In this regard, the Board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

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



(Suchin Wanglee)

Chairman



(Sutti Rajitragson)

Director and President

Audit Committee Report

Dear Shareholders,

The Audit Committee is composed of three independent directors: Dr. Kopr Kritayakirana as Chairman of the Audit Committee, Dr. Apirak Thaipatanagul, and Mrs. Komkai Thusaranon. All members of the Audit Committee are knowledgeable and experienced in reviewing the reliability of financial statements required by the Office of the Securities and Exchange Commission.

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

In 2016, the Audit Committee completed their duties under the scope of responsibilities assigned by the Board of Directors and in line with the Audit Committee Charter. Four meetings were held in the year and were attended by all committee members. The Management, independent auditor, internal auditors, and risk management department representatives were also invited to join the meetings on the agenda items which they were concerned. The main duties performed by the Audit Committee in 2016 can be summarized as follows:

1. Approved quarterly financial statements and reviewed annual financial statements of the Company prior to disclosure to the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.
2. Nominated and recommended an appointment of auditor and fixing of auditor's remuneration, with EY Office Limited being nominated and appointed as auditor of the Company for another year (for the year 2016).
3. Attended two joint meetings with the auditor, one of which was organized without the attendance of the Management to consider the guideline and scope of auditing and review the audit plan, results and recommendations to ensure that the audit of financial statements was carried out properly and completely in accordance with the auditing standards.
4. Oversaw internal audit, approved the annual internal audit plan based on the Company's material risks, reviewed the audit reports to ensure that the audit was carried out properly and completely in accordance with the internal auditing standards, and followed up on the recommended corrective actions to improve the efficiency and effectiveness of the internal control system.
5. Reviewed the report on compliance with relevant laws and regulations on a quarterly basis.
6. Reviewed the report on related party transactions on a quarterly basis.
7. Oversaw the Enterprise Risk Management Committee, reviewed and ensured that the Company's risk management policy and implementation of risk management policy and guideline were appropriate and

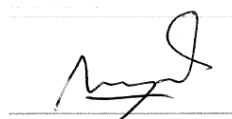
effective, received quarterly reports on risk management from the Enterprise Risk Management Department, and provided feedback on a regular basis.

8. Arranged for the annual self-assessment of the Audit Committee as a whole and discussed the assessment results at the Audit Committee meeting.
9. Arranged for the annual evaluation of internal control adequacy and proposed the evaluation results to the Board of Directors for consideration and approval.

The Audit Committee's opinions are as follows:

1. Based on (1) a review of the Company's significant accounting policy, (2) an enquiry about important details of financial position and performance, (3) a review of the report on evaluation of internal control adequacy, and (4) an independent meeting with the auditor to discuss about observations on the financial reporting process and reliability, the Audit Committee has not found any ground for doubting that the Company's financial statements presents information which contradicts material fact and, hence, is confident that the Company's financial statements is reliable, accurate and complete in accordance with the financial reporting standards.
2. The Company's internal control system, risk management system, operational control of management team, and monitoring system are effective and adequate.
3. The Company gives importance to compliance with the law on securities and exchange, regulations of the Stock Exchange, and other laws relevant to the Company's business.
4. The appointed auditor of the Company has experience in auditing several insurance companies and has a well-recognized broad local and global network, thus enabling the auditing standard of the Company to meet international level. Moreover, the auditor and all persons designated to certify the financial statements are the auditors approved by the Office of the Securities and Exchange Commission, are independent, and do not have any relationship or any transaction that may cause conflict of interest with the Company, thereby ensuring that an audit will be conducted in an efficient and transparent manner.
5. All related party transactions or transactions that may cause conflict of interest were done in conformity with the laws and regulations of the Stock Exchange and were reasonable with the maximum benefit to the Company. There was not any other indication or remark that implied any irregularity.
6. The Audit Committee has the number of members, composition and qualification suitable for an efficient discharge of duties under the Audit Committee Charter. The Audit Committee has performed their duties in accordance with the scope of responsibilities correctly and completely in all respects with good collaboration and support from all concerned parties.

On Behalf of the Audit Committee



(Dr. Kopr Kritayakirana)

Chairman of the Audit Committee

Independent Auditor's Report

To the Shareholders of Thaire Life Assurance Public Company Limited

Opinion

I have audited the accompanying financial statements of Thaire Life Assurance Public Company Limited (“the Company”), which comprise the statement of financial position, in which the equity method is applied, as at 31 December 2016, and the related statements of income, comprehensive income, changes in owner’s equity and cash flows, in which the equity method is applied, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and also have audited the separate financial statements of Thaire Life Assurance Public Company for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thaire Life Assurance Public Company Limited as at 31 December 2016, its 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 Company in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matters

I draw attention to the matters as described in Notes 2 and 3.1 to the financial statements relating to classification of line items in the Company’s financial statements in accordance with the new format as specified in the Notification of the Office of Insurance Commission dated 4 March 2016, which became effective as from 1 January 2016 onwards, and the adoption of the revised and new accounting standards as issued by the Federation of Accounting Professions. My opinion is not qualified in respect of these matters.

Key Audit Matters

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

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

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

Reinsurance premium written

The Company's core revenue is reinsurance premium written, which amounted to Baht 1,975 million, representing 95 percent of the Company's total revenues before reinsurance premium ceded. The Company has entered into reinsurance contracts with customers, who are life insurance companies, for both facultative and treaty reinsurance contracts. Conditions under those contracts vary depending upon types of insurance, ratios of premium ceded, insured periods, etc. In addition, recognition of revenue on such reinsurance contracts shall also meet the definition of insurance contracts under Thai Financial Reporting Standards. Therefore, the Company's management is required to use judgement in consideration and review its product classification. Hence, I therefore focused on examining that the reinsurance premium written is recognised correctly as actually incurred.

I assessed and tested, on a sampling basis, the Company's internal controls relevant to revenue recognition on reinsurance contracts for each type, involve the expert to independently assess the method and perform a sampling test on assumptions used for product classification testing, and tested, on a sampling basis, inward reinsurance premium with statements received from reinsurers. In addition, I performed analytical procedures on reinsurance premium written disaggregated by reinsurance type, and tested, on a sampling basis, significant adjustments made by journal vouchers.

Liability adequacy test for long-term insurance policy reserves

As described in Note 15 to the financial statements, as at 31 December 2016, the Company had long-term insurance policy reserves amounting to Baht 285 million, representing 39 percent of total liabilities, which were set aside with reference to the Unearned Premium Reserve method for inforce policies as at 31 December 2016, and the Company tested the adequacy of liabilities by comparing to the amount of reserves determined using the Gross Premium Valuation method, which involves assumptions such as mortality rate, discounted rate, lapse or surrender rate, and selling and administrative expense ratio etc. Changes in such assumptions will affect the amount of long-term insurance policy reserves. The Company's management is required to exercise a high level of considerable judgement in selecting the assumptions. I therefore focused on an adequacy of long-term insurance policy reserves.

I assessed and tested, on a sampling basis, data used to determine key assumptions, involved experts to independently test, on a sampling basis, actuarial model points used in determining reserves under the Gross Premium Valuation method and tested, on a sampling basis, data used in the liabilities adequacy test. In addition, I performed analytical procedures on movements of long-term insurance policy reserves.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Company'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 Company'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 Company 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.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Rachada Yongsawadvanich.



Rachada Yongsawadvanich

Certified Public Accountant (Thailand) No. 4951

EY Office Limited

Bangkok: 21 February 2017

Thaire Life Assurance Public Company Limited

Statements of financial position

As at 31 December 2016 and 2015

(Unit: Baht)

	Note	Financial statements in which the equity method is applied			Separate financial statements		
		31 December 2016	31 December 2015 (Restated)	1 January 2015	31 December 2016	31 December 2015 (Restated)	1 January 2015
Assets							
Cash and cash equivalents	6	181,912,145	73,860,302	79,792,181	181,912,145	73,860,302	79,792,181
Accrued investment income		10,059,153	9,880,355	11,317,167	10,059,153	9,880,355	11,317,167
Reinsurance assets	7	3,673,841	3,445,017	3,330,488	3,673,841	3,445,017	3,330,488
Reinsurance receivables	8	273,124,392	317,853,530	338,793,350	273,124,392	317,853,530	338,793,350
Investment assets							
Investments in securities - net	9	1,391,666,388	1,432,883,063	1,384,910,327	1,391,666,388	1,432,883,063	1,384,910,327
Loans	10	292,891	459,436	-	292,891	459,436	-
Investment in an associate	11.1	22,920,401	18,942,536	18,802,744	6,000,000	6,000,000	6,000,000
Premises and equipment - net	12	42,617,893	42,887,002	45,139,348	42,617,893	42,887,002	45,139,348
Intangible assets - net	13	24,627,263	17,230,470	323,040	24,627,263	17,230,470	323,040
Deferred tax assets	14.1	32,280,190	31,287,439	21,803,601	32,280,190	31,287,439	21,803,601
Other assets							
Deferred commission expenses - net		68,816,498	75,896,825	73,814,222	68,816,498	75,896,825	73,814,222
Others		540,605	699,174	517,370	540,605	699,174	517,370
Total assets		2,052,531,660	2,025,325,149	1,978,543,838	2,035,611,259	2,012,382,613	1,965,741,094
Liabilities and owners' equity							
Liabilities							
Insurance contract liabilities	15	517,154,652	525,098,413	457,387,666	517,154,652	525,098,413	457,387,666
Due to reinsurers	16	184,402,737	154,167,996	283,050,525	184,402,737	154,167,996	283,050,525
Income tax payable		29,599,975	53,440,369	38,655,568	29,599,975	53,440,369	38,655,568
Employee benefit obligations	17	4,197,790	3,155,407	2,508,054	4,197,790	3,155,407	2,508,054
Other liabilities							
Accrued expenses		2,798,843	2,023,291	2,671,320	2,798,843	2,023,291	2,671,320
Deferred commission income - net		51,260	47,828	34,394	51,260	47,828	34,394
Others		1,311,293	4,928,243	4,524,150	1,311,293	4,928,243	4,524,150
Total liabilities		739,516,550	742,861,547	788,831,677	739,516,550	742,861,547	788,831,677
Owners' equity							
Share capital	18						
Registered, issued and paid-up							
600,000,000 ordinary shares of Baht 1 each		600,000,000	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000
Share premium		79,162,825	79,162,825	79,162,825	79,162,825	79,162,825	79,162,825
Retained earnings							
Appropriated - statutory reserve	19	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000
Unappropriated		569,482,472	548,345,571	430,037,800	552,491,098	535,303,538	417,186,899
Other component of owners' equity	9.3	4,369,813	(5,044,794)	20,511,536	4,440,786	(4,945,297)	20,559,693
Total owners' equity		1,313,015,110	1,282,463,602	1,189,712,161	1,296,094,709	1,269,521,066	1,176,909,417
Total liabilities and owners' equity		2,052,531,660	2,025,325,149	1,978,543,838	2,035,611,259	2,012,382,613	1,965,741,094

