

ANNUAL REPORT 2017

KRUNGTHAI PANICH INSURANCE
PUBLIC COMPANY LIMITED

DYNAMIC FORCE OF SUCCESS



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Krungthai Panich Insurance Public Company Limited has committed to grow our organization towards greater stability alongside the heightened sense of happiness among Thais with the world renowned Thai smiles. We believe it's our responsibility to provide the utmost peace of mind to our customers for their fulfilled and prosperous lives. Our solutions are, thus, to safeguarding them for any possible risk that could disrupt their lives from achieving the highest advantage possible.

Vision

To be Thailand's leading non-life insurance company with high-caliber personnel, modernized work process and system with strong financial foundation equipped to provide service excellence to our customers and values to our business alliances; offering equitable returns to our shareholders while supporting the progress of Thai society and its sustainable development.

Mission

- | | |
|--------------------------|--|
| Employees | : Develop our personnel to reach their maximum capabilities and the professional level of proficiency |
| Corporate | : Continue to improve system of operation for greater efficiency by utilizing state-of-the-art technology |
| Customers | : Maximize customer satisfaction by offering quality products and solutions |
| Business Partners | : Attentive to our business alliances by building trustworthiness and strong cooperation towards long lasting business development |
| Shareholders | : Offer constant and sustainable growth in profits and returns |
| Thai Society | : Provide support with participation toward building quality Thai society |

FINANCIAL HIGHLIGHTS

Unit : Million Baht (Except Earnings Per Share Unit : Baht)

ITEMS	2015	2016	2017
GROSS WRITTEN PREMIUM	3,063	3,065	3,085
% CHANGE	(1.42)	0.03	0.68
NET WRITTEN PREMIUM	2,711	2,582	2,548
% CHANGE	4.36	(4.73)	(1.35)
UNDERWRITING INCOME	388	372	400
% CHANGE	(34.96)	(4.18)	7.50
INVESTMENT INCOME	336	314	370
% CHANGE	8.67	(6.50)	17.94
NET INCOME	587	566	628
% CHANGE	(17.45)	(3.50)	10.90
EARNINGS PER SHARE	53.33	51.47	57.08
% CHANGE	(17.45)	(3.50)	10.90
TOTAL LIABILITIES	3,178	3,243	3,372
% CHANGE	(0.01)	2.04	3.98
SHAREHOLDER'S EQUITY	5,123	5,718	5,913
% CHANGE	4.35	11.62	3.41
TOTAL ASSETS	8,301	8,961	9,285
% CHANGE	2.64	7.95	3.62

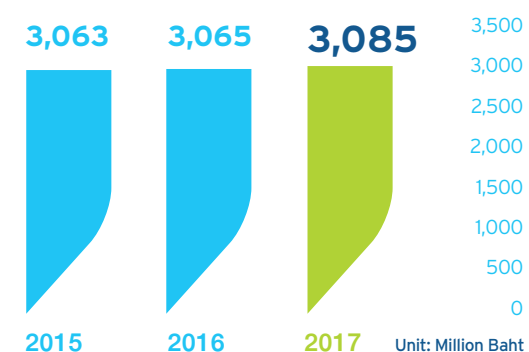
FINANCIAL RATIO

Unit : Percentage

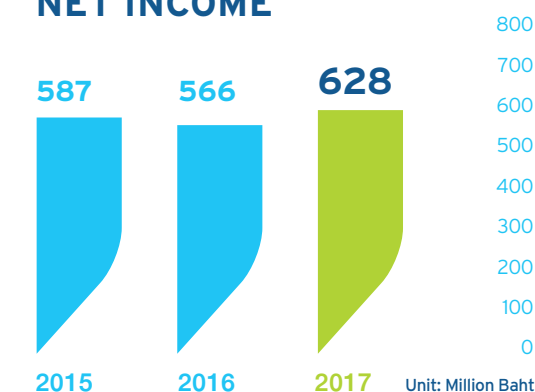
	2015	2016	2017
NET PROFIT / NET WRITTEN PREMIUM	21.64	21.92	24.64
NET PROFIT / TOTAL ASSETS (ROA)	7.07	6.32	6.76
NET PROFIT / SHAREHOLDER'S EQUITY (ROE)	11.45	9.90	10.62
TOTAL LIABILITIES / SHAREHOLDER'S EQUITY	62.05	56.72	57.03
CAPITAL ADEQUACY RATIO (CAR RATIO)	690.87	607.17	708.31*

Note : * CAR Ratio 2017 is prior to submission to the Office of Insurance Commission (OIC)

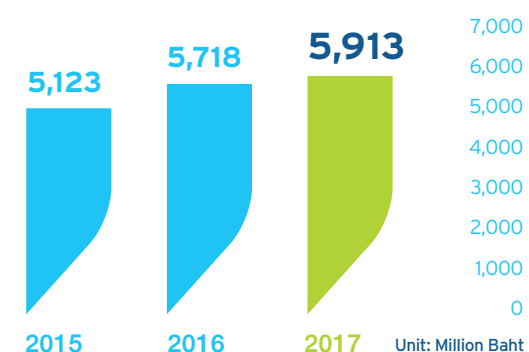
GROSS WRITTEN PREMIUM



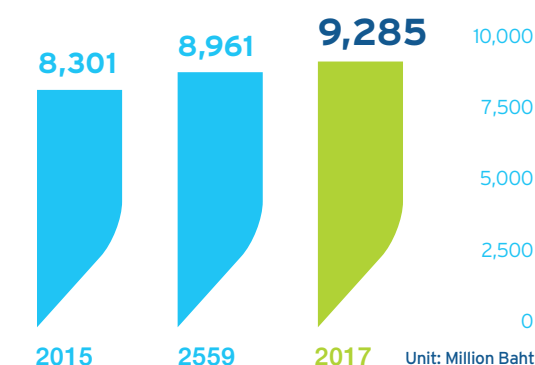
NET INCOME



SHAREHOLDER'S EQUITY



TOTAL ASSETS



A man and a woman in business attire are looking up and smiling, suggesting a positive and forward-looking business environment. The man is holding a laptop, and the woman is standing next to him. The background is a blurred cityscape with tall buildings.

DYNAMICS OF OPTIMAL ACHIEVEMENT

To develop an organization with sustainable success requires progressive and systematic working environment especially in the age of rapid social change and technology advancement. It's the organization's responsibility to be attentive in managing human resources at all levels and in every process across the whole organization to be the most valuable and high quality asset. This will enable each personnel to perform their duties effectively and to the best of their potentials from Sourcing, Screening, Selection, Deployment, Development as well as Retention.

A background image showing a close-up of two hands shaking in a firm grip, symbolizing a business agreement or partnership. The hands are wearing white shirts and dark suits. In the foreground, a white folder or binder is partially visible. The image is overlaid with a blue gradient and several geometric shapes: a large green shape on the left, a blue shape on the right, and a green shape at the bottom left.

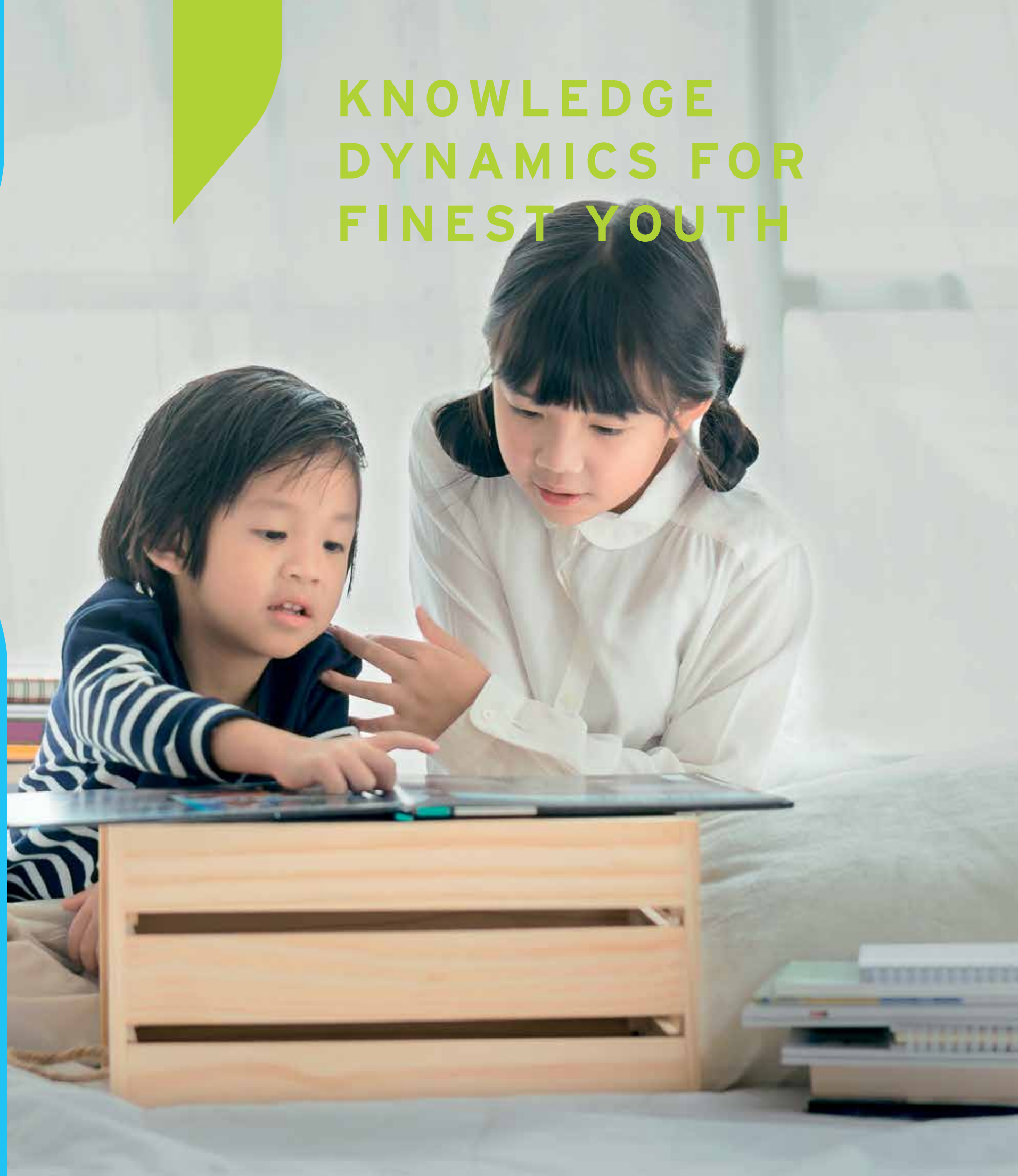
ALLIANCE DYNAMICS FOR EXCELLENT EXPERIENCE

Delivering the finest experience to our customers remains the crucial part of our business. With this organization's mindset, we will continue to thrive by building robust and extended business alliance network with service excellence initiative for our customers. Today's technology advancement has influenced consumer behaviour as we have witnessed the increasing conversion towards digital platform for goods and services because it's more convenient and faster. Our organization has joined force with our high potential business alliance to develop services in response to the ever changing consumer's needs. The joint collaboration has been based on the following directions:

- Establishing together new standards in conducting business for greater success
- Initiating the balance of doing business together with fairness
- Acquiring new strategic alliances to extend our business operations and strengthen our competitive advantage

KNOWLEDGE DYNAMICS FOR FINEST YOUTH

Our organization has committed to be a major contributor in developing knowledge management project for our future generations. As we believe that human development through knowledge empowerment will be the foundation towards a stronger Thai society. Knowledge dynamics will truly be the driving force of community, society and the country. For many consecutive years, KPI has initiated "The Ready Steps" project to cultivate reading habits in young generations by improving their libraries across the country. Entering the 5th year of the project, we're very proud of our achievement in successfully providing access to a more efficient learning environment for young generations of Thais. These modernized and improved libraries will carry ample supplies of good academic books, extracurricular books, modern learning medium and study equipment. It's our unwavering conviction that by providing knowledge dynamics to our future generations is the invaluable and sustainable asset for it will help them growing up and becoming quality individuals leading our country towards the greater and brighter future.



MESSAGE FROM THE BOARD OF DIRECTORS



Office of the National Economic and Social Development Board (NESDB) has forecast that Thai economy in 2017 would expand 3.9 percent, an increase from the previous year's growth rate at 3.2 percent (data as of 20th November 2017). The main factors attributed to this level of increase emerging from the continuing growth rate in export sector with wider growth distribution as the result from the country's economic recovery as well as the promising sign of recovery in industrial production. Meanwhile the government's investment was lower than expected as the result of the disbursement of the government's expenditure under the government's economic stimulus package measure was at its final months of operation. The government's initiative such as project finance for the development of water resource management system and crucial land transportation infrastructure as well as the government's stimulus package measure for small size investment across the country had resulted in the forecast of the overall non-life insurance business for 2017 with the estimate of 220,000 million baht in direct premiums, an approximate growth rate of 3.7 percent from 2016. Accordingly, our company's income from total premiums amounted to 3,085 million baht and the income after operation expenditure deduction was 400 million baht, the income from net investment amounted to 370 million baht and the net profit from business operation after deducting corporate income tax amounted to 628 million baht.

For 2018, NESDB has forecast that the overall Thai economy's growth rate would be in the range of 3.6 - 4.6 percent. As for the non-life insurance business, the Thai Reinsurance Public Company Limited forecasts that this year's direct premiums would grow at the rate of 4.4 per cent because Thai economy's growth in 2018 has trended towards greater growth and at accelerating speed. The main supporting factors would be the world's economy has been expanding at a good rate and Thai export sector has also gained constant growth that would result in the strong recovery in industrial production while increasingly supporting greater growth in Thai economy. Among other factors would be the overall investment that has also accelerated following the rising trend of economic expansion

because the investment in private sector has been buoyed up by the decrease in the excess production in major industrial sectors. Furthermore, the level of confidence in the overall economy has also risen including the accelerating development of the government's investment in the progress of the major infrastructure's investment and the increase in the investment expenditure budget framework. For these factors, we would continually emphasize on strengthening relationship with our customers and referrers in order to maintain and maximize renewal rate of our existing insurance policies. We will further enhance our data analysis and assessment of our current customers to identify opportunities for upselling new insurance products while offering more comprehensive solutions. In addition, we will keep on improving our distribution channels, ensuring that all insurance products and solutions can be introduced in easy, convenient, and efficient manner. Our information technology system has also been constantly up-to-date to accommodate the ever changing consumer behaviors that have been relying more and more on online platform. In 2018, we will further improving our customer service quality while maintaining business profits at a sustainable level. Besides the business growth we also firmly uphold our corporate social responsibilities by organizing CSR projects and activities throughout the year.

On behalf of our Board of Directors, I would like to express my sincere appreciation to all shareholders, customers, business partners as well as our employees for your strong and dedicated support in our business operations throughout 2017. We fully adhere to our commitment to maintain steady growth in a sustainable manner and utilize competitive advantage to achieve greater business performance.

