



Pride in Protection

A large graphic with the words 'Pride in Protection' in a bold, sans-serif font. The word 'Pride' is in a light blue color, and 'in Protection' is in a darker blue. The text is set against a background of a blue sky with white clouds and a blue sea. Two white birds are flying in the sky, one above the 'P' and one above the 'i'. A bright sunburst effect emanates from behind the 'P'.

THE DEVES INSURANCE PUBLIC COMPANY LIMITED

Annual Report 2015



Customer Centric

Means commitment to customer care by meeting the need of internal and external customer, and always be ready to provide the best services and unprejudiced support to ensure customer satisfaction, which will ultimately bring productive benefits to customers and the Company.

Dignified

Means to have the sense of honor and pride in being a part of an organization owned by the Crown Property Bureau, and thereby working and behaving with self-respect, honestly, prudence, conscientiousness, and to be prepared to fulfill one's responsibilities with efficiency and transparency to oneself, the organization and customers.

Masterly

Means striving to improve skills, knowledge and specializations, being open to new ideas and developments so as to attain prowess and be able to effectively share the acquired skill with colleagues, and having unyielding devotion to duty, with the ultimate aim of strengthening teamwork and enhancing the corporate competitiveness.

Assuring

Means carrying out duties with honesty and transparency, keeping firmly to obligations in order to earn trust and confidence from customers, and promoting the good image of Deves Insurance.

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*Emphasis on the development
of quality personnel and
call center system to deliver
greater convenience, speed
and satisfaction for all our
customers and policyholders.*



Chairman's Statement

Dear Shareholder

In 2015, the global economy continued to grow at a sluggish pace, particularly among Thailand's major trading partners, i.e. the United States, Japan, the European Union and China. Compounded by the Federal Reserve's first interest-rate increase in more than nine years, the economic slowdown has depressed worldwide demand and dragged on exports. There was also weak growth in domestic demand due to falling prices of agricultural commodities and the drought risk which affected agricultural production. The Office of the National Economic and Social Development Board (NESDB) has concluded that the country's economic growth for 2015 was 2.8%, up from the 2014 rate of 0.8%, while the non-life insurance industry expanded by 1.92%.

The Company's performance in 2015 showed growth rates higher than the industry average. Our direct premiums went up 17% to Baht 4,895.0 million and net earned premiums rose by 20% to Baht 2,728.0 million. The growth was attributable to our strategies of retail business expansion, process improvement and IT utilization. Examples included the adoption of technologies in damage and claims assessment to increase speed, efficiency and accuracy in establishing new partnerships, forging alliances and expanding branches so as to create and accommodate a well-distributed network of customer support operations.

On 2016 outlook, the NESDB has projected that the Thai economy will grow by 2.8 to 3.8% over 2015. The key drivers of economic expansion are: the acceleration of public fund flows and state spending and investment; the momentum provided by government's economic stimulus; and the likely depreciation of the baht. Within this environment, the Deves Insurance PCL remains committed to innovating products to respond to a wide variety of risks in serving the needs of customers by operating with effective risk management, transparency, and conformity to regulatory and governance standards. We will carry on our expansion efforts in 2015 - especially in the retail business of motor insurance and personal accident insurance - by placing emphasis on the development of quality personnel and call center system to deliver greater convenience, speed and satisfaction for all our customers and policyholders.

On behalf of the Board of Directors, may I take this opportunity to express our gratitude to all our policyholders, business allies, partners and shareholders for playing a vital part in supporting the Company's operations through these 69 years. I would also like to thank the Management and the staff for dedicating such talents, energies and creative efforts to the continued achievement of corporate strategies and goals. The Company continues to operate to maintaining the assurance that we will earnestly work to fulfil our duty and promise to all customers with honesty and transparency in building the trust and confidence of our clients as well as promoting the good image of Deves Insurance.



Dr Chirayu Isarangkun na ayuthaya
Chairman

General Information

A non-life insurance subsidiary of the Crown Property Bureau (CPB), The Deves Insurance Public Company Limited commenced operations on 17 January 1947 with an initial registered capital of Baht 4 million comprising 40,000 ordinary shares at par value of Baht 100. In the early stages of business, the Company was primarily involved in underwriting of fire insurance for tenants of the CPB. It was later licensed by the Ministry of Commerce to operate marine and miscellaneous insurance in 1972 and motor insurance in 1989.

With the vision of being a provider of quality non-life insurance services operating under good governance principles and recognized as “the insurer of choice” for businesses and the public, we have continuously enhanced our underwriting and management systems to keep pace with changing conditions, while also reinforcing our financial base and stability appropriately in every major phase of development. At present, the Company has a registered capital of Baht 500 million consisting of 50 million ordinary shares at Baht 10 each, 98.54 per cent of which is held by the Crown Property Bureau.

The par value reduction from Baht 100 to Baht 10 was made in line with the requirements for listing on the Stock Exchange of Thailand (SET). Deves Insurance obtained approval to be listed on the SET on 29 November 1990. It was then re-registered under the Public Limited Companies Act on 11 August 1994, with business registration number of 0107537002478 (previously Bor Mor Jor 494).

In 2007 the Crown Property Bureau, as Deves Insurance’s principal shareholder, started to make tender offers to other shareholders in order to apply for voluntary delisting of the Company’s shares. Approval was consequently given for the Company to be officially delisted from the Stock Exchange of Thailand on 22 August 2008.

Through more than 68 years, Deves Insurance has been committed to an honest, transparent approach to management as well as good governance and ethical standards. We have always given priority to promoting the well-being of our society and our environment. All our executives and staff members recognize the importance of acting responsibly towards society and every group of stakeholders, and pledge themselves to uphold such principles and practices at all times.

Another key development during over 68 years of our operations was the internal and external rebranding in 2005. The exercise focused on reforming the management systems within the organization as well as upgrading the information technology system to respond to customers’ needs and business environment. It also aimed at improving the Company’s efficiency so as to be geared for retail market competition and be able to create maximum satisfaction for all insurance users. The external rebrand was implemented through the adoption of a new logo for outside communication. The logo was redesigned from the original image of deva to a modern and easy-to-remember symbol, although the deva sign remains the Company’s legally binding seal.

In designing the logo for external communication, the Company also identified the following four brand attributes:

- Customer Centric
- Dignified
- Masterly
- Assuring

These four attributes provide the direction for fostering, among all Deves personnel, the consciousness of and responsibility for fulfilling their duty towards both the business and society alike in delivering on the Company’s brand promise of

“Pride in Protection”



สัญลักษณ์ตราบริษัท

Marketing and Services

Thailand's Economy and Non-Life Insurance Industry: 2015 Review and 2016 Outlook

2015 Review of Thailand's Economy and Non-Life Insurance Industry

According to the Office of the National Economic and Social Development Board (NESDB), the Thai economy expanded by 2.8% in 2015. Household consumption and gross investment increased 2.1% and 4.7% respectively, while annual inflation averaged -0.9%. The contributing factors included: increased state investment, higher household and government spending, and improved private sector investment. The real economy saw sustained, steady growth in the manufacturing industry, high expansion in the construction sector and solid growth rates for the hospitality and other service industries. With a drought-hit agricultural industry, Thailand also continued to be impacted by the slowly recovering exports to major trading partners. Nevertheless, the country's economic growth appeared to be trending positively towards the end of the year. This was largely the result of public spending and investment, additional consumption stimuli announced by the government from September 2015 to January 2016, the depreciating baht which helped spur exports, and the falling oil prices that fuelled economic revival.

Statistics released by the Office of Insurance Commission (OIC) indicate that non-life direct premiums written in 2015 totalled Baht 209,279.0 million, a 1.9% increase over the year-ago period. The highest earning sector was motor insurance business, registering 2.1% growth in premiums written which amounted to Baht 120,405.0 million and was made up of compulsory premiums of Baht 16,294.0 million or up by 5.9% and voluntary premiums of Baht 104,130.0 million or up by 1.6% due to reduced growth in domestic car sales. The second biggest earner was miscellaneous insurance business which reported Baht 73,027.0 million in premiums or up by 2.7%. This was followed by fire insurance premiums of Baht 10,484.0 million or down by 5.2% and marine insurance premiums of Baht 5,343.0 million or a 0.7% rise over the year-earlier level.

Unit : Million Baht

Line of Insurance	Direct premiums			
	2015	2014	Increase (Decrease)	Percentage
Fire	10,485	11,061	- 576	- 5.2
Marine	5,343	5,304	39	0.7
Hulk	438,185	435,72	2	0.6
Cargo	4,905	4,868	37	0.8
Motor	120,424	117,927	2,497	2.1
Compulsory	16,294	15,388	906	5.9
Voluntary	104,130	102,539	1,591	1.6
Personal accident	26,308	24,714	1,594	6.5
Miscellaneous	46,719	46,362	357	0.8
Industrial all-risks	25,750	25,934	- 185	- 0.7
Third-party liability	2,007	1,944	62	3.2
Engineering	2,897	3,003	- 105	- 3.5
Health	7,563	7,051	512	7.3
Others	8,502	8,430	72	0.9
Total	209,279	205,368	3,911	1.9

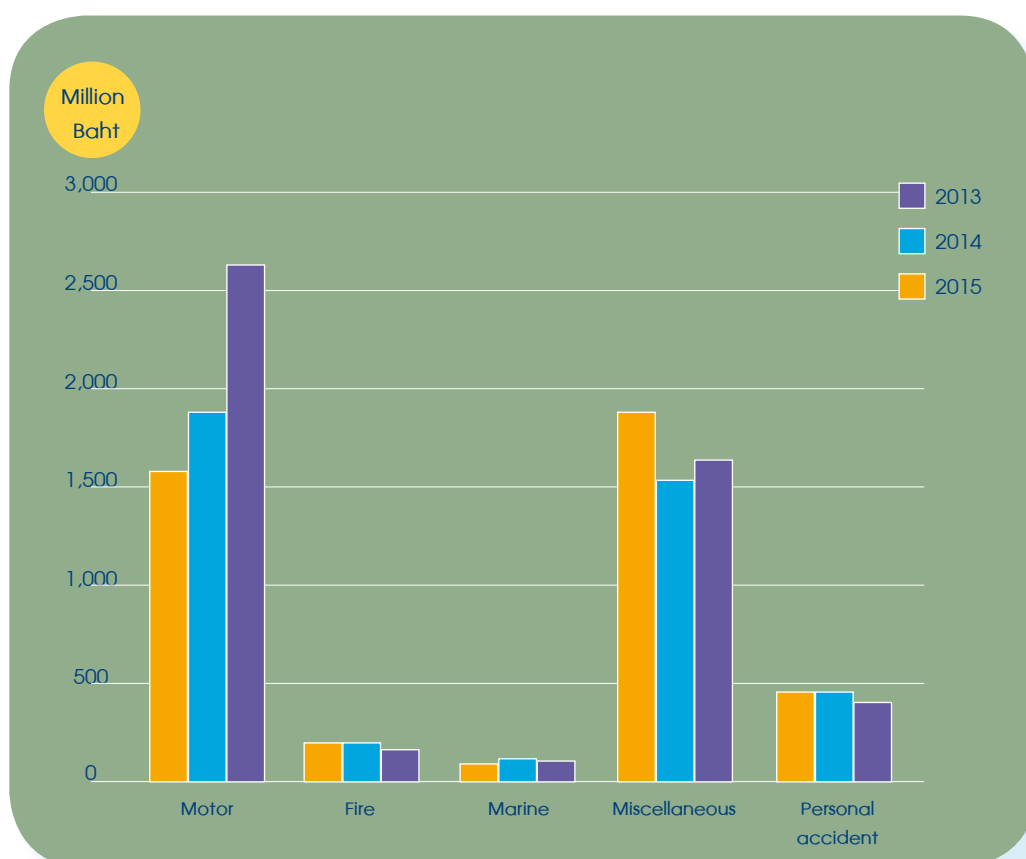
Thailand's Economic and Non-life Insurance Industry Outlook for 2016

Projections suggest an improving outlook for the economy of Thailand. The NESDB has forecast an annual economic growth rate of 2.8 to 3.8% for 2016, while median growth is 3.3% - higher than the 2015 rate. The main drivers are increased public investment spending and rising state enterprise disbursements following progress in government's mega projects. The tourism industry will be another factor contributing to economic expansion. However, the slow recovery of the key economies is weighing on commodity prices and global economic conditions, with further impact upon exports. Moreover, farmers will continue to suffer the effects of drought, thus affecting household buying power.

The non-life insurance industry in 2016 is forecast to expand more strongly than in 2015, with projected premiums growth of approximately 5.0%. The lines of product expected to enjoy sustained higher growth rates are those insurance products targeted at retail customers. Compulsory motor business is likely to have higher growth through revived car sales figures, whereas voluntary motor business is still facing aggressive price competition. Personal accident insurance and health insurance continue to grow steadily as a result of consumers' awareness of insurance benefits.

Deves Insurance's 2015 Performance and 2016 Outlook

The 2015 annual results posted by The Deves Insurance Public Company Limited showed that gross premiums rose by 17% year on year to Baht 4,895.0 million and net earned premiums went up 20% on last year's to Baht 2,728.0 million. The growth was directly attributable to our policy of focusing on continuing expansion into the retail market, especially of our motor business which reported Baht 2,627.0 million in premiums, a 40% increase over 2014, and an underwriting profit of Baht 178.0 million. In 2016, the Company will continue to pursue the policy implemented in 2015 by aiming to boost premiums in the retail line of products.

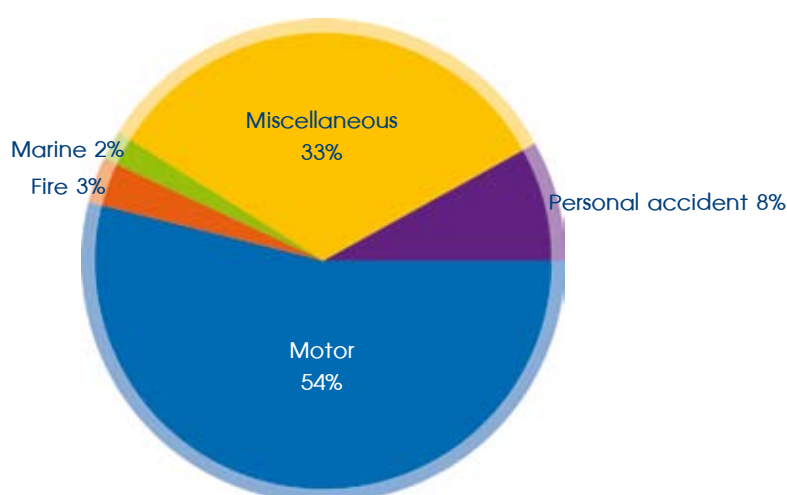


Our ranking and market share by direct premiums

Unit : Million Baht

Line of Insurance	2015		2014		2013	
	Rank	Market Share	Rank	Market Share	Rank	Market Share
Overall direct premiums	13	2.3	13	2.0	13	2.0
Motor direct premiums	12	2.2	17	1.6	21	1.3
Fire direct premiums	19	1.1	12	1.6	14	1.4
Marine direct premiums	15	1.9	15	2.2	18	1.6
Personal accident direct premiums	17	1.5	15	1.8	15	1.8
Miscellaneous direct premiums	8	3.4	8	3.3	8	4.1

Composition of premiums written by the Company, 2015



Unit : Million Baht

Line of Insurance	2015	Percentage (%)	2014	Percentage (%)	2013	Percentage (%)
Motor	2,626,515	53.7	1,872,106	44.9	1,559,530	37.6
Fire	152,666	3.1	204,765	4.9	188,579	4.5
Marine	100,767	2.1	114,005	2.7	85,571	2.1
Miscellaneous	1,623,249	33.2	1,524,966	36.6	1,859,612	44.8
Personal accident	391,393	8.0	454,298	10.9	458,977	11.1
Total	4,894,590	100.0	4,170,139	100.0	4,152,268	100.0

Branch Expansion and Improvement

It is the Company's policy to expand steadily into the retail market through development of new service channels. To accommodate our extended service provision in the provinces, five new branches have been established over the reporting year. These include: Roi Et Branch, Nakhon Sawan Branch, Chumphon Branch, Phra Nakhon Si Ayutthaya Branch, and Chachoengsao Branch. As a result, we now have a nationwide operation in 35 locations consisting of 23 provincial branches and 12 Deves Stations to deliver a one-stop service to our clients, from processing insurance applications and premiums payments to providing help and information relating to insurance claims and enquiries. There are also plans to open more branches in 2016 so as to offer wider service coverage across the country.