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

Thaire Life Assurance Public Company Limited

Statements of income

For the years ended 31 December 2016 and 2015

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2016	2015	2016	2015
			(Restated)		(Restated)
Revenues					
Reinsurance premium written		1,975,176,249	1,850,784,682	1,975,176,249	1,850,784,682
Less: Reinsurance premium ceded		(25,097,874)	(22,700,291)	(25,097,874)	(22,700,291)
Net reinsurance premium written		1,950,078,375	1,828,084,391	1,950,078,375	1,828,084,391
Add: Unearned premium reserves		15,732,755	5,373,863	15,732,755	5,373,863
Earned premium		1,965,811,130	1,833,458,254	1,965,811,130	1,833,458,254
Commission income		2,308,306	3,690,473	2,308,306	3,690,473
Share of profit from investment in an associate, accounted for under the equity method	11.3	9,041,557	8,298,832	-	-
Net investment revenue		61,744,939	47,681,633	66,784,939	55,721,633
Gains (losses) on investments		19,100,585	(1,858,259)	19,100,585	(1,858,259)
Fair value losses		(3,205,500)	(1,698,438)	(3,205,500)	(1,698,438)
Other income		3,565,170	2,624,252	3,565,170	2,624,252
Total revenues		2,058,366,187	1,892,196,747	2,054,364,630	1,891,937,915
Expenses					
Long-term insurance policy reserves increased from prior year		15,915,529	53,250,295	15,915,529	53,250,295
Gross claims		957,324,933	786,833,957	957,324,933	786,833,957
Less: claims recovered from reinsurers		(4,396,502)	(3,594,488)	(4,396,502)	(3,594,488)
Commission expenses		620,185,623	508,326,165	620,185,623	508,326,165
Other underwriting expenses		21,154,692	14,019,475	21,154,692	14,019,475
Operating expenses	21	58,182,161	55,248,083	58,182,161	55,248,083
Total expenses		1,668,366,436	1,414,083,487	1,668,366,436	1,414,083,487
Profits before income tax expenses		389,999,751	478,113,260	385,998,194	477,854,428
Income tax expenses	14.2	(68,251,302)	(89,440,497)	(68,251,302)	(89,440,497)
Profits for the years		321,748,449	388,672,763	317,746,892	388,413,931
Earnings per share					
Basic earnings per share	24				
Profits for the years		0.54	0.65	0.53	0.65

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

Thaire Life Assurance Public Company Limited

Statements of comprehensive income

For the years ended 31 December 2016 and 2015

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2016	2015	2016	2015
Profits for the years		321,748,449	388,672,763	317,746,892	388,413,931
Other comprehensive income (loss)					
Items to be recognised in statements of income in subsequent periods:					
Share of other comprehensive income from an associate - gains (losses) on revaluation of available-for-sale investments		28,524	(51,340)	-	-
Gains (losses) on revaluation of available-for-sale investments	9.3	11,732,604	(31,881,238)	11,732,604	(31,881,238)
Add (less): Income tax revenues (expenses)	9.3	(2,346,521)	6,376,248	(2,346,521)	6,376,248
Items to be recognised in statements of income in subsequent periods - net of income taxes		9,414,607	(25,556,330)	9,386,083	(25,504,990)
Items not to be recognised in statements of income in subsequent periods:					
Share of other comprehensive income from an associate - actuarial losses		(52,216)	(67,700)	-	-
Actuarial losses		(699,165)	(371,615)	(699,165)	(371,615)
Add: Income tax revenues		139,833	74,323	139,833	74,323
Items not to be recognised in statements of income in subsequent periods - net of income taxes		(611,548)	(364,992)	(559,332)	(297,292)
Other comprehensive income (loss) for the years		8,803,059	(25,921,322)	8,826,751	(25,802,282)
Total comprehensive income for the years		330,551,508	362,751,441	326,573,643	362,611,649

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

Thaire Life Assurance Public Company Limited

Statements of changes in owners' equity

For the years ended 31 December 2016 and 2015

(Unit: Baht)

	Note	Financial statements in which the equity method is applied					
		Issued and paid-up share capital	Share premium	Retained earnings		Other component of owners' equity	Total owners' equity
				Appropriated - statutory reserve	Unappropriated	Revaluation surplus (deficit)	
						on available-for-sale investments - net of income taxes	
Balance as at 1 January 2015		600,000,000	79,162,825	60,000,000	430,037,800	20,511,536	1,189,712,161
Dividend paid	25	-	-	-	(270,000,000)	-	(270,000,000)
Profit for the year		-	-	-	388,672,763	-	388,672,763
Other comprehensive loss for the year		-	-	-	(364,992)	(25,556,330)	(25,921,322)
Balance as at 31 December 2015		600,000,000	79,162,825	60,000,000	548,345,571	(5,044,794)	1,282,463,602
Balance as at 1 January 2016		600,000,000	79,162,825	60,000,000	548,345,571	(5,044,794)	1,282,463,602
Dividend paid	25	-	-	-	(300,000,000)	-	(300,000,000)
Profit for the year		-	-	-	321,748,449	-	321,748,449
Other comprehensive income (loss) for the year		-	-	-	(611,548)	9,414,607	8,803,059
Balance as at 31 December 2016		600,000,000	79,162,825	60,000,000	569,482,472	4,369,813	1,313,015,110

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

(Unit: Baht)

	Note	Separate financial statements					
		Issued and paid-up share capital	Share premium	Retained earnings		Other component of owners' equity	Total owners' equity
				Appropriated - statutory reserve	Unappropriated	Revaluation surplus (deficit)	
						on available-for-sale investments - net of income taxes	
Balance as at 1 January 2015		600,000,000	79,162,825	60,000,000	417,186,899	20,559,693	1,176,909,417
Dividend paid	25	-	-	-	(270,000,000)	-	(270,000,000)
Profit for the year		-	-	-	388,413,931	-	388,413,931
Other comprehensive loss for the year		-	-	-	(297,292)	(25,504,990)	(25,802,282)
Balance as at 31 December 2015		600,000,000	79,162,825	60,000,000	535,303,538	(4,945,297)	1,269,521,066
Balance as at 1 January 2016		600,000,000	79,162,825	60,000,000	535,303,538	(4,945,297)	1,269,521,066
Dividend paid	25	-	-	-	(300,000,000)	-	(300,000,000)
Profit for the year		-	-	-	317,746,892	-	317,746,892
Other comprehensive income (loss) for the year		-	-	-	(559,332)	9,386,083	8,826,751
Balance as at 31 December 2016		600,000,000	79,162,825	60,000,000	552,491,098	4,440,786	1,296,094,709

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

Thaire Life Assurance Public Company Limited

Statements of cash flows

For the years ended 31 December 2016 and 2015

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2016	2015	2016	2015
			(Restated)		(Restated)
Cash flows from (used in) operating activities					
Cash received from reinsurance		452,964,906	449,917,138	452,964,906	449,917,138
Interest income		18,952,704	32,274,878	18,952,704	32,274,878
Dividend income		48,873,581	25,643,629	48,873,581	25,643,629
Other income		30,139,807	2,360,109	30,139,807	2,360,109
Other underwriting expenses		(20,849,423)	(14,022,581)	(20,849,423)	(14,022,581)
Operating expenses		(57,832,506)	(51,946,300)	(57,832,506)	(51,946,300)
Income tax expenses		(95,430,968)	(77,763,287)	(95,430,968)	(77,763,287)
Investments in securities		41,049,483	(83,906,591)	41,049,483	(83,906,591)
Loans		166,545	(459,436)	166,545	(459,436)
Net cash provided by operating activities		418,034,129	282,097,559	418,034,129	282,097,559
Cash flows from (used in) investing activities					
Disposals of equipment		100	-	100	-
Purchases of equipment		(2,242,926)	(1,070,400)	(2,242,926)	(1,070,400)
Purchases of intangible assets		(7,739,460)	(16,959,038)	(7,739,460)	(16,959,038)
Net cash used in investing activities		(9,982,286)	(18,029,438)	(9,982,286)	(18,029,438)
Cash flows from (used in) financing activities					
Dividend paid		(300,000,000)	(270,000,000)	(300,000,000)	(270,000,000)
Net cash used in financing activities		(300,000,000)	(270,000,000)	(300,000,000)	(270,000,000)
Net increase (decrease) in cash and cash equivalents		108,051,843	(5,931,879)	108,051,843	(5,931,879)
Cash and cash equivalents at beginning of the years		73,860,302	79,792,181	73,860,302	79,792,181
Cash and cash equivalents at end of the years		181,912,145	73,860,302	181,912,145	73,860,302

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

Thaire Life Assurance Public Company Limited

Notes to financial statements

For the years ended 31 December 2016 and 2015

1. Corporate information

Thaire Life Assurance Public Company Limited (“the Company”) is a public company, incorporated under Thai laws, domiciled in Thailand and listed on the Stock Exchange of Thailand since 9 October 2013. Its major shareholder is Thai Reinsurance Public Company Limited, a public company incorporated under Thai laws, domiciled in Thailand and listed on the Stock Exchange of Thailand. As at 31 December 2016 and 2015, the major shareholder held 17.47% and 24.30%, respectively, of the issued and paid-up share capital of the Company. The Company is principally engaged in the provision of life reinsurance. The registered office of the Company is located at No. 48/15 Soi Ratchadapisek 20, Ratchadapisek Road, Samsennok Sub-district, Huaykwang District, Bangkok.