(DR. DHIRAPHORN SRIFUENGFUNG)
Chairman of the Board of Directors

BOARD OF DIRECTORS



**DR. DHIRAPHORN
SRIFUENGFUNG**
Chairman of The
Board of Directors

**MR. PAYUNGSAK
CHARTSUTIPOL**
Director /
Chairman of Corporate
Governance Committee

**MR. UDOMSAK
ROJVIBOONCHAI**
Director /
Chairman of Executive Director

**MRS. VALAIWAN
SRIFUENGFUNG**
Director /
Executive Director /
Audit Committee

**MR. SUWAT
NESTSAWAT**
Director / Audit Committee

MR. KASEM PAEYAI
Director / Executive Director

BOARD OF DIRECTORS



**MR. WERAPONG
SUPPASEDSAK**
Director /
Corporate Governance
Committee

**MR. WARAWUT
SITTHIYOS**
Director

**MR. SAKDEE
CHEABLUM**
Director

**MR. TANET
PHANICHEWA**
Director /
Corporate Governance
Committee

**MR. KERATI
PHANICHEWA**
Director / Executive
Director

**MR. SOMBOON
WONGRASSAMEE**
Director / Executive
Director



BOARD OF DIRECTORS' PROFILE

DR. DHIRAPHORN SRIFUENGFUNG

Chairman of Board of Directors

EDUCATION

- Ph.D. Civil Engineering University of Missouri, USA

TRAINING

- National Defence Course for public, private and political defence class 1, National Defence College
- Directors Accreditation Program (DAP) Thai Institute of Directors Association (IOD)

NO. OF SHARES

None

RELEVANT IMPORTANT POSITION

- Chief Executive Officer of Pimai Salt Co., Ltd.
- Chairman of Goodyear (Thailand) Public Co., Ltd.
- President of Patong Beach Hotel (Phuket) Co., Ltd.
- President of Baan Samui Resort Co., Ltd.
- Executive Director of Thai Refined Salt Co., Ltd.
- Executive Director of Boonsong Co., Ltd.
- Executive Director of Boonpermpoon Co., Ltd.
- Director of TTL Industries Public Co., Ltd.

MR. PAYUNGSAK CHARTSUTIPOL

Director /
Chairman of Corporate Governance Committee

EDUCATION

- Honorary Degree of Doctor of Engineering, Suranaree University of Technology
- Honorary Degree of Doctor of Philosophy, Organization Development Administration, Chaopraya University
- Bachelor of Engineering, Electrical Engineering, Chulalongkorn University
- Certificate of Management Development Program, North Western University, USA

TRAINING

- Director Accreditation Program (DAP SCC / 2004), Thai Institute of Directors Association
- Risk Management Program for Corporate Leaders (RCL 3 / 2016) Thai Institute of Directors Association
- Certificate in Top Executives in the Energy Education Program (Class 1), Thailand Energy Academy (TEA)
- Power of Kingdom Class 1, Bhumipalungphandin (BPP), Executive Program, Chulalongkorn University
- The Training Course on Administrative Justice for Executives Class 2, Administrative Justice Development Institute
- Top Executives Program (Class 11), Capital Market Academy (CMA)
- Top Executive Program in Commerce and Trade (TEPCoT Class 2), Commerce Academy, University of the Thai Chamber of Commerce

NO. OF SHARES

None

RELEVANT IMPORTANT POSITION

- Independent Director / Chairman of Corporate Governance Committee, Global Green Chemicals Public Co., Ltd.
- Independent Director / Chairman of Audit Committee / Chairman of Risk Management Committee Global Power Synergy Public Co., Ltd.
- Chairman of Board of Directors, Nakhonluang Capital Public Co., Ltd.
- Director of Linde (Thailand) Public Co., Ltd.
- Director of The Siam United Stell (1995) Co., Ltd.
- Independent Director / Vice Chairman of Sapthip Co., Ltd.

MR. UDOMSAK ROJVIBOONCHAI

Director / Chairman of Executive Director

EDUCATION

- Master of Commerce, Chulalongkorn University

TRAINING

- The Leadership Grid - The Power to Change
- Modern Management Strategy (2008)
- Financial Executive Development Program (Finex) Fiscal Management Program
- TLCA Executive Development Program (EDP)
- Advanced Certificate Course in Public Economics Management for Executives
- Corporate Governance for Capital Market Intermediaries (CGI)
- Leader Program (CMA)
- Institute of Business and Industrial Development for top executive (IBID 3)
- Director Certification Program (DCP) Class 248 / 2017 Thai Institute of Directors Association (IOD)

NO. OF SHARES

None

RELEVANT IMPORTANT POSITION

- Ktzmico Securities Co., Ltd.

MRS. VALAIWAN SRIFUENGFUNG

Director / Executive Director /
Audit Committee

EDUCATION

- Master Degree MBA Boston University, USA

TRAINING

- Advanced Audit Committee Program, Thai Institute of Directors Association (IOD)
- Director Accreditation Program, Thai Institute of Directors Association (IOD)

NO. OF SHARES

None

RELEVANT IMPORTANT POSITION

None



BOARD OF DIRECTORS' PROFILE

(CONTINUED)

MR. SUWAT NESTSAWAT

Director / Audit Committee

EDUCATION

- Master Degree of Business Administration, Kasetsart University
- Bachelor Degree of Economics, Ramkhamhaeng University
- Bachelor Degree of Law, Ramkhamhaeng University

TRAINING

None

NO. OF SHARES

None

RELEVANT IMPORTANT POSITION

None

MR. KASEM PAEYAI

Director / Executive Director

EDUCATION

- Master of Public and Private Management Program, National Institute of Development Administration
- BA, (Economics), University of the Thai Chamber of Commerce

TRAINING

- Influencer, PacRim Leadership Center Class 1 / 2012
- Executive Program for Senior Management (EX-PSM3) Class 3 / 2012 Fiscal Policy Research Institute Foundation (FPRI)
- Leadership Program 2010, PacRim Leadership Center
- Behavioral Science Psychology Human Behavior Modification & Development Center (HMDC)
- Director Certification Program Class 177 / 2013, Thai Institute of Directors Association

NO. OF SHARES

None

RELEVANT IMPORTANT POSITION

- Director / Audit Committee
Secondary Mortgage Corporation

MR. WERAPONG SUPPASEDSAK

Director / Corporate Governance Committee

EDUCATION

- Master of Economics (Finance), National Institute of Development Administration (NIDA)
- Bachelor of International Economics, Ramkhamhaeng University

TRAINING

- Corporate Governance for Capital Market Intermediaries : CGI19/2017,Thai Institute of Directors Association (IOD)
- Director Certificate Program (DCP) : DCP237/2017, Thai Institute of Directors Association (IOD)
- TLCA Executive Development Program : EDP14/2014, Thai Listed Companies Association (TLCA)
- Director Accreditation Program (DAP) : DAP100/2013, Thai Institute of Directors Association (IOD)
- Executive Development Program (EDP) : EDP2011, Fiscal Policy Research Institute Foundation (FPRI)

NO. OF SHARES

None

RELEVANT IMPORTANT POSITION

- Director and Executive Director, KT ZMICO Securities Co., Ltd.
- Director, Bangkok Expressway and Metro Pcl.

MR. WARAWUT SITTHIYOS

Director

EDUCATION

- Master Degree MBA, Ramkhamhaeng University
- Bachelor Degree MBA, Ramkhamhaeng University

TRAINING

- Executive Leadership Development Program (ELDP)
- Director Certification Program (DCP) Class 240 / 2017 Thai Institute of Directors Association (IOD)

NO. OF SHARES

None

RELEVANT IMPORTANT POSITION

None



BOARD OF DIRECTORS' PROFILE

(CONTINUED)

MR. SAKDEE CHEABLAM

Director

EDUCATION

- Master degree of Business Administration, Kasetsart University

TRAINING

- Financial Executive Development Program, FINEX VI 18/06/2010 TIBFA Executive Bank's Program, Pacific RIM
- Modern Management Program Executive Leadership Development Program, Cornell University
- Director Certification Program - DCP 243/2017, Thai Institute of Directors(IOD)

NO. OF SHARES

None

RELEVANT IMPORTANT POSITION

None

MR. TANET PHANICHEWA

Director / Corporate Governance Committee

EDUCATION

- Master of Business Administration, Sasin Graduate Institute of Business Administration of Chulalongkorn University, Bangkok, Thailand
- Bachelor of Industrial Engineering, School of Engineering, Newcastle University, NSW, Australia

TRAINING

- Capital Market Academy (CMA)
- Future Entrepreneurs Forum (FEF)
- Academy of Business Creativity (ABC)

NO. OF SHARES

30,089

RELEVANT IMPORTANT POSITION

- Chairman of Kiarti Thanee Country Club Co., Ltd.
- Director of TTL Industries Public Co., Ltd.

MR. KERATI PANICHEWA

Director / Executive Director

EDUCATION

- Master of Business Administration, College of Notre Dame, California, USA
- Bachelor Degree in Insurance, University of Hartford, Connecticut, USA

TRAINING

- Director Certification Program, Class 1/2000, Thai Institute of Directors Association (IOD)
- Leadership Program Class 11, Capital Market Academy, The Stock Exchange of Thailand

NO. OF SHARES

None

RELEVANT IMPORTANT POSITION

- Director of Thai Reinsurance Public Co., Ltd.
- Director of TTL Industries Public Co., Ltd.
- Director of Kiarti Thanee Country Club Co., Ltd.
- Director of Thai Public Port Co., Ltd.

MR. SOMBOON WONGRASSAMEE

Director / Executive Director

EDUCATION

- Master of Business Administration (Honour), National Institute of Development Administration (NIDA)
- Master of Chemical Engineering, Oklahoma State University, USA
- Bachelor of Engineering, Chulalongkorn University

TRAINING

- Audit Committee Program
- Director Certification Program

NO. OF SHARES

None

RELEVANT IMPORTANT POSITION

None

THE EXECUTIVES



**MR. KERATI
PANICHEWA**
Chief Executive Officer

**MR. SOMBOON
WONGRASSAMEE ⁽¹⁾**
President

**MS. SUCHAVADEE
SANGANONG**
Senior Executive Vice President

**MR. PUTTHINAN
PLANGKULL**
Executive Vice President

**MR. PICHIT
CHITNELAWONG**
Executive Vice President

**MR. CHAIWUT
JUMNONGSUTASTHIEN ⁽²⁾**
Executive Vice President

Note
⁽¹⁾ Resigned in January 27, 2018
⁽²⁾ Resigned in February 2, 2018



THE EXECUTIVES' PROFILE

MR. KERATI PANICHEWA

Chief Executive Officer

EDUCATION

- Master of Business Administration, College of Notre Dame, California, USA
- Bachelor Degree in Insurance, University of Hartford, Connecticut, USA

RELEVANT IMPORTANT POSITION

- Director of Thai Reinsurance Public Co., Ltd.
- Director of TTL Industries Public Co., Ltd.
- Director of Kiarti Thane Country Club Co., Ltd.
- Director of Thai Public Port Co., Ltd.

TRAINING

- Director Certification Program, Class 1/2000, Thai Institute of Directors Association (IOD)
- Leadership Program Class 11, Capital Market Academy, The Stock Exchange of Thailand

MR. SOMBOON WONGRASSAMEE

President

EDUCATION

- Master of Business Administration (Honour), National Institute of Development Administration (NIDA)
- Master of Chemical Engineering, Oklahoma State University, USA
- Bachelor of Engineering, Chulalongkorn University

WORK EXPERIENCE

- President, The Platinum Group Public Company Limited.
- Managing Director of Financial Business and Golf Business, MBK Group
- Senior Executive Vice President Business Development, MBK Public Company Limited.

TRAINING

- Audit Committee Program
- Director Certification Program

MS. SUCHAVADEE SANGANONG

Senior Executive Vice President

EDUCATION

- MBA (Finance), University of Hartford, Connecticut, United States of America
- MS (Insurance), University of Hartford, Connecticut, United States of America
- BBA (General Management and Insurance & Risks Management), Assumption University

WORK EXPERIENCE

- Thai Reinsurance PLC.
- American Reinsurance, New York & New Jersey, United State of America
- Kasikorn Asset Management Co., Ltd.
- Muang Thai Life Assurance PLC.
- Thai Insurance Institution (Lecturer)
- Assumption University (Lecturer)

TRAINING

- International Management Seminar : Partnership for Success - New York, United States of America
- Cyber Conference - Seoul, South Korea
- Digital Economy for Management (DE4M), Institute of Research and Development for Public Enterprises (IRDPE) - Class 1
- Successful Formulation and Execution of Strategy (SFE), Thai Institute of Directors (IOD) - Class 25
- Director Certification Program (DCP), Thai Institute of Directors (IOD) - Class 194
- Enterprise Risk Management Workshop (ERM) - Munich, Germany
- Advance Insurance Institution (AII), Office of Insurance Commission (OIC) - Class 3
- Leadership Program, PacRim Group
- East Asian Insurance Congress (EAIC) - (2004 - Current)
- Singapore Reinsurance Conference (SIRC) - (2003 - Current)

MR. PUTTHINUN PLANKULL

Executive Vice President

EDUCATION

- Bachelor of Laws Program, Ramkhamhaeng University

WORK EXPERIENCE

- Auto Claims Officer, The Siam Commercial Samaggi Insurance Public Company Limited.

TRAINING

- Director Certification Program (DCP), Thai Institute of Directors
- Leadership: Great Leaders, Great Teams, Great Results, FranklinCovey and PacRim Group
- Car Damage Assessment, (THATCHAM INTVDA 03), THATCHAM AUTOMOTIVE ACADEMY INTERNATIONAL VEHICLE DAMAGE ASSESSOR TRAINING
- Insurance Management Development Program (IMDP 14), Faculty of Commerce and Accountancy, Chulalongkorn University.
- Auto Claims Management, Department of Investigation, Royal Police Cadet Academy
- Program Staff Claims class 5, Department of Insurance, Ministry of Commerce
- Management Problem Solving and Decision Making Program, KEPNER TREGOE, INTERNATIONAL, PRINCETON, NEW JERSEY, U.S.A.
- Attorney-at-Law Certificate, Lawyers Council of Thailand Class 9



THE EXECUTIVES' PROFILE

(CONTINUED)

MR. PICHIT CHITNELAWONG

Executive Vice President

EDUCATION

- Master of Business Administration Thammasart University
- B. Eng. (Electrical Engineering) Chulalongkorn University

WORK EXPERIENCE

- Program Director Ericsson Thailand Company Limited
- Senior Project Manager DataOne Asia (Thailand) Company Limited
- Project Manager Hewlett-Packard Thailand Company Limited
- Project Manager and Deputy Manager, System Integration Ericsson Thailand Company Limited
- Assistant Senior Vice President - Information Technology Development Government Housing Bank
- Manager - Development Department Siam Teltech Computer Company Limited
- Managing Director 662 Systems Development Company Limited
- Assistance Project Manager Philips Electrical Company of Thailand

TRAINING

- HPS Trade Compliance Awareness, HP, October 2007
- Project Management: Risk Management, ESI International, October 2007
- HPS RM 101 - Intro to Risk Management Concepts and Processes, September 2007
- HPS RM 201 - Using Risk Management in HPS, August 2007
- Standards of Business Conduct: Ethical Leadership: Our Responsibility - HP Ethics and Compliance Office, April 2007
- HP Customer Experience Standard, HP Workforce Development, September 2006
- HP Information Security Policies and Standards, HP Information Security Group and Workforce Development, February 2005
- HP Environmental, Health Safety, and Security Policies and Standards, Real Estate and Workplace Services (REWS), February 2005
- Putting Customer First, HP Total Customer Experience & Quality and Workforce Development, January 2004
- HP Project Management University (PMU) - HP, 2003
- Ken Blanchard's Situational Leadership Style Model II - Ericsson Thailand, 2003

MR. CHAIWUT JUMNONGSUTASTHIEN

Executive Vice President

EDUCATION

- Master of Business Administration, Kasetsart University
- Bachelor of Accountancy, Thammasat University

WORK EXPERIENCE

- Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.