Roi Et Branch



Nakhon Sawan Branch



Chumphon Branch



Phra Nakhon Si Ayutthaya Branch



Chachoengsao Branch



Moreover, to create a modern and impressive corporate image and to provide more convenient service for our customers, we have relocated our Nakhon Ratchasima Branch as follows.

Nakhon Ratchasima Branch

New address: 3369/1 Thanon Suebsiri, Tambon Nai Mueang, Amphoe Mueang, Nakhon Ratchasima 30000



Advertising/Publicity

To increase recognition of the “Deves” image and gain a wider customer reach, the Company has employed advertising and production of publicity materials/mediums through different channels like radio, television and print advertisements, especially through radio commercials which effectively reach our target audience and are broadcast over all parts of the country. We generally publicize our motor insurance products and also advertise for insurance agents. During the reporting year, the Company launched such new products as the Easy Fine all-risks policies (covering fire/theft/accident) which, after having been advertised on the radio, have received a great deal of feedback. Other marketing activities we have engaged in every year include participation and exhibiting at events like Motor Show, Motor Expo, Travel Thailand Travel the World Fair, etc.

Claims Service Efficiency Drive

In fulfilling the corporate policy of boosting retail market expansion, the Company continued to keep the focus on improving the speed and convenience of its claims services. We made efforts to better serve the needs of different groups as follows.

Customers

- streamlining work processes to deliver faster service to policyholders;
- increasing efficiency in regional provision of claims services: allowing branch offices to process their own claims in ensuring smooth-running operation and in meeting the satisfaction of regional customers;
- increasing the number of accident assessors to ensure prompt customer service and to improve customer satisfaction;
- engaging local loss surveying firms to cover areas across the country in accommodating the expanded regional service operations.

Business partners

- putting up quality approved signs for all garages under the “Deves-endorsed Garages” scheme to strengthen brand image and relationships with business partners;
- visiting all provincial partner garages to establish good business relationships;
- visiting contract parts suppliers/vendors to develop good business relationships.

Employees

- training staff on motor insurance policies and coverage conditions in order for them to have thorough product understanding and be able to apply the knowledge to their work as well as building confidence of customers.

IT Enhancement

We have always attached importance to development of IT systems alongside development of other functional aspects by focusing on those systems that help improve our competitiveness in today's ever growing market. The objective is to facilitate transaction processing for all policyholders and business partners. Over the course of 2015, the Company made improvements to its core system to support the increased operating plans. Further, the existing IT architecture was enhanced to be more service-oriented, thus reducing unnecessary work duplication. Also on our priority list was development of web service to enable speedy, accurate exchange and transmission of information between business partners.

Product Development

Insurance product innovations: The following insurance products were developed and launched by the Company in 2015.

1. "Easy Fine" fire-theft-accident insurance

This property insurance plan protects contents of a building against natural perils and includes insurance against theft and personal accident. Customers can choose cover duration ranging from seven days to one year. The risks covered by the plan are:

- fire, lightning, explosion, vehicle impact and/or collision, aircraft perils, water damage (excluding flood);
- windstorm, flood, earthquake or volcanic eruption or tsunami, and hailstorm;
- burglary or theft with signs of forced entry, robbery, and plunder;
- damage to the building caused by burglary or theft with signs of forced entry, or by robbery or plunder;
- personal accident covering death, loss of organ, loss of sight and total permanent disability.

2. "Acci Smile" personal accident insurance

This personal accident insurance plan provides cover for loss of life as well as funeral expenses. It offers protection for the following:

- benefits for death, loss of organ, loss of sight or total permanent disability (Or Bor 1) arising from an accident (excluding murder or assault);
- benefits for death, loss of organ, loss of sight or total permanent disability (Or Bor 1) arising from a murder or assault;
- benefits for death, loss of organ, loss of sight or total permanent disability (Or Bor 1) arising from an accident while riding or travelling on motorcycle;
- public accident benefits (not including any accident while riding or travelling on motorcycle) (payable in addition to the first item of benefit);
- burial/cremation costs or funeral expenses for death caused by illness (a waiting period of 90 days is applicable at the start of the coverage).

Structure of Shareholders

Currently, the Company's registered capital is Baht 500 million, consisting of 50 million ordinary shares at the par value of Baht 10 each.

	Name of Shareholders	Number of Shares	% of Shareholdings
1.	The Crown Property Bureau	49,272,239	98.54
2.	Other Shareholders	727,761	1.46
	Total Issued Share Capital	50,000,000	100.00

Board of Directors



DR CHIRAYU ISARANGKUN NA AYUTHAYA

CHAIRMAN

- Other Positions/
- Grand Chamberlain - Bureau of the Royal Household
- Working Experience
- Director General - The Crown Property Bureau
 - Chairman of the Board of Directors
The Siam Cement Public Company Limited
 - Director of the Corporate Social Responsibility Committee
The Siam Commercial Bank Public Company Limited
- Education
- Ph.D. (Economics), Australian National University, Australia
- Training from Thai
- Role of the Chairman Program
- Institute of Directors



MR SANSERN WONGCHA-UM

INDEPENDENT DIRECTOR

CHAIRMAN OF THE NOMINATION AND REMUNERATION COMMITTEE

- Other Positions/
- Deputy Minister of Transport (2006 - 2008)
- Working Experience
- Chairman and Independent Director
Bualuang Securities Public Company Limited
 - Chairman and Independent Director
Somboon Advance Technology Public Company Limited
 - Independent Director and Chairman of the Audit Committee
The Erawan Group Public Company Limited
- Education
- Master of Business Administration, University of Bridgeport, USA
 - Diploma, National Defence College, Class 37
- Training from Thai
- Role of the Chairman Program
- Institute of Directors
- Director Accreditation Program
 - Financial Statements for Directors



MR MONTRI MONGKOLSWAT

DIRECTOR

MEMBER OF THE NOMINATION AND REMUNERATION COMMITTEE

- Other Positions/
- Director (1999-2014)
- Working Experience
- Banpu Public Company Limited
- Education
- B.A. (Accounting and Commerce), Thammasat University
 - Diploma, National Defence College
- Training from Thai
- Role of the Chairman Program
- Institute of Directors



MR AVIRUTH WONGBUDDHAPITAK

DIRECTOR

CHAIRMAN OF THE EXECUTIVE COMMITTEE

Other Positions/ • Advisor – The Crown Property Bureau

Working Experience • Director (2006-2015)

Advance Info Service Public Company Limited

• Director

Thai Plastic and Chemicals Public Company Limited

Education

• Master of Business Administration, New York University, USA

Training from Thai

• Director Certification Program

Institute of Directors

• Role of the Compensation Committee



DR CHARNCHAI MUSIGNISARKORN

INDEPENDENT DIRECTOR

MEMBER OF THE NOMINATION AND REMUNERATION COMMITTEE

Other Positions/ • Vice Chairman and Chairman of the Executive Committee

Working Experience (2005 - 2009)

ACL Bank Public Company Limited

Education

• Ph.D. (Agricultural Economics), Kyoto University, Japan

Training from Thai

• Director Certification Program

Institute of Directors

• Director Accreditation Program



MR NA BHENGBHASANG KRISHNAMRA

INDEPENDENT DIRECTOR

Other Positions/ • Chairman of the Executive Board

Working Experience The Cambodian Commercial Bank Company Limited

• Vice Chairman

The Siam Administrative Management Company Limited

Education

• Master of Engineering - Mechanical, University of Pennsylvania, USA

Training from Thai

• Director Certification Program

Institute of Directors



MR SOMPOCH INTRANUKUL

INDEPENDENT DIRECTOR

CHAIRMAN OF THE AUDIT COMMITTEE

MEMBER OF THE NOMINATION AND REMUNERATION COMMITTEE

Other Positions/ • Chairman, SubsriThai Public Company Limited

Working Experience • Chairman, The Siam Administrative Management Company Limited

• Chairman, Mudman Company Limited

• Chairman, SCMB Company Limited

• Chairman of the Audit Committee

HiFi Orient Thai Public Company Limited

Education • B.A. (Accounting), Chulalongkorn University

• Diploma, National Defence College

Training from Thai • Director Certification Program

Institute of Directors • Audit Committee Program

• Director Accreditation Program

• Chartered Director Class



MR VIRASAK TOKAKUNA

INDEPENDENT DIRECTOR

MEMBER OF THE AUDIT COMMITTEE

Other Positions/ • Head of Business Promotion Department (2003 - 2004)

Working Experience The Crown Property Bureau

Education • Master of Business Administration, Long Island University, USA

Training from Thai • Director Certification Program

Institute of Directors



MRS PHANSOPIT LIKITTHAMMANIT

INDEPENDENT DIRECTOR

MEMBER OF THE AUDIT COMMITTEE

Other Positions/ • Accountant - The Support Foundation

Working Experience of Her Majesty Queen Sirikit of Thailand

Education • B.A. (Accounting - 2nd Honoured), Chulalongkorn University

Training from Thai • Director Certification Program

Institute of Directors



MR ARRAK SOONTAROS

DIRECTOR

- Other Positions/ Working Experience
- Senior Head of the Real Estate Management Department (2001 - 2006)
 - The Crown Property Bureau
- Education
- Master of Business Administration, Central Missouri State University, USA
- Training from Thai Institute of Directors
- Director Certification Program



MR SAK EUARCHUKIATI

INDEPENDENT DIRECTOR

MEMBER OF THE AUDIT COMMITTEE

- Other Positions/ Working Experience
- Director, Member of the Remuneration Committee (1990 - 2012)
 - Thai Plastic and Chemicals Public Company Limited
 - Independent Director, Member of the Nomination and Remuneration Committee and Member of the Audit Committee (2007 - 2012)
 - Thoresen Thai Agencies Public Company Limited
- Education
- Bachelor of Science (Management Science), Colorado State University, USA
- Training from Thai Institute of Directors
- Director Accreditation Program



MR CHATCHAI CHINVETKITVANIT

PRESIDENT

MEMBER OF THE EXECUTIVE COMMITTEE

- Other Positions/ Working Experience
- Executive Vice President : Marketing Division (2000 - 2004)
 - Executive Vice President : Insurance Business 1 & 2 Division (2005 - 2008)
 - Senior Executive Vice President : Insurance Business 1 & 2 & Underwriting Division (2009 - 2011)
 - President, The Deves Insurance Public Company Limited
 - Director, Road Accident Victims Protection Company Limited
 - Member of the Executive Committee Thai General Insurance Association
 - Chairman of the Accident and Health Insurance Committee Thai General Insurance Association
- Education
- Master of Insurance - Georgia State University, USA
- Training from Thai Institute of Directors
- Director Certification Program



MS SUPAPORN TREESAEN
Secretary to the Board of Directors



MR MANOT SINLAPARATANAPORN
Secretary to the Audit Committee



MRS PAWINEE TIPPETCH
Secretary to the Executive Committee
Secretary to the Nomination and Remuneration Committee

Executives



CORPORATE FUNCTIONS

Mr Chatchai Chinvetkitvanit

President

Mr Suchon Sa-ingthong

Vice President : Corporate Functions

Mr Manot Sinlaparatanaporn

Vice President : Audit Office

Mrs Pawinee Tippetch

Vice President : Board Secretariat & Corporate Communications Office

Mrs Navarat Teekhasaenee

Vice President : Human Resources and Administration Department



CORPORATE STRATEGIC AND BUSINESS DEVELOPMENT DIVISION

Mr Santi Iamvuthipreecha

Executive Vice President : Corporate Strategic and Business Development Division

Mr Pongsathorn Thananurakwong

Vice President : Corporate Strategic Department

Mr Sakchai Sakdarat

Vice President : Customer Service Department



INSURANCE BUSINESS 1 DIVISION

Mrs Chutatip Sirimajan

Executive Vice President : Insurance Business 1 Division

Mrs Chutatip Sirimajan

Acting Vice President : Corporate & Government Business Department

Mr Montree Deo-Isares

Vice President : Energy Business Department

Mr Sombat Tanjaturon

Vice President : Branch&Transportation Statutory Business Department

Mr Therdsak Pungvichar

Assistant Vice President : Branch & Transportation Statutory Business Department

Mrs Pussadee Sangkhat

Assistant Vice President and Acting Regional Manager - North Area :

Branch & Transportation Statutory Business Department

Mr Somchai Suernak

Regional Manager - Southern Area : Branch & Transportation Statutory Business Department

Mr Alongkorn Milindhanuja

Regional Manager - Northeast Area : Branch & Transportation Statutory Business Department

Miss Suthinun Julajern

Assistant Vice President : Corporate & Government Business Department

Miss Chantatipa Cramanon

Marketing Manager : Corporate & Government Business Department

Miss Boontharot Hooncharoen

Assistant Vice President : Energy Business Department



INSURANCE BUSINESS 2 DIVISION

Miss Duangratana Chinvanno

Executive Vice President : Insurance Business 2 Division

Miss Duangratana Chinvanno

Acting Vice President : Financial Business Department

Mr Nitiwat Nitivirotkul

Vice President : Agent & Retail Business Department

Mr Paitoon Traisathidworn

Assistant Vice President : Broker Business Department

Miss Benjamas Santipreedathum

Assistant Vice President : Agent & Retail Business Department



UNDERWRITING DIVISION

Mrs Supatra Disayabutr

Executive Vice President : Underwriting Division

Mrs Supatra Disayabutr

Acting Vice President : Motor Underwriting Department

Mr Phanomsak Mongkhonimit

Vice President : Non-Motor Underwriting Department

Mrs Sirinuch Nilparisut

Vice President : Reinsurance Department

Mrs Rangsimaninvilai

Assistant Vice President : Underwriting Division

Miss Orawan Yutsapremanon

Assistant Vice President : Motor Underwriting Department

Miss Soparwan Tongyuak

Assistant Vice President : Non-Motor Underwriting Department

Miss Jarunya Prapakas

Assistant Vice President : Reinsurance Department



FINANCE DIVISION

Mrs Santana Tantisiriwat

Executive Vice President : Finance Division

Acting Executive Vice President : Information System Division

Miss Sunee Srisuktaveerat

Vice President : Accounting & Finance Department and

Acting Vice President : Investment Office

Miss Montira Pavangsawat

Assistant Vice President : Accounting & Finance Department

Miss Parinsaya Namkul

Vice President : Premium Collecting Department



INFORMATION SYSTEM DIVISION

Mrs Santana Tantisiriwat

Executive Vice President : Finance Division

Acting Executive Vice President : Information System Division

Mrs Santana Tantisiriwat

Acting Vice President : Business Process Development Department

Mr Noppadol J.Jitcharoenchai

Vice President : Technology Department and

Acting Vice President : Information System Development Department

Miss Chanthat Tongcharoen

Assistant Vice President : Information System Development Department

Miss Nutthanicha Assavanon

Assistant Vice President : Business Process Development



COMPLIANCE AND RISK MANAGEMENT DIVISION

Mr Umnaj Lohsuwan

Executive Vice President : Compliance and Risk Management Division

Mrs Nichapat Pavaluksanawat

Assistant Vice President : Compliance and Risk Management Division

Mr Siriphot Orbaiyokvijit

Assistant Vice President : Compliance and Risk Management Office

Mrs Siriporn Chankaew

Assistant Vice President : Legal Office



CLAIMS 1 DIVISION

Mr Preecha Vitavaskarnvej

Executive Vice President : Claims 1 Division

Mr Pramote Sawangchaeng

Vice President : Non-Motor Claims Department

Mr Maiyatat Rittichai

Assistant Vice President : Non-Motor Claims Department



CLAIMS 2 DIVISION

Mr Ariya Jakranurak

Executive Vice President : Claims 2 Division

Mr Ariya Jakranurak

Acting Vice President : Motor Claims Department

Mr Somchit Rungruengchotsakul

Assistant Vice President : Motor Claims Department

Mr Amornchart Siripattananuntakul

Assistant Vice President : Motor Claims Department

Mr Palipon Kerdswang

Assistant Vice President : Motor Claims Department

Report of the Nomination and Remuneration Committee

To ensure internal management practices in line with the corporate governance principles established and adhered to by the Company, the Board of Directors resolved, in its meeting no. 1/2546 held on 21 February 2003, to set up a "Remuneration Committee" in addition to the Executive Committee and the Audit Committee already in place.