2. Basis for preparation of financial statements

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547, and in accordance with Thai accounting practices related to insurance and the accounting and reporting guidelines prescribed by the Office of Insurance Commission (“OIC”), and in accordance with the format of financial statements specified in the Notification of the Office of Insurance Commission (“OIC”) regarding criteria, procedures, terms and conditions for preparation and submission of financial statements and operating performance reports of life insurance companies dated 4 March 2016, which has become effective as from 1 January 2016 onwards. Such format of financial statements has been changed from that specified in the former Notification and as a result, reclassification of certain line items in the prior year’s statements of financial position, income, and cash flows, presented as comparative information, is required to conform to the current year’s classification and the statement of financial position as at 1 January 2015 is also presented as comparative information.

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

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

2.1 The financial statements in which the equity method is applied

The Company prepares the financial statements, in which equity method is applied, which has presented investment in an associate under the equity method.

2.2 Separate financial statements

The Company prepares the separate financial statements, which has presented investment in an associate under the cost method.

3. Revised and new financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, the significant financial reporting standard that is directly related to the Company's business are presented as below.

TFRS 4 (revised 2015) Insurance Contracts

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

In addition to stipulating the treatment of insurance contracts, this standard cover consideration of the characteristics of insurance contracts and also requires the disclosure of additional information regarding insurance contracts related to the assets, liabilities, revenues and expenses recognised in the financial statements and the nature and extent of the insurance risk arising from insurance contracts.

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

3.2 Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. However, the management of the Company believes that the revised financial reporting standards and interpretations and new accounting treatment guidances will not have any significant impact on the financial statements when they are initially applied. The standard, which involves changes to key principles, is summarised below.

TAS 27 (revised 2016) Separate Financial Statements

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

4. Significant accounting policies

4.1 Revenue recognition

a. Reinsurance Premium written

Reinsurance premium written consists of reinsurance premium less premium of canceled policies and premiums refunded to policyholders. Reinsurance premium is recognised as revenue when the reinsurer submits the reinsurance application or the statement of accounts and the Company confirms the coverage under the reinsurance contracts and is adjusted by unearned premium reserves.

b. Commission income

Commission income are recorded as deferred revenue and will be gradually recognised as revenue on a monthly basis proportionately to the ceded premium.

c. Investment revenues

Interest on investments

Interest is recognised as revenue on an accrual basis based on the effective interest rate.

Dividends on investments

Dividends are recognised as revenue when the right to receive the dividends is established.

d. Gains (losses) on investments

Gains (losses) on investments are recognised as revenues or expenses on the transaction dates.

4.2 Expenses recognition

a. Reinsurance premium ceded

Reinsurance premium ceded is recognised as expense when the insurance risk is transferred to another reinsurer.

b. Gross claims

Claims consist of claims and losses adjustment expenses of reinsurance, and include the amounts of the claims, related expenses, and loss adjustments of current and prior year incurred during the year.

Claims recovered from reinsurers are recognised as a deduction item against gross claims when claims are recorded under the conditions in the relevant reinsurance contracts.

Claims of reinsurance are recognised upon the receipt of the claims advice from the reinsured, based on the claims notified by the reinsured and estimates made by the Company's management. The maximum value of claims estimated is not exceeding the sum-insured under the relevant policy.

c. Commission expenses

Commissions of reinsurance are recorded as deferred expenses and will be gradually recognised as expenses on a monthly basis proportionately of earned premium.

d. Other underwriting expenses

Other underwriting expenses are other expenses relating to reinsurance both directly and indirectly, including various insurance-related contributions, which are recognised as expenses on accrual basis.

e. Operating expenses

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

4.3 Product classification

The Company classifies inward reinsurance contracts and outward reinsurance contracts based on the nature of the insurance contracts. Insurance contracts are those contracts where the insurer has accepted a significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. 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 insurance contract as an investment contract. Investment contracts are the contracts that have the legal form of insurance contracts and transfer financial risk to the insurer, but not significant insurance risk. Financial risks are as interest rate risk, exchange rate risk, or price risk.

The Company classifies contracts based on an assessment of the significance of the insurance risk at an inception of contract on a contract-by-contract basis. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime. If any contract is previously classified as an investment contract at an inception of contract, it may, however, be reclassified to be an insurance contract later if the level of the insurance risk increases significantly.

4.4 Cash and cash equivalents

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

4.5 Reinsurance assets

Reinsurance assets consist of long-term insurance policy reserves refundable from reinsurers and unearned premium reserves.

Long-term insurance policy reserves refundable from reinsurers are estimated, proportionally based on the reinsurance terms, and loss reserves and outstanding claims in accordance with the insurance reserve calculation laws.

4.6 Reinsurance receivables and due to reinsurers

a. Reinsurance receivables

Reinsurance receivables are stated at amounts deposited on reinsurance and amounts due from reinsurers

Amounts due from reinsurers consist of commission income receivables, claim receivables and various other items receivable from reinsurers, and are deducted by allowance for doubtful accounts. The Company records allowance for doubtful accounts for the estimated losses that may be incurred due to uncollectibles, taking into account collection experience and the status of reinsurers as at the end of the reporting periods.

b. Due to reinsurers

Due to reinsurers are stated at amounts due to reinsurers and other amounts due to reinsurers which consist of other reinsurance payable to reinsurers, excluding claims.

The Company presents net of reinsurance to the same entity (reinsurance receivables or due to reinsurers) 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.

4.7 Investment assets

a. Investments in securities

- (1) Trading investments are stated at fair value. Changes in the fair value of these investments are recorded in statements of income.
- (2) Available-for-sale investments are stated at fair value. Changes in the fair value of these investments are recorded in statements of comprehensive income, and will be recorded in statement of income when the investments are sold.
- (3) Held-to-maturity investments are presented at amortised cost. The premium/discount on the investments is amortised/accreted by the effective interest rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- (4) Investments in non-marketable equity securities, which are classified as general investments, are stated at cost net of allowance for impairment (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. The fair value of debt securities is determined based on yield rates or prices quoted by the Thai Bond Market Association. The fair value of investment units is determined from their net asset value.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in statements of income or recorded as revaluation surplus or deficit on available-for-sale investment in other components of owners' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the cost of the investments is recognised in statements of income. The weighted average method is used for computation of the cost of investments.

The Company records purchases and sales of investments in equity securities on trade dates and records purchases and sales of investments in debt securities on settlement dates.

b. Loans

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

c. Investment in an associate

Investment in an associate, as presented in the financial statements in which the equity method is applied, is recorded initially at cost and is subsequently adjusted to reflect the proportionate share of the associate's net income or loss and deducted by dividend income.

Investment in an associate, as presented in the separate financial statements, is stated at cost net of allowance for impairment (if any). Loss on impairment is recorded as an expense in the statement of income.

4.8 Premises and equipment and depreciation

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

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

Buildings	-	20 years
Office equipment and furniture	-	5 years
Computers	-	3 years
Motor vehicles	-	5 years

Depreciation is recognised as expenses in statements of income. No depreciation is provided on land.

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

4.9 Intangible assets and amortisation

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

Intangible assets with finite lives are amortised on a systematic basis over their economic useful lives 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 statement of income.

Intangible assets with finite useful lives, which are computer softwares, have an estimated economic useful life of 10 years.

4.10 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of premises and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised as expenses in statement 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 Company 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 immediately in the statement of income.

4.11 Insurance contract liabilities

Insurance contract liabilities consist of long term insurance policy reserves, loss reserves, claims payable and premium reserves.

a. Long term insurance policy reserves

At the end of the reporting periods, the Company compares the amounts of gross premium valuation reserves with unearned premium reserves, and if gross premium valuation reserves are higher than unearned premium reserves, the Company will recognise such difference and gross premium valuation reserves are presented in the financial statements.

(1) Unearned premium reserves

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

Outward unearned premium reserve is calculated based on reinsurance premium ceded, as the same method as direct insurance, that transfer insurance risk to reinsurer throughout the coverage period of insurance contract.

(2) Gross premium valuation reserves

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

b. Loss reserves

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 estimated claim will not exceed the sum-insured under the relevant policy.

Loss reserves are calculated using an actuarial method based on the best estimate of claims expected to be paid in respect of losses incurred before or as at the end of the reporting periods whether or not the claims are reported to the Company, including loss adjustment expenses. The excess of the then-calculated loss reserves and the loss reserves already recognised in the financial statements is claims incurred but not yet reported (IBNR).

c. Premium reserves

Premium reserves are short-term insurance policy reserves. At the end of the reporting periods, the Company compares the amount of unexpired risk reserves with that of unearned premium reserves, and

if unexpired risk reserves are higher than unearned premium reserves, the Company will recognise such difference and unexpired risk reserves are presented in the financial statements.

(1) Unearned premium reserves

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

Outward unearned premium reserve is calculated based on reinsurance premium ceded, as the same method as direct insurance, that transfer insurance risk to reinsurer throughout the coverage period of insurance contract.

(2) Unexpired risk reserves

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

4.12 Employee benefit obligation

a. Defined contribution plans

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

b. Defined benefit plans

The Company has obligations in respect of the severance payment it must make to employees upon retirement under labor law. The Company treats this severance payment obligation 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 the statement of comprehensive income.

4.13 Provisions

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

4.14 Long-term leases

Leases of assets which transfer substantially all the risks and rewards of ownership to the Company as a lessee 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 presented as long-term liabilities, while the interest element is charged to the statements of income over the lease periods. The assets acquired under finance leases is depreciated over the lesser periods between the lease terms or the useful lives of the leased assets.

Leases of assets, which do not transfer substantially all the risks and rewards of ownership to the Company, as the lessee, are classified as operating leases. Operating lease payments are recognised as an expense in statements of income on a straight line basis over the lease terms. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

4.15 Foreign currencies

The financial statements are presented in Baht, which is also the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rates ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates ruling at the end of the reporting periods.

Gains and losses on exchange are included in statements of income.