TRAINING

None

SAMMARY OF THE MEETING PARTICIPATION

(January-December 2017)

Krungthai Panich Insurance Public Company Limited

#	LIST OF DIRECTORS	APPOINTED DATE	NO. OF PARTICIPATIONS ⁽¹⁾
1	Mr. Boonsong Srifuengfung ⁽²⁾	April 10 , 2014	0 / 2
2	Dr. Dhiraphorn Srifuengfung	April 19 , 2016	6 / 6
3	Mr. Udomsak Rojviboonchai	April 17 , 2015	5 / 6
4	Mr. Payungsak Chartsutipol ⁽³⁾	April 19 , 2017	3 / 4
5	Mr. Kasem Paeyai	April 19 , 2016	6 / 6
6	Mr. Suwat Nestsawat	April 19 , 2017	6 / 6
7	Mr. Werapong Suppasedsak	April 19 , 2016	6 / 6
8	Mr. Warawut Sitthiyos	April 17 , 2015	4 / 6
9	Mr. Sakdee Cheablam	April 19 , 2017	5 / 6
10	Prof.Dr. Pornchai Chunhachida ⁽⁴⁾	April 19 , 2017	4 / 5
11	Mr. Tanet Phanichewa	November 23, 2016	4 / 6
12	Mrs. Valaiwan Srifuengfung ⁽⁵⁾	April 17 , 2015	6 / 6
13	Mr. Kerati Panichewa	April 19 , 2016	6 / 6
14	Mr. Somboon Wongrassamee ⁽⁶⁾	September 1 , 2015	6 / 6

Note

⁽¹⁾ No. of Participation / No. of Total Meeting

⁽²⁾ Retirement by rotation in April 19, 2017

⁽³⁾ Assigned in April 19, 2017

⁽⁴⁾ Resigned in October 31 , 2017

⁽⁵⁾ Due to deceased in February 1 , 2018

⁽⁶⁾ Resigned in January 27, 2018



MAJOR SHAREHOLDERS

NAME	SHARES	% SHARE
Krungthai Bank Public Company Limited	4,950,000	45.00
Paibul Capital Company Limited	2,887,091	26.25
Boonpermpoon Company Limited	1,574,622	14.31
Mr. Sombath Phanichewa	442,573	4.02
Sri Brothers Company Limited	306,216	2.78
Others	839,498	7.63
Total	11,000,000	100.00

GENERAL INFORMATION

Krungthai Panich Insurance Public Company Limited was established on 1st September 1953 under Ror Sor Por Insurance Co., Ltd. with a registered capital of 3 million baht and the core business was motor insurance. The company was led by General Pramarn Adireksarn (his rank at that time). In 1954, the cabinet of Field Marshal Plaek Phibunsongkhram announced that the government would take Ror Sor Por Insurance Co., Ltd., under its patronage based on the company’s policy in managing its business operation with transparency and trustworthiness with tremendous progress into the future. It is the first and only insurance company in Thailand to be bestowed the honor.

In 1971, the company had increased its business capability and expanded its business to provide total solutions in non-life insurance in accordance with Non-life Insurance Act (1967) and in response to the country’s rising economic growth while developing its service to be on par with international standards.

On 1st August 1995, the company had decided to jointly invest with Thailand’s leading financial institution, Krung Thai Bank PCL by holding 40% of 100 million Thai baht registered capital and has changed its name to Krungthai Panich Insurance Co., Ltd. In 2007, the company had increased registered capital to 110 million baht with Krung Thai Bank PCL and increased share holding to 45%.

On 1st June 2012, the company has been registered as public company limited in accordance with Non-life Insurance Act (2nd Ed.) 2008, Article 56, Clause 2, which is stated that non-life insurance company in the form of “Company Limited” must change into “Public Company Limited” from the promulgation date of the Act since 5th February 2008 with the approval by the

Company’s Board of Directors. In the 59th annual general meeting, an extraordinary resolution has been agreed to transform “Krungthai Panich Insurance Co., Ltd.” into the registered name as “Krungthai Panich Insurance Public Company Limited”.

KPI has continued its commitment in product and service innovations in response to our customers’ evolving needs. Throughout the company history, we have conducted our business with integrity, transparency and good corporate governance in order to achieve strong and sustainable growth. As the result we have increasingly gained trust from our customers, business alliances and other organizations alike. For many consecutive years, KPI has proven its quality and high working standards by winning several industry’s prestigious awards. We have developed and constantly improved our service standard to be fast and efficient whilst elevating our staffs’ capabilities and professionalism. It’s our firm belief that non-life insurance business could ease the burden to any loss and damage to life and asset and thus leading Thai society towards greater happiness and sustainable growth in the future.

Krungthai Panich Insurance Public Company Limited
The Well-established and Secure Non-life Insurance
Company for All Thais

Head Office
1122 KPI Tower, New Petchaburi Road, Makkasan,
Ratchathewi, Bangkok 10400, Thailand.
Tel.: 0 2624 1111
Fax: 0 2624 1234
Website: www.kpi.co.th

ACHIEVEMENT OF THE YEARS



2015

THE WINNER

for Non-Life Insurance
with Outstanding
Development



2014

THE THIRD PRIZE

for Non-Life Insurance
with Excellent
Management



2013

THE THAI CHAMBER

of Commerce Business
Ethics Standard Test Award
(TCC BEST Award)

2011

THE SECOND PRIZE

for Non-Life Insurance
with Excellent Management

2010

THE SECOND PRIZE

for Non-Life Insurance
with Excellent Management

2008

THE SECOND PRIZE

for Non-Life Insurance
with Excellent Management

2007

THE THIRD PRIZE

for Non-Life Insurance
with Excellent Management

2006

HONORARY MENTION

for Non-Life Insurance
with Excellent Management

2005

HONORARY MENTION

for Non-Life Insurance
with Excellent Management

2004

HONORARY MENTION

for Non-Life Insurance
with Excellent Management



CORPORATE SOCIAL RESPONSIBILITY (CSR)

2017 SOCIAL ACTIVITIES

CORPORATE SOCIAL RESPONSIBILITY

At Krungthai Panich Insurance Public Company Limited, the main mission in our business operation is to provide non-life insurance solutions that aims to decrease burden to any loss and damage to life and asset for all Thais. It has also been our continual commitment to value our customers as we firmly believe that our efforts will significantly be the driving force towards building a stronger and more sustainable society. Additionally, it's in accordance to our company's objective to always be a "Good Citizenship" organization, we, therefore, encourage our staffs to be more socially conscious and generous with their contributions for the betterment of Thai society.

SOCIAL RESPONSIBILITY IN BUSINESS OPERATIONS

Good Corporate Governance is the pillar to an organization's sustainable growth. At KPI, we strongly believe that Good Corporate Governance practice is the important factor in building business foundation with integrity and transparency. It is also our responsibility to treat all stakeholders such as shareholders, customers and business alliances with respect and fairness. Furthermore, we are not only follow the official good governance framework practice but also adhere to social and environmental responsibilities. It has also been our company's policy to instill social awareness among our staffs as a small step but a significant contribution towards building civil society.

CSR ACTIVITIES

We operate and expand our non-life insurance business with total confidence because it is similar to the future planning as it's a way to effectively manage both life and business aspects on risks that may occur in the future. Our CSR projects have been carefully initiated with the core concept focused on helping Thai society to be more prepared and always be ready to move forward. An example can be seen in "The Ready Step" project that empowers Thai youth to ready themselves towards a more stable and secure future. These CSR projects have significant objectives to foster greater assistance with exceptional outcome and benefits to recipients throughout the country. We, therefore, encourage our staffs to participate in these activities by sacrificing for and providing assistance to others as a part of their social awareness development. KPI has defined some guidelines in many facets of the social activities as follows:

- 1. Initiative Plan for Thai Children** is to promote and support education in schools and young Thai generations and to provide assistance to disabled and underprivileged children
- 2. Initiative Plan for Life's Safety** is to promote awareness on safety issue to general public
- 3. Initiative Plan for Conscience Cultivation** is to raise awareness on Energy Saving and Environmental Preservation in Office as well as Natural Disasters Relief Assistance

VOLUNTEERS TO "MAKING DOK MAI JAN (FUNERAL WOOD FLOWER) HONORING THE KING OF OUR HEARTS"

KPI led by Khun Kerati Panichewa, Executive Director and the company's management team had invited staffs and general public nearby our head office to become volunteers making 9,999 pieces of Dok Mai Jan (Funeral Wood Flower) honoring our late H.M. King Bhumibol Adulyadej. These "Dok Mai Jan" were delivered to Royal Palace Office on 29 October 2017 to be used in the royal cremation later in the year.

GROWING MARIGOLD ACTIVITY HONORING THE LATE KING RAMA IX

Thai General Insurance Association joined by insurance companies and press reporters organizing an activity to grow 1,499 marigold plants honoring the royal grace of the late H.M. King Bhumibol Adulyadej at Lumpini Park, on 29 September 2017.

"RICE GIVES SMILES" PROJECT

KPI joined force with the Office of Insurance Commission (OIC) in "Insurance industry helps Thai farmers" project. The initiative was to support Thai farmers by ordering Hom Mali rice (A-rice) from them under the company's CSR activity titled "Rice Gives Smiles" project. The project's main objective aims to get involvement from KPI staffs in an effort to help Thai farmers by selling Hom Mali rice at discount price. All proceeds from the sale would go to provide luncheon fund to students who had been affected by flooding in Surat Thani and Nakorn Sri Thammarat. The CSR activity had also brought 600 kg. of rice to the flood victims and luncheon fund collected from the sale of rice to KPI's management team and its staffs. The donation event was held during 23-24 March 2017 at Pak Bang Klom School, Cha Nuad District, Nakorn Sri Thammarat and Baan Sai Ngam School, Pun Pin District, Surat Thani.



DONATION TO "THE OFFICE OF PRIME MINISTER DISASTER RELIEF FUND"

KPI together with 17 member companies of Thai General Insurance Association had agreed to donate 10 million baht to "The office of Prime Minister Disaster Relief Fund" taken from marketing budget of reinsurance companies for the annual rice crops to the government. The fund had gone to assist those who had been affected by flooding in the Southern Thailand. The donation ceremony was held at Government House on 23 February 2017.

FLOOD RELIEF PROJECT

KPI together with the Office of Insurance Commission (OIC) and other insurance companies led by Dr. Suthipol Taweekhaikarn, Secretary General of the OIC had gone to flood effected areas in the Southern part of Thailand to donate daily essentials to flood victims in provinces namely Surat Thani, Chumpon and Nakorn Sri Thammarat during 16-17 February 2017.

"THE READY STEPS" PROJECT FOR THE FUTURE OF YOUNG THAI GENERATIONS

The project aims to cultivate reading habit among young Thai generations by opening the world of learning in school through library. We advocate better education by building good library filled with good books equipped with modern learning medium under decent learning environment. Since 2013 until present, KPI has continued to organize activities relating to "The Living Library" project. Entering the project's 5th anniversary, library improvement budget was set to 1,000,000 baht per annum. In 2017, KPI handed over the improved library to 2 schools in remote areas upcountry namely 1. Don Mod Daeng School (Baan Dong Bang), Moo 2, Tambol Don Mod Daeng, Don Mod Daeng District, Ubon Ratchathani on 3 November 2017 and 2. Baan Nong Mek Community School, Moo 7, Tambol Nong Mek, Nong Han District, Udon Thani on 17 November 2017.

"GIVE BLOOD, GIVE LIFE" PROJECT

The biannual blood donation project for Thai Red Cross aims to encourage generous social contribution among KPI staffs by giving back to the society and sacrificing for the betterment of the society as a whole. This year event was organized in honor of the late King Bhumibol Adulyadej by inviting KPI staffs and office workers nearby our head office to donate their blood at 24/F, KPI Tower.

"KPI SAFE DRIVE" PROJECT

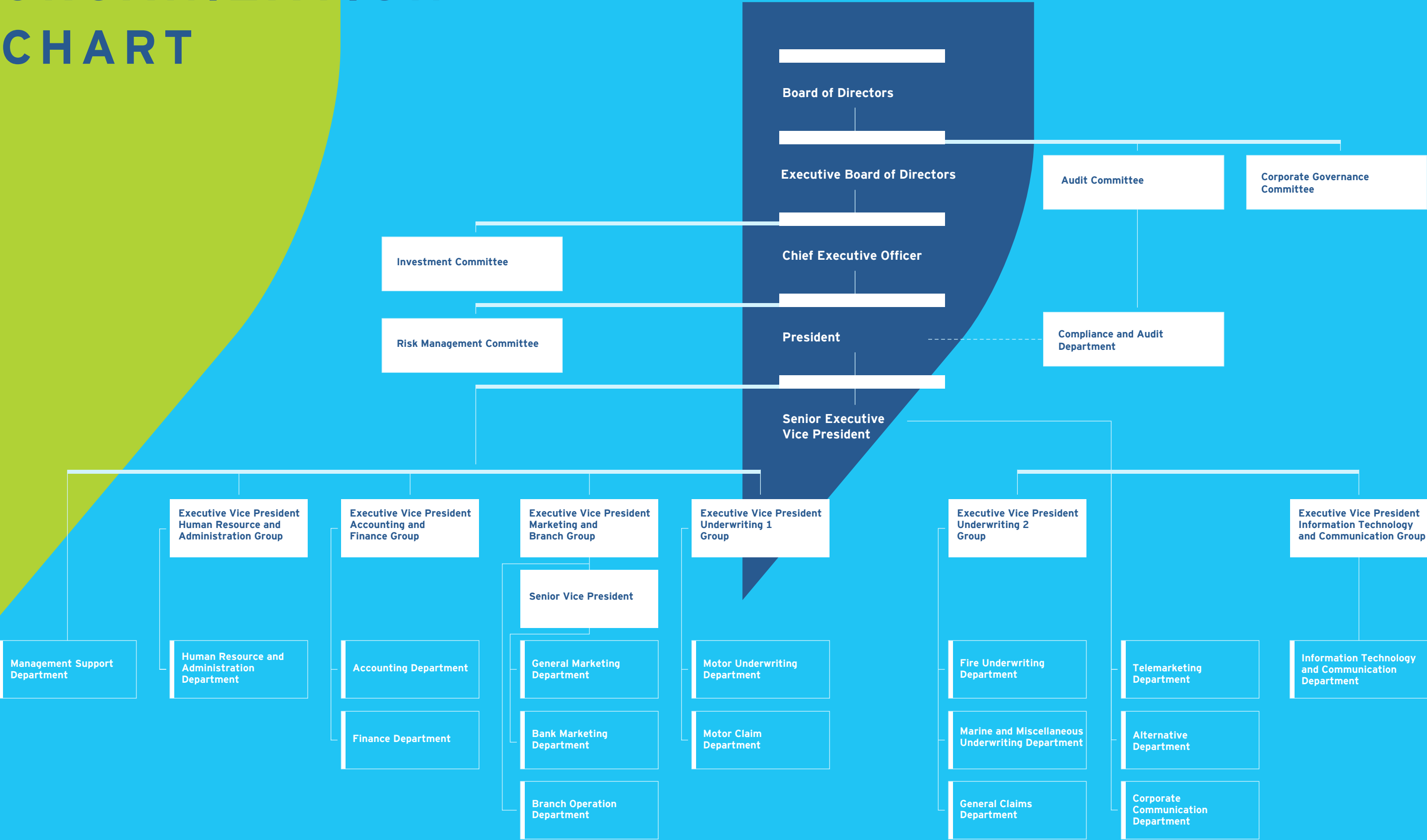
This safe drive campaign has been amplified for many years on the importance of safe driving during festive seasons to both staffs within the organization and general public following the policy of the Office of Insurance Commission (OIC) and other organizations in insurance industry under the slogan "Building a safe drive culture, your safety is our prime concern". The main objective of this campaign is to educate internal staffs about safety on the road as well as to reinforce a good culture among personnel within the organization. The project has started as a pilot project focused on internal staffs before launching the campaign to family members and society at large. Some awareness campaigns are active in special holiday seasons such as Songkran festival, New Year's celebration and other public holidays. The campaign has extended its safety message to cover daily commute as well.