The Company's Remuneration Committee was composed of independent and non-executive Directors, with the Committee Chairman being an independent member of the Board. The Committee was responsible for determining and recommending, to the Board meeting, the level and structure of remuneration for Directors, committees of the Board and senior management to ensure that the basis and systems for such emoluments were proper, fair and appropriate to all concerned. Remuneration for all Directors and Board committees would then be put to the shareholders' meeting for consideration/approval pursuant to the provisions of the Public Limited Companies Act and the remuneration so approved shall remain in effect until otherwise resolved by a general meeting.

In 2005, the meeting of the Board agreed to extend the scope of the Committee's responsibility to include the nomination function and to rename it the "Nomination and Remuneration Committee". The Committee thus assumed the added duty of selecting and nominating qualified and suitable persons as company directors and company president.

Later in 2010, the Board of Directors resolved that the Nomination and Remuneration Committee be assigned the additional role of social responsibility committee. The function involves setting policies, plans and budgets for all the Company's corporate social responsibility (CSR) programmes. The role is also responsible for monitoring progress for regular reporting to Board meetings so that achievements can be jointly evaluated and ways for improvements jointly identified to ensure maximum benefit to all stakeholders and society in general.

During 2015, the Nomination and Remuneration Committee held six meetings in total to consider matters within the scope of its responsibilities and covering the roles delegated to it by the Board. The main areas of work considered and presented to the meetings of the Board and to the general meetings where relevant were as follows.

Nomination

1. Considering the eligibility of Directors retiring by rotation in 2015: Adhering to the Public Limited Companies Act provisions and the guidelines of the Ministry of Commerce's Department of Business Development, the Committee recommended that the Board meeting re-appoint all four Directors retiring by rotation. The proposal was endorsed by the meeting of the Board and consequently approved by the 2015 Annual General Meeting.

The Directors who were due to retire by rotation in 2015 and then re-appointed to the Board were as listed below.

- | | |
|-----------------------|-----------------|
| 1. Mr Virasak | Tokakuna |
| 2. Mr Na Bhengbhasang | Krishnamra |
| 3. Mr Sak | Euarchukiati |
| 4. Mr Chatchai | Chinvetkitvanit |

2. Reviewing the tenure of Board committees: Subsequent to the 2015 general meeting, the Nomination and Remuneration Committee, having reviewed the structure and composition of all three committees of the Board, i.e. the Executive Committee, the Audit Committee, and the Nomination and Remuneration Committee according to the established policy and guidelines, proposed that the Board should maintain the existing structure of all three committees. The meeting of the Board agreed to the recommendation by the Committee.

Remuneration

Payment of Directors' fees: The Committee recommended that normal annual fees on 2014 results amounting to 4.0 million baht together with a special bonus of 1.0 million baht be paid to 12 Directors, and that the Chairman of the Board should receive 1.5 times and all the other eleven Board members should be paid equally. The aggregate Directors' fees proposed to be payable on 2014 results thus added up to 5.0 million baht. The recommendation was based on the consideration that there was a significant improvement in the Company's financial results and that the Board had much heavier responsibility during the year amid increasingly difficult business conditions. The proposed additional bonus was also meant to compensate for Directors' fees omitted in the prior periods due to impact of the 2011 deluge.

The aforesaid proposal was approved by unanimous resolution at the 2015 Annual General Meeting.

Corporate Social Responsibility [CSR]

Since its establishment in 1947, the Company has been committed to operating with honesty, within legal and governance framework, and to strictly fulfilling all of its pledges and obligations. We hope our business can play a role in driving the economy which is central to the country's growth and stability.

Thus, the Board-entrusted CSR role - involving responsibilities such as setting policies and action plans, allocating the Board's agreed annual budget as well as monitoring and reporting outcomes - is equally important to the Nomination and Remuneration Committee as other areas of work originally delegated to it. This is because our Directors, executives and staff alike recognize that, as an enterprise, the Company has a duty towards its clients and every group of stakeholders. In addition, as an insurance subsidiary of the Crown Property Bureau and as a business organization which is a part of Thai society, The Deves Insurance Public Company Limited has therefore always been committed to remaining a good member of society and the nation.

Our philanthropic support

A business organization's responsibility is not confined only to its customers and stakeholders, but also concerns its duty towards society as a whole. It is therefore a long-term policy of The Deves Insurance PCL to support the efforts of the government sector, organizations and foundations that work in the public interest by allocating a part of its budget, on a continuing basis, for promoting society-benefiting activities, preserving Thai culture and assisting those in need. We hope our funds spent through such non-profit bodies would lead to development in diverse areas and sustainable benefit to the nation.

The philanthropic causes supported by the Company in 2015 consisted of:

- Sai Jai Thai Foundation under Royal Patronage
- HRH Princess Siribhachudhabhorn Charity Fund

Corporate Social Responsibility [CSR] Activities

Under the policy delegated to it by the Board, the Nomination and Remuneration Committee has set the direction by which our CSR practices are guided: that activities should be designed to promote individuals' self-development and living improvement; and that they should aid improvements to the Phra Nakhon neighbourhoods surrounding our head office in enabling community members to enjoy better quality of life. Our CSR operations also place emphasis on engagement of all sections of society, particularly within the target communities, with the intention of helping them to achieve long-term empowerment and self-dependence.

The CSR policy of Deves Insurance seeks to deliver sustainable and balanced development. It emphasizes not only the development of people to be quality, efficient, disciplined and knowledgeable individuals with civic mindedness, but also improvement of the environment to ensure better living conditions for all dwellers. Such development approach will ultimately lead to strong and sustainable self-reliance of communities and society.

Principles of implementation: Deves Insurance's own CSR initiatives and its support to other agencies' activities are all aimed at bringing about social action and development and at contributing to public interest. Projects should be developed from creativity and originality with a focus on sustainability and simplicity through application of as much natural means as possible. They should also promote participation between different sectors of society. Each year, the Nomination and Remuneration Committee would draw up plans and guidelines for CSR work that primarily includes and builds on our activities in the previous years so that performance and achievements can be concretely measured. The Committee also sets the criteria for identifying and developing new projects or activities which cover four elements of consideration:

- assessing consistency with the Company's CSR policy;
- evaluating appropriateness in terms of investment and expenditure;
- evaluating appropriateness in terms of implementation and justification; and
- assessing expected outcomes and benefits.

Almost all of our CSR programmes and activities in 2015 were those implemented since the previous years, in fulfilment of our policy and principle of sustainable social action and development. The Board of Directors allocated a CSR budget proportional to the Company's income and profit generating capacity as well as its ability to seek knowledge and funding collaboration from external agencies. The objective was to ensure a balance between being an enterprise responsible to its direct stakeholders comprising shareholders and employees and being a socially responsible corporate citizen, and to promote the role and potential of the Company as initiator and coordinator of CSR endeavours that sustainably benefit society and the nation.

In implementing the CSR policy, the Company has organized an operational and staffing structure to specifically support this area of work. The "CSR Section" is under the Board Secretariat & Corporate Communication Office and is responsible for all CSR operations and for monitoring progress and evaluating achievements or impacts for reporting to the Nomination and Remuneration Committee and the Board of Directors, respectively.

Deves Insurance's CSR

We have set our corporate guidelines on CSR practices which are categorized into five focus areas: social and community enrichment - "Clean, Safe Communities Are Deves' Delights"; children and youth development - "Smiles for Us"; education - "Deves Solicitude"; volunteering spirit - "Let Us be the Giver"; and moral promotion - "Moral Schools under Bangkok Metropolitan Administration".

Always caring and devoted

Social and community enrichment - "Clean, Safe Communities Are Deves' Delights" Project
Hygiene and safety are fundamental to the life of people in society. Deves Insurance therefore initiated the "Clean, Safe Communities are Deves' Delights" Project as one of our main long-term CSR programmes. The project, which works to assist Phra Nakhon District authorities and communities in promoting safety and hygiene, encompasses the following sub-projects and activities.

- Phra Nakhon District's Safety, Hygiene and Sustainable Development Promotion Project

In 2015, Deves Insurance supported Phra Nakhon District Office in implementing the "Electrical-Fault Fire Prevention Pilot Project" through survey, replacement and installation of electrical devices and systems within Tha Wang Community. The objective was to make dwellers aware of fire hazards which could cause damage to life and property. Apart from the above piloted neighbourhood, the same project activities have also been rolled out in other areas.

Besides engaging in the authorities' disaster prevention efforts which are in tune with our business approach, we assisted in furnishing supplies and items needed for the work of officials and community activities such as marquees, first-aid kits for basic community healthcare. The "With Unity Comes Achievement" activities, which have continuously been carried out since 2011, were also organized during the year to offer skills training to community members and promote their livelihoods.



As part of its "Clean, Safe Communities Are Deves' Delights" project, Deves Insurance offered five marquees to Banglamphu Community and the 1st Artillery Battalion, King's Guard for use in their public benefiting activities.



Making beaded slippers - the handiwork of seniors in the Fuengthong - Wisoot Alley Community - was one of the "With Unity Comes Achievement" activities in 2015.

Environment – Addressing basic social issues, with community hygiene and environment in particular, requires cooperation from all concerned as well as intense and sustained action. Deves Insurance has always been aware of the need to protect the environment, especially over Phra Nakhon District - an old town conservation and landmark area - and has therefore joined other leading bodies to support the work of local authorities. The Company has also sought collaboration from private organizations, foundations, schools and community representatives in working together to protect and improve the District's environment and to create pleasant living conditions.

- “Unity for Water Reclamation” water improvement project

Intended to reduce direct wastewater discharge into public canals, the project involves the installation, in stages, of grease traps for houses and shops/stalls starting from the areas along the Banglampoo Canal, Wat Sungwej and Wat Parinayok to those in Fuengthong-Wisoot Alley Community and Nanglerng Market on the Crown Property Bureau’s land. Since 2011 until now, Deves Insurance has actively engaged in this collaborative programme which has completed a total of 195 installations to date. We have also played a role in project monitoring and expansion by joining the field visits of Phra Nakhon District’s Environment and Sanitation Section officials to survey actual use and get feedback on satisfaction and problems as well as encouraging the adoption of such wastewater treatment practice in other target areas.



- “From Waste to Worth” garbage management project

Deves Insurance has continually promoted waste management solutions at community level. Our major activity in 2015 was a campaign to persuade community members and youths to collect wastes for the production of bioextract to be used for domestic and public cleaning. During 2015, Deves Insurance teamed up with Phra Nakhon District’s Public Cleaning and Public Parks Section as well as schools and youngsters in Phra Nakhon communities to organize the “7am Litter Pick Brightens up Phra Nakhon” project. The exercise was aimed at encouraging children to help keep schools, temples and public spaces clean while learning to collect and sort litter so that together they could develop a sense of awareness, responsibility and discipline of maintaining cleanliness.



Aside from supporting children’s community-based activities and learning, Deves Insurance took the representatives and youth groups from Phra Nakhon communities on study visits to projects on environmental, soil and water conservation. The purpose was to instil, among the youths, the attitude of treasuring and appreciating their surrounding nature, and a sense of responsibility for protecting and improving the environment as well as preserving natural ecosystems.

Always concerned and thoughtful

Children and youth – “Smiles for Us” Project – Deves Insurance is determined to bring smiles and laughter to children and hopes the mirth and happiness will remain forever among the youngsters. During 2015, we continued to undertake those children and youth-oriented activities implemented earlier to maintain long-term success, while also expanding the scope of the development to ensure our efforts over the years lead to genuine and sustainable benefit.

Deves Insurance supported the organization of Children’s Day events in Phra Nakhon District by gifting schools and communities with bicycles as presents thoughtfully chosen for being suitable and helpful to the children’s everyday life and development.



Deves Insurance gifted pupils of 11 Bangkok Metropolitan Administration schools with raincoats and soap bars – the latter being products of Phra Nakhon District communities and youth groups which contained eco-friendly ingredients and had been quality-tested by Mahidol University’s Faculty of Pharmacy. Also provided for the pupils were demonstrations of correct handwashing which, as well as the gifts, were intended to encourage the children to be conscious of hygiene and cleanliness. The activities were part of the “Deves’ Care for Youth” project, a CSR programme of the Company that has been implemented for nine consecutive years.

Special Needs Development

Deves Insurance attaches importance to human capital development which requires ongoing and unrelenting efforts, particularly among children with special needs. This is reflected in our support to Wat Mahathad School for its therapy, rehabilitation and development of pupils under the special education programme.

Launched in 2010, the project employed aqua and equestrian therapeutic exercises in its early stages, and since then the implementation methodologies have been improved and expanded constantly as appropriate. The project’s objective is to create as many opportunities as possible for these special needs children to develop and prepare themselves so as to be self-dependent and be able to live with others in society.

The classroom learning and external activities organized by Deves Insurance have resulted in the children’s significantly improved physical, mental and emotional development. They have been able to communicate with and adjust themselves better to the surrounding society, and have become satisfactorily less dependent on those around them in their daily life. More importantly, many pupils of the special needs class can now join other schoolchildren in mainstream classes. Some have even competed and won awards in such highly concentration- and precision-demanding games as petanque and abacus calculation. Such attainments are a source of pride for the children themselves and all concerned, while also proving that the unceasing efforts of development have achieved a certain level of success and the stated goals.