4.16 Income taxes

Income tax expenses represent the sum of corporate income tax currently payable and deferred income taxes.

a. Current income taxes

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

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 periods.

The Company recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences can be utilised.

At each reporting period, the Company 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 a part of the deferred tax assets to be utilised.

The Company records deferred taxes directly to equity if the taxes relate to items that are recorded directly to equity.

4.17 Related party transactions

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

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

4.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case when there is no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using a valuation technique that is 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 categories of inputs to be used in fair value measurements as follows:

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

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

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

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

5. Significant accounting judgments and estimates

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

5.1 Allowance for doubtful accounts on amounts due from reinsurers

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

5.2 Allowance for impairment on investments in equity securities

The Company treats available-for-sale investments and general investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement of the management.

5.3 Premises and equipment and depreciation

In determining depreciation of buildings and equipment, the management is required to estimate the useful lives and residual values of the buildings and equipment and to review estimate useful lives and residual values when there are any changes.

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

5.4 Intangible assets and amortisation

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 or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

5.5 Deferred tax assets

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

5.6 Gross premium valuation reserves

Gross premium valuation reserves are calculated using the actuarial method based on the current assumptions or assumptions determined on the policy inception dates, which reflect the best estimates at that times. The main assumptions used are policy surrender or lapse rates, selling and administrative expenses, mortality, morbidity, longevity, discount rates, non-guaranteed dividend rates and so on. However, the use of different assumptions could affect the amount of life policy reserves and adjustments to the life policy reserves may therefore be required in the future.

5.7 Loss reserves

At the end of each reporting period, the Company has to estimate loss reserves and outstanding claims taking into account two factors. These are the claims incurred and reported, and the claims incurred but not reported (IBNR), the losses on which are estimated using international standard actuarial techniques. The major assumptions used under these techniques consist of historical data, including the development of claims estimates, paid, average costs per claim and claim numbers etc. Nevertheless, such estimates are forecasts of future outcomes, and actual results could differ.

5.8 Unexpired risk reserves

Unexpired risk reserves are calculated using an actuarial technique, based on the best estimate of the claims and relevant expenses expected to be paid over the remaining terms of the insurance. Estimating such reserves requires the management to exercise judgment, with reference to historical data and the best estimates available at the time.

5.9 Obligation under the defined benefit plan

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

5.10 Leases

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

5.11 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 on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

5.12 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 exercises judgement, using a variety of valuation techniques and models. The inputs to these models are taken from observable markets, and include consideration of credit risk (the Company and its counterparty), liquidity risk, correlation and longer-term volatility of financial instruments. Changes in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

6. Cash and cash equivalents

(Unit: Baht)

Financial statements in which the equity method is applied and Separate financial statements
as at 31 December

	2016	2015
Cash	3,000	3,000
Deposits at banks with no fixed maturity date	24,467,297	18,031,084
Short-term investments in money market mutual fund	57,441,848	55,826,218
Deposits at banks with fixed maturity date	100,000,000	-
Total cash and cash equivalents	181,912,145	73,860,302

As at 31 December 2016 and 2015, saving deposits carried interests between 0.1 and 1.5 percent per annum and 0.1 and 0.4 percent per annum, respectively.

7. Reinsurance assets

(Unit: Baht)

Financial statements in which the equity method is
applied and Separate financial statements
as at 31 December

	2016	2015
Insurance reserves refundable from reinsurers		
Long-term insurance policy reserves	3,664,928	3,426,958
Unearned premium reserves	8,913	18,059
Total reinsurance assets	<u>3,673,841</u>	<u>3,445,017</u>

8. Reinsurance receivables

(Unit: Baht)

Financial statements in which the equity method is
applied and Separate financial statements
as at 31 December

	2016	2015
Amounts deposited on reinsurance	56,308,814	70,140,825
Amounts due from reinsurers	216,815,578	247,712,705
Total reinsurance receivables	<u>273,124,392</u>	<u>317,853,530</u>

At 31 December 2016 and 2015, the balances of amounts due from reinsurers, classified by overdue periods of principal, are as follows:

(Unit: Baht)

Financial statements in which the equity method is
applied and Separate financial statements
as at 31 December

	2016	2015
Not yet due	216,773,031	236,365,305
Overdue not longer than 12 months	33,002	11,347,400
Over 1 year to 2 years	9,545	-
Total amounts due from reinsurers	<u>216,815,578</u>	<u>247,712,705</u>

9. Investments in securities

9.1 Classified by types of investment

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements as at 31 December			
	2016		2015	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading investments				
Equity securities	78,933,171	73,299,100	78,933,171	76,504,600
Less: Unrealised losses	(5,634,071)	-	(2,428,571)	-
Trading investments - net	73,299,100	73,299,100	76,504,600	76,504,600
Available-for-sale investments				
Equity securities	725,416,554	730,967,536	609,599,270	603,417,648
Add (less): Unrealised gains (losses)	5,550,982	-	(6,181,622)	-
Less: Allowance for impairment	(11,048,473)	(11,048,473)	(2,354,178)	(2,354,178)
Available-for-sale investments - net	719,919,063	719,919,063	601,063,470	601,063,470
Held-to-maturity investments				
Government and state enterprise securities	468,342,505		393,209,273	
Private enterprise debt securities	25,000,000		25,000,000	
Deposits at financial institutions which mature over 3 months	103,000,000		335,000,000	
Total held-to-maturity investments	596,342,505		753,209,273	
General investments				
Equity securities	2,105,720		2,105,720	
Total general investments	2,105,720		2,105,720	
Investments in securities - net	1,391,666,388		1,432,883,063	

9.2 Remaining period of debt securities

As at 31 December 2016 and 2015, Investments in debt securities have the following remaining periods to maturity.

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements as at 31 December							
	2016				2015			
	Period to maturity				Period to maturity			
	Within 1 year	1 - 5 years	Over 5 years	Total	Within 1 year	1 - 5 years	Over 5 years	Total
Held-to-maturity investments								
Government and state enterprise securities	267,480,822	115,454,331	85,407,352	468,342,505	99,103,662	133,211,592	160,894,019	393,209,273
Private enterprises debt securities	15,000,000	10,000,000	-	25,000,000	-	25,000,000	-	25,000,000
Deposits at financial institutions with an original maturity period longer than 3 months	103,000,000	-	-	103,000,000	335,000,000	-	-	335,000,000
Total held-to-maturity investments	385,480,822	125,454,331	85,407,352	596,342,505	434,103,662	158,211,592	160,894,019	753,209,273

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

(Unit: Baht)

	Financial statements			
	in which the equity method is applied		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2016	2015	2016	2015
Revaluation surplus (deficit) on available-for-sale investments - net of income taxes				
- beginning of the periods	(5,044,794)	20,511,536	(4,945,297)	20,559,693
Gains (losses) on revaluation during the periods	30,868,844	(33,803,672)	30,833,189	(33,739,497)
(Gains) losses transferred to be recognised in statements of income	(19,100,585)	1,858,259	(19,100,585)	1,858,259
Total	11,768,259	(31,945,413)	11,732,604	(31,881,238)
Add (less): Income taxes	(2,353,652)	6,389,083	(2,346,521)	6,376,248
Other comprehensive income (loss) for the periods - net of income taxes	9,414,607	(25,556,330)	9,386,083	(25,504,990)
Revaluation surplus (deficit) on available-for-sale investments - net of income taxes				
- end of the periods	4,369,813	(5,044,794)	4,440,786	(4,945,297)

9.4 Investments subject to restriction

As at 31 December 2016 and 2015, the Company placed some investments as a security with the Registrar and had some investments placed to guarantee for electricity consumption as described in Notes 27 and 28 to the financial statements.

10. Loans

As at 31 December 2016 and 2015, the balances of loans are classified by overdue periods of principal as follows:

Outstanding periods	Personal guarantee loans	
	2016	2015
	(Unit: Baht)	
Not yet due	292,891	459,436
Total loans	292,891	459,436

The above are outstanding loans to employees provided in accordance with the employee welfare plan at the interest rate of not lower than 1.00% per annum and not higher than MLR-3% per annum. The MLR is reference to that announced by commercial banks. However, no interest is receivable on such loans at the end of the reporting periods.

11. Investment in an associate

11.1 Details of an associate

Company's name	Nature of business	Country of incorporation	Issued and paid-up share capital as at		Shareholding percentage held by the Company as at	
			2016 (Thousand Baht)	2015 (Thousand Baht)	2016 (%)	2015 (%)
EMCS Thai Co., Ltd.	Provision of computer services in relation to motor losses management	Thailand	30,000	30,000	20.00	20.00

(Unit: Thousand Baht)

Company's name	Financial statements in which the equity method is applied		Separate financial statements	
	Investment value under equity method		Investment value under cost method	
	2016	2015	2016	2015
EMCS Thai Co., Ltd.	22,920	18,943	6,000	6,000

11.2 Financial information of the associate

Summarised information about financial position

	(Unit: Thousand Baht)	
	EMCS Thai Co., Ltd.	
	2016	2015
Total assets	134,095	115,530
Total liabilities	(19,493)	(20,817)
Net assets	114,602	94,713
Shareholding percentage (%)	20%	20%
Carrying value of the associate based on equity method	22,920	18,943

Summarised information of statements of comprehensive income

	(Unit: Thousand Baht)	
	EMCS Thai Co., Ltd.	
	For the years ended 31 December	
	2016	2015
Revenue	121,424	105,600
Profits for the years	45,139	41,662
Other comprehensive income (loss) for the years	(118)	(836)
Total comprehensive income for the years	45,021	40,826

11.3 Share of profits and other comprehensive losses and dividend income

During the years, the Company recognised shares of profit (loss) from investment in an associate in the financial statements, in which the equity method is applied and recognised dividends received from the associate in the separate financial statements as below.

	(Unit: Thousand Baht)					
	Financial statements in which the equity method is applied				Separate financial statements	
	Share of profits from investment in associate for the years ended 31 December		Share of other comprehensive loss from investment in an associate for the years ended 31 December		Dividends received for the years ended 31 December	
Associate	2016	2015	2016	2015	2016	2015
EMCS Thai Co., Ltd.	9,042	8,299	(24)	(119)	5,040	8,040

As at 31 December 2016 and 2015, the Company recorded investment in an associate under the equity method (in the financial statements in which the equity method is applied) based on the financial information, as prepared by the associate's management. However, the Company obtained the 2015 financial statements of the associate, which were audited by the associate's auditor under her report dated 25 February 2016, showed the amounts that are not significantly different from the financial information prepared by the associate's management used equity-accounting in that year.