"WE CARE KPI" PROJECT

This energy saving project is our commitment toward environmental preservation through awareness campaign among KPI staffs. The campaign focuses on energy usage as well as essential procedures around the office that could lead to reduce global warming. The campaign has been organized by using internal PR exercise and some activities with the following criteria:

1. Save Energy
2. Save Water
3. Keep Clean
4. Eco Friendly

ORGANIZATION CHART





BUSINESS CHARACTERISTICS

The Company's main business is to insure all classes of Non-Life insurance which can be classified as follows :

1. FIRE INSURANCE

- Residential Fire Insurance
- Residential "Saving" Fire Insurance
- Commercial Fire Insurance

2. MARINE AND TRANSPORTATION INSURANCE

- Cargo Insurance (Sea & Air)
- Inland Transit Insurance
- Hull Insurance
- Carrier's Liability Insurance

3. MISCELLANEOUS INSURANCE

3.1 ACCIDENTAL AND HEALTH INSURANCE

- Individual and Group Personal Accident Insurance
- Individual and Group Travel Accident Insurance
- Hospital Income Insurance
- Cancer Insurance
- Critical Illness Insurance

3.2 COMMERCIAL AND INDUSTRIAL INSURANCE

- Industrial All Risks Insurance
- Public Liability Insurance
- Business Interruption Insurance
- Leasehold Insurance
- SMEs Package Insurance

3.3 CONTRACTOR'S INSURANCE

- Contractor's All Risks Insurance
- Erection All Risks Insurance
- Contractor's Plant and Machinery Insurance

3.4 OTHERS

- Burglary Insurance
- Golfer's Indemnity Insurance

4. MOTOR INSURANCE

- Compulsory Motor Insurance
- Voluntary Motor Insurance Type 1
- Voluntary Motor Insurance Type 2
- Voluntary Motor Insurance Type 2⁺
- Voluntary Motor Insurance Type 3
- Voluntary Motor Insurance Type 3⁺

NETWORK SERVICES

HEAD OFFICE

1122 KPI Tower, New Petchaburi Road, Makkasan, Ratchathewi, Bangkok 10400

Tel. 0 2624 1111
Fax. 0 2624 1234

KHON KAEN

138 / 27-28 Mitraphap Road, T.Naimuang, A.Muang, Khon Kaen 40000

Tel. 0 4334 8848, 0 4334 8850
Fax. 0 4334 8852

CHONBURI

64 / 32-33 M.4 Sukhumwit Road, T.Huaykapi, A.Muang, Chonburi 20130

Tel. 0 3838 1503
Fax. 0 3838 1215

CHIANG MAI

9 / 17-18 M.3 Super Hiway Road, T.Changpuak, A.Muang, Chiang Mai 50300

Tel. 0 5340 9503-4
Fax. 0 5340 9505

CHIANG RAI

756 Phahon Yothin Road, T.Waing, A.Muang, Chiang Rai 57000

Tel. 0 5371 8373, 0 5371 8375
Fax. 0 5371 8376

NAKHON PATHOM

366 Tesa Road, T.Phra Prathon, A.Muang, Nakhon Pathom 73000

Tel. 0 3421 2125-6
Fax. 0 3421 1976

NAKHON RATCHASIMA

2112 / 12-13 Mitraphap Road, T.Naimuang, A.Muang, Nakhon Ratchasima 30000

Tel. 0 4435 1273-4
Fax. 0 4434 1275

NAKHON SI THAMMARAT

50, 52 Wandeekositkulporn Road, T.Naimuang, A.Muang, Nakhon Si Thammarat 80000

Tel. 0 7543 2150-1
Fax. 0 7543 2154

NAKHON SAWAN

605 / 390-2 M. 10 Sai Nakhon Sawan Phitsanulok Road, T.Nakhon Sawan Tuk, A.Muang, Nakhon Sawan 60000

Tel. 0 5623 1771-2
Fax. 0 5622 4561

PATTAYA

265 / 5 M. 1 T.Banglamung, A.Banglamung, Chonburi 20150

Tel. 0 3819 6720-1
Fax. 0 3819 6722

PHITSANULOK

338 M. 2 Singhawat Road, T.Braklong, A.Muang, Phitsanulok 65000

Tel. 0 5523 1421-2
Fax. 0 5523 1424

PHUKET

22 / 3-4 Luongpovatchalong Road, T.Taladyai, A.Muang, Phuket 83000

Tel. 0 7623 2965-6
Fax. 0 7623 2967



NETWORK SERVICES

(CONTINUED)

MUKDAHAN

19 / 14 Charangoon Road, T.Mukdahan, A.Muang,
Mukdahan 49000
Tel. 0 4261 1864-5
Fax. 0 4261 1886

ROI ET

84 / 8-9 Tevaphibal Road, T.Naimunag, A.Muang,
Roi Et 45000
Tel. 0 4351 6727
Fax. 0 4351 6745

RAYONG

300 / 41-42 M. 5 T.Chengnean, A.Muang, Rayong 21000
Tel. 0 3891 5795
Fax. 0 3891 5645

LAMPANG

589 Super Highway Lampang Ngao Road, T.Hua Wiang,
A.Muang, Lampang 52000
Tel. 0 5422 8261, 0 5422 8264
Fax. 0 5422 8115

SAKON NAKHON

59 / 24 I.T.U. Road, T.Thatcherngchoom, A.Muang,
Sakon Nakhon 47000
Tel. 0 4271 5682
Fax. 0 4271 5685

SARABURI

95 / 1 Phshon Yothin Road, T.Pak Phriao, A.Muang,
Saraburi 18000
Tel. 0 3621 1803, 0 3622 1975
Fax. 0 3631 0669

SUPHANBURI

292 - 292 / 1 M. 4 T.Sanamchai, A.Muang,
Suphanburi 72000
Tel. 0 3550 1462-3
Fax. 0 3550 1465

SURIN

176 M. 6 T.Nokmuang A.Muang, Surin 32000
Tel. 0 4451 1461
Fax. 0 4451 1462

SURAT THANI

12 / 28-29 Bypass Road, T.Makhamtia, A.Muang,
Surat Thani 84000
Tel. 0 7726 4204-5
Fax. 0 7726 4206

HUA HIN

14 / 16 Petch Kasem Road, T.Hua Hin, A.Hau Hin,
Prachuab Khiri Khan 77110
Tel. 0 3254 7393, 0 3254 7399
Fax. 0 3254 7398

HADYAI

17, 19 Soi 10 Petch Kasem Road, T.Hadyai, A.Hadyai,
Songkhla 90110
Tel. 0 7434 5313, 0 7434 5315
Fax. 0 7434 5314

UDON THANI

969 / 30-31 M. 7 Soi Baannonpibon, Bypass Road,
T.Mak Khaeng, A.Muang, Udon Thani 41000
Tel. 0 4221 2661-2
Fax. 0 4221 2665

UBON RATCHATHANI

233 Satidnimankan Road, T.Warinchamrap,
A.Warinchamrap, Ubon Ratchathani 34190
Tel. 0 4526 9281-2
Fax. 0 4526 9283



AUDIT COMMITTEE'S REPORT

Krungthai Panich Insurance Public Company Limited's Audit Committee consists of 3 directors as follows:

- 1. Prof. Dr. Pornchai Chunhachinda, the Committee's Chairman
- 2. Mrs. Valaiwan Srifuengfung, the Committee's member
- 3. Mr. Suwat Nestsawat, the Committee's member

The Audit Committee had performed their duty in accordance to the Audit Committee's Charter assigned by the Company's Board of Directors in lieu with the OIC's rules and regulations.

In 2017, the Audit Committee had convened six meetings to consider matters and issues in accordance to the scope of responsibilities including other duties that were assigned by the company's Board of Directors. All three of the Committee members were present at all meetings by consulting with the Management, the auditor and the internal auditor on the related agenda. The report of the Audit Committee was presented to the Board of Directors with main points as follows:

REVIEW OF ANNUAL FINANCIAL REPORT

The review of 2017 annual financial report was conducted together with auditor from EY Company Limited and the management from the company's accounting department to discuss the validity of the financial report, financial adjustments effecting the financial report in order to ascertain that the accounting system and the financial report were produced according to general certified accounting standards with appropriate level of disclosure, its entirety and reliability.

Furthermore, at least one meeting was held with the auditor but without the management in order to discuss the independence in working process and in expressing opinion of the auditor. The auditor had already reported all issues found during the audit to the Audit Committee for consideration.

TRANSACTIONS RELATING TO OR WITH POSSIBLE CONFLICT OF INTEREST

The review and the opinion on transactions relating to or with possible conflict of interest including the consideration for accurate and full public disclosure will adhere to the principles of transparency and appropriate disclosure and in complying with the principles of Good Corporate Governance.

REVIEW OF RISK MANAGEMENT

The Company's risk management policy and risk assessment for 2017 had been approved from the first meeting of the Company's Board of Directors on Wednesday 25 January 2017. The follow-up on the result of the risk management was discussed in the meeting between the management supporting team, who had taken responsibility in the Company's risk management quarterly. This was to ascertain that all aspects of the Company's risk management was appropriate, efficient and at an acceptable level.

AUDITOR SELECTION

Auditors from EY Company Limited who are knowledgeable, competent, experienced, trustworthy, independence and with appropriate remunerations had been selected for the Board of Directors' consideration and the appointment was presented in the company's shareholder meeting for approval.

REVIEW THE EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEM

The review of the internal control system for 2017 was conducted by KPMG Phoomchai Business Advisory Company including the follow-up on the improvement of the internal control system to ensure the adequacy and the effectiveness of the system.

REVIEW OF REGULATIONS COMPLIANCE

The review of Regulations Compliance had been carried out by the Control and Monitoring Department to ascertain the validity of all transactions in accordance to the relevant law and regulations of the insurance industry. While meetings had been held together with the management of the department to ensure the conduct was also abided by the law and regulations of the insurance industry.

INTERNAL AUDIT MONITORING

The Company had appointed the internal auditors from KPMG Phoomchai Business Advisory Company Limited to perform the audit and the review of the internal control system for 2017 including the follow-up on the audit to ascertain its validity according to the approved plan. Further recommendations had been put forward in order to increase proficiency in the business operation by coordinating with the Control and Monitoring Department to ensure the quality of the Audit Committee.

AUDIT COMMITTEE'S QUALITY CONTROL

There was the review of the Audit Committee's Charter including individual self-evaluation, the Committee's work performance as a whole by following the format of the evaluation form of the Committee's evaluation by Thai Institute of Director (IOD) to ensure the effectiveness of the Committee. As stated in the Audit Committee's Charter, the Committee must perform and achieve their appointed tasks with prudence, independence, honesty, transparency, accountability according to the Good Corporate Governance principles. The Committee had confidence that the Company's financial report, transactions pertaining to or with possible conflict of interest, and information disclosure were complete, reliable and in lieu with general certified accounting standards. The risk management and the internal control system were effective and satisfactory. The internal audit was independent and covered the high risk operation procedures and the audit procedures was in line with the auditing standards. Additionally, the Company has uphold the principles of Good Corporate Governance, and conducted its business in accordance to the industry's relevant law and regulations suitable to today's business environment.

(MR. SUWAT NESTSAWAT)
Director / Audit Committee



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF KRUNGTHAI PANICH INSURANCE PUBLIC COMPANY LIMITED

OPINION

I have audited the accompanying financial statements of Krungthai Panich Insurance Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2017, and the related statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Krungthai Panich Insurance Public Company Limited as at 31 December 2017, and 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 Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions 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.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fairly 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 am responsible for the audit resulting in this independent auditor's report.

(NONGLAK PUMNOI)

Certified Public Accountant (Thailand) No. 4172

EY OFFICE LIMITED

BANGKOK: 28 MARCH 2018



STATEMENTS OF FINANCIAL POSITION

KRUNGTHAI PANICH INSURANCE PUBLIC COMPANY LIMITED

As at 31 December 2017

(Unit: Baht)

	NOTE	2017	2016
Assets			
Cash and cash equivalent	6	259,393,174	153,674,126
Premium receivables	7	352,924,167	271,091,122
Accrued investment income		24,663,235	15,703,679
Reinsurance assets	8	345,556,096	330,452,716
Reinsurance receivables	9	140,108,900	68,517,464
Investment assets			
Investments in securities	10	7,074,064,016	6,905,797,630
Loans	11	545,326	608,371
Investment properties	12	220,247,351	227,595,928
Property, buildings and equipment	13	656,654,088	702,264,186
Intangible assets	14	70,130,888	64,007,751
Other assets	16	141,099,483	221,291,442
Total assets		9,285,386,724	8,961,004,415

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

(Unit: Baht)

	NOTE	2017	2016
Liabilities and equity			
Liabilities			
Insurance contract liabilities	17	2,075,597,182	2,129,363,464
Reinsurance payables	18	384,735,582	314,017,561
Income tax payable		54,918,202	40,832,971
Employee benefit obligations	19	43,605,609	37,500,694
Deferred tax liabilities	15	149,593,382	163,212,400
Premiums received in advance		288,875,682	275,738,279
Other liabilities	20	375,019,030	282,497,053
Total liabilities		3,372,344,669	3,243,162,422
Equity			
Share capital			
Registered			
11,000,000 ordinary shares of Baht 10 each		110,000,000	110,000,000
Issued and paid up			
11,000,000 ordinary shares of Baht 10 each		110,000,000	110,000,000
Premium on share capital		934,570,000	934,570,000
Retained earnings			
Appropriated			
Legal reserve	21	11,000,000	11,000,000
General reserve		249,120,176	249,120,176
Unappropriated		3,375,258,575	3,099,402,942
Other components of equity	10.3	1,233,093,304	1,313,748,875
Total equity		5,913,042,055	5,717,841,993
Total liabilities and equity		9,285,386,724	8,961,004,415

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



STATEMENTS OF COMPREHENSIVE INCOME

KRUNGTHAI PANICH INSURANCE PUBLIC COMPANY LIMITED

As at 31 December 2017

(Unit: Baht)