The pupils of Wat Mahathad School's special needs class enjoying their day out at Thai Buffalo Conservation Village, Suphan Buri Province as part of the "Taking Little Bros on Learning Tour" activity organized for the fourth year.



The "Holistic Care and Development of Special Needs Children" training conducted by Developmental and Behavioral Pediatrician Dr Kaewta Nopmaneejumrulers, MD and expert speakers from the National Institute for Child and Family Development, Mahidol University.

Deves Insurance supported the marketing, at fairs and events, of handicrafts made by special needs members of the Thai Autism Foundation with the hope of assisting the weak and disadvantaged in society to become self-sufficient through our promotion of the product of their livelihood training.



Products from special needs members of the Thai Autism Foundation

Always bringing happiness and well-being

“Voluntary-Minded Youth” – True and sustainable development is a process that must come from within. Our steady collaboration on social development endeavours with agencies, organizations and communities in Phra Nakhon District since 2011 has allowed us to gain a deeper understanding of the communities’ living conditions and way of life. Deves Insurance has therefore initiated a **“voluntary-minded youth”** project by empowering youth leaders in the target areas to become champions of change through cultivation of selflessness and public-spiritedness. The aim is to bring about deep-rooted change or development in the communities that meet their contextual needs. Community leaders and Deves Insurance - as a local private organization - have played their part by guiding and advising on the implementation of the project as well as providing knowledge input and other support as necessary and appropriate.

“Sufficiency Busy Bee Youth” is the first group of youngsters to have volunteered as model **“voluntary-minded youth”** in Baan Phanthom Community. At the beginning, the group did a “Voluntary-Minded Youth Workshop” in October 2015 which gave them grounding and understanding and enabled them to identify their own moral principles in determining the group’s direction, goals and action plans. Following the training, the kids have designed two forms of activities to serve the needs of helping their community members, i.e. “Volunteer Bees” and “Reading-Guide Bees”, both of which have been carried out continuously since November 2015.

“Volunteer Bees” is the activity that reaches out to deliver basic health services. Every Saturday, the children make home visits to provide blood pressure measurements for the elderly under the supervision of the group leaders and local well-trained Public Health Volunteers (PHVs). They would take down the measurement readings for comparison and monitoring, while also paying attention to the seniors’ problems. “Reading-Guide Bees” activity offers teaching of reading skills, revision of lessons/exercises, storytelling and other development-promoting activities suitable to smaller children in the community.

All these activities have allowed the children not only to spend their free time constructively to their own and the common good, but also to learn to plan, solve problems, work as a team, and learn to be more disciplined, responsible for themselves and empathetic towards others. And most importantly, they have learned to foster a volunteering spirit which will develop them into quality members of society and role models for the next generations of youths.



The first “Voluntary-Minded Youth” workshop held to empower community youngsters to decide the direction for their volunteering and civically-engaged work in fulfilling the sustainable development objectives and genuinely applying changes to their community.



The Busy Bee Youth group’s “Volunteer Bees” activity provides blood pressure measurements for the elderly and records details of those checked, while their “Reading-Guide Bees” activity offers teaching, storytelling, crafts training, recreational activities and word games every Saturday at “Busy Bee Youth Learning Centre” in Baan Phanthom Alley Community. Both are follow-ups to the “Voluntary-Minded Youth” workshop.

“Let Us be the Giver” refers to the volunteering spirit programme of Deves people who give up time and energy to do philanthropic deeds out of altruism. We hope the results of our good deeds would make possible a benevolent, harmonious and unselfish society that values the virtue of giving.



Deves people collectively procured and delivered living necessities to border military personnel in the south as part of the “Deves’ Thoughts to Our Southern Border Guards” project.



Volunteering personnel of Deves Insurance participated in the “Pid Thong Lang Phra* - Upholding His Majesty’s Guidelines” Project organized by the Traffic Radio for Society FM 99.5 MHz.

* Pid thong lang phra = doing good without showing off or seeking recognition



Deves Insurance personnel have, from 2007 to 2015, made regular blood donations to the Thai Red Cross Society on a quarterly basis, having given until now 646,000 cc of blood altogether. Our people have also signed up as potential stem cell donors.

All these development processes implemented to the Board's CSR policy and overseen by the Nomination and Remuneration Committee have delivered direct outcomes as per the established objectives, i.e. improvement in environmental quality, improvement in community members' quality of life, as well as education promotion and youth development particularly in the special-needs group, all of which could lead to powerful self-dependence and sustainable development of society. Indirectly, the above processes have also helped refine the minds of those involved in the work so that they have become self-sacrificing, patient and public-spirited.

Moral Schools under Bangkok Metropolitan Administration

The Moral Schools under Bangkok Metropolitan Administration Project is a collaborative initiative between Bangkok Metropolitan's Phra Nakhon District Office, 11 schools in Phra Nakhon District, and the Deves Insurance Public Company Limited. Funded by the Crown Property Bureau, the project has a common goal of developing schools within Phra Nakhon District into "Moral Schools under Bangkok Metropolitan Administration" through the organization of virtue promotion activities - as a motivator for life skills learning, that instill moral and ethical values, morality and virtues.

The project was launched in 2014 with Wat Tri Thotsathep School being chosen as its model school. It has been implemented continuously and has to date expanded to include another ten Bangkok Metropolitan Administration (BMA) schools. As a result, the programme, which has an implementation plan running from 2015 to 2017, consists of a total of 11 schools all of which are BMA schools within Phra Nakhon District.

Project Implementation largely encompasses activities or processes that involve participation by the sectors/groups concerned, from school administrators, instructors/teachers, learners, parent networks to community leaders. All activities are aimed at helping learners to develop virtuous behaviours and desirable traits as required by the school's curriculum or the Basic Education Core Curriculum, using BMA's core moral value of "Growing up Righteous" as the prime moral principle.

School administrators and teachers – springboard for success

The first activity defined in the project's implementation plan was a meeting between Phra Nakhon District executives and administrators of schools in the district to allow all concerned to discuss and exchange ideas and establish a common understanding of the moral school development process. The meeting also empowered the administrators to manage their own schools appropriately by developing the institutions in line with the BMA policy which focused on more life skills training for learners.



The meeting held to discuss and gain understanding of the moral school development process



A sharing session for schools' administrators, teachers and personnel in the "Moral School Development Process" training course

The results of the meeting and a subsequent training workshop organized for all administrators, teachers and personnel of the schools have found: that the schools' administrators and teacher leaders have gained knowledge and understanding of the implementation framework and have been involved as well as playing a principal role in developing their schools into moral schools; that they have been able to incorporate the process and knowledge acquired from the workshop into their teaching; that the teachers and educational personnel have acquired knowledge and understanding and have taken part in the school development by adjusting their instructional system to suit the moral school development process.

Learning from the implementers

To enable the schools' administrators and teacher leaders to have a deeper understanding of moral school development process, Deves Insurance arranged a study trip for Phra Nakhon District executives together with administrators and teacher leaders of all 11 participating schools to visit Chiang Mai Tsu Chi School in Fang District of Chiang Mai. The purpose was to learn and observe how the moral school development concept is concretely realized. The outcomes of the activity indicate that the executives and teacher leaders have been able to incorporate the experience gained from the study visit into their instruction effectively.



Governors, administrators and personnel of educational institutions sharing moral school development experience at Chiang Mai Tsu Chi School



The pupils' workshop held to enable schoolchildren to discover their virtue capital, set goals in life and develop their life skills

Pupils – the target and heart of the process

The true target of the moral school development process is the pupils, particularly those at upper primary level. These youngsters are not only in a transition period in life and open to things outside their experience, but they also have an important role in influencing and setting an example for their juniors. They are the ones who will grow up to be a major force for society and the country's future. For this reason, the project has planned an "Upper Primary Pupils' Workshop" for all pupils at primary years 4-6 to provide the assurance that the children are able to find out their own virtue capital/asset and identify their positive behaviour indicators.

Implementation results have been achieved as per the defined goals. The pupils have been able: to determine clearly their virtue capital and positive behaviour indicators at family and school levels; to efficiently map out their virtue promotion activities and help take charge of expanding such activities across their schools; to set their own goals in life and perfectly develop their own life skills.

Parents and communities – critical contextual success factors

Apart from teachers and classmates, parents and communities represent the main group of people and environments that are critical to the children's upbringing and to the inculcation of mentality and attitudes in them. Their behaviours also provide a crucial example for children to follow. Therefore, the project has designed a "Seminar for



Parents, schools' governors, parent networks and community leaders are supporters of the schools and are integral to school development.

Schools' Governors, Parent Networks and Community Leaders" to be run alongside other activities. The outcomes of the discussions and brainstorming reveal that schools' governors, parents and community leaders have knowledge, understanding and engagement in the development of the schools and have adjusted their environments to be more conducive to the children's life skills development with a view to helping upgrade their institutions to moral schools.

Forward-driving tools and mechanisms

In a development process planned with ongoing, long-term implementation aimed at achieving sustainable successes, forward-driving tools and mechanisms are most essential as they provide a tangible anchor for the implementers as well as a knowledge base for the process. Therefore, in formulating project activities and implementation plan, Deves Insurance and other stakeholders have designed a "virtues notebook" as a tool for the pupils to record their good-doing, practise thinking, review actions and keep a record of their good deeds. Parents have used the notebook as a tool for communication and for getting to know their children's interests and feelings. Teachers have also relied on the virtues notebook as a tool for communication and for learning of the pupils' interests, feelings, actions and surroundings, while administrators have used the notebook as a tool for improving school management.

"Moral Corner" is another tool employed in the project to provide teachers and pupils with a diverse knowledge base as well as a source of reference for their researching of knowledge and promotion of moral education.



"Moral Corner" provides a source of moral knowledge with a wide variety of books suitable for all ages.



"Virtues notebook" - a tool for discovering interests and developing life skills through each level of virtuous activities

Thus far, the development of moral schools in Phra Nakhon District has represented the first step along the path to cultivating virtuous behaviours through an inclusive, participatory process. The next stage of the project will focus on having the virtue promotion activities planned by the pupils actually put into action and reported by the children themselves under the management by moral objectives process and development approach of the respective schools. The virtues notebook will serve as a tool for ensuring consistency of the virtue promotion activities with the pupils' life skills development, thereby allowing one to see clearly, in the future, the positive behavioural changes. This is because the goal of the moral school development lies in the development of **knowledge with morals** of the pupils, the development of the spirit of teaching, and the development of a parental participation process - for all these three elements are the true driving forces behind the moral schools.

Awards and Honours

BMA Commendation President Chatchai Chinvetkitvanit received a citation with a plaque and golden nagarathorn pin from Bangkok Governor MR Sukhumbhand Paribatra, for the second year, in recognition of Deves Insurance's commendable contribution to the enhancement of Phra Nakhon District Office's services.



The "World Autism Awareness Day 2015" plaque awarded by the Ministry of Social Development and Human Security to The Deves Insurance PCL in recognition of its role in promoting the quality of life of autistic persons.

And, under the promise of "Deves Insurance – pride in protection", we will remain committed to operating with integrity and responsibility to all stakeholders and to ensuring our CSR approach continues to sustainably benefit our society in general.

Corporate Governance Principles

The Deves Insurance Public Company Limited

Rights of Shareholders

The Company recognizes the shareholders' ownership and rights which are exercised through the appointed Board of Directors. It has therefore been committed to respecting and protecting the basic rights of all shareholders in accordance with applicable laws and regulations. In all actions taken by the Board, the Directors have always given primary consideration to the rights and interests of the shareholders and have set down the following guidelines for promoting the rights and equality of all shareholders.

Access to Information

The Company ensures that complete information is accessible to all shareholders in a timely and equitable manner. All forms of communications with shareholders comply, in every respect, with regulatory requirements. News and information of which shareholders should be informed are posted on the Company's website (www.deves.co.th). These include resolutions of Board meetings, annual reports, notices of general meetings and forms of proxy. Supplementary information is made available prior to the dispatch of meeting notice to provide all shareholders with sufficient details for perusal in advance of the meeting. Minutes of general meetings are also published on the website within fourteen days of each meeting.

Additionally, information about the Company's business and community-benefiting activities is provided under 'Corporate News' on our website and Facebook page which is regularly updated by the responsible unit.

Convening of Shareholders' Meeting

For every general meeting convened, the Company would send to all shareholders a written notice together with supporting documents and forms of proxy stipulated by the Ministry of Commerce. The documents provide complete information relevant to the meeting as well as facts and rationale and the Board's opinion for each item on the order of business to enable the shareholders to make informed decision when voting on the respective resolutions. The notice is sent out in advance within the statutory period and is also published in the newspapers for three consecutive days at least three days prior to the date of the meeting.

Shareholders' Meeting

The Board of Directors places great significance on the Company's general meetings of shareholders. All members of the Board, especially the Chairman, attend every general meeting to receive the statements of the Executive Board and the Management and to respond to shareholders' questions, except where the exigencies of commitment prevent their participation. The attendance of Directors is recorded as part of the minutes of the meeting. The Company's auditors and legal advisers also take part in these meetings to answer any queries relevant to and within their responsibilities.

During the meeting, shareholders are offered the opportunity to comment and raise questions without any time restriction. All queries, observations and suggestions from shareholders as well as the Management's clarifications are thoroughly recorded in the minutes of each meeting. Constructive suggestions will be considered and feed into operational improvement. Shareholders can fully exercise their voting rights in every decision made at general meetings.

The main business of the meeting is dealt with in its itemized order. No significant matters other than those specified in the notice of meeting would be added to the agenda. Only questions and observations of shareholders are put forward as any other business of the meeting.

Promotion of Shareholder Participation

The Company facilitates shareholders' attendance at the meeting by arranging conference facilities as well as adequate reception and registration staff to ensure convenient registration by all shareholders and proxies, a process which can now be done two hours in advance of the meeting.

All previous shareholders' meetings have been held in the district where the Company's head office is located. To facilitate and encourage maximum attendance, a map of the meeting venue has also been appended to the notice of meeting. After the holding of each meeting, the Company would publish on its website the resolutions and minutes of the meeting so that the information is promptly available to shareholders, investors and the interested public.

Protection of Shareholder Value

It remains our priority to protect the rights and entitlements of all shareholders. The Company has continuously implemented the policy announced at its application for listing on the Stock Exchange of Thailand in 1990, i.e. to distribute at least 50% of its net profit to shareholders as dividends.

In 2015, the meeting of the Board set the date for the share register to be closed for transfers on Friday 3 April 2015 in determining those shareholders entitled to attend the Annual General Meeting scheduled to be held on Thursday 23 April 2015 at Seminar Room, 6th Floor, Deves Insurance Building 1, Ratchadamnoen Klang Avenue, Pranakorn, Bangkok - the location of the Company's head office. The notice of meeting was sent to all shareholders by registered mail on Saturday 11 April 2015, and was also placed in daily newspapers between 16 and 18 April 2015.

On the day of the meeting, participating shareholders and proxies were able to register and receive additional information, i.e. copies of printed annual report, from 0900 hours. The meeting, which started at 1100 hours as scheduled and closed at 1125 hours, was attended in person and by proxy by 33 shareholders, representing an aggregate of 49,314,376 shares or 98.63% of all issued shares. Also present were 12 members of the Board of Directors, together with the Company's auditors, legal advisers as well as all senior executives and heads/managers of the units concerned.