12. Premises and equipment

(Unit: Baht)

	Financial statements in which the equity method is applied and separate financial statements					
	Land	Buildings	Furniture, fixture and equipment	Computers	Motor vehicles	Total
Cost						
As at 1 January 2015	17,640,000	30,937,145	3,304,293	596,904	3,008,606	55,486,948
Additions	-	-	617,522	117,367	-	734,889
As at 31 December 2015	17,640,000	30,937,145	3,921,815	714,271	3,008,606	56,221,837
Additions	-	1,175,938	1,135,081	173,608	-	2,484,627
Disposals	-	-	(25,964)	-	-	(25,964)
As at 31 December 2016	17,640,000	32,113,083	5,030,932	887,879	3,008,606	58,680,500
Accumulated depreciation						
As at 1 January 2015	-	6,171,766	2,232,842	441,977	1,501,015	10,347,600
Depreciation for the year	-	1,546,858	723,883	114,774	601,720	2,987,235
As at 31 December 2015	-	7,718,624	2,956,725	556,751	2,102,735	13,334,835
Depreciation for the year	-	1,586,004	418,307	147,703	601,721	2,753,735
Depreciation on disposals	-	-	(25,963)	-	-	(25,963)
As at 31 December 2016	-	9,304,628	3,349,069	704,454	2,704,456	16,062,607
Net book value						
31 December 2015	17,640,000	23,218,521	965,090	157,520	905,871	42,887,002
31 December 2016	17,640,000	22,808,455	1,681,863	183,425	304,150	42,617,893
Depreciation for the year						
2015						2,987,235
2016						2,753,735

As at 31 December 2016 and 2015, certain equipment items have been fully depreciated but are still in use. The original cost before deducting accumulated depreciation of those assets amounted to approximately Baht 3.0 million and Baht 2.2 million, respectively.

13. Intangible assets

(Unit: Baht)

Financial statements in which the equity method is applied and
separate financial statements

	Computer softwares		Total
	Computer softwares	under development	
Cost			
1 January 2015	437,277	-	437,277
Additions	544,510	16,414,528	16,959,038
31 December 2015	981,787	16,414,528	17,396,315
Additions	31,308	7,466,452	7,497,760
31 December 2016	1,013,095	23,880,980	24,894,075
Accumulated amortisation			
1 January 2015	114,237	-	114,237
Amortisation during the year	51,608	-	51,608
31 December 2015	165,845	-	165,845
Amortisation during the year	100,967	-	100,967
31 December 2016	266,812	-	266,812
Net book value			
31 December 2015	815,942	16,414,528	17,230,470
31 December 2016	746,283	23,880,980	24,627,263

14. Deferred tax assets and income tax expenses

14.1 Deferred tax assets

As at 31 December 2016 and 2015, the components of deferred tax assets are as follows:

	Financial statements		Changes in deferred	
	in which the equity method is applied		tax assets and liabilities are	
	and Separate financial statements		recognised for the year ended	
	as at 31 December		as at 31 December	
	2016	2015	2016	2015
Deferred tax assets arose from:				
Loss reserves	9,930	11,601	(1,671)	3,944
Commission payable on reinsurance	32,881	31,000	1,881	(1,204)
Differences between premium/discount on debt securities recognised at effective interest rates and interest actually incurred	29	263	(234)	179
Unrealised (gains) losses on available-for-sale investments	(1,110)	1,236	(2,346)	6,376
Net deferred commission	(13,753)	(15,169)	1,416	(413)
Others	4,303	2,356	1,947	602
Deferred tax assets	<u>32,280</u>	<u>31,287</u>		
Total changes			<u>993</u>	<u>9,484</u>
Changes recognised in:				
Statements of income			3,200	3,033
Statements of comprehensive income			(2,207)	6,451
			<u>993</u>	<u>9,484</u>

14.2 Income tax expenses

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

	Financial statements	
	in which the equity method is applied and	
	Separate financial statements	
	For the years ended 31 December	
	2016	2015
Current income taxes:		
Corporate income tax charge for the years	(71,451)	(92,473)
Deferred taxes:		
Relating to origination and reversal of temporary differences	3,200	3,033
Income tax expenses reported in the statements of income	<u>(68,251)</u>	<u>(89,440)</u>

Reconciliation between income tax expenses and the product of accounting profits for the year ended 31 December 2016 and 2015 and the applicable tax rate is as follows:

(Unit: Thousand Baht)

	Financial statements			
	in which the equity method is			
	applied		Separate financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2016	2015	2016	2015
Accounting profits before income tax expenses	390,000	478,113	385,998	477,854
Applicable tax rate	20%	20%	20%	20%
Income taxes at the applicable tax rate	(78,000)	(95,622)	(77,200)	(95,571)
Tax effects of:				
Non-taxable revenues	9,518	6,111	8,718	6,060
Non-tax deductible expenses	(100)	(12)	(100)	(12)
Additional tax-deductible expenses allowed	411	145	411	145
Others	(80)	(62)	(80)	(62)
Total	9,749	6,182	8,949	6,131
Income tax expenses reported in statements of income	(68,251)	(89,440)	(68,251)	(89,440)

15. Insurance contract liabilities

(Unit: Baht)

	Financial statements in which the equity method is		
	applied and Separate financial statements		
	31 December 2016		
	Insurance		
	contract	Liabilities on	
	liabilities	reinsurance	Net
Long term insurance policy reserves	285,412,354	(3,664,928)	281,747,426
Loss reserves			
Claims incurred and reported	4,362,250	-	4,362,250
Claims incurred but not yet reported	45,287,997	-	45,287,997
Premium reserves			
Unearned premium reserves	182,092,051	(8,913)	182,083,138
Total	517,154,652	(3,673,841)	513,480,811

(Unit: Baht)

Financial statements in which the equity method is
applied and Separate financial statements

	31 December 2015		
	Insurance contract liabilities	Liabilities on reinsurance	Net
Long term insurance policy reserves	269,258,855	(3,426,958)	265,831,897
Loss reserves			
Claims incurred and reported	4,330,600	-	4,330,600
Claims incurred but not yet reported	53,675,006	-	53,675,006
Premium reserves			
Unearned premium reserves	197,833,952	(18,059)	197,815,893
Total	525,098,413	(3,445,017)	521,653,396

15.1 Long term insurance policy reserves

(Unit: Baht)

Financial statements in which the equity method is
applied and Separate financial statements

	31 December	
	2016	2015
Beginning balances	269,258,855	215,830,021
Reserves increased from new policies	285,412,354	269,258,855
Decreases in policy reserves	(269,258,855)	(215,830,021)
Ending balances	285,412,354	269,258,855

15.2 Loss reserves

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	31 December	
	2016	2015
Beginning balances	58,005,606	38,285,820
Claims incurred for the years	965,421,918	767,065,921
Changes in loss reserve	44,280,223	8,123,651
Changes in assumptions for calculating loss reserves	(52,667,232)	11,644,385
Claims paid during the years	(965,390,268)	(767,114,171)
Ending balances	49,650,247	58,005,606

15.3 Claim development tables

a. Gross claims table

(Unit: Baht)

Accident year/Reporting year	Prior to	2011	2012	2013	2014	2015	2016	Total
Outstanding claim provision:								
- as at accident year /								
Reporting year		131,578,954	168,942,154	199,427,583	257,561,680	294,603,119	358,551,964	
- Next one year		204,403,156	289,415,307	337,384,888	426,244,997	390,862,969		
- Next two years		206,853,930	298,878,147	343,030,869	429,289,768			
- Next three years		209,473,930	299,764,147	349,070,304				
- Next four years		209,473,930	299,768,519					
- Next five years		209,473,930						
Cumulative claim estimates		209,473,930	299,768,519	349,070,304	429,289,768	390,862,969	358,551,964	
Cumulative payments to date		(209,473,930)	(299,768,519)	(349,070,304)	(428,800,629)	(389,117,008)	(315,136,817)	
Total loss reserves	4,000,000	-	-	-	489,139	1,745,961	43,415,147	49,650,247

b. Net claim table

(Unit: Baht)

Accident year / Reporting year	Prior year	2011	2011	2012	2013	2014	2015	2016	Total
Outstanding claim provision:									
- as at accident year /									
Reporting year			131,578,954	168,942,154	199,427,583	257,561,680	294,603,119	358,551,964	
- Next one year			204,403,156	289,415,307	337,384,888	426,244,997	390,862,969		
- Next two years			206,853,930	298,878,147	343,030,869	429,289,768			
- Next three years			209,473,930	299,764,147	349,070,304				
- Next four years			209,473,930	299,768,519					
- Next five years			209,473,930						
Cumulative claim estimates			209,473,930	299,768,519	349,070,304	429,289,768	390,862,969	358,551,964	
Cumulative payment to									
date			(209,473,930)	(299,768,519)	(349,070,304)	(428,800,629)	(389,117,008)	(315,136,817)	
Total loss reserves		4,000,000	-	-	-	489,139	1,745,961	43,415,147	49,650,247

15.4 Key assumptions

Key actuarial assumptions in IBNR calculation is the ultimate loss ratio, The ultimate loss ratio is calculated loss reserves by dividing estimated ultimate losses by estimated ultimate premiums, which is in accordance with the office of Insurance Commission's notifications.