	NOTE	2017	2016
Profit or loss:			
Income			
Gross premium written		3,085,482,886	3,064,506,629
Less: Premiums ceded to reinsurers		(537,828,159)	(482,096,260)
Net premium written		2,547,654,727	2,582,410,369
Add (less): Unearned premium reserves (increase) decrease from prior year		(7,995,926)	67,869,462
Net earned premium		2,539,658,801	2,650,279,831
Fee and commission income from reinsurers		137,582,265	111,008,839
Net investment income		226,516,243	244,138,228
Profit from investments		77,722,419	16,488,427
Fair value gains		2,257,714	1,023,689
Other income		63,957,220	52,458,846
Total income		3,047,694,662	3,075,397,860
Expenses			
Claim expenses		1,419,306,962	1,310,244,464
Less: Claim recovery from reinsurers		(308,858,673)	(75,724,267)
Commission and brokerage expenses		399,850,729	410,271,399
Other underwriting expenses		492,992,586	439,897,783
Operating expenses	22	273,841,742	304,399,097
Total expenses		2,277,133,346	2,389,088,476
Profit before income tax expenses		770,561,316	686,309,384
Income tax expenses	15	(142,705,683)	(120,165,981)
Profit for the year		627,855,633	566,143,403

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

	NOTE	2017	2016
Other comprehensive income:			
<i>Other comprehensive income to be reclassified to profit and loss in subsequent periods</i>			
Gain (loss) on changes in value of available-for-sale investments		(100,819,463)	471,146,402
Less: Income tax effect	15	20,163,892	(94,229,280)
Other comprehensive income to be reclassified to profit or loss in subsequent period - net of tax (loss)		(80,655,571)	376,917,122
<i>Other comprehensive income not to be reclassified to profit and loss in subsequent periods</i>			
Actuarial gain		-	5,057,098
Less: Income tax effect	15	-	(1,011,420)
Other comprehensive income to be reclassified to profit or loss in subsequent period - net of tax		-	4,045,678
Total comprehensive income for the year (loss)		(80,655,571)	380,962,800
Total comprehensive income for the year		547,200,062	947,106,203
Earnings per share:	25		
Basic earnings per share			
Profit for the year		57.08	51.47

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



STATEMENT OF CHANGES IN EQUITY

KRUNGTHAI PANICH INSURANCE PUBLIC COMPANY LIMITED
As at 31 December 2017

(Unit: Baht)

	RETAINED EARNINGS				OTHER COMPONENTS OF EQUITY	
	ISSUED AND PAID-UP SHARE CAPITAL	PREMIUM ON SHARE CAPITAL	APPROPRIATED		OTHER COMPREHENSIVE INCOME	TOTAL
			LEGAL RESERVE	GENERAL RESERVE		
Balance as at 1 January 2016	110,000,000	934,570,000	11,000,000	249,120,176	2,881,213,861	5,122,735,790
Profit for the year	-	-	-	-	566,143,403	566,143,403
Other comprehensive income for the year	-	-	-	-	4,045,678	380,962,800
Comprehensive income for the year	-	-	-	-	570,189,081	947,106,203
Dividend paid (Note 26)	-	-	-	-	(352,000,000)	(352,000,000)
Balance as at 31 December 2016	110,000,000	934,570,000	11,000,000	249,120,176	3,099,402,942	5,717,841,993
Balance as at 1 January 2017	110,000,000	934,570,000	11,000,000	249,120,176	3,099,402,942	5,717,841,993
Profit for the year	-	-	-	-	627,855,633	627,855,633
Other comprehensive income for the year (loss)	-	-	-	-	-	(80,655,571)
Comprehensive income for the year	-	-	-	-	627,855,633	547,200,062
Dividend paid (Note 26)	-	-	-	-	(352,000,000)	(352,000,000)
Balance as at 31 December 2017	110,000,000	934,570,000	11,000,000	249,120,176	3,375,258,575	5,913,042,055

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

STATEMENTS OF CASH FLOWS

KRUNGTHAI PANICH INSURANCE PUBLIC COMPANY LIMITED
As at 31 December 2017

(Unit: Baht)

	2017	2016
Cash flows from operating activities		
Direct premium written	2,995,024,879	2,980,927,289
Cash paid for reinsurance	(132,709,674)	(84,330,805)
Interest income	54,757,569	85,184,987
Dividend income	162,799,118	166,939,982
Other income	51,056,462	49,987,438
Gross claims on direct insurance	(1,425,488,494)	(1,307,002,467)
Commissions and brokerages on direct insurance	(339,412,062)	(408,276,343)
Other underwriting expenses	(493,540,081)	(432,047,720)
Operating expenses	(87,237,375)	(362,225,159)
Corporate income tax	(128,713,003)	(201,285,499)
Investments in securities	(3,687,204)	(655,249,848)
Loan	63,045	182,982
Deposits at financial institutions	(186,636,860)	460,475,906
Net cash from operating activities	466,276,320	293,280,743
Cash flows from investing activities		
Purchase of property and equipment	(7,739,624)	(35,940,197)
Disposals of property and equipment	13,022,336	2,803,931
Purchase of intangible assets	(13,849,200)	(10,021,633)
Net cash used in investing activities	(8,566,488)	(43,157,899)
Cash flows from financing activities		
Dividend paid	(351,990,784)	(351,987,584)
Net cash used in financing activities	(351,990,784)	(351,987,584)
Net increase (decrease) in cash and cash equivalents	105,719,048	(101,864,740)
Cash and cash equivalents at beginning of year	153,674,126	255,538,866
Cash and cash equivalents at end of year	259,393,174	153,674,126

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

NOTES TO INTERIM FINANCIAL STATEMENTS

KRUNGTHAI PANICH INSURANCE PUBLIC COMPANY LIMITED
For the year ended 31 December 2017

1. GENERAL INFORMATION

Krungthai Panich Insurance Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Krung Thai Bank Public Company Limited, existing under Thai laws. The Company is principally engaged in the provision of non-life insurance. The registered office of the Company is at 1122, KPI Tower, New Petchaburi Road, Makkasan, Ratchathewi, Bangkok.

2. BASIS FOR PREPARATION OF THE 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 guidelines prescribed by the Office of Insurance Commission (“OIC”), and in accordance with the format of financial statements specified in the Notification of the OIC regarding criteria, procedures, conditions and terms for preparation and submission of financial statements and operating performance reports of non-life insurance companies B.E. 2559 dated 4 March 2016.

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

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

3. 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 financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements.

3.2 Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company believes that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Revenue recognition

(a) Premium income

Premium income consists of direct premium and reinsurance premium less premium of canceled policies and premiums refunded to policy holders, and adjusted with unearned premium reserve.

Direct premium income is recognised on the date the insurance policy comes into effect. For long-term insurance policies with coverage periods of longer than one year, related premium is recorded as “premium received in advance”, and recognised as income over the coverage period each year.

Reinsurance premium income is recognised as income when the reinsurer places the reinsurance application or the statement of accounts with the Company.

(b) Fee and commission income from reinsurers

Fee and commission income from reinsurers are recognised as income when services have been rendered.

(c) Interest and dividend income

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

(d) Interest on loan

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

(e) Gain (loss) on investment

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

4.2 Expenses recognition

(a) Premium ceded to reinsurers

Premium ceded to reinsurers is recognised as expenses when the insurance risk is transferred to another insurer.

(b) Claims and loss adjustment expenses

Claims and loss adjustment expenses consist of claims and loss adjustment expenses of direct insurance and reinsurance for both reported and not reported, and include the amounts of claims, related expenses, and claims adjustments of current and prior periods incurred during the year, less residual value and other recoveries (if any), and claims recovery from reinsurers.

Claims recovery from reinsurers are recognised when claims and loss adjustment expenses are recorded as the condition in the relevant reinsurance contract.

Claims and loss adjustment expenses of direct insurance are recognised upon the receipt of the claims advice from the insured, based on the claims notified by the insured and estimates made by the Company's management. The maximum value of claims estimated is not however, to exceed the sum-insured under the relevant policy.

Claims and loss adjustment expenses of reinsurance are recognised when the reinsurer places the loss advice with the Company.

(c) Commission and brokerage fees expenses

Commissions and brokerage fees are expended when incurred.

Commission and brokerage fees paid for policies with coverage periods of longer than one year are recorded as prepayment items and recognised as expenses over the coverage period.

(d) Other underwriting expenses

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

(e) Operating expenses

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

4.3 Classification of insurance contracts

The Company classifies the insurance contract and reinsurance contract based on the nature of the contract. An insurance contract is one under which the insurer has accepted significant insurance risk from another party by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Determination of whether a significant insurance risk has been accepted is based on comparison of the amount of benefit payable under the contract if an insured event occurs with the payment obligation if the insured event does not occur. If a contract does not meet these criteria, the Company classifies it as an investment contract. Investment contracts are insurance contracts in legal form that transfer significant financial risk but not significant insurance risk. Financial risk is the risk of a possible future change in interest rate, foreign exchange rate and index of price or rates.

The Company classifies contracts based on an assessment 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, unless all rights and obligations are extinguished or expire. If any contract is previously classified as an investment contract at an inception date, it can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

4.4 Cash and cash equivalents

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

4.5 Premium receivables and allowance for doubtful accounts

Premium receivables from direct insurance are stated at the net realisable value. The Company set up an allowance for doubtful account based on the estimated loss that may incur in collection of the premium receivable, on the basis of collection experience, and a review of current status of the premium receivable as at the end of reporting period.

Increase (decrease) in allowance for doubtful accounts is recognised as expenses during the year.

4.6 Reinsurance assets

Reinsurance assets consist of insurance reserve refundable from reinsurers which is estimated based on the related reinsurance contract of loss reserves and outstanding claims in accordance with the law regarding insurance reserve calculation, and unearned premium reserves.

The Company records allowance for doubtful accounts for estimated loss that may be incurred due to inability to make collection, taking into account collection experience, aging and the status of receivables from reinsurers as at the end of reporting period. Increase (decrease) in allowance for doubtful accounts is recognised as expenses during the year.

4.7 Reinsurance receivables and due to reinsurers

- (a) Receivables from reinsurance contracts consist of amounts due from reinsurers and amounts deposits on reinsurance.

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

- (b) Amounts due to reinsurers consist of amounts withheld on reinsurance and reinsurance payable.

Reinsurance payable consist of reinsurance premiums and other items payable to reinsurers, excluding loss reserves.

The Company presents net of reinsurance to the same entity (receivables from reinsurance contracts or amounts due to reinsurers) when the following criteria for offsetting are met.

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

4.8 Investments in securities

Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.

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

Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium or discount on debt securities is amortised or accreted by the effective rate method with the amortised or accreted amount presented as an adjustment to the interest income. The debt securities are classified as held to maturity when the Company has the positive intention and ability to hold them to maturity.

Investments in non-marketable equity securities, which the Company classifies as other 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 of the Stock Exchange of Thailand. The fair value of debt instrument is determined based on yield rate quoted by the Thai Bond Market Association. The fair value of unit trust is determined from its net asset value.

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

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

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

4.9 Loans and allowance for doubtful accounts

Loans are stated at net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of loans.

Increase (decrease) in allowance for doubtful accounts is recognised as expenses during the year.

4.10 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 40 years. Depreciation of the investment properties is included in determining income.

4.11 Property, buildings and equipment and depreciation

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

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

Buildings, Building improvement	10 - 40 years
Office furniture, fixture and equipment	5 - 10 years
Motor vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided for land and construction in progress.

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

4.12 Intangible assets

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

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The 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 profit or loss.

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

4.13 Related party transactions

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

They also include individuals 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.

4.14 Insurance contract liabilities

Insurance contract liabilities consist of claim reserves, outstanding claims and unearned premium reserves.

(a) Claim reserves and outstanding claims

Outstanding claims are recorded at the amount to be actually paid. Claim 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 claims estimate shall not exceed the sum-insured of the related insurance policies.

Claims reserves were calculated by using an actuarial method based on a best estimate of the claims, that are expected to be paid in respect of loss that occurred before or as at the reporting date, covering both reported and not reported loss, and including claim handling expenses, after deducting salvage values and other recoverable values. Differences between the calculated claims reserves and the claims already recognised are recorded as incurred but not reported claims (IBNR).

(b) Premium reserves

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

(1) Unearned premium reserve

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

Transportation (cargo), travelling accident with coverage periods of not over six-months	-	100% of premium as from the date policy is effective, throughout the period of insurance coverage
Others	-	Monthly average basis (the one-twenty fourth 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 reserve

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

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

4.16 Impairment of assets

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

An impairment loss is recognised in profit or loss.

4.17 Employee benefits

Short-term employee benefits

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

Post-employment benefits

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.

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by an independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income, and for other long-term benefits are immediately recognised in profit or loss.

4.18 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.

4.19 Income tax

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

Current tax

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

Deferred tax

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

The Company recognises deferred tax liabilities for all taxable temporary differences while they recognise 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 part of the deferred tax asset to be utilised.

The Company records deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

4.20 Fair value measurement

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

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

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

5.1 Leases

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

5.2 Allowance for doubtful accounts

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

5.3 Fair value of financial instruments

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

5.4 Impairment of equity investments

The Company treats investments as impaired when management considers that such investments has an indication of impairments. The determination of indication of investments requires judgement of the management.

5.5 Property, buildings and equipment and depreciation

In determining depreciation of buildings and equipment, the management is required to make estimates of the useful lives and residual values of the Company's 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 property, buildings and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

5.6 Intangible assets

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

5.7 Claim reserves and outstanding claims

At the end of each reporting period, the Company has to estimate claim 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 ultimate loss of outstanding claims is established using a range of standard actuarial claims projection techniques. The main assumptions underlying these techniques relate to historical experience, including the development of claims estimates, claims incurred and paid, average costs per claim and claim numbers etc. To perform the calculation, it is necessary to perform analysis based on the type of insurance and to use the services of an actuary with expertise, experience, and an understanding of the insurance business and the Company's products. Nevertheless, such estimates are forecasts of future outcomes, and actual results could differ.

5.8 Unexpired risk reserve

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

5.9 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 and losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

5.10 Post-employment benefits under defined benefit plans

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.

5.11 Litigation

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

6. CASH AND CASH EQUIVALENTS

(Unit: Baht)

	2017	2016
Cash on hand	1,010,000	1,741,005
Deposits at banks with no fixed maturity date	258,383,174	151,933,121
Total cash and deposits at banks	259,393,174	153,674,126

As at 31 December 2017, saving account carried interest between 0.13 and 1.25 percent per annum (2016: between 0.13 and 1.25 percent per annum).

7. PREMIUM RECEIVABLES

The balances as at 31 December 2017 and 2016 of premium receivables are classified by aging from the maturity date under the stipulated law of the premium collection as follows:

(Unit: Baht)

	2017	2016
Not yet due	269,976,331	223,196,306
Not over 30 days	45,424,837	30,847,238
Over due 30 days to 60 days	19,603,161	10,178,885
Over due 60 days to 90 days	9,227,262	2,875,958
Overdue longer than 90 days	22,193,610	17,154,618
Total premium receivables	366,425,201	284,253,005
Less: Allowance for double account	(13,501,034)	(13,161,883)
Premium receivables - net	352,924,167	271,091,122

For premium receivables due from agents and brokers, the Company has stipulated the collection guideline in accordance with the law of the premium collection. For overdue premium receivables, the Company has the legal process with such agents and brokers.