The meeting of the shareholders considered and voted on all eight proposed agenda items as per the order of business given in the notice. The minutes of the meeting were posted on the corporate website on 8 May 2015 and were submitted to all relevant agencies as statutorily required.

At the 2015 General Meeting, the shareholders also passed a resolution to approve the appropriation of profits and the payment of dividend on 2014 results of Baht 2.0 per share on 7 May 2015. The dividend payment announcement was published in daily newspapers from 24 to 26 April 2015.

Equitable Treatment of Shareholders

The Company respects and promotes equitable treatment for all shareholders by adhering to the following practices.

1. Each general meeting is conducted in accordance with the agenda set out in the notice of meeting so that all shareholders can have advance information of the matters to be discussed and decided. No business shall be added onto the agenda without prior notification to the shareholders.
2. To protect the voting rights of all shareholders, the Company would send out with the notice of meeting forms of proxy that include the name of at least one Independent Director as the recommended proxy. The forms, which follow the Ministry of Commerce formats, allow those shareholders unable to attend the meeting to appoint a proxy and to indicate the way in which the proxy should be voting on their behalf. The shareholders are offered the alternative of appointing any person to attend in their place, or to appoint the Audit Committee Chairman or any Independent Director to vote according to their intention.

3. There has been an open and transparent system of voting at all previous meetings. Shareholders can use the ballot papers provided by the Company to cast votes at their discretion. After the votes have been counted, the Chairman would announce the outcome to the Meeting. The voting outcome of each resolution is also recorded in the minutes of the meeting. The unit responsible for organizing the meeting would keep all ballots together in case of future queries about the accuracy and transparency of the votes taken.

The Company ensures that the Ministry of Commerce's prescribed proxy forms A and B are included in the meeting documents dispatched to all shareholders. This is so that any shareholders unable to participate but wishing to appoint a person to act as their proxy could indicate their specific voting choices beforehand. For the 2015 general meeting, two independent Directors were designated by the Company as shareholders' proxies to attend and vote as per their instructions.

Roles of Stakeholders

The Company is committed to treating all stakeholders equitably and to conducting business with responsibility towards all interested parties. Appreciating the importance of progressing steadily and sustainably together, we have established within the Company's Code of Conduct the guidelines for ensuring equality of protection and treatment for all of our stakeholders.

Shareholders : All shareholders are given equal importance and are treated with fairness. In addition to protecting shareholders' basic rights under statutory requirements, the Board of Directors always gives prime consideration to the best interests of the shareholders, while aiming to promote long-term success so as to create shareholder value.

Customers : To reach the vision of being the provider of superior non-life insurance service, the Company has implemented a quality management programme by applying Total Quality Management (TQM) as guidelines for allocating plans and responsibilities across the organization. The aim is to ensure continuing improvement in organizational capabilities and to focus on meeting the needs of customers and interested parties. Quality policy has been developed and adjusted gradually through operational progression. Currently, the Company is pursuing the ISO 9001 : 2008 quality policy of: "seeking to enhance product and service quality through efficiency-boosting technologies and to increase customer and alliance satisfaction."

The Company has since 1998 been granted the ISO certification of quality management system from the accreditation body, TUV NORD.

Such ISO system represents an approach to maintaining operational consistency within recognized standards. It also provides all customers and partners, as our business stakeholders, the assurance that their rights and interests shall be properly protected.

Employees : The Company believes that the staff have a vital role to play in the growth and success of the organization. We therefore attach importance to developing the capacity and competences of our personnel at all levels. The Company has in place a sound and constantly developed system of human resource management and a long-term human resource development plan formulated by the Personnel and Administration Department. Functional competencies have also been identified as the basis for staff development planning, thus allowing all personnel to receive specialist and skills training necessary for their work and career advancement.

We maintain an operational environment conducive to pleasant working atmosphere. The use of advanced systems and technology has always been promoted to ensure greater efficiency in processes and coordination. Moreover, the Company has built up on the intranet a collection of information and articles about business and organizational management, so that staff members can study or learn about new management concepts for professional self-development as well as increased efficiency.

The Company takes into consideration factors essential to the living conditions of staff and thus provides employee benefits such as provident fund, health insurance and annual check-up. We also encourage staff to keep healthy through regular exercises and by supporting their participation in friendly matches/competitions between the Company and its customers, business partners or professional associations.

Staff compensation scheme is drawn up on the basis of industry comparables. Annual salary increases are subject to individual staff 's performance which is evaluated against a pre-determined set of criteria. The performance review needs to be agreed upon by the staff member and the line manager to ensure fairness and transparency. The system is designed to motivate employees to work towards goals and objectives.

To reinforce its core values in line with organizational attributes, Deves Insurance has defined its vision and mission as follows:

Vision

To be a provider of quality non-life insurance services operating under good governance principles and being recognized as "the insurer of choice".

Mission

- To enhance and maintain image of a good organization.
- To operate under good governance principles.
- To achieve successful performance so as to deliver long-term shareholder value.
- To achieve maximum customer satisfaction through improved service quality.
- To promote effective human resource management practices.
- To enhance operational efficiency and competitiveness through modern technology.

Business partners : It is our key priority to operate to trade terms and conditions while respecting mutual benefits. We therefore treat and work with all partners with honesty and equitableness, taking care to maintain the reputation and credibility of the organization.

Competitors : The Company always adheres to the rule of fair and ethical competition.

Creditors : We strictly honour all obligations to our creditors.

Society and the environment : The Board of Directors as well as the Management Team and all staff recognize that business organizations are part of society. With available capacity and resources, businesses can have a vital role to play in caring for the communities and in contributing to society's improvement. We have therefore undertaken various socially beneficial projects, with the objective of promoting their sustainability and long-term benefits. All programmes are monitored and evaluated to ensure that they truly contribute to and serve the interests of targeted sectors of society. The Company has also acted as the focal point for initiating and encouraging our people's grouping together for or participation in activities designed to support social causes. Examples include the setting up of Deves Volunteer Group to provide development support to rural schools and youths, and the Group's blood donations to the Thai Red Cross Society.

Disclosure and Transparency

The Board of Directors fully recognizes its ethical and statutory responsibility to all shareholders and has discharged its duties with integrity and prudence in protecting the Company's interests, which mean the overall interests of the shareholders. It is therefore a key responsibility of the Board to ensure that the Company prepares and discloses complete, accurate financial and non-financial information in a timely and transparent manner through channels easily and equally accessible to all shareholders as well as interested parties. These include disclosures in the annual report and on the Company's website at www.deves.co.th which is regularly updated and welcomes all enquiries. The Board Secretariat and

Corporate Communication Office is responsible for coordinating and ensuring timely responses to such enquiries

The above disclosures refer to the Company's financial statements which have been certified by the auditors as correct in material aspects in accordance with generally accepted accounting principles and which have been endorsed by the Audit Committee and the Board of Directors. Also included are the Company's corporate governance policy, annual performance reports of the Directors and Board committees, directors' and executive remuneration policy and details which reflects the duties and responsibilities of the Company Directors.

Additionally, the Company has always complied strictly with the rules of other regulating agencies regarding submission of returns/reports and information disclosure. We deem that such practices are integral to good corporate governance.

Responsibilities of the Board

The Board of Directors represents all shareholders in the oversight and control of the Company to ensure strong and sustainable business returns. With a duty to all shareholders, the Board is responsible for setting corporate vision and business policies and for providing assurance that the Company operates with the highest responsibility towards all stakeholders while meeting statutory requirements as well as its obligations to all concerned.

1. Composition of the Board

The Articles of Association of the Company stipulates that the Board should comprise at least five members. In 2014, the Company's Board had a membership of twelve, consisting of one executive Director and eleven non-executive Directors.

Directors' term of appointment is governed by the Company's Articles of Association. All Directors are eligible for re-election at the end of their term.

Independent Director Standards

The Company has defined the standards of independent directors in accordance with the guidelines of the Office of Insurance Commission (OIC) which prescribe that an independent director shall not engage in any business or work relating to the insurance company in such a way that could interfere with the exercise of his/her independent judgement and that he/she shall meet the following requirements:

- Not having more than 0.5% holding in the paid-up capital of the insurance company or any of its affiliated, associated or related companies; this shall include shareholdings by any person related to the independent director.
- Not being involved in the management of, nor engaging in any paid regular employment with the insurance company or any of its affiliated, associated or related companies or its major shareholder(s), nor being an adviser or consultant receiving regular compensation from the insurance company or any of its affiliated, associated or related companies or its major shareholder(s);
- Having no interest, directly or indirectly, in the finance and management of the insurance company or any of its affiliated, associated or related companies or its major shareholder(s);
- Not being related to nor being a family member of any senior executive or major shareholder of the insurance company.

The meeting of the Board no. 1/2554 held on 4 March 2011 resolved to endorse the recommendation by all three Board committees, i.e. the Nomination and Remuneration Committee, the Audit Committee, and the Executive Committee, that the term limit for independent directors should be stipulated as follows:

"Each independent director shall serve no more than two terms of office consecutively. Extension of such limit for any director shall be determined case by case by the Board based upon the suitability, independence and efficiency of the director's performance. This applies to any term of service that ends in 2011 onwards."

Other company directorships

The Board of Directors is composed of individuals who represent a breadth of expertise, each holding key executive posts with various organizations. Their distinct backgrounds and knowledge can contribute efficiently to the shaping of corporate policies and direction and to the achievement of maximum returns and benefits for the Company and all shareholders.

Board members' directorships with other companies (as disclosed under "Board of Directors" Section) have no effect on the fulfilment of their duties as the Company Directors. All members of the Board attend every regularly scheduled meeting. They are also fully committed to studying all materials required for decision-making at meetings and to providing constructive guidance to the Management on a regular basis.

Separation of Roles

The Chairman of the Board is not the same person as the President of the Company, both being two separate positions. Their distinct roles and responsibilities are clearly defined in the "Delegation of Authority" which sets down specifically the scope of authority and duties of the Board of Directors, each committee of the Board and each level of the Management Team.

The Directors elect one suitable member as Chairman of the Board who chairs the meetings of the Board and of the shareholders. The Chairman is a non-executive Director, thus allowing the Company to establish and maintain an appropriate balance of power. Furthermore, with thorough understanding of and continued commitment to good governance practices, the Chairman has encouraged all Directors to exercise independent judgement in the best interests of the Company and the shareholders.

The position of President is subject to an identification and nomination process led by the Nomination and Remuneration Committee before being recommended for approval and appointment by the Board. The President has responsibility for leading the Management Team in implementing the approved policies and strategies within the agreed framework towards successful performance of the Company.

Company Secretary: The Company has appointed a Company Secretary and set up a Board Secretariat and Corporate Communication Office to be responsible for liaising between the Board and the Management Team. Other responsibilities are to update the Directors on applicable laws and regulations to provide assurance of strict compliance by their performance to all regulatory requirements and to ensure that the Management works to Board resolutions.

2. Board Committees

At present, the Company has three committees of the Board, i.e. the Executive Committee, the Audit Committee and the Nomination and Remuneration Committee. These Committees are independent in the performance of their duties within the authority and responsibility delegated by the Board, while providing the Board with useful recommendations on the respective areas. Each of the three committees meet regularly, as scheduled in its work plans, to consider and review matters, and after each meeting, the secretary would send the minutes of the meeting to all directors. The aim is to keep members of the Board informed on important matters and developments, and to enable them to continuously monitor any improvement determined by Board policy. "To acknowledge reports of the Board committees" has also been made one of the main items on the agenda

for quarterly meetings, so that problems and recommendations can be communicated directly by the responsible parties.

Authority and Responsibilities of Board Committees

The Executive Committee was appointed on 25 June 1992. It is currently composed of two members and is responsible for the operational management within the authority and duties mandated by the Board of Directors in the "Delegation of Authority". This written Delegation describes how the Board's authority and responsibility are delegated down to the committees of the Board and to the next level of management.

The Audit Committee, appointed on 31 August 1999, consists of four independent Directors. It is responsible for discharging the tasks assigned by the Board. The main duties of the Committee are to oversee the objectivity, completeness and reliability of the Company's financial reporting and disclosures; to ensure an effective and appropriate system of internal control within the Company; to prevent conflicts of interest while ensuring compliance with all applicable laws and requirements; and to select and recommend the appointment of the Company's auditors and the approval of their fees. Members of the Audit Committee have a three-year term of office.

The Nomination and Remuneration Committee is presently comprised of four members, with the Chairman and most members being independent Directors. It was originally established as the "Remuneration Committee" by the resolution of the Board in its meeting on 21 February 2003. The Committee was mandated to consider and recommend to the Board the compensation structure and system as well as the limit and budget for remuneration and benefits for Directors, Board Committees and top executives from the rank of Executive Vice President to President. Members of the Committee have been appointed for a three-year term of office.

In 2005, the Board of Directors extended the scope of the Committee's responsibility to include the nomination function and renamed it the "Nomination and Remuneration Committee". The Committee has thus assumed the additional duty of selecting and nominating qualified persons as the Company's new directors as well as considering the re-election of directors retiring by rotation. The Committee would then recommend such nominations for the approval of the Board of Directors or the shareholders' meeting. Later in 2010, the Board determined in its meetings that Corporate Social Responsibility (CSR), through honest and ethical business conduct to participation in social/community improvement and environment conservation, had such an important part to play in social development and action. It was therefore resolved that the Nomination and Remuneration Committee be assigned the additional role of CSR Committee. The responsibility of this new committee is to set policies, plans and budgets for all the Company's CSR programmes and to monitor progress against established plans and timeframes. Currently, the Committee has a membership of four who are independent Directors and non-executive Directors.

In this regard, the Board of Directors agreed, in its meeting no. 5/2555 held on Tuesday 14 August 2012, to add a rider to the provisions governing the terms of appointment of two committees of the Board, i.e. the Audit Committee, and the Nomination and Remuneration Committee, so that the original stipulation of a three-year term of office should read "Each appointment shall be for a term of three years and the term shall be reviewed by the meeting of the Board every year after the shareholders' meeting."

At its meeting no. 5/2557 held on Tuesday 11 November 2014, the Board resolved to approve that the provisions governing the "roles and responsibilities of the Audit Committee" and the "roles and responsibilities of the Nomination and Remuneration Committee" be amended to include clauses requiring the terms of office of all members on each of the committees to expire simultaneously and requiring that the three-year term of appointment of members on both committees be adjusted to start from May 2014 onwards.

3. Roles and Responsibilities of the Board

The Board of Directors recognizes the significance of its role and accountability to shareholders and has thus performed its duties honestly and prudently to safeguard the Company's interests, which represent the interests of all shareholders. The Board takes responsibility for determining and approving all important matters relating to the Company's operations, such as setting corporate vision and mission, strategies, financial goals as well as business and financial plans, and ensuring the established policies and plans are efficiently and effectively implemented by the Management.

The Board has drawn up and introduced a "Corporate Governance Policy", a "Code of Business Ethics" as well as a "Code of Conduct for Staff" and has ensured strict and consistent compliance within the organization. The Policy and the Codes are also published on the intranet and the corporate website to promote among Directors, officers, employees and all concerned a better understanding of the ethical standards for the Company's business conduct.