15.5 Unearned premium reserves

(Unit: Baht)

Financial statements in which the equity method is applied and Separate financial statements

	31 December	
	2016	2015
Beginning balances	197,833,952	203,271,825
Premium written for the years	700,976,997	665,314,207
Premium earned during the years	(716,718,898)	(670,752,080)
Ending balances	182,092,051	197,833,952

16. Due to reinsurers

	(Unit: Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	31 December	
	2016	2015
Amounts due to reinsurers	184,402,737	154,167,996
Total due to reinsurers	184,402,737	154,167,996

17. Employee benefit obligations

The movements employee benefit obligations for the years ended 31 December 2016 and 2015 were as follows:

	(Unit: Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2016	2015
Defined benefit obligation at beginning of the years	3,155,407	2,508,054
Included in statements of income:		
Current service costs	226,107	171,750
Interest costs	117,111	103,988
Included in statements of comprehensive income:		
Actuarial (gains) losses due to		
- Demographic assumptions changes	570,493	343,698
- Financial assumptions changes	(211,779)	(320,131)
- Experience adjustments	340,451	348,048
Total actuarial losses	699,165	371,615
Defined benefit obligation at end of the years	4,197,790	3,155,407

As at 31 December 2016 and 2015, the Company expected that no long-term employee benefits payable during the next year.

As at 31 December 2016 and 2015, the weighted average durations of the liabilities for long-term employee benefit were approximately 13.0 years and 17.2 years, respectively.

The significant assumptions used in calculation of the defined benefit plan were summarised below.

(Unit: % per annum)

	For the years ended 31 December	
	2016	2015
Discount rate	3.5	3.1
Salary incremental rate	6.5	6.5
Staff turnover rates	5.5 - 24.4	5.1 - 25.2

The impact from sensitivity analysis on significant assumptions that affect employee benefit obligations as at 31 December 2016 and 2015 are summarised below.

Financial statements in which the equity method is applied and separate financial statements

	Assumption increase	Increase (decrease) in employee benefit obligations as at 31 December 2016		Assumption decrease	Increase (decrease) in employee benefit obligations as at 31 December 2016	
		% per annum	Baht		% per annum	Baht
Discount rate	1.0	(478,038)		1.0	590,632	
Salary increasing rate	1.5	918,719		1.5	(701,606)	
Staff turnover rate	1.8	(306,842)		1.8	355,018	

Financial statements in which the equity method is applied and separate financial statements

	Assumption increase	Increase (decrease) in employee benefit obligations as at 31 December 2015		Assumption decrease	Increase (decrease) in employee benefit obligations as at 31 December 2015	
		% per annum	Baht		% per annum	Baht
Discount rate	0.04	(20,932)		0.08	42,358	
Salary increasing rate	1.5	902,313		1.5	(693,379)	
Staff turnover rate	2.5	(362,468)		2.5	416,635	

18. Share capital

As at 31 December 2016 and 2015, the Company's has the registered, issued and paid-up share capital consists of about 600 million shares with par value of Baht 1 per share.

19. 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.

20. Segment information

20.1 Operating segment information reporting

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 President.

For management purposes, the Company is organised into business units based on its 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 or a new type of product in expectation of market demand and the Company can continuously service.

No operating segments have been aggregated to form the above reportable operating segments.

The Chief Operating Decision Maker has reviewed the operating results of the operating segments separately for the purpose of making decisions and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements. However, in the part of assets and liabilities, segment performance is measured based on the same basis applied to the financial statements whereby operating segments were not separately measured.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

Operating segment information for the years ended 31 December 2016 and 2015 can be classified by type of products as follows:

(Unit: Baht)

Separate financial statements			
For the year ended 31 December 2016			
	Conventional products	Non-conventional products	Total
Underwriting revenues			
Reinsurance premium written	1,180,369,821	794,806,428	1,975,176,249
Less: Reinsurance premium ceded	(25,097,874)	-	(25,097,874)
Net reinsurance premium written	1,155,271,947	794,806,428	1,950,078,375
Add (less): Unearned premium reserves	30,001,792	(14,269,037)	15,732,755
Earned premium	1,185,273,739	780,537,391	1,965,811,130
Underwriting expenses			
Life policy reserves increased from prior year	1,911,315	14,004,214	15,915,529
Net claims paid	550,497,499	402,430,932	952,928,431
Net commissions expenses	379,685,419	238,191,898	617,877,317
Other underwriting expenses	12,642,092	8,512,600	21,154,692
Total underwriting expenses	944,736,325	663,139,644	1,607,875,969
Profit from underwriting	240,537,414	117,397,747	357,935,161
Operating expenses			(58,182,161)
Profit from operations			299,753,000
Net investment revenue			82,680,024
Other revenue			3,565,170
Profit before income tax expenses			385,998,194
Income tax expenses			(68,251,302)
Profit for the year			317,746,892

(Unit: Baht)

	Separate financial statement		
	For the year ended 31 December 2015		
	Conventional products	Non-conventional products	Total
Underwriting revenues			
Reinsurance premium written	1,230,697,388	620,087,294	1,850,784,682
Less: Reinsurance premium ceded	(22,700,291)	-	(22,700,291)
Net reinsurance premium written	1,207,997,097	620,087,294	1,828,084,391
Add (less): Unearned premium reserves	24,736,329	(19,362,466)	5,373,863
Earned premium	1,232,733,426	600,724,828	1,833,458,254
Underwriting expenses			
Life policy reserves increased from prior year	36,479,551	16,770,744	53,250,295
Net claims paid	525,451,386	257,788,083	783,239,469
Net commissions expenses	398,261,582	106,374,110	504,635,692
Other underwriting expenses	9,322,387	4,697,088	14,019,475
Total underwriting expenses	969,514,906	385,630,025	1,355,144,931
Profit from underwriting	263,218,520	215,094,803	478,313,323
Operating expenses			(55,248,083)
Profit from operations			423,065,240
Net investment revenue			52,164,936
Other income			2,624,252
Profit before income tax expenses			477,854,428
Income tax expenses			(89,440,497)
Profit for the year			388,413,931

20.2 Geographic information

The Company 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.

20.3 Major customers

During the years ended 31 December 2016 and 2015, the Company had net reinsurance premium written from 3 major life insurance companies totaling Baht 1,361 million and Baht 1,288 million, respectively.

21. Operating expenses

	(Unit: Baht)	
	Financial statements in which the equity method is applied and separate financial statements	
	For the years ended 31 December	
	2016	2015
Personnel expenses	22,835,510	25,277,007
Premises and equipment expenses	12,517,114	7,880,741
Taxes and duties	184,993	210,579
Other operating expenses	22,644,544	21,879,756
Total operating expenses	<u>58,182,161</u>	<u>55,248,083</u>

22. Expenses by nature

	(Unit: Baht)	
	Financial statements in which the equity method is applied and separate financial statements	
	For the years ended 31 December	
	2016	2015
Long-term insurance policy reserves increased	15,915,529	53,250,295
Net claims	952,638,407	783,239,469
Commission expenses	620,185,623	508,326,165
Other underwriting expenses	4,333,328	3,934,965
Personnel expenses	40,365,638	35,361,517
Premises and equipment expenses	12,517,114	7,880,741
Other expenses	23,014,537	22,090,335
Total expenses by nature	<u>1,668,970,176</u>	<u>1,414,083,487</u>

23. Provident fund

The Company 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 Company 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 Fund Management Company Limited and will be paid to employees upon termination in accordance with the fund rules. During the years 2016 and 2015, the Company contributed Baht 1.9 million and Baht 1.7 million, respectively, to the fund.

24. Earnings per share

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

25. Dividends paid

Dividends declared during the year ended 31 December 2016 and 2015 consisted of the following:

	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
Final dividend from 2015 net income	Annual General Meeting of the shareholders on 22 April 2016	180.0	0.30
Interim dividend for 2016	Board of Director meeting on 16 August 2016	120.0	0.20
Total dividend paid during 2016		<u>300.0</u>	<u>0.50</u>
Final dividend from 2014 net income	Annual General Meeting of the shareholders on 22 April 2015	150.0	0.25
Interim dividend for 2015	Board of Director meeting on 21 August 2015	120.0	0.20
Total dividend paid during 2015		<u>270.0</u>	<u>0.45</u>

26. Related party transactions

26.1 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 relationship between the Company and its related parties are summarised below:

Name of related parties	Relationship with the Company
Thai Reinsurance Plc. ⁽¹⁾	An associate from 19 March 2015 to 10 May 2016 and a related company since 10 May 2016 onwards
EMCS Thai Co., Ltd.	An associate whereby the Company holds 20.00% of such company's shares
Bangkok Insurance Plc. ⁽²⁾	Related by way of having common directors and shareholding
Bangkok Life Assurance Plc. ⁽³⁾	Related by way of having common directors and shareholding
Muang Thai Life Assurance Plc. ⁽²⁾	Related by way of having common directors and shareholding
Thai Life Insurance Plc.	Related by way of having common directors and shareholding
Thaire Services Co., Ltd.	Related by way of having common directors and shareholder
Thaire Actuarial Consulting Co., Ltd.	Related by way of having common shareholder

⁽¹⁾ This entity had been considered the parent company until 19 March 2015, which was the date on which Thai Reinsurance Plc. completed the process to sell a part of shares it held in the Company and hence its holding percentage in the Company's shares was gradually decreased such that relationship with the

Company was changed from a subsidiary to an associate from 19 May 2015 to 10 May 2016 and to a related company from 10 May 2016 onwards.

⁽²⁾ This entity had been considered a related party until 19 March 2015, which was the date when there was no more common directors and percentage of cross-shareholding was also less than 5% of the issued share capital.

⁽³⁾ In the year 2015, this entity had been considered a related party until 19 March 2015, which was the date when there was no more common directors and percentage of cross-shareholding was also less than 5% of issued share capital and in the year 2016, this entity has been considered a related party since 22 April 2016 onwards since it has been started to have common director since that date.