8. REINSURANCE ASSETS

(Unit: Baht)

	2017	2016
Insurance reserve refundable from reinsurers		
Loss reserves	120,288,782	76,039,164
Unearned premium reserves	225,267,314	254,413,552
Total reinsurance assets	345,556,096	330,452,716

9. REINSURANCE RECEIVABLES

(Unit: Baht)

	2017	2016
Amount withheld from reinsurers	2,498,084	2,609,477
Amounts due from reinsurers	137,610,816	65,907,987
Total reinsurance receivables	140,108,900	68,517,464

The balances as at 31 December 2017 and 2016 of amounts due from reinsurers are classified by aging as follows:

(Unit: Baht)

	2017	2016
Not yet due	83,491,005	3,609,736
Not over 12 months	40,920,866	43,575,639
Over 1 year to 2 years	13,198,945	18,722,612
Total amounts due from reinsurers	137,610,816	65,907,987

10. INVESTMENTS IN SECURITIES

10.1 Classified by type of investments

(Unit: Baht)

	2017		2016	
	COST / AMORTISED COST	FAIR VALUE	COST / AMORTISED COST	FAIR VALUE
Trading investments				
Equity securities	13,281,944	16,178,135	14,306,523	14,945,000
Total	13,281,944	16,178,135	14,306,523	14,945,000
Add: Unrealised gains	2,896,191	-	638,477	-
Trading investments	16,178,135	16,178,135	14,945,000	14,945,000
Available-for-sale investments				
Government and state enterprise securities	72,904,633	74,198,560	69,822,988	71,045,541
Private enterprises debt securities	1,372,672,203	1,381,585,364	991,056,493	1,006,940,379
Equity securities	509,845,594	1,993,305,300	581,420,388	2,194,436,837
Unit trusts	2,579,336,673	2,622,736,510	2,632,129,063	2,639,892,269
Total	4,534,759,103	6,071,825,734	4,274,428,932	5,912,315,026
Less: Allowance for impairment	(4,300,000)	-	(4,300,000)	-
Add: Unrealised gains	1,541,366,631	-	1,642,186,094	-
Total available-for-sale investments	6,071,825,734	6,071,825,734	5,912,315,026	5,912,315,026
Held-to-maturity investments				
Government and state enterprise securities	60,000,000		30,000,000	
Private enterprises debt securities	49,464,077		258,578,394	
Deposits at financial institutions which amounts maturing over 3 months	865,616,860		678,980,000	
Total held-to-maturity investments	975,080,937		967,558,394	
Other investments				
Equity securities	27,672,460		27,672,460	
Less: Allowance for impairment	(16,693,250)		(16,693,250)	
Total other investments	10,979,210		10,979,210	
Total investments in securities	7,074,064,016		6,905,797,630	

10.2 Maturity of debt securities

Investments in debt securities and deposit at financial institutions as at 31 December 2017 and 2016 has period to maturity follows:

(Unit: Baht)

	2017			
	PERIOD TO MATURITY			TOTAL
	1 YEAR	1 - 5 YEARS	OVER 5 YEARS	
Available-for-sale investments				
Government and state enterprise securities	3,995,570	68,909,063	-	72,904,633
Private enterprises debt securities	385,640,913	987,031,290	-	1,372,672,203
Total	389,636,483	1,055,940,353	-	1,445,576,836
Add: Unrealised gains	3,091,290	7,115,798	-	10,207,088
Total available-for-sale investments	392,727,773	1,063,056,151	-	1,455,783,924
Held-to-maturity investments				
Government and state enterprise securities	30,000,000	30,000,000	-	60,000,000
Private enterprises debt securities	49,464,077	-	-	49,464,077
Deposits at financial institutions which amounts maturing over 3 months	865,616,860	-	-	865,616,860
Total held-to-maturity securities	945,080,937	30,000,000	-	975,080,937

(Unit: Baht)

	2016			
	PERIOD TO MATURITY			TOTAL
	1 YEAR	1 - 5 YEARS	OVER 5 YEARS	
Available-for-sale investments				
Government and state enterprise securities	21,068,209	48,754,779	-	69,822,988
Private enterprises debt securities	520,574,721	470,481,772	-	991,056,493
Total	541,642,930	519,236,551	-	1,060,879,481
Add: Unrealised gains	6,121,245	10,985,194	-	17,106,439
Total available-for-sale investments	547,764,175	530,221,745	-	1,077,985,920
Held-to-maturity investments				
Government and state enterprise securities	-	30,000,000	-	30,000,000
Private enterprises debt securities	258,578,394	-	-	258,578,394
Deposits at financial institutions which amounts maturing over 3 months	527,180,000	151,800,000	-	678,980,000
Total held-to-maturity securities	785,758,394	181,800,000	-	967,558,394

10.3 Other components of equity - revaluation surplus on changes in value of investments

(Unit: Baht)

	FOR THE YEARS ENDED 31 DECEMBER	
	2017	2016
Balance - beginning of the year	1,313,748,875	936,831,753
Changes during the year		
Unrealised gain (loss) during the year	(23,097,044)	488,694,630
Realised gain that included in statement of income	(77,722,419)	(17,548,228)
Other comprehensive income (loss)	(100,819,463)	471,146,402
Relating income tax	20,163,892	(94,229,280)
Net comprehensive income for the year (loss)	(80,655,571)	376,917,122
Balance - end of the year	1,233,093,304	1,313,748,875

10.4 Investments subject to restriction

As at 31 December 2017 and 2016, the Company has placed the following securities as collateral.

(Unit: Baht)

	2017	2016
Fixed deposits have been pledged with the Court	1,560,000	1,940,000
Saving lottery have been pledged with the Court	1,750,000	2,650,000
Fixed deposits which pledged for letter of bank guarantee	10,000,000	5,000,000
Bonds have been pledged as a security in the electricity usage	3,328,813	3,385,672
Total	16,638,813	12,975,672

The Company pledged its securities with the Registrar as discussed in Notes 28 and 29 to the financial statements.

11. LOANS

As at 31 December 2017 and 2016, the balances of loans are aged by principal as follows:

(Unit: Baht)

OUTSTANDING PERIOD	LOANS PROVIDED TO EMPLOYEES	
	2017	2016
Not yet due	545,326	608,371

Loans provided to employees are in accordance with employee's benefits plan under a credit line of Baht 100,000 or less for personal guarantee loans. The interest rates for the loans charge at the rates of 6.50 - 8.50 percent per annum. As at 31 December 2017, loans to the Company's employees Baht 0.5 million (2016: Baht 0.6 million). At the end of year the Company has no accrued interest.

12. INVESTMENT PROPERTIES

The investment properties of the Company, which are offices for rent, as at 31 December 2017 and 2016 are presented below.

(Unit: Million Baht)

NAME OF PROJECT	2017		2016	
	COST	FAIR VALUES	COST	FAIR VALUES
KPI Tower	220.3	330.9	227.6	322.9
Total	220.3	330.9	227.6	322.9

The fair values of the above investment properties, office building for rent, have been determined based on valuations performed by an accredited independent valuer. The fair value of the office building for rent has been determined using the income approach. The main assumptions used in the valuation are yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.

A reconciliation of the net book value of investment properties for the years ended 31 December 2017 and 2016 is presented below.

(Unit: Baht)

	2017	2016
Cost	264,553,784	264,553,784
Less: Write-off	(885,003)	-
Less: Accumulated depreciation	(43,421,430)	(36,957,856)
Net book value	220,247,351	227,595,928

(Unit: Baht)

	FOR THE YEARS ENDED 31 DECEMBER	
	2017	2016
Net book value at beginning of the years	227,595,928	234,223,354
Less: Write-off	(885,003)	-
Depreciation charged	(6,463,574)	(6,627,426)
Net book value at end of the years	220,247,351	227,595,928

Revenues and expenses related to investment properties are recognised in profits or losses as below:

(Unit: Baht)

	FOR THE YEARS ENDED 31 DECEMBER	
	2017	2016
Rental income	37,891,225	36,627,304
Direct operating expenses which caused rental income	18,242,251	21,814,828

13. PROPERTY, BUILDINGS AND EQUIPMENT

(Unit: Baht)

	LAND	BUILDINGS AND BUILDINGS IMPROVEMENT	FURNITURE, FIXTURES AND OFFICE EQUIPMENT	MOTOR VEHICLES	CONSTRUCTION IN PROGRESS	TOTAL
Cost						
1 January 2016	253,403,250	549,056,210	183,837,366	28,084,123	900,946	1,015,281,895
Additions	-	348,962	9,382,759	10,243,449	15,965,027	35,940,197
Transfers in (out)	-	6,619,970	3,764,048	-	(10,384,018)	-
Transfers type of asset	-	-	245,000	-	-	245,000
Disposals / write-off	-	(376,350)	(11,149,337)	(12,988,523)	-	(24,514,210)
31 December 2016	253,403,250	555,648,792	186,079,836	25,339,049	6,481,955	1,026,952,882
Additions	-	155,650	3,940,870	-	4,135,621	8,232,141
Transfers in (out)	-	1,614,639	8,282,500	-	(9,897,139)	-
Transfers type of asset	-	-	(45,000)	-	-	(45,000)
Disposals / write-off	(400,000)	(2,089,977)	(49,486)	(4,091,349)	-	(6,630,812)
31 December 2017	253,003,250	555,329,104	198,208,720	21,247,700	720,437	1,028,509,211
Accumulated depreciation						
1 January 2016	-	146,424,459	131,930,331	19,190,873	-	297,545,663
Depreciation on disposals	-	(376,346)	(11,036,481)	(12,872,058)	-	(24,284,885)
Depreciation for the year	-	25,395,846	22,290,972	3,741,100	-	51,427,918
31 December 2016	-	171,443,959	143,184,822	10,059,915	-	324,688,696
Depreciation on disposals	-	(1,199,999)	(37,532)	(2,129,726)	-	(3,367,257)
Depreciation for the year	-	24,940,248	21,186,938	4,406,498	-	50,533,684
31 December 2017	-	195,184,208	164,334,228	12,336,687	-	371,855,123
Net book value						
31 December 2016	253,403,250	384,204,833	42,895,014	15,279,134	6,481,955	702,264,186
31 December 2017	253,003,250	360,144,896	33,874,492	8,911,013	720,437	656,654,088
Depreciation for the year						
2016						51,427,918
2017						50,533,684

As at 31 December 2017, certain motor vehicles and equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment of those assets amounted to approximately Baht 137.1 million (2016: Baht 133.5 million).

14. INTANGIBLE ASSETS

(Unit: Baht)

	COMPUTER SOFTWARE	COMPUTER SOFTWARE UNDER INSTALLATION	TOTAL
Cost			
1 January 2016	89,789,948	45,378,848	135,168,796
Additions	465,799	10,122,833	10,588,632
Transfers in (out)	8,412,900	(8,412,900)	-
Transfers type of asset	-	(245,000)	(245,000)
Write-off	-	(442,052)	(442,052)
31 December 2016	98,668,647	46,401,729	145,070,376
Additions	3,045,350	13,444,375	16,489,725
Transfer in (out)	6,920,600	(6,920,600)	-
Transfers type of asset	45,000	-	45,000
Write-off	-	(2,040,000)	(2,040,000)
31 December 2017	108,679,597	50,885,504	159,565,101
Amortisation			
1 January 2016	37,564,604	-	37,564,604
Amortisation for the year	7,647,292	-	7,647,292
31 December 2016	45,211,896	-	45,211,896
Amortisation for the year	8,371,588	-	8,371,588
31 December 2017	53,583,484	-	53,583,484
Allowance for impairment loss:			
1 January 2016	-	35,850,729	35,850,729
31 December 2016	-	35,850,729	35,850,729
31 December 2017	-	35,850,729	35,850,729
Net book value			
2016	53,456,751	10,551,000	64,007,751
2017	55,096,113	15,034,775	70,130,888
Amortisation for the year			
2016			7,647,292
2017			8,371,588

As at 31 December 2017, the Company has computer software which has been fully amortised but are still in use, with the gross carrying amount before deducting accumulated amortisation, amounting to approximately Baht 20.9 million (2016: 20.9 million).

15. DEFERRED TAX LIABILITIES/INCOME TAX EXPENSES

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

	2017	2016
Current income tax:		
Current corporate income tax charge	134,420,048	130,124,366
Adjustments is respect of current income tax of previous year	1,740,761	-
Deferred tax:		
Relating to origination and reversal of temporary differences	6,544,874	(9,958,385)
Income tax expense reported in the statements of comprehensive income	142,705,683	120,165,981

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

	(Unit: Baht)	
	FOR THE YEARS ENDED 31 DECEMBER	
	2017	2016
Deferred tax relating to:		
Gain (loss) on changes in value of available-for-sale investments	20,163,892	(94,229,280)
Actuarial gain	-	(1,011,420)
Total	20,163,892	(95,240,700)

Reconciliation between the accounting profits and income tax expenses for the years ended 31 December 2017 and 2016 are as follows:

	2017	2016
Accounting profits before income tax expenses	770,561,316	686,309,384
Applicable corporate income tax rates	20%	20%
Income taxes at the applicable corporate income tax rates	154,112,263	137,261,877
Adjustment of prior year's corporate income tax	1,740,761	-
Net tax effect on income or expenses that are not taxable or not deductible in determining taxable profits	(13,147,341)	(17,095,896)
Income tax expenses reported in the statements of comprehensive income	142,705,683	120,165,981

As of 31 December 2017 and 2016, the components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Baht)			
	31 DECEMBER		CHANGE IN DEFERRED TAX ASSETS OR LIABILITIES THAT ARE RECOGNISED IN PROFIT OR LOSS FOR THE YEARS ENDED 31 DECEMBER	
	2017	2016	2017	2016
Deferred tax assets				
Allowance for doubtful accounts	2,700,207	2,632,377	67,830	24,583
Allowance for loss on impairment of investments	4,198,650	4,198,650	-	860,000
Allowance for loss on impairment of assets	7,170,146	7,170,146	-	-
Premium reserves	32,074,560	27,694,924	4,379,636	(3,323,080)
Provision for losses incurred but not yet reported (IBNR)	23,436,036	22,767,437	668,599	2,989,169
Loss reserves	75,335,089	89,295,284	(13,960,195)	7,036,150
Employee benefit obligations	8,721,122	7,500,138	1,220,984	1,536,619
Difference between accounting and taxation relating to depreciation expenses	5,623,372	4,093,558	1,529,814	962,640
Total	159,259,182	165,352,514		
Deferred tax liabilities				
Gains on changes in values of investments - trading securities	(579,238)	(127,696)	(451,542)	(127,696)
Gains on changes in values of investments - available-for-sale securities	(308,273,326)	(328,437,218)		
Total	(308,852,564)	(328,564,914)		
Deferred tax liabilities - net	(149,593,382)	(163,212,400)		
Changes in deferred tax assets or liabilities that are recognised in profit or loss			(6,544,874)	9,958,385

16. OTHER ASSETS

(Unit: Baht)

	2017	2016
Input VAT returned	11,994,484	26,431,830
Prepaid commission expenses	52,935,705	53,541,812
Deposits and guarantee	5,639,997	5,631,615
Prepaid expenses	10,842,783	8,338,111
Deposits on rice field insurance scheme	25,173,771	114,881,623
Advance payments	17,842,260	5,562,353
Others	16,670,483	6,904,098
Total other assets	141,099,483	221,291,442

17. INSURANCE CONTRACT LIABILITIES

(Unit: Baht)

	NOTE	INSURANCE CONTRACT LIABILITIES	REINSURANCE ON LIABILITIES	NET
Loss reserves				
Claims incurred and reported		524,856,492	(91,430,282)	433,426,210
Claims incurred but not reported		146,038,683	(28,858,500)	117,180,183
Total loss reserves	17.1	670,895,175	(120,288,782)	550,606,393
Premium reserves				
Unearned premium reserve	17.4	1,404,702,007	(225,267,314)	1,179,434,693
Total		2,075,597,182	(345,556,096)	1,730,041,086

(Unit: Baht)

	NOTE	INSURANCE CONTRACT LIABILITIES	REINSURANCE ON LIABILITIES	NET
Loss reserves				
Claims incurred and reported		571,210,060	(57,575,265)	513,634,795
Claims incurred but not reported		132,301,085	(18,463,899)	113,837,186
Total loss reserves	17.1	703,511,145	(76,039,164)	627,471,981
Premium reserves				
Unearned premium reserve	17.4	1,425,852,319	(254,413,552)	1,171,438,767
Total		2,129,363,464	(330,452,716)	1,798,910,748

During the years 2017 and 2016, the management of the Company entered into reinsurance agreements in order to mitigate insurance risk. Although positions are managed on a net basis by management, the management still requires to disclose insurance contract liabilities on both a gross and net basis in order to provide a comprehensive set of disclosures.