To avoid potential conflicts of interest, the Board deems it essential to ensure that no one uses his position as a director, executive or staff member of the Company for personal gain or advantage. All Directors are therefore not permitted any activity which is in conflict or competition with the Company's business. Overall benefits for the Company and the shareholders will be taken chiefly into account for the conduct of any transactions in which a conflict of interest might arise and in such cases all interested parties will be excluded from the decision making process.

The Board has established, within the organizational structure, an Audit Office which serves as the implementation function of and reports directly to the Audit Committee. The Audit Committee has responsibility for overseeing the financial reporting process as well as the accurate, complete and reliable disclosure of financial information. The Committee also ensures that the Company maintains an effective and appropriate system of internal control and internal audit. The Audit Office is responsible for preparing and submitting annually its audit plan and internal control appraisal plan for endorsement by the Board.

Moreover, a Corporate Strategy Department has also been set up within the Company's management structure to take responsibility for assessing business and market environments and for analyzing useful information as well as unusual signs to create an early warning system. The Company has also established a Risk Management Committee to assess and identify the scope of the risks facing the organization and their likelihood of occurrence, with a view to devising control measures to mitigate potential losses or damage to the Company. The Committee provides a regular risk report to the Board meeting on a quarterly basis.

4. Board Meetings

Board meetings are scheduled for consideration and approval of the Company's quarterly financial statements as per the provisions of the Public Limited Companies Act. In addition to these meetings, the Board also meets to discuss and approve annual business and financial plans, evaluate in-year performances as well as reviewing issues arising.

The Company's Articles of Association require that not less than half of the total number of directors must be present at Board meeting and such quorum has been met for every previous meeting of the Board.

A schedule of Board meetings for the entire year is planned in advance. The main business or agenda is also clearly specified for each meeting, although additional items can be put forward by Directors or relevant parties. The Company ensures the agenda and supporting documents are circulated in advance of the meeting to allow every Director sufficient time for perusal and that the format and contents of all meeting materials are clear and

comprehensively presented. During 2015, a total of six meetings of the Board were held, and they lasted about one and a half hours each on average.

Senior executives, who are not members of the Board but are related to the business of the meeting, will be invited to the meeting to provide additional information on the issues relevant to them. To avoid conflicts of interest and ensure transparency for all concerned, the Board has stipulated that any Director who has an interest in any matter being considered may not vote on such matter and that Directors are not to be involved in the day-to-day management of the Company.

5. Board Self-Assessment

The Company has not engaged in self-assessment of the Board of Directors. However, the Board's overall performance can be evaluated against annual business plans and goals. In this regard, the Company has to date posted strong and consistent results while complying with all regulatory requirements.

6. Remuneration of Directors and Executives

The Nomination and Remuneration Committee is responsible for determining and recommending Directors' remuneration, through Board meeting, for approval of shareholders' meeting. Remuneration and benefits for Directors and members of every committee of the Board are subject to approval by shareholders. Members of Board Committees are remunerated more for their additional duties and responsibilities.

In determining Directors' remuneration, the Committee would make comparison of the current remuneration for Board members against the annual compensation survey conducted by the Thai Institute of Directors. This is to ensure that the remuneration packages for Company Directors are at a level appropriate and comparable to industry practices and can reflect the experience, accountability and responsibility as well as expected contribution of the individual members.

At present, the Directors' remuneration comprises annual fees and monthly or per-meeting attendance allowances at the rate fixed for each committee and as approved by the shareholders' meeting. Details of such remuneration of each Director are disclosed by the Company in its Annual Report every year.

In 2012, the Annual General Meeting passed a resolution, as recommended by the Nomination and Remuneration Committee and the Board of Directors, that no Directors' annual fees should be paid in respect of 2012 results in which losses were made due to the flood claims estimated and recognized in full in 2012 accounting year.

The 2012 Annual General Meeting also resolved to raise the remuneration of the Executive Committee Chairman by Baht 100,000 per month to Baht 125,000 per month. The resolution was proposed by the Nomination and Remuneration Committee and the Board of Directors on consideration that the Executive Committee Chairman had played a crucial role in shaping corporate direction and in monitoring and reporting performance through significant involvement in the management of the Company in a semi-executive capacity. However, subsequent to the meeting, the Executive Committee Chairman indicated in writing his wish to waive his right to the added remuneration, considering that the Company's financial results and position had yet to be brought back to normal: the Committee Chairman thus offered to continue to receive the original rate of remuneration and has since been giving written confirmation of such wish to the Company.

At the Annual General Meetings for 2013 and 2014, resolutions were passed approving payment of Directors' annual fees on 2012 and 2013 results respectively as per the established basis. Nevertheless, the Chairman of the Board and the Executive Committee Chairman stated to both meetings that, as Directors representative of the Crown Property Bureau, they wished to waive their rights to receive such approved annual fees.

In 2015, the Annual General Meeting resolved to approve that normal Directors' annual fees on 2014 results together with a special bonus be paid to all twelve Directors as per the specified basis.

The remuneration packages of senior executives are determined by the Nomination and Remuneration Committee in consultation with the Executive Committee who is responsible for appraising the performance of senior management members from the level of Executive Vice President to President. Such performance reviews are based on a set of realistic and measurable criteria aimed at achieving agreed long-term strategic objectives.

Apart from the performance factor of the individual members, the remuneration of senior management will take account of the Company's annual results along with the comparability with peer companies in the industry. The results of the determinations will then be submitted to the Board meeting for approval.

7. Director and Executive Development

How the Board and the Management perform their roles and duties are crucial to the Company's activities and its achievement of business objectives. The Board of Directors has therefore placed importance on personal development and development of staff at all levels. The Board has also encouraged its members and Company Secretary to attend seminars and courses organized by the Thai Institute of Directors which are beneficial to their performance.

Upon appointment, new directors are provided with an induction pack containing documents which introduce the business activities, direction and objectives of the Company and other information necessary for director's duties.

As regards executive development, our senior officers are required to take training courses which help the individual members to develop their business management skills or gain expertise in domestic and overseas business operations, so that they can apply the knowledge and experience acquired to the benefit of the Company.

Benefit of Director

	Benefit of Director in Year 2015 [Baht]					
	Board of Directors	The Executive Committee	The Audit Committee	The Nomination and Remuneration Committee	Bonus	Total
Dr Chirayu Isarangkun Na Ayuthaya	360,000	-	-	-	600,000	960,000
Mr Sansern Wongcha-um	240,000	-	-	120,000	400,000	760,000
Mr Aviruth Wongbuddhapitak	240,000	300,000	-	-	400,000	940,000
Mr Sompoch Intranukul	240,000	-	240,000	75,000	400,000	955,000
Mr Montri Mongkolswat	240,000	240,000	-	75,000	400,000	955,000
Mr Virasak Tokakuna	240,000	-	180,000	-	400,000	820,000
Mr Na Bhengbhasang Krishnamra	240,000	-	-	-	400,000	640,000
Mr Arrak Soontaros	240,000	-	-	-	400,000	640,000
Mrs Phansopit Likitthammanit	240,000	-	180,000	-	400,000	820,000
Dr Charnchai Musignisarkorn	240,000	-	-	75,000	400,000	715,000
Mr Sak Euarchukiati	240,000	-	180,000	-	400,000	820,000
Mr Chatchai Chinvetkitvanit	240,000	240,000	-	-	400,000	880,000
Total	3,000,000	780,000	780,000	345,000	5,000,000	9,905,000

Besides the benefits stated above, the Company did not pay any other benefits to Directors. As for the shareholding in 2015, none of the directors and executives hold the Company's shares.

Board's Meeting

Directors' Attendance in Year 2015 [6 Board of Directors' Meetings were held.]

	Name	No. of Attendance
1	Dr Chirayu Isarangkun Na Ayuthaya Chairman	5/6
2	Mr Sansern Wongcha-um	6/6
3	Mr Aviruth Wongbuddhapitakt	6/6
4	Mr Sompoch Intranukul	6/6
5	Mr Montri Mongkolswat	5/6
6	Mr Virasak Tokakuna	6/6
7	Mr Na Bhengbhasang Krishnamra	6/6
8	Mr Arrak Soontaros	5/6
9	Mrs Phansopit Likitthammanit	6/6
10	Dr Charnchai Musignisarkorn	6/6
11	Mr Sak Euarchukiati	6/6
12	Mr Chatchai Chinvetkitvanit	6/6

Executive Directors' Attendance in Year 2015 [11 Executive Committee's Meetings were held.]

	Name	No. of Attendance
1	Mr Aviruth Wongbuddhapitak Chairman of the Executive Committee	11/11
2	Mr Chatchai Chinvetkitvanit	11/11

Audit Directors' Attendance in Year 2015 [4 Audit Committee's Meetings were held.]

	Name	No. of Attendance
1	Mr Sompoch Intranukul Chairman of the Audit Committee	4/4
2	Mrs Phansopit Likitthammanit	3/4
3	Mr Virasak Tokakuna	3/4
4	Mr Sak Euarchukiati	4/4

Nomination and Remuneration Directors' Attendance in Year 2015 [6 Nomination and Remuneration Committee's Meetings were held.]

	Name	No. of Attendance
1	Mr Sansern Wongcha-um Chairman of the Nomination and Remuneration Committee	6/6
2	Dr Charnchai Musignisarkorn	6/6
3	Mr Sompoch Intranukul	6/6
4	Mr Montri Mongkolswat	6/6

Appropriate the Earnings

The Board of Directors proposes to appropriate the earnings

Unit : Baht

	31 December 2015	31 December 2014
Unappropriated retained earnings (deficit) brought forward	88,092,169	(57,117,822)
<u>Less</u> - Actuarial loss	(2,367,397)	(3,273,420)
- Profit for the year	319,697,670	259,483,411
Total earnings available for appropriation	405,422,442	199,092,169
Appropriation of earnings		
1. Dividend	180,000,000	100,000,000
2. Legal reserve	16,000,000	11,000,000
3. Other reserve	-	-
4. Expansion reserve	-	-
Total Appropriation retained earnings	196,000,000	111,000,000
5. Unappropriated retained earnings brought forward	209,422,442	88,092,169

We are pleased to propose for the shareholders' approval

Report of the Audit Committee

to the Shareholders of The Deves Insurance Public Company Limited

The Board of Directors of The Deves Insurance Public Company Limited has appointed the Company's Audit Committee comprising four Independent Directors, namely:

- | | |
|---------------------------------|--------------------|
| 1. Mr Sompoch Intranukul | Committee Chairman |
| 2. Mrs Phansopit Likitthammanit | Committee Member |
| 3. Mr Virasak Tokakuna | Committee Member |
| 4. Mr Sak Euarchukiati | Committee Member |

The Audit Committee has fulfilled its duties and responsibilities as delegated by the Board. During 2015, the Committee held a total of four meetings with participation of the Company's senior executives and two of these committee meetings were also attended by the external auditors. The business of the meetings can be summarized as follows.

1. Reviewing the objectivity and adequacy of the Company's financial reports:

- Reviewing the 2014 annual financial statements and the 1st-3rd quarterly financial statements for 2015 by seeking explanations from the external auditors and senior executives as to the objectivity and adequacy of financial disclosures.

Opinion: The Audit Committee concurred with the external auditors that all the financial statements were materially accurate in accordance with generally accepted accounting standards and that there was complete, adequate and reliable disclosure of information.

2. Reviewing the adequacy and appropriateness of the Company's internal control systems and compliance with statutory requirements:

- Endorsing audit plans, considering reports or findings of the internal auditors, as well as discussing with and advising the Management on implementation of significant audit recommendations;

Opinion: The Audit Committee agreed that proper and adequate systems of internal control and internal audit were in place within the organization, and that the Company complied consistently with all statutory requirements.

3. Considering and ensuring legal compliance of related-party transactions or transactions with potential conflict of interest:

- Keeping updated on related-party transactions which represented transactions arising in the normal and justifiable course of business.

Opinion: The Audit Committee concluded that the Company's activities were in conformity with applicable laws.

4. Selecting external auditors and recommending their appointment and approval of their fees:

- Considering, selecting and recommending, to the Board for further approval by shareholders' meeting, the appointment of Mrs Nongluck Phumnoi / Miss Somjai Khunpasut / Miss Ratana Jala of EY Office Limited as the Company's external auditors for 2015 financial year, as well as the approval of their fees at 1.85 million baht.

Opinion: The Audit Committee agreed that the proposed auditors were suitable for appointment.

5. Others

- Keeping updated on the organization's risk management; exchanging views with and making recommendations to the Management to prevent possible impact of risks on the Company's operations;
- Monitoring adherence to corporate governance policies to promote the confidence of shareholders, investors and all stakeholders.

In conclusion, the Audit Committee has performed the responsibilities delegated to it by the Board by reviewing various aspects as described above and by providing observations and recommendations as and when appropriate. Through the discharge of its duties, the Committee has reached the opinion that over the reporting year the Company continued to maintain compliance with corporate governance principles as well as full and proper disclosures of information.



(Sompoch Intranukul)

Chairman of the Audit Committee

Keys Financial Ratios

(Unit: Million Baht)

	2015	2014
FINANCIAL STATUS AT YEARS END		
Total Assets	16,403.47	15,635.97
Total Liabilities	13,772.59	13,217.55
Equity	2,630.88	2,418.42
OPERATING PERFORMANCE FOR THE YEAR		
Premium income	4,894.59	4,170.14
Net earned premium	2,727.76	2,265.45
Profit from underwriting	177.79	136.31
Investment income	151.33	149.72
Net other income	77.51	63.52
Operating expenses	172.83	257.58
Income tax	54.20	65.95
Net profit for the year	319.70	259.48
FINANCIAL RATIOS		
Return on premium income	6.53%	6.22%
Return on equity	12.15%	10.73%
Return on total assets	1.95%	1.66%
Earnings per share	6.39	5.19
Book value per share	52.62	48.37
Weighted average number of ordinary shares (million shares)	50.00	50.00

Operating Result and Financial Position

Summary of 2015 operating result

In 2015, the Company has total Net earned premium equal to 2,727.8 million Baht, increased by 462.4 million Baht from 2014 or 20.4% Investment income equal to 151.3 million Baht, increased by 1.6 million Baht from 2014 or 1.1%

The company has 2 main types of expenses including underwriting expenses and operating expenses. In 2015, the Company has underwriting expenses amounting to 2,605.3 million Baht, increased by 23.4%. The operating expenses are amounting to 172.8 million Baht, decreased by 84.7 million Baht with came from decreasing in allowance for doubtful accounts amounting to 82.9 million Baht.