26.2 Significant related party transactions

During the years ended 31 December 2016 and 2015, the Company had significant business transactions with its related parties. Such transactions, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	For the years ended		<i>Pricing policy</i>
	2016	2015	
Transaction with associates			
<i>Expenses</i>			
Service fee expenses ⁽¹⁾	2,994	3,510	<i>Contract rates</i>
Transactions with related parties			
<i>Revenues</i>			
Reinsurance premium written	291,405 ⁽⁵⁾	212,235 ⁽⁴⁾	Normal commercial terms for reinsurance
Commission income	398	680	Normal commercial terms for reinsurance
Dividend income ⁽²⁾	-	1,441 ⁽⁴⁾	As declared
Claims refundable	804	703	Normal commercial terms for underwriting
Service revenues	2,206	2,246	Contract rate
<i>Expenses</i>			
Reinsurance premium ceded	2,337	2,283	Normal commercial terms for reinsurance
Claim expenses	193,438 ⁽⁵⁾	41,987 ⁽⁴⁾	Normal commercial terms for underwriting
Commission expenses	82,596 ⁽⁵⁾	38,545 ⁽⁴⁾	Normal commercial terms for reinsurance
Service fee expenses ⁽¹⁾	8,342 ⁽³⁾	5,287 ⁽³⁾	Contract rate

⁽¹⁾ Including in "Operating expenses" in statements of income

⁽²⁾ Including in "Net investment income" in statements of income

⁽³⁾ Significant transactions with Thai Reinsurance Plc. were previously considered as transactions with parent company until 19 March 2015 and has been considered as transactions with an associate and a related company after shareholding percentage was gradually decreased. However, the Company has disclosed related party transactions in the same line for comparative purpose.

⁽⁴⁾ The Company currently still has significant transactions with Bangkok Life Assurance Plc., Bangkok Insurance Plc., and Muang Thai Life Assurance Plc. However, the Company disclosed transactions with them until 19 March 2015 in

this Note to financial statements since the Company did not treat such companies as its related parties since that date as described in Note 26.1 to the financial statements.

- ⁽⁵⁾ The Company currently still has significant transactions with Bangkok Life Assurance Plc. However, the Company disclosed transactions with them as from 22 April 2016 in this Note to financial statements as described in Note 26.1 to the financial statements.

26.3 Outstanding balances

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

	(Unit: Thousand Baht)	
	31 December	
	2016	2015
Related parties		
Insurance reserves refundable from reinsurers ⁽¹⁾	670	652
Amounts due from reinsurers ⁽²⁾	28,122 ⁽⁸⁾	3,136 ⁽⁷⁾
Amounts deposited on reinsurance	11,491	-
Deferred commissions expenses	16,316	53 ⁽⁷⁾
Loss reserves ⁽³⁾	14,438	2,347 ⁽⁷⁾
Amounts due to reinsurers ⁽⁴⁾	34,469	2,127 ⁽⁷⁾
Deferred commissions income	9	9
Accrued expenses ⁽⁵⁾	250 ⁽⁶⁾	777 ⁽⁶⁾

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

⁽²⁾ Including in "Reinsurance receivables" in statements of financial position

⁽³⁾ Including in "Insurance contract liabilities" in statements of financial position

⁽⁴⁾ Including in "Due to reinsurers" in statements of financial position

⁽⁵⁾ Including in "Other liabilities" in statements of financial position

⁽⁶⁾ Outstanding balances with Thai Reinsurance Plc. were previously considered as outstanding balances with parent company until 19 March 2015 and has been considered as outstanding balances with associate and related company after shareholding percentage was gradually decreased. However, the Company has disclosed outstanding balances in the same line for comparative purpose.

⁽⁷⁾ The Company currently still has outstanding balances with Bangkok Life Assurance Plc., and Muang Thai Life Assurance Plc. at the end of the reporting period but the Company did not disclose outstanding balances with them in this Note to financial statements since the Company did not treat such companies as its related parties since 19 March 2015 as described in Note 26.1 to the financial statements.

⁽⁸⁾ The Company has outstanding balances with Bangkok Life Assurance Plc. However, the Company disclosed outstanding balances with it only as at 31 December 2016 in this Note to financial statements since the Company has considered that company a related company as from 22 April 2016 as described in Note 26.1 to the financial statements.

26.4 Directors' and key management's remuneration

During the years ended 31 December 2016 and 2015, the Company had salaries, bonuses, meeting allowances and post-employment benefits incurred in respect of its directors and key management personnel as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2016	2015
Short-term benefits	23,968	25,440
Post employment benefits	1,307	2,089
Total	25,275	27,529

27. Assets placed and reserved with the Registrar

As at 31 December 2016 and 2015, the Company had the following assets placed and reserved with the Registrar of the Office of Insurance Commission in accordance with the Life Insurance Act.

	(Unit: Million Baht)			
	Financial statements in which the equity method is applied and Separate financial statements			
	31 December			
	2016		2015	
	Cost	Fair value	Cost	Fair value
Assets placed				
Government bonds	21.0	19.7	21.0	18.9
Assets reserved as insurance reserves				
Government and state enterprise bonds	169.0	170.4	135.0	134.8

28. Other assets subject to restrictions

As at 31 December 2016 and 2015, the Company had pledged the following assets as collateral.

	(Unit: Million Baht)	
	31 December	
	2016	2015
Guarantee for electricity consumption		
Government bonds	0.1	0.1

29. Commitments and contingent liabilities

29.1 Service commitments

As at 31 December 2016, the Company had outstanding service commitments and future minimum service fees amounting to Baht 8.4 million.

29.2 Capital Commitments

As at 31 December 2016 and 2015, there were outstanding capital commitments contracted for computer software installation amounting to Baht 13.3 million and Baht 17.6 million, respectively.

30. Life insurance company's risks

30.1 Life insurance risk

Life Insurance risks arising from the conduct of reinsurance activities are managed as follows:

a. Product design and development and pricing

The conduct of research and development and the new distribution channel must be approved by the Product Development Committee. Furthermore, monitoring process is periodically conducted after new products are launched.

b. Underwriting of reinsurance

The Company has developed underwriting guidelines based on technical knowledge and updated statistics, which have been updated periodically. A compliance review is performed periodically to assure that underwriting guidelines are strictly followed.

c. Retrocession

The Excess of Loss program has been implemented to protect the reinsurance contracts underwritten against adverse claims experience. The Company has a strict policy to retrocede its business to the retrocessionaires that have credit ratings of at least "A-".

d. Policy reserves and loss reserves

The Company's policy reserves and loss reserves are calculated based on the generally accepted actuarial methods and approved by the qualified fellow actuaries. Factors that might affect such reserves are analysed and monitored periodically to ensure the adequacy of the Company's obligations.

e. Reinsurance concentration risk

Reinsurance concentration risk is the risk arising from a concentration of business written within a particular type of contracts. Reinsurance contracts can be divided into short-term and long-term, which have different characteristics. Long-term reinsurance contract obliges the Company to provide ongoing coverage without changing premiums or benefits or canceling the contract whereas short-term contract obliges the Company on a yearly basis and enables the Company to adjust reinsurance conditions when renewal is made.

Hence, in order to prevent any volatility to the Company's financial position, the Company has the policy to balance the portfolio mix of long-term and short-term contracts. The proportion of long-term and short-term contracts in as at 31 December 2016 and 2015 are as follows;

(Unit: Percent)

	As at 31 December	
	2016	2015
Long-term reinsurance contracts	55.00	51.00
Short-term reinsurance contracts	45.00	49.00
Total	100.00	100.00

f. Sensitivity analysis

Sensitivity analysis is performed to analyze the risk that insurance contract liabilities will increase or decrease as a result of changes in the assumptions used in calculating, gross and net reserves, profits before taxes, and owner's equity. The risk may occur because the frequency of claims, value of claims, or loss adjustment expenses may not be as expected.

(1) Sensitivity analysis on long-term insurance policy reserves

The Company compares the amounts of Gross Premium Valuation (GPV) reserves and the amounts of Unearned Premium Reserves (UPR). If the GPV reserves are higher than the UPR, the Company will recognised the difference and present the GPV reserves in the financial statements. However, as at 31 December 2016 and 2015, the amounts of GPV reserves are lower than the amounts of UPR. Therefore, the Company did not perform the sensitivity analysis on long-term insurance policy reserves.

(2) Sensitivity analysis on short-term insurance policy reserves

Impacts from changes in assumptions on loss reserves as at 31 December 2016 and 2015 are shown below:

(Unit: Baht)

		31 December 2016			
		Increase (decrease) in loss reserves before retrocession	Increase (decrease) in loss reserves after retrocession	Increase (decrease) in profits before income taxes	Increase (decrease) in owner's equity
Ultimate loss ratio	+5 %	37,646,426	37,646,426	(37,646,426)	(30,117,141)
Ultimate loss ratio	-5 %	(8,411,116)	(8,411,116)	8,411,116	6,728,893

(Unit: Baht)

		31 December 2015			
		Increase (decrease) in loss reserves before retrocession	Increase (decrease) in loss reserves after retrocession	Increase (decrease) in profits before income taxes	Increase (decrease) in owner's equity
Change in Assumption					
Ultimate loss ratio	+5 %	35,391,693	35,391,693	(35,391,693)	(28,313,354)
Ultimate loss ratio	-5 %	(10,392,435)	(10,392,435)	10,392,435	8,313,948

30.2 Financial instruments and risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, reinsurance receivables, investments in securities, loans, and due to reinsurers. The financial risks associated with these financial instruments and how they are managed is described below.

a. Credit risk

The Company is exposed to credit risk primarily with respect to reinsurance receivables. The Company manages the risk by regularly evaluating credit quality of its retrocessionaires and issuers of securities and assessing the ability to pay debt as it comes due, through periodical analysis and monitoring of their financial positions. The Company has a strict policy to retrocede its business to foreign retrocessionaires and buy securities from issuers that have credit ratings of at least A-. Therefore, the Company does not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amount of reinsurance receivables as presented in the statement of financial position.

b. Market risk

Market risk is the risk that change in interest rates, foreign exchange rates and securities prices may have an effect on the Company's financial position. The Company had no significant financial instruments denominated in foreign currencies; market risk is therefore confined only to interest rate risk and equity position risk.

(1) Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks, investments in debt securities, and loans.