17.1 Loss reserves

(Unit: Baht)

	2017	2016
Balances - beginning of the year	703,511,145	768,027,981
Claims incurred in the current accident year	1,360,775,450	1,304,462,153
Change in claim reserves	44,793,915	(2,050,971)
Change in assumption for calculating claim reserves	13,737,598	7,833,282
Claims paid during the year	(1,451,922,933)	(1,374,761,300)
Balance - end of the year	670,895,175	703,511,145

As at 31 December 2017 and 2016, the Company, which is a reinsurer under the reinsurance contracts, has loss reserve under such contracts of Baht 33.1 million and Baht 39.4 million, respectively.

17.2 Claims development table

(a) Gross claims table

(Unit: Baht)

ACCIDENT YEAR / REPORTING YEAR	PRIOR YEAR 2012	2012	2013	2014	2015	2016	2017	TOTAL
Claims estimates:								
- As at accident year	2,803,594,649	1,422,782,055	1,351,491,271	1,189,977,226	1,247,299,384	1,376,473,480	1,540,832,131	10,859,718,445
- Next one year	2,901,322,992	1,403,195,035	1,374,129,756	1,185,185,376	1,276,215,842	1,285,574,999		
- Next two years	2,886,987,241	1,371,801,606	1,348,257,836	1,159,529,873	1,250,080,650			
- Next three years	2,888,599,115	1,378,827,846	1,352,012,680	1,161,178,754				
- Next four years	2,887,663,557	1,382,513,635	1,350,007,135					
- Next five years	2,889,747,785	1,378,669,663						
- Next six years	2,893,375,113							
Ultimate claims reserves	2,893,375,113	1,378,669,663	1,350,007,135	1,161,178,754	1,250,080,650	1,285,574,999	1,540,832,131	10,859,718,445
Cumulative payment to date	2,884,829,852	1,378,251,068	1,340,870,357	1,153,042,761	1,243,852,313	1,226,731,009	1,004,842,994	10,232,420,354
Total claims reserves	8,545,261	418,595	9,136,778	8,135,993	6,228,337	58,843,990	535,989,137	627,298,091
Unallocated loss adjustment expenses								18,057,257
Claim for inward treaty								17,968,182
Other claim reserve								7,571,645
Total claim reserves and outstanding claims after reinsurance								670,895,175

(b) Net claims table

(Unit: Baht)

ACCIDENT YEAR / REPORTING YEAR	PRIOR YEAR 2012	2012	2013	2014	2015	2016	2017	TOTAL
Claims estimates:								
- As at accident year	2,046,048,875	931,887,715	1,155,312,917	1,127,980,157	1,128,821,373	1,272,886,588	1,207,594,177	
- Next one year	2,056,280,917	958,777,292	1,192,527,613	1,122,411,439	1,163,575,187	1,193,984,673		
- Next two years	2,046,550,843	935,169,755	1,167,361,853	1,096,003,277	1,136,544,939			
- Next three years	2,048,521,191	942,594,657	1,173,202,738	1,097,667,967				
- Next four years	2,048,622,138	946,350,320	1,171,176,392					
- Next five years	2,050,456,230	942,505,820						
- Next six years	2,051,270,508							
Ultimate claims reserves	2,051,270,508	942,505,820	1,171,176,392	1,097,667,967	1,136,544,939	1,193,984,673	1,207,594,177	8,800,744,476
Cumulative payment to date	2,048,602,114	942,149,414	1,163,629,872	1,090,186,229	1,130,895,236	1,142,786,478	775,520,051	8,293,769,394
Total claims reserves	2,668,394	356,406	7,546,520	7,481,738	5,649,703	51,198,195	432,074,126	506,975,082
Unallocated loss adjustment expenses								18,057,257
Claim for inward treaty								18,002,409
Other claim reserve								7,571,645
Total claim reserves and outstanding claims before reinsurance								550,606,393

17.3 Assumption

Assumptions for insurance contract liabilities are as follows:

(a) Assumptions regarding incurred claim and paid claim development

The incurred claim development method assumes that the relative change in a given accident quarter's cumulative incurred claim estimates from one development quarter to the next is constant, which can imply that the relative adequacy of the Company's outstanding reserves has been consistent over time, and that there have been no material changes in the rate at which claims have been reported and paid. The appropriate loss development factors are selected to project the actual cumulative incurred claims for any accident quarter and to estimate the ultimate loss.

The paid claim development method assumes that the relative change in a given accident quarter's cumulative paid claims from one development quarter to the next is constant, which can imply that there are no material changes in the rate at which claims have been paid. However, the paid claim development method could lead to erratic and unreliable projections if the coverage payment is delayed because the movement in claim payments during the initial period is too small. The appropriate loss development factors are selected to project the actual cumulative incurred claims for any accident quarter, and to estimate the ultimate loss. This method differs from the incurred claim development method in that the Company's case reserves are excluded from the analysis. As a result, this method has the advantage of avoiding the distortions which might be reflected in the incurred claim development method from abnormal reserve increases or decreases due to either changes to reserve policy or errors in determination of claim reserve.

The appropriate development factors are selected by referring to the historical development pattern, observed trends in historical claim development, changes in claim management personnel or policy, changes in underwriting control, and reinsurance arrangements. However, the calculation does not reflect the time value of money. For inward treaty reinsurance, the IBNR reserve is calculated by assuming the IBNR reserve and case reserve of treaty business share a similar relationship with the direct business.

(b) Assumptions regarding unallocated loss adjustment expenses (ULAE)

The ratio of unallocated loss adjustment expenses (ULAE) to the total gross claims paid is based on the historical information for the period from 2011-2017, and selected to broadly reflect the Company's actual experience in the past few years, taking into consideration any observed trends and distortion as a result of the 2011 floods. The assumption that half of the unallocated claims expenses are incurred when the claims file is opened and the remaining half are incurred when the claims are closed is used to derive the ULAE liability.

17.4 Unearned premium reserve

(Unit: Baht)

	FOR THE YEARS ENDED 31 DECEMBER	
	2017	2016
Beginning balance	1,425,852,319	1,373,985,972
Premium written for the year	3,085,482,886	3,064,506,629
Premium earned for the current year	(3,106,633,198)	(3,012,640,282)
Ending balance	1,404,702,007	1,425,852,319

18. DUE TO REINSURERS

(Unit: Baht)

	2017	2016
Outward premium payables	64,237,568	101,874,353
Amounts withheld on reinsurance	283,365,132	196,500,042
Others reinsurance payables	37,132,882	15,643,166
Total due to reinsurers	384,735,582	314,017,561

19. EMPLOYEE BENEFIT OBLIGATIONS

(Unit: Baht)

	2017	2016
Long-term employee benefit	43,605,609	37,500,694

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

(Unit: Baht)

	FOR THE YEARS ENDED 31 DECEMBER	
	2017	2016
Provision for long-term employee benefits at beginning of year	37,500,694	34,874,696
Current service cost	5,216,247	4,234,028
Interest cost	1,136,368	1,572,088
Loss from benefits paid	-	3,200,080
Actuarial (gain) loss arising from		
Demographic assumptions changes	-	(3,366,828)
Financial assumptions changes	-	3,336,783
Experience adjustments	-	(5,027,053)
Benefits paid during the year	(247,700)	(1,323,100)
Provision for long-term employee benefits at end of year	43,605,609	37,500,694

Long-term benefit expense included in the profit or loss was as follows:

(Unit: Baht)

	2017	2016
Current service cost	5,216,247	4,234,028
Interest cost	1,136,368	1,572,088
Loss from benefits paid	-	3,200,080
Total expense recognised in profit or loss	6,352,615	9,006,196

The Company expects to pay Baht 1.2 million of long-term employee benefits during the next year (2016: Baht 0.6 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 11 years (2016: 11 years).

Principal actuarial assumptions at the valuation date were as follows:

	2017	2016
	(% PER ANNUM)	(% PER ANNUM)
Discount rate	3.06	3.06
Future salary increase rate	6.60	6.60
Turnover rate	0.00 - 27.00	0.00 - 27.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

(Unit: Million Baht)

	2017			
	CHANGE	INCREASE AMOUNT (DECREASE)	CHANGE	INCREASE AMOUNT (DECREASE)
Discount rate	Increase 1%	(3.21)	Decrease 1%	3.67
Future salary increase rate	Increase 1%	3.86	Decrease 1%	(3.44)
Turnover rate	Increase 20%	(3.96)	Decrease 20%	5.01

(Unit: Million Baht)

	2016			
	CHANGE	INCREASE AMOUNT (DECREASE)	CHANGE	INCREASE AMOUNT (DECREASE)
Discount rate	Increase 1%	(2.98)	Decrease 1%	3.42
Future salary increase rate	Increase 1%	3.21	Decrease 1%	(2.86)
Turnover rate	Increase 20%	(3.25)	Decrease 20%	4.08

20. OTHER LIABILITIES

(Unit: Baht)

	2017	2016
Accrued commission expense	113,606,300	69,199,304
Accounts payable - others	56,819,652	57,439,367
Accounts payable - Revenue Department	12,559,590	7,133,675
Undue output tax	18,034,578	9,807,953
Accrued expenses	75,249,915	74,336,433
Endorsement payable	20,253,096	18,754,361
Accrued bonus	39,455,000	33,135,308
Suspense accounts - premium written	26,789,849	954,791
Others	12,251,050	11,735,861
Total other liabilities	375,019,030	282,497,053

21. 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. At present, the statutory reserve has fully been set aside.

22. OPERATING EXPENSES

(Unit: Baht)

	2017	2016
Personnel expenses	142,660,763	128,191,295
Premises and equipment expenses	79,498,757	87,160,902
Taxes and duties	7,532,770	10,563,381
Bad debts and doubtful accounts	10,434	122,915
Other operating expenses	44,139,018	78,360,604
Total operating expenses	273,841,742	304,399,097

23. EXPENSES BY NATURE

Expense by nature are comprised significant expense as follows:

(Unit: Baht)

	2017	2016
Claims expenses	1,038,786,052	1,173,553,540
Personnel expenses	333,894,107	307,601,657
Commissions and brokerage expenses	399,850,729	410,271,399
Other underwriting expenses	141,222,317	142,669,921
Premises and equipment expenses	140,353,768	139,517,112
Promotion expenses	74,408,031	79,484,319
Other expenses	148,618,342	135,990,528
Total expenses	2,277,133,346	2,389,088,476

24. PROVIDENT FUND

The Company and its employees jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the employees and the Company contribute to the fund monthly, at rates ranging from 3% to 7% of the employees' basic salaries, based on the length of employment. The fund which is managed by Krung Thai Asset Management Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2017, the Company contributed Baht 10.3 million (2016: Baht 9.4 million) to the fund.

25. EARNINGS PER SHARE

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

26. DIVIDEND PAID

Dividend declared during the periods 2017 and 2016 consist of the following:

APPROVED BY		TOTAL DIVIDEND	DIVIDEND PER SHARE
		(Baht)	(Baht)
The interim dividend for 2017	Meeting of Board of Directors on 20 September 2017	110,000,000	10
Final dividends for 2016	Annual General Meeting of the Shareholder on 19 April 2017	242,000,000	22
Total dividend for the period 2017		352,000,000	32
The interim dividend for 2016	Meeting of Board of Directors on 28 September 2016	110,000,000	10
Final dividends for 2015	Annual General Meeting of the Shareholder on 19 April 2016	242,000,000	22
Total dividend for the period 2016		352,000,000	32

27. RELATED PARTY TRANSACTIONS

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
Krung Thai Bank Plc.	Related by way of shareholding
Thai Reinsurance Plc.	Related by way of common directors and shareholding
Dhipaya Insurance Plc.	Related by way of shareholding
Rabidham Co., Ltd	Related by way of shareholding
Krungthai Card Plc.	Related by way of common directors

During the years, 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 business between the Company and those parties are as follows:

(Unit: Baht)

	FOR THE YEARS ENDED 31 DECEMBER		PRICING POLICY
	2017	2016	
Premium written	133,018,406	160,188,817	Normal commercial terms for underwriting for major customers
Premium ceded	23,448,311	21,317,851	Normal commercial terms for reinsurance depending on type of insurance and reinsurance contract
Inward premium	11,784,373	3,527,918	Normal commercial terms for reinsurance depending on type of insurance and reinsurance contract
Fee and commission income	2,673,508	4,205,972	At a mutually agreed percentage of premium written
Claim recoverable from reinsurer	4,727,160	3,258,373	At a mutually agreed percentage of reinsurance premium
Commissions and brokerages	99,781,270	139,076,029	At a mutually agreed percentage of premium written
Claim payment	13,687,095	14,903,068	Normal commercial terms for underwriting
Interest income - deposits at bank, promissory notes and debentures	7,790,824	11,421,493	Same as financial institutions and related companies offer to other customers
Dividend income	86,557,510	83,150,550	The declared amount
Other fees	15,961,535	16,282,791	Mutually agreed

The Company had the following significant balances of assets and liabilities with its related companies.

(Unit: Baht)

	2017		2016	
	COST	FAIR VALUE	COST	FAIR VALUE
Investments in securities-available-for-sale investments				
Investments in stocks				
Thai Reinsurance Plc.	82,525,447	58,533,187	82,525,447	68,784,762
Dhipaya Insurance Plc.	203,393,196	1,408,129,400	203,393,196	1,505,500,050
Krung Thai Bank Plc.	17,464,590	19,200,000	17,464,590	17,600,000
	<u>303,383,233</u>	<u>1,485,862,587</u>	<u>303,383,233</u>	<u>1,591,884,812</u>
Investments in debentures				
Krungthai Card Plc.	20,000,000	20,005,219	170,250,459	174,315,494
	<u>20,000,000</u>	<u>20,005,219</u>	<u>170,250,459</u>	<u>174,315,494</u>

(Unit: Baht)

	2017	2016
Deposits at financial institution		
Krung Thai Bank Plc.	190,126,898	82,269,536
Premium receivables		
Krung Thai Bank Plc.	19,155,078	20,977,554
Accrued investment income		
Krung Thai Bank Plc.	42,175	48,563
Krungthai Card Plc.	99,748	1,117,808
	<u>141,923</u>	<u>1,166,371</u>
Reinsurance receivable - amounts due from reinsurers		
Thai Reinsurance Plc.	4,530,852	5,406,399
Dhipaya Insurance Plc.	9,713,833	3,767,399
	<u>14,244,685</u>	<u>9,173,798</u>
Investments in securities - other investment		
Rabidham Co., Ltd.	595,650	595,650
Reinsurance payable - outward premium payables		
Thai Reinsurance Plc.	8,454,196	10,663,989
Dhipaya Insurance Plc.	2,035,610	524,917
	<u>10,489,806</u>	<u>11,188,906</u>
Other liabilities - accrued commission		
Krung Thai Bank Plc.	32,132,747	26,107,749

Directors and management's remuneration

During the years ended 31 December 2017 and 2016, the Company had employee benefit expenses to its directors and management as below.