In 2015, the Company has its profit from underwriting of 177.8 million Baht, increased by 41.5 million Baht from 2014 or 30.4% and net profit of the year is 319.7 million Baht, increased by 60.2 million Baht from 2014, or 23.2%

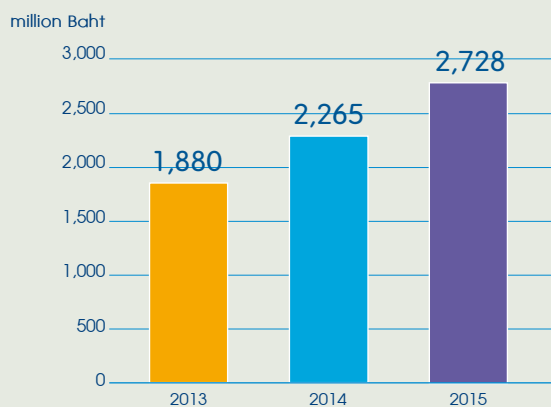
As at 31 December 2015, the Company has total assets amounted to 16,403.5 million Baht, increased by 4.9% from 2014. The total assets comprise of Cash and cash equivalents, Investment assets, Property buildings and equipment, Reinsurance assets, Accrued investment income, Premium receivables, Intangible assets, Deferred tax assets, and Other assets. The reasons for the significant change in assets compared to last year are as follow;

1. Investment assets in 2015 are totaling to 4,956.3 million Baht or 30.2% of the total assets, increased by 481.7 million Baht from 2014 or 10.8%, which came from cash settlement from reinsurer.
2. Premium receivables in 2015 are totaling to 584.9 million Baht or 3.6% of the total assets, increased by 180 million baht from 2014 or 44%. This is due to the fact that there is an insurance policy with high sum insured in the last quarter of the year.

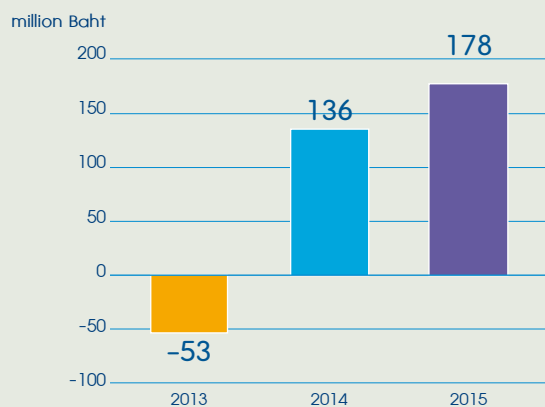
The Company's liabilities at the end of 2015 are amounting to 13,772.6 million Baht, increased by 555.0 million Baht from 2014 or 4.2% This is mainly due to upward adjusting loss reserves and outstanding claims and premium reserves, which in line with increasing of premium income.

The Company's equity at the end of 2015 is amounting to 2,630.9 million Baht, increased by 212.5 million baht from prior year or 8.9%.

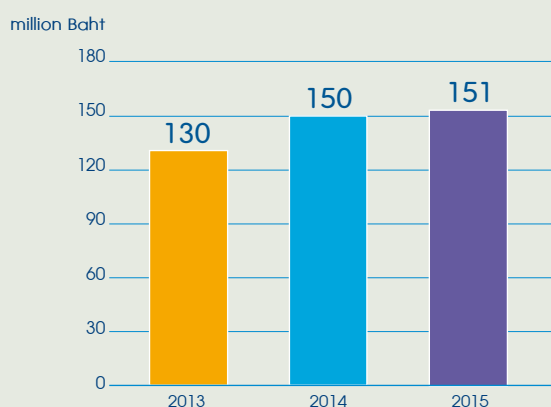
Net earned premium



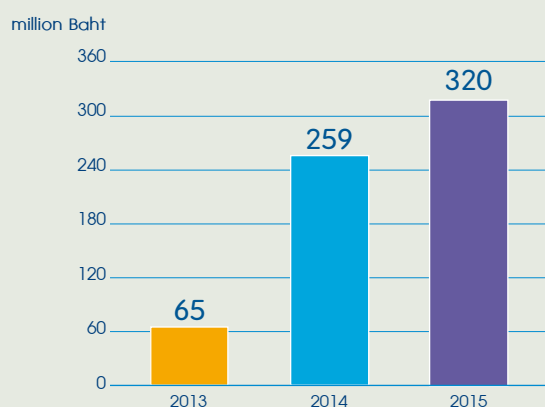
Profit (loss) from underwriting



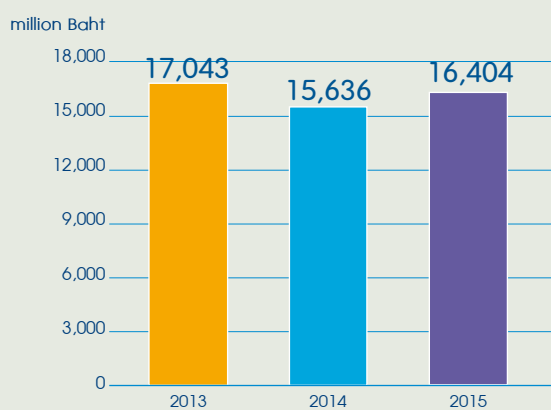
Investment income



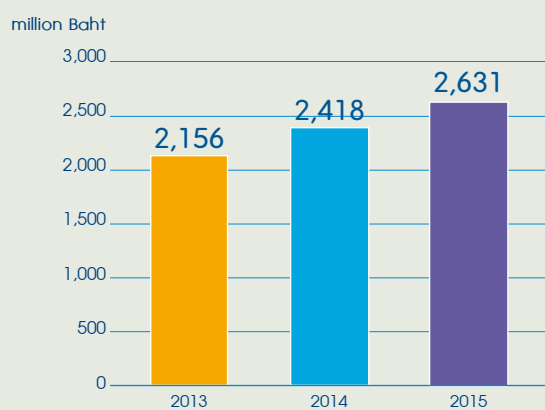
Profit for the year



Total assets



Total equity





The Deves Insurance Public Company Limited

Report and Financial Statements

31 December 2015

Independent Auditor's Report

To the shareholders of the Deves Insurance Public Company Limited

I have audited the accompanying financial statements of the Deves Insurance Public Company Limited which comprise the statement of financial position as at 31 December 2015, and the related statements of comprehensive income, changes in owners' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Deves Insurance Public Company Limited as at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



Nonglak Pumnoi

Certified Public Accountant (Thailand) No. 4172

EY Office Limited

Bangkok: 25 February 2016

The Deves Insurance Public Company Limited

Statements of financial position

As at 31 December 2015

(Unit: Baht)

	Note	2015	2014
Assets			
Cash and cash equivalents	6	334,373,914	285,580,432
Accrued investment income	7	25,854,316	26,355,780
Premium receivables	8	584,927,077	404,905,225
Reinsurance assets	9	8,901,412,443	8,954,836,509
Investment assets			
Investments in securities			
Trading investments	10.1	1,436	1,464
Available-for-sale investments	10.2	127,922,492	728,766,940
Held-to-maturity investments	10.3	4,828,369,518	3,729,225,750
Other investments	10.4	7,235,910	7,235,910
Loans	11	6,547,417	9,376,297
Property, buildings and equipment	12	67,097,752	48,440,660
Leasehold right	13	23,741,664	25,579,956
Intangible assets	14	16,245,587	7,270,581
Deferred tax assets	15	263,940,685	236,102,192
Prepaid premium ceded		911,624,894	858,294,559
Other assets	16	304,179,703	313,997,631
Total assets		16,403,474,808	15,635,969,886

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

The Deves Insurance Public Company Limited

Statements of financial position (continued)

As at 31 December 2015

(Unit: Baht)

	Note	2015	2014
Liabilities and owners' equity			
Liabilities			
Income tax payable		20,530,530	-
Due to reinsurers	17	649,611,545	746,158,007
Insurance contract liabilities			
Loss reserves and outstanding claims	18	8,847,639,211	8,599,392,664
Premium reserves	19	2,279,367,706	1,911,534,187
Employee benefit obligations	20	67,653,607	60,567,447
Premiums received in advance		1,402,715,788	1,456,736,365
Deferred tax liabilities	15	225,149	1,440,663
Other liabilities	21	504,844,958	441,722,479
Total liabilities		13,772,588,494	13,217,551,812
Owners' Equity			
Share capital			
Registered			
50,000,000 ordinary shares of Baht 10 each		500,000,000	500,000,000
Issued and paid-up share capital			
50,000,000 ordinary shares of Baht 10 each		500,000,000	500,000,000
Premium on share capital		620,000,000	620,000,000
Retained earnings			
Appropriated			
Statutory reserve	22	39,000,000	23,000,000
Other reserve		970,000,000	970,000,000
Expansion reserve		111,563,781	111,563,781
Unappropriated		389,422,442	188,092,169
Other component of owners' equity		900,091	5,762,124
Total equity		2,630,886,314	2,418,418,074
Total liabilities and equity		16,403,474,808	15,635,969,886

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

The Deves Insurance Public Company Limited

Statement of comprehensive income

For the year ended 31 December 2015

(Unit: Baht)

	Note	2015	2014
Profit or loss:			
Revenues			
Net earned premium		2,727,761,302	2,265,445,721
Fee and commission income		228,203,825	239,663,492
Total income		2,955,965,127	2,505,109,213
Expenses			
Underwriting			
Claims expenses			
Claims and loss adjustment expenses		1,446,357,111	1,205,196,615
Commission and brokerage expenses		463,971,908	399,933,481
Other underwriting expenses		596,708,435	469,290,125
Contribution to Road Accident Victims Protection Company Limited		98,303,904	36,803,872
Operating expenses	23	172,832,165	257,578,925
Total underwriting expenses		2,778,173,523	2,368,803,018
Profit from underwriting		177,791,604	136,306,195
Net investment income		132,112,384	147,620,393
Gain on investments		19,218,351	2,100,740
Fair value gain (loss)		(28)	4
Other income		82,134,932	64,507,249
Other expenses		(4,627,440)	(989,293)
Profit from operations		406,629,803	349,545,288
Contribution to the Office of Insurance Commission		(12,603,312)	(10,801,366)
Contribution to the General Insurance Fund	37	(12,103,312)	(10,301,366)
Contribution to the Victims Compensation Fund		(8,024,808)	(3,004,398)
Profit before income tax expenses		373,898,371	325,438,158
Less: Income tax expenses	15	(54,200,701)	(65,954,747)
Profit for the year		319,697,670	259,483,411

The Deves Insurance Public Company Limited

Statement of comprehensive income (continued)

For the year ended 31 December 2015

(Unit: Baht)

	Note	2015	2014
Other comprehensive income:			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Gain (loss) on revaluation of available-for-sale investments		(6,077,541)	7,202,654
Less: Income tax effect		1,215,508	(1,440,530)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(4,862,033)	5,762,124
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Actuarial loss		(2,959,246)	(4,091,774)
Less: Income tax effect		591,849	818,354
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(2,367,397)	(3,273,420)
Other comprehensive income for the year		(7,229,430)	2,488,704
Total comprehensive income for the year		312,468,240	261,972,115
Earnings per share	26		
Basic earnings per share			
Profit for the year		6.39	5.19

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

Statement of changes in owners' equity

For the year ended 31 December 2015

(Unit: Baht)

	Retained earnings						Other component of owners' equity		Total owners' equity
	Issued and paid-up share capital	Premium on share capital	Appropriated			Unappropriated	Revaluation surplus on available-for-sale investment-net of income taxes		
			Statutory reserve	Other reserve	Expansion reserve		Investment-net of income taxes	Income taxes	
Balance as at 1 January 2014	500,000,000	620,000,000	12,000,000	970,000,000	111,563,781	(57,117,822)	-	-	2,156,445,959
Profit for the year	-	-	-	-	-	259,483,411	-	-	259,483,411
Other comprehensive income	-	-	-	-	-	(3,273,420)	5,762,124	-	2,488,704
Total comprehensive income for the year	-	-	-	-	-	256,209,991	5,762,124	-	261,972,115
Unappropriated retained earnings transferred to statutory reserve (Note 22)	-	-	11,000,000	-	-	(11,000,000)	-	-	-
Balance as at 31 December 2014	500,000,000	620,000,000	23,000,000	970,000,000	111,563,781	188,092,169	5,762,124	-	2,418,418,074
Balance as at 1 January 2015	500,000,000	620,000,000	23,000,000	970,000,000	111,563,781	188,092,169	5,762,124	-	2,418,418,074
Profit for the year	-	-	-	-	-	319,697,670	-	-	319,697,670
Other comprehensive income	-	-	-	-	-	(2,367,397)	(4,862,033)	-	(7,229,430)
Total comprehensive income for the year	-	-	-	-	-	317,330,273	(4,862,033)	-	312,468,240
Dividend paid (Note 27)	-	-	-	-	-	(100,000,000)	-	-	(100,000,000)
Unappropriated retained earnings transferred to statutory reserve (Note 22)	-	-	16,000,000	-	-	(16,000,000)	-	-	-
Balance as at 31 December 2015	500,000,000	620,000,000	39,000,000	970,000,000	111,563,781	389,422,442	900,091	-	2,630,886,314

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

The Deves Insurance Public Company Limited

Statement of cash flows

For the year ended 31 December 2015

(Unit: Baht)

	2015	2014
Cash flows from operating activities		
Direct premium written	4,607,557,175	4,259,916,499
Cash paid to reinsurers	(1,030,811,378)	(379,105,374)
Loss incurred on direct insurance	(1,553,204,541)	(2,168,447,970)
Loss adjustment expenses on direct insurance	(202,075,161)	(164,589,933)
Commission and brokerage on direct insurance	(390,108,059)	(425,366,650)
Other underwriting expenses	(602,316,590)	(458,793,759)
Interest income	151,832,171	181,627,346
Other income	77,646,815	61,503,856
Operating expenses	(300,476,188)	(304,090,452)
Corporate income tax	(62,724,178)	(109,743,598)
Net cash flows from operating activities	695,320,066	492,909,965
Cash flows from investing activities		
Cash flows from		
Investments in securities	2,166,186,744	971,815,703
Loans	2,828,880	3,311,330
Deposits at financial institutions	1,030,100,000	645,662,378
Properties foreclosed	-	2,800,000
Property, buildings and equipment	664,182	983,400
Cash flows from investing activities	3,199,779,806	1,624,572,811
Cash flows used in		
Investments in securities	(1,735,000,000)	(1,500,000,347)
Deposits at financial institutions	(1,965,663,577)	(1,150,000,000)
Property, buildings and equipment	(35,570,314)	(17,351,131)
Intangible assets	(10,072,499)	(808,041)
Cash flows used in investing activities	(3,746,306,390)	(2,668,159,519)
Net cash flows used in investing activities	(546,526,584)	(1,043,586,708)
Cash flows from financing activities		
Dividend paid	(100,000,000)	-
Net cash flows used in financing activities	(100,000,000)	-
Net increase (decrease) in cash and cash equivalents	48,793,482	(550,676,743)
Cash and cash equivalents at beginning of year	285,580,432	836,257,175
Cash and cash equivalents at end of year (Note 6)	334,373,914	285,580,432

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

The Deves Insurance Public Company Limited

Notes to financial statements

For the year ended 31 December 2015

1. General information

1.1 Corporate information

The Deves Insurance Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. Its major shareholder is the Crown Property Bureau. The Company is principally engaged in the non-life insurance. The registered office of the Company is at 97 and 99 Ratchadamnoen Road, Bawornnivet, Phranakorn, Bangkok 10200.

2. Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and in accordance with Thai accounting practices related to insurance and the accounting and reporting guidelines prescribed by the Office of Insurance Commission ("OIC"). The presentation of the financial statements has been made in compliance with the Declaration of the Insurance Commission dated 27 May 2010.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements. The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

3. New financial reporting standards

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

(a) Financial reporting standards that became effective in the current year

The Company has adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, some of these standards involve changes to key principles, which are summarised below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognises actuarial gains and losses immediately in other comprehensive income while the former standard allowed the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

This standard does not have any impact on the financial statements since the Company already recognises actuarial gains and losses immediately in other comprehensive income.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the Company's financial statements.