The Company has managed interest rate risk by closely monitoring interest rate movement and incorporating it into investment allocation decision making.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Thousand Baht)

Financial statements in which the equity method is applied and separate financial statements

31 December 2016

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
Financial Assets							
Cash and cash equivalents	100,000	-	-	81,909	3	181,912	0.00 - 1.50
Reinsurance receivables	-	-	-	-	273,124	273,124	-
Investments in securities							
Government and state enterprise securities	267,481	74,896	20,000	105,966	-	468,343	1.76
Private enterprise debt securities	15,000	10,000	-	-	-	25,000	0.00 - 1.86
Equity securities	-	-	-	-	795,324	795,324	-
Deposits at financial institutions	103,000	-	-	-	-	103,000	1.75
Loans	-	293	-	-	-	293	3.50
Financial Liabilities							
Insurance contract liabilities							
- loss reserves	-	-	-	-	49,650	49,650	-
Due to reinsurers	-	-	-	-	184,403	184,403	-

(Unit: Thousand Baht)

Financial statements in which the equity method is applied and separate financial statements

31 December 2015

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
Financial Assets							
Cash and cash equivalents	-	-	-	73,857	3	73,860	0.00 - 0.40
Reinsurance receivables	-	-	-	-	317,854	317,854	-
Investments in securities							
Government and state enterprise securities							
Private enterprise debt securities	99,104	133,212	54,781	106,112	-	393,209	1.88
Equity securities	-	25,000	-	-	-	25,000	1.92
Deposits at financial institutions	-	-	-	-	679,674	679,674	-
Loans	335,000	-	-	-	-	335,000	2.36
Financial Liabilities							
Insurance contract liabilities							
- loss reserves	-	459	-	-	-	459	3.50
Due to reinsurers	-	-	-	-	154,168	154,168	-

(2) Securities price risk

Securities price risk is the risk that change in the market prices of securities will result in fluctuations in revenues and in the value of financial assets.

The Company manages the price risk by analyzing and monitoring changes in economic, political, and regulatory environments that might lead to adverse movement in the market price of the invested securities. 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.

As at 31 December 2016 and 2015, the Company has risk from its investments in securities of which the price will change with reference to market conditions.

c. Liquidity risk

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

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

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

(Unit: Baht)

	31 December 2016					Total
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	
Financial assets						
Cash and cash equivalents	81,909,145	100,000,000	-	-	3,000	181,912,145
Reinsurance receivables	-	273,114,847	9,545	-	-	273,124,392
Investments in securities	793,218,163	385,480,822	125,454,331	85,407,352	2,105,720	1,391,666,388
Loans	-	175,512	120,379	-	-	292,891
Financial liabilities						
Due to reinsurers	-	184,402,737	-	-	-	184,402,737

(Unit: Baht)

	31 December 2015					Total
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	
Financial assets						
Cash and cash equivalents	73,857,302	-	-	-	3,000	73,860,302
Reinsurance receivables	-	317,853,530	-	-	-	317,853,530
Investments in securities	677,568,070	434,103,662	158,211,592	160,894,019	2,105,720	1,432,883,063
Loans	-	165,545	292,891	-	-	459,436
Financial liabilities						
Due to reinsurers	-	154,167,996	-	-	-	154,167,996

Reinsurance contracts generate annually net reinsurance premium after underwriting expense throughout term of contracts. Time to maturity of liability from reinsurance contract as of 31 December 2016 and 2015 are shown below:

(Unit: Percent)

Time to Maturity	31 December 2016	31 December 2015
1 year	10.2	10.8
1 year to 5 years	29.7	30.4
Over 5 years	60.1	58.8
Total	100.0	100.0

30.3 Fair value of financial instruments

As of 31 December 2016 and 2015, the Company had the following assets that were measured at fair value using different levels of inputs as follows:

(Unit: Baht)

	31 December 2016				Book value
	Fair value			Total	
	Level 1	Level 2	Level 3		
Assets measured at fair value					
Trading investments					
Equity securities	73,299,100	-	-	73,299,100	73,299,100
Available-for-sale investments					
Equity securities	420,848,519	299,070,544	-	719,919,063	719,919,063
Assets for which fair value are disclosed					
Cash and cash equivalents					
Cash, saving and current accounts	124,470,297	-	-	124,470,297	124,470,297
Investment in money market fund	-	57,441,848	-	57,441,848	57,441,848
Reinsurance receivables	-	273,124,392	-	273,124,392	273,124,392
Held-to-maturity investments					
Government and state enterprise securities	-	476,729,752	-	476,729,752	468,342,505
Private enterprise debt securities	-	25,519,018	-	25,519,018	25,000,000
Deposits at financial institutions	-	103,000,000	-	103,000,000	103,000,000
Other investments	-	-	5,184,283	5,184,283	2,105,720
Loans	-	-	292,891	292,891	292,891
Liabilities for which fair value are disclosed					
Insurance contract liabilities					
- loss reserves	-	49,650,247	-	49,650,247	49,650,247
Due to reinsurers	-	184,402,737	-	184,402,737	184,402,737

(Unit: Baht)

	31 December 2015				Book value
	Fair value				
	Level 1	Level 2	Level 3	Total	
Assets measured at fair value					
Trading investments					
Equity securities	76,504,600	-	-	76,504,600	76,504,600
Available-for-sale investments					
Equity securities	306,692,969	294,370,501	-	601,063,470	601,063,470
Assets for which fair value are disclosed					
Cash and cash equivalents					
Cash, saving and current accounts					
	18,034,084	-	-	18,034,084	18,034,084
Investment in money market fund	-	55,826,218	-	55,826,218	55,826,218
Reinsurance receivables	-	317,853,530	-	317,853,530	317,853,530
Held-to-maturity investments					
Government and state enterprise securities					
	-	400,284,408	-	400,284,408	393,209,273
Private enterprise debt securities	-	25,915,601	-	25,915,601	25,000,000
Deposits at bank	-	335,000,000	-	335,000,000	335,000,000
Other investments	-	-	3,828,199	3,828,199	2,105,720
Loans	-	-	459,436	459,436	459,436
Liabilities for which fair value are disclosed					
Insurance contract liabilities					
- loss reserves	-	58,005,606	-	58,005,606	58,005,606
Due to reinsurers	-	154,167,996	-	154,167,996	154,167,996

The fair value hierarchy of financial assets presents according to Note 4.18 to financial statements.

As at 31 December 2016 and 2015, fair value of financial assets was not significant difference from their book value.

The methods and assumptions used by the Company in estimating the fair value of financial instruments are as follows:

- (a) Financial assets and liabilities having short-term maturity periods as cash and cash equivalents, deposits at banks with an original maturity period longer than 3 months, reinsurance receivables, loss reserves in insurance contract liabilities, and due to reinsurers are presented at fair values, which approximate their carrying amounts in the statement of financial position.
- (b) Investments in debts securities are presented at fair values based on market prices or prices determined using the yield curve as announced by the Thai Bond Market Association.

- (c) Investments in equity securities are presented at fair values is based on market prices. In case of non-marketable equity securities, the fair values are determined approximately using the price to book value ratio, except for investment units, which are not listed securities, their fair values are the net asset value per unit as announced by the fund manager.
- (d) Loans are presented at fair value, which are estimated by discounting expected future cash flow by the current market interest rate.

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

31. Capital management for life insurance companies

The primary objectives of the Company's capital management are to ensure that it has ability to continue its business as a going concern and to maintain risk-based capital in accordance with the requirements of the Office of the insurance Commission.

32. Reclassification

The Company reclassified certain line items in the prior year's financial statements, presented as comparative information, to conform to the current year's classification as already described in Note 2 to the financial statements. The reclassification does not have any impact on previously reported profit or owner's equity.

(Unit: Baht)

	31 December 2015		1 January 2015	
	As reclassified	As previously reported	As reclassified	Previous brought forward balances
Statements of financial position				
Assets:				
Premium receivables	-	27,729,823	-	10,199,176
Reinsurance assets	3,445,017	369,465,549	3,330,488	405,738,884
Reinsurance receivables	317,853,530	-	338,793,350	-
Other assets	76,595,999	699,174	74,331,592	517,370
Liabilities:				
Due to reinsurers	(154,167,996)	(154,215,824)	(283,050,525)	(283,084,919)
Employee benefit obligations	(3,155,407)	(4,410,407)	(2,508,054)	(4,678,054)
Liability under a finance lease agreement	-	-	-	(335,511)
Other liabilities	(6,999,362)	(5,696,534)	(7,229,864)	(4,689,959)
	233,571,781	233,571,781	123,666,987	123,666,987

	(Unit: Baht)	
	For the year ended 31 December 2015	
	As reclassified	As previously reported
Statement of income		
Expenses:		
Gross benefits and claim paid	786,833,957	783,239,469
Claim paid recovered from reinsurers	(3,594,488)	-
Other underwriting expenses	14,019,475	10,554,920
Contribution to the Office of Insurance Commission	-	3,464,555
	<u>797,258,944</u>	<u>797,258,944</u>

33. Events after the reporting period

On 21 February 2017, the Board of Directors' Meeting passed a resolution to be proposed for approval of dividends in respect of the second half-year operating results of 2016 at Baht 0.20 per share, amounting to a total dividend of Baht 120 million by the Annual General Meeting of the Shareholders to be held in April 2017.

34. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 21 February 2017.

General Information

General Information

Company & Head Office Name

Thaire Life Assurance PCL

Location

48/15 Rajchadapisek Soi 20, Rajchadapisek Road,
Samsennok, Huaykwang, Bangkok 10310
Phone: 0-2660-1280-86 Fax: 0-2277-6227

Nature of Business

Provision of reinsurance (life insurance business)

Registered Number

0107554000241

Home Page

www.thairelife.co.th

Registered Capital

Total registered capital of THB 600 million,
with a fully paid-up

Issued and Paid-up

600,000,000 ordinary shares of THB 1 each,
Total THB 600,000,000

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

Company & Head Office Name

EMCS Thai Co., Ltd.

Location

183 Regent House, 10th Floor, Rajadamri Road,
Lumpini, Pathumwan, Bangkok 10330
Phone: 0-2650-5700 Fax: 0-2651-9091

Nature of Business

Provision of computer services in relation to motor
insurance claims

Registered Number

0105543108248

Issued and Paid-up

6,000,000 ordinary shares of THB 5 each,
Total THB 30,000,000

Percentage Owned

20.0 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

Certified Public Accountant (Thailand) No. 4951
EY Office Limited
193/136-137 Lake Ratchada Office Complex Fl 33,
Rachadapisek Road, Klongtoey, Bangkok 10110
Phone: 0-2264-9090 Fax: 0-2264-0789-90