(Unit: Baht)

	2017	2016
Short-term employee benefits	93,465,090	85,553,023
Long-term employee benefits	2,654,860	3,899,250
Total	<u>96,119,950</u>	<u>89,452,273</u>

28. ASSETS PLEDGED WITH THE REGISTRAR

As at 31 December 2017 and 2016, the following assets have been pledged with the Registrar in accordance with the Non-Life Insurance Act.

(Unit: Baht)

	2017		2016	
	COST	FAIR VALUE	COST	FAIR VALUE
Fixed deposit	20,000,000	20,000,000	20,000,000	20,000,000

29. ASSETS RESERVED WITH THE REGISTRAR

As at 31 December 2017 and 31 December 2016, the following assets have been pledged as non-life insurance reserve with the Registrar in accordance with the Non-Life Insurance Act.

(Unit: Baht)

	2017		2016	
	COST / AMORTISED COST	FAIR VALUE	COST / AMORTISED COST	FAIR VALUE
Fixed deposit	300,000,000	300,000,000	250,000,000	250,000,000
Government and state enterprise securities	31,291,488	32,246,076	31,597,727	32,135,888
Total Assets reserved with the Registrar	<u>331,291,488</u>	<u>332,246,076</u>	<u>281,597,727</u>	<u>282,135,888</u>

30. CONTRIBUTION TO THE GENERAL INSURANCE FUND

(Unit: Baht)

	FOR THE YEARS ENDED 31 DECEMBER	
	2017	2016
Accumulated General Insurance fund at the beginning of the year	47,272,276	39,750,637
Contribution during the year	7,583,055	7,521,639
Accumulated General Insurance fund at the end of the year	54,855,331	47,272,276

31. COMMITMENTS AND CONTINGENCIES

31.1 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of office building space and other services.

As at 31 December 2017, future minimum lease payments required under these non-cancellable operating lease contracts were as follows.

	Baht
Payable within:	
Less than 1 year	3,507,134
1 - 5 years	435,500

31.2 Litigation

As at 31 December 2017, the Company had been sued as insurer, with the total sum insured per relevant policies is Baht 33.8 million (2016: Baht 68.8 million). Judgement has yet to be handed down in these cases. The Company has recorded provisions for potential losses amounting to Baht 0.6 million (2016: Baht 2.3 million), which is the full sum insured, in the financial statements. The Company's management believes that such provision is adequate.

32. NON-LIFE INSURANCE COMPANY'S RISKS

32.1 Underwriting risk

The Company determines the type of basic information required for the consideration of various types of insurance underwriting. The insurer must ensure that the insured person's information is accurate and that the actual condition of the property or the individual applying for insurance is correct. The insured must sign to confirm the accuracy of the information submitted to the Company. It must be clear that the assignment of insurance authority of the staff is consistent with the basic knowledge and experience of personnel at each level. The development of the Company's database system must be sufficient for the decision making by the insurer, and the insurer must always arrange for allocation and / or reinsurance prior to underwriting.

Insurance contract liabilities segregated by insurance type as follows:

(Unit: Million Baht)

	2017			2016		
	GROSS PREMIUM RESERVES	OUTWARD PREMIUM RESERVES	NET	GROSS PREMIUM RESERVES	OUTWARD PREMIUM RESERVES	NET
Fire	210	(19)	191	194	(16)	178
Marine and transportation	4	(2)	2	2	(1)	1
Motor	597	(47)	550	596	(19)	577
Miscellaneous	594	(157)	437	634	(218)	416
Total	1,405	(225)	1,180	1,426	(254)	1,172

(Unit: Million Baht)

	2017			2016		
	GROSS LOSS RESERVES	OUTWARD LOSS RESERVES	NET	GROSS LOSS RESERVES	OUTWARD LOSS RESERVES	NET
Fire	17	(5)	12	18	(5)	13
Marine and transportation	10	(5)	5	8	(3)	5
Motor	431	(25)	406	478	(6)	472
Miscellaneous	213	(85)	128	200	(62)	138
Total	671	(120)	551	704	(76)	628

The sensitivity test is the risk analysis of insurance contract liabilities that may be increased or decreased as a result of change in assumptions used in calculation, which may impact on both gross and net loss reserves. The risks may be caused by the frequency of loss, value of loss and claims, or loss adjustment expenses that are not as expected.

The impact on the best estimate of insurance liabilities of changes in key variables as at 31 December 2017 and 2016 are summarised below.

(Unit: Million Baht)

2017

	ASSUMPTION CHANGE	INCREASE (DECREASE) IN GROSS CLAIM LIABILITIES	INCREASE (DECREASE) IN NET CLAIM LIABILITIES	INCREASE (DECREASE) IN PROFIT BEFORE TAX	INCREASE (DECREASE) IN EQUITY
Loss ratio	+10%	192	136	136	109
Loss ratio	-10%	(186)	(131)	(131)	(105)
Loss development factor	+1%	33	27	27	22
Loss development factor	-1%	(30)	(27)	(27)	(22)
ULAE ratio	+1%	4	4	4	3
ULAE ratio	-1%	(4)	(4)	(4)	(3)

(Unit: Million Baht)

2016

	ASSUMPTION CHANGE	INCREASE (DECREASE) IN GROSS CLAIM LIABILITIES	INCREASE (DECREASE) IN NET CLAIM LIABILITIES	INCREASE (DECREASE) IN PROFIT BEFORE TAX	INCREASE (DECREASE) IN EQUITY
Loss ratio	+10%	153	140	140	112
Loss ratio	-10%	(149)	(136)	(136)	(109)
Loss development factor	+1%	32	29	29	23
Loss development factor	-1%	(32)	(29)	(29)	(23)
ULAE ratio	+1%	4	4	4	3
ULAE ratio	-1%	(4)	(4)	(4)	(3)

32.2 Risk management

(a) Credit risk

Credit risk is the risk that the Company may suffer a financial loss as a result of a counterparty's inability to comply with the terms of assets. The Company is exposed to credit risk primarily with respect to premium receivables, loans, reinsurance assets and reinsurance receivables. The Company's maximum exposure to credit risk is limited to the book value less allowance for doubtful debt as presented in the statement of financial position.

The Company has set criteria for credit approval and updated the criteria to reflect current circumstances and business environment. It has also performed an evaluation and assessment of past issues and limitations to ensure more appropriate operational practices. In addition, the Company ensures that the risk management performance is reported to its Risk Management Committee or Investment Committee on a monthly basis.

The Company prepares reports on reinsurance statistics by treaty contract to review the performance of each contract on a quarterly basis. The Company also prepares reports on the credit rating of the insurance and reinsurance companies under the insurance contracts, together with the distribution of reinsurance by risk level on a monthly basis, security review of insurance and reinsurance companies in the form of an annual report or financial report before preparation and/or renewal of reinsurance contracts. In addition, the Company prepares and submits a report on the investment portfolio to the Board of Directors and the Investment Committee on a regular basis.

(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.

The Company has set up an investment policy, investment objectives, criteria for consideration, types of investments, investment limits and conditions of each type of investment in accordance with the related notifications of the Office of Insurance Commission, and the Company's investment policy and other business policies which are approved by the Board of Directors after rigorous review on a yearly basis. It also monitors, appraise and reports on the performance of its investments to the Board of Directors on a monthly basis.

(1) Interest rate risk

Interest rate risk is the risk that the value of assets and liabilities will fluctuate due to changes in market interest rates.

Significant assets and liabilities as at 31 December 2017 and 2016 classified by type of interest rate are summarised in the table below, with those 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: Million Baht)

2017							
	FIXED INTEREST RATES						
	MATURITY DATE OR REPRICING DATE			FLOATING INTEREST RATE	NON-INTEREST BEARING	TOTAL	EFFECTIVE INTEREST RATE (% PER ANNUM)
	WITHIN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS				
<u>Financial assets</u>							
Cash and cash equivalents	-	-	-	248	11	259	0.13 - 1.25
Investments in securities							
Government securities	34	70	-	-	30	134	3.65 - 5.50
Private enterprise securities	438	993	-	-	4,643	6,074	1.73 - 6.34
Deposits at banks which amounts maturing in over 3 months	866	-	-	-	-	866	0.90 - 1.80
Loans	-	1	-	-	-	1	6.50 - 8.50
<u>Assets under insurance</u>							
<u>contract</u>							
Premium receivables	-	-	-	-	353	353	-
Claims reserves refundable from reinsurers	-	-	-	-	120	120	-
Reinsurance receivables	-	-	-	-	140	140	-
<u>Liabilities under insurance</u>							
<u>contract</u>							
Claim reserves	-	-	-	-	671	671	-
Due to reinsurers	-	-	-	-	385	385	-

(Unit: Million Baht)

2016							
	FIXED INTEREST RATES			FLOATING INTEREST RATE	NON-INTEREST BEARING	TOTAL	EFFECTIVE INTEREST RATE (% PER ANNUM)
	MATURITY DATE OR REPRICING DATE						
	WITHIN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS				
Financial assets							
Cash and cash equivalents	-	-	-	138	16	154	0.13 - 1.25
Investments in securities							
Government securities	21	50	-	-	30	101	3.53 - 5.50
Private enterprise securities	785	481	-	-	4,860	6,126	2.00 - 6.34
Deposits at banks which amounts maturing in over 3 months	527	152	-	-	-	679	0.90 - 2.30
Loans	-	1	-	-	-	1	6.50 - 8.50
Assets under insurance							
contract							
Premium receivables	-	-	-	-	271	271	-
Claims reserves refundable from reinsurers	-	-	-	-	76	76	-
Reinsurance receivables	-	-	-	-	69	69	-
Liabilities under insurance							
contract							
Claims reserves	-	-	-	-	704	704	-
Due to reinsurers	-	-	-	-	314	314	-

(2) Equity price risk

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

As at 31 December 2017 and 2016, 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 assets and/or procure sufficient funds to discharge its obligations in a timely manner, resulting in the occurrence of a financial loss.

The Company clearly establishes the rules, procedures and authority levels for approval of various transactions, in accordance with the requirements of the Office of Insurance Commission. The Company prepares monthly reports on cash flow estimates, which are then compared to the actual cash flows, so that the causes of transactional irregularities can be determined and reported to the management for quick resolution. A monthly liquidity report is also prepared to report any early warning signals detected. Moreover, the Company transfers certain risk to reinsurers, in order to pay claims to customers and mitigate financial liquidity risk, and has prepared a contingency plan in case of a financial crisis.

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

(Unit: Million Baht)

	2017					
	AT CALL	WITHIN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	UNSPECIFIED	TOTAL
Financial assets						
Cash and cash equivalents	259	-	-	-	-	259
Investments in securities	4,632	1,338	1,093	-	11	7,074
Loans	-	-	1	-	-	1
Assets under insurance						
contract						
Premium receivables	-	353	-	-	-	353
Claims reserves refundable						
from reinsurers	-	104	15	1	-	120
Reinsurance receivables	-	140	-	-	-	140
Liabilities under						
insurance contract						
Claims reserves	-	580	82	9	-	671
Due to reinsurance	-	385	-	-	-	385

(Unit: Million Baht)

	2016					
	AT CALL	WITHIN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	UNSPECIFIED	TOTAL
Financial assets						
Cash and cash equivalents	154	-	-	-	-	154
Investments in securities	4,849	1,333	713	-	11	6,906
Loans	-	-	1	-	-	1
Assets under insurance						
contract						
Premium receivables	-	271	-	-	-	271
Claims reserves refundable						
from reinsurers	-	45	30	1	-	76
Reinsurance receivables	-	69	-	-	-	69
Liabilities under						
insurance contract						
Claims reserves	-	423	279	2	-	704
Due to reinsurers	-	314	-	-	-	314

32.3 Fair value of financial instruments

As of 31 December 2017 and 2016, the Company had financial assets measured at fair value, and had financial assets measured at cost but have to disclose fair value, using different levels of inputs as follows:

(Unit: Million Baht)

2017					
	FAIR VALUE				
	BOOK VALUE	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
<u>Assets measured at fair value</u>					
Available-for-trading					
Equity instruments	16	16	-	-	16
Available-for-sale investments					
Equity instruments	1,993	1,993	-	-	1,993
Unit trusts	2,623	798	1,825	-	2,623
Debt instruments	1,456	-	1,456	-	1,456
Loans	1	-	-	1	1
<u>Assets which fair value are disclosed</u>					
Held-to-maturity investments					
Debt instruments	110	-	-	110	110
Cash at banks	866	866	-	-	866
Other investment	11	-	-	171	171
Investment properties	220	-	-	331	331

(Unit: Million Baht)

	2016				
	FAIR VALUE				
	BOOK VALUE	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
<u>Assets measured at fair value</u>					
Available-for-trading					
Equity Instruments	15	15	-	-	15
Available-for-sale investments					
Equity instruments	2,194	2,194	-	-	2,194
Unit trusts	2,640	789	1,851	-	2,640
Debt instruments	1,078	-	1,078	-	1,078
Loans	1	-	-	1	1
<u>Assets which fair value are disclosed</u>					
Held-to-maturity investments					
Debt instruments	289	-	289	-	289
Cash at banks	679	679	-	-	679
Other investment	11	-	-	161	161
Investment properties	227	-	-	323	323

The fair value hierarchy of financial assets as at 31 December 2017 and 2016 presents according to Note 4.20 to the financial statements.

The method used for fair value measurement depends upon the characteristics of the financial instruments. The Company establishes the fair value of its financial instruments by adopting the following methods:

- For financial assets maturing in the short-term, which consist of cash and cash equivalents and deposits at banks, the fair value is estimated based on the book value presented in the statements of financial position.
- For investments in debt instruments, fair value is derived from quoted market prices or determined by using the yield curve as announced by the Thai Bond Market Association or other market.
- Fair value of investment in marketable securities is derived from quoted market price. For investments in non-marketable equity securities, fair value is determined using discounted future cash flow model.
- The fair value of loans is determined by discounting the expected future cash flows by the current market interest rate of similar loans.
- Investment properties are presented at fair values, which are appraised by an independent valuer using the income approach. The key assumptions used in such appraisal are yield rate, inflation rate, long-term vacancy rate and long-term growth rate in rental fee.

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

33. CAPITAL MANAGEMENT

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

34. EVENTS AFTER THE REPORTING PERIOD

On 28 March 2018, a meeting of the Company's Board of Directors passed a resolution to propose to the Annual General Meeting of the shareholders for approval for the payment of a dividend from net profit to the ordinary shareholders totaled 11,000,000 shares at a rate of Baht 24 per share, a total of Baht 264 million.

35. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's Boards of Directors on 28 March 2018.