(b) 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 (revised 2015) and new financial reporting standards and accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company's management believes that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when it is initially applied except the following standard.

TFRS 4 (revised 2015) Insurance Contracts

The objective of TFRS 4 is to specify the financial reporting for insurance contracts (including reinsurance contracts) issued by any entity and reinsurance contracts that it holds until the second phase of its project on insurance contracts is completed. In particular, this TFRS requires disclosure that identifies and explains the amounts in an insurer's financial statements arising from insurance contracts and prohibits provisions for possible future claims under insurance contracts that are not in existence at the end of the reporting period. In addition, it requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets. This TFRS temporarily exempts an insurer from some requirements of other TFRSs, including the requirement to consider the framework in selecting accounting policies for insurance contracts.

At present, the Company's management is still evaluating the first-year impact and has yet to reach a conclusion.

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 adjust 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 1 year, related revenues are recorded as unearned items, and recognised as income over the coverage period.

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

(b) Commission and brokerage fee income

Commission and brokerage fees from ceded premium are recognised as income when incurred.

Commission and brokerage fees from ceded premium with coverage periods longer than 1 year are recorded as unearned items and recognised as income over the coverage period.

(c) Interest income and dividends on investments

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

(d) Gain (loss) on investment

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

(e) Interest income on loan

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

4.2 Expenses recognition

(a) Ceded premium

Ceded premium is recognised as expense when the insurance risk is transferred to another insurer.

For long-term reinsurance policies with coverage periods longer than 1 year, ceded premium is recorded as prepaid expense and recognised as expense over the coverage period.

(b) Commission and brokerage fees expenses

Commissions and brokerages are expended when incurred.

Commission and brokerage fees paid for policies with coverage periods of longer than 1 year are recorded as prepaid items and recognised as expenses over the coverage period.

(c) Claims and losses adjustment expenses

Claims and losses adjustment expenses consist of claims and losses adjustment expenses of direct insurance and reinsurance, and include the amounts of the claims, related expenses, and claims adjustments of the current and prior period incurred during the year, less residual value and other recoveries (if any), and claims refundable from reinsurers.

Claims and losses 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 losses adjustment expenses of reinsurance are recognised as expenses when the reinsurer places the loss advice or the statement of accounts with the Company.

4.3 Cash and cash equivalents

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

4.4 Premium receivables and allowance for doubtful accounts

Premium receivables from both direct and reinsurance is stated at net realisable value. The Company sets up an allowance for doubtful accounts based on the estimated loss that may incur in collection of the premium receivables, on the basis of collection experiences, analysis of debtor aging and a review of current status of the premium due as at the end of reporting period.

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

4.5 Reinsurance assets and due to reinsurers

- (a) Reinsurance assets are stated at the outstanding balance of amount due from reinsurers, amounts deposit on reinsurance and insurance reserve refundable from reinsurers.

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

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

Insurance reserve refundable from reinsurers is estimated based on the related reinsurance contract of loss reserve and outstanding claims in accordance with the law regarding insurance reserve calculation.

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

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

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

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

4.6 Investments in securities

- (a) Investments in securities held for trading are stated at fair value. Changes in the fair values of these securities are recorded in profit or loss. Investments are classified as held for trading if they are acquired for the purpose of selling in the near term.
- (b) Investments in available-for-sale securities are stated at fair value. Changes in the fair values of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.

- (c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income. The debt securities are classified as held-to-maturity when the Company has the positive intention and ability to hold them to maturity.
- (d) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on impairment (if any).

The fair value of marketable security is based on the latest bid price of the last working day of the year. The fair value of debt instrument is determined based on the 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 investments.

In the event the Company reclassifies investment from one type to another, such investment will be readjusted to its fair value as at the reclassification date. The difference between the carrying amount of the investment and the fair value on the date of reclassification is 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.

4.7 Loans and allowance for doubtful accounts

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

4.8 Property, buildings and equipment and depreciation

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

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

Buildings and building improvements	5 years and 20 years
Fixtures and office equipment	3 years and 5 years
Vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction.

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

4.9 Intangible assets and amortisation

Intangible assets are carried at cost less 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 computer software with finite useful life are 3 years and 10 years.

4.10 Leasehold right

The Company entered to building lease agreement by making key money or advance lease payments to obtain the right to lease the building. And the ownership of this building is still at the lessor. The Company (lessee) is not transferred substantially all the risks and rewards of ownership. The Company classified this lease as operating lease and the advance lease payments are recognised as leasehold right and amortised over 30 years of lease term. The Company reviews the impairment at the end of each reporting period, whenever there are indicators that leasehold right may be impaired.

4.11 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 an associate and 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.

4.12 Loss reserves and outstanding claims

Outstanding claims are recorded at the amount to be actually paid. Loss reserve is provided upon receipt of claim advices from the insured based on the claims notified by the insured and estimates made by the Company's management. The maximum value of claims estimate is not however, to exceed the sum-insured under the relevant policy.

The Company records additional provision for loss incurred but not yet reported (IBNR), which is calculated by the actuarial method based on a best estimated of claims which are expected to be paid in respect of losses occurring before or as at the reporting period. The IBNR is calculated for both reported and not reported losses, and net of recorded claims.

4.13 Premium reserve

Premium reserve consists of unearned premium reserve and unexpired risk reserve.

(a) Unearned premium reserve

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

Fire, marine and transportation (Hull), Motor and Miscellaneous	- Daily average basis (the one-three hundred sixty-fifth basis)
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

(b) Unexpired risk reserve

Unexpired risk reserve is the reserve for the claims 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 be incurred during the remaining period of coverage, based on historical claims data.

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

4.14 Long-term leases

Leases of property, building or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and lease period.

Leases of property, building or equipment which do not transfer substantially all risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.15 Foreign currency

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

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

Gains and losses on exchange are included in determining income.

4.16 Impairment of assets

At the end of each reporting period, the Company performs impairment review in respect of the property 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.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

4.17 Employee benefits

Short-term employee benefits

Salary, 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 professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised in other comprehensive income.

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 current income tax and deferred income tax.

Income tax

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 it recognises deferred tax assets for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, 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 owners' 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 Thai Financial Reporting Standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

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.

Allowance for doubtful accounts

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

Fair value of financial instruments

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

Impairment of equity investments

The Company treats investments in available-for-sales securities and other investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment of the management.

Property, buildings and equipment 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 its 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.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management 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.

Loss reserves and outstanding claims

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

The key assumptions underlying these techniques relate to historical experience, including the development of claims estimates, paid and incurred losses, average costs per claim and claim numbers. To perform the calculation, the Company uses the services of independent actuary to perform analysis based on the type of insurance.

Nevertheless, the estimation requires the management's judgements reflecting the best estimates available at that time. Such estimates are forecasts of future outcomes, and actual results could differ.

Unexpired risk reserve

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

Post-employment benefits under defined benefit plan

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

Litigation

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

6. Cash and cash equivalents

	(Unit: Baht)	
	2015	2014
Cash on hand	1,012,771	562,200
Deposits at banks with no fixed maturity date	333,361,143	169,355,854
Deposits at banks with fixed maturity date	3,033,313,578	2,213,412,378
Total cash and deposits with financial institution	3,367,687,492	2,383,330,432
Less: Deposits at banks which amounts maturing in over 3 months	(3,030,313,578)	(2,092,700,000)
Deposits at banks which subject to restrictions	(3,000,000)	(5,050,000)
Cash and cash equivalents	334,373,914	285,580,432

As at 31 December 2015, fixed deposits totaling Baht 3.0 million (2014: Baht 5.05 million) have been pledged as bail bond in cases where insured drivers have been charged with criminal offence and to secure against the issuance of bank guarantees by the bank on behalf of the Company.

As at 31 December 2015, bank deposits in saving account, fixed deposits and short-term investment carried interest between 0.125% and 1.0% per annum (2014: between 0.125% and 2.65% per annum).

7. Accrued investment income

	(Unit: Baht)	
	2015	2014
Accrued investment income	26,269,837	26,771,301
Less: Allowance for doubtful accounts	(415,521)	(415,521)
Accrued investment income, net	25,854,316	26,355,780

8. Premium receivables

The balances as at 31 December 2015 and 2014 of premium receivables are classified by aging from the maturity date under the stipulated law of the premium collection as follows:

(Unit: Baht)

	2015			
	Due from insured	Due from agents and brokers	Due from reinsurers	Total
Not yet due	201,251,497	303,070,869	-	504,322,366
Not over 30 days	11,967,838	15,368,264	566,631	27,902,733
Overdue 31 days to 60 days	15,940,003	6,844,191	848,581	23,632,775
Overdue 61 days to 90 days	5,634,788	2,472,026	472,354	8,579,168
Overdue 91 days to 1 year	5,421,378	13,633,683	138,242	19,193,303
Overdue 1 year	857,986	847,848	179,235	1,885,069
Total premium receivables	241,073,490	342,236,881	2,205,043	585,515,414
Less: Allowance for doubtful accounts	-	(588,337)	-	(588,337)
Premium receivables, net	241,073,490	341,648,544	2,205,043	584,927,077

(Unit: Baht)

	2014			
	Due from insured	Due from agents and brokers	Due from reinsurers	Total
Not yet due	124,444,676	185,259,418	-	309,704,094
Not over 30 days	11,086,663	17,535,663	765,773	29,388,099
Overdue 31 days to 60 days	6,753,294	5,746,677	392,497	12,892,468
Overdue 61 days to 90 days	962,188	3,423,208	70,656	4,456,052
Overdue 91 days to 1 year	33,363,891	9,020,939	71,009	42,455,839
Overdue 1 year	5,203,043	763,480	419,148	6,385,671
Total premium receivables	181,813,755	221,749,385	1,719,083	405,282,223
Less: Allowance for doubtful accounts	(37,417)	(339,581)	-	(376,998)
Premium receivables, net	181,776,338	221,409,804	1,719,083	404,905,225

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.

9. Reinsurance assets

(Unit: Baht)

	2015	2014
Amounts due from reinsurers - net	270,631,712	412,491,034
Insurance reserve refundable from reinsurers	8,800,050,731	8,709,345,475
Less: Allowance for doubtful accounts	(169,270,000)	(167,000,000)
Insurance reserve refundable from reinsurers - net	8,630,780,731	8,542,345,475
Reinsurance assets, net	8,901,412,443	8,954,836,509

The balances as at 31 December 2015 and 2014 of amounts due from reinsurers are classified by aging as follows:

(Unit: Baht)

	2015	2014
Not yet due	89,621,558	72,252,118
Not over 12 months	202,189,270	104,872,084
Over 1 year to 2 years	17,526,413	185,903,273
Over 2 years	29,081,825	202,430,913
Total amounts due from reinsurers	338,419,066	565,458,388
Less: Allowance for doubtful accounts	(67,787,354)	(152,967,354)
Total amounts due from reinsurers - net	270,631,712	412,491,034

10. Investments in securities

10.1 Held-for-trading investments

(Unit: Baht)

	2015					2014				
	Cost	Unrealised gain	Unrealised loss	Fair value	percentage of investments to total assets	Cost	Unrealised gain	Unrealised loss	Fair value	percentage of investments to total assets
Private enterprise securities										
Equity securities	805	631	-	1,436	-	805	659	-	1,464	-
Total trading securities	805	631	-	1,436	-	805	659	-	1,464	-

10.2 Available-for-sale investments

(Unit: Baht)

	2015					2014				
	Cost	Unrealised gain	Unrealised loss	Fair value	percentage of investments to total assets	Cost	Unrealised gain	Unrealised loss	Fair value	percentage of investments to total assets
Private enterprises securities										
Unit trusts	126,797,379	1,125,113	-	127,922,492	0.78	721,564,286	7,202,654	-	728,766,940	4.66
Total Available-for-sale investments	126,797,379	1,125,113	-	127,922,492	0.78	721,564,286	7,202,654	-	728,766,940	4.66

10.3 Held-to-maturity investments

(Unit: Baht)

	2015		2014	
	Cost/ Amortised cost	Percentage of investments to total assets	Cost/ Amortised cost	Percentage of investments to total assets
Government and state enterprise securities				
Government bonds	663,351,579	4.04	664,109,037	4.25
Debentures	300,000,003	1.83	320,062,473	2.05
Total	963,351,582	5.87	984,171,510	6.30
Private enterprise securities				
Debentures	838,804,358	5.11	654,404,240	4.19
Total	838,804,358	5.11	654,404,240	4.19
Less: Allowance for impairment	(7,100,000)	(0.04)	(7,100,000)	(0.05)
Total	831,704,358	5.07	647,304,240	4.14
Deposits at banks which amounts maturing in over 3 months				
Deposits at commercial banks	3,033,313,578	18.50	2,097,750,000	13.42
Total	3,033,313,578	18.50	2,097,750,000	13.42
Total held-to-maturity investments, net	4,828,369,518	29.44	3,729,225,750	23.86

10.4 Other investments

(Unit: Baht)

	2015		2014	
	Cost/ Amortised cost	Percentage of investments to total assets	Cost/ Amortised cost	Percentage of investments to total assets
Investments in non-listed companies in Thailand	7,327,910	0.04	7,327,910	0.05
Less: Allowance for impairment	(92,000)	(0.00)	(92,000)	(0.00)
Total other investments, net	7,235,910	0.04	7,235,910	0.05

10.5 Remaining period of debt securities

(Unit: Baht)

	2015				2014			
	Period to maturity			Total	Period to maturity			Total
	Less than 1 year	1 - 5 years	over 5 years		Less than 1 year	1 - 5 years	over 5 years	
Held-to-maturity investments								
Government and state enterprise securities								
Government bonds	101,518,341	24,054,137	537,779,101	663,351,579	-	126,212,337	537,896,700	664,109,037
Debentures	-	-	300,000,003	300,000,003	20,062,469	-	300,000,004	320,062,473
Total	101,518,341	24,054,137	837,779,104	963,351,582	20,062,469	126,212,337	837,896,704	984,171,510
Private enterprise securities								
Debentures	157,100,000	361,704,358	320,000,000	838,804,358	7,100,000	477,304,240	170,000,000	654,404,240
Total	157,100,000	361,704,358	320,000,000	838,804,358	7,100,000	477,304,240	170,000,000	654,404,240
Less: Allowance for impairment	(7,100,000)	-	-	(7,100,000)	(7,100,000)	-	-	(7,100,000)
Total	150,000,000	361,704,358	320,000,000	831,704,358	-	477,304,240	170,000,000	647,304,240
Deposits at banks with amounts maturing in over 3 months								
Deposit at commercial banks	2,883,313,578	150,000,000	-	3,033,313,578	2,097,750,000	-	-	2,097,750,000
Total	2,883,313,578	150,000,000	-	3,033,313,578	2,097,750,000	-	-	2,097,750,000
Total investment in debt securities, net	3,134,831,919	535,758,495	1,157,779,104	4,828,369,518	2,117,812,469	603,516,577	1,007,896,704	3,729,225,750

10.6 Securities subject to commitment

As at 31 December 2015 and 2014, the Company placed government bonds and private enterprise securities with amortised cost totalling Baht 370.02 million and Baht 320.75 million, respectively, as securities with the Registrar and assets backed with the Registrar as described in Notes 29 and 30 to the financial statements and placed government bond of Baht 53.23 million and Baht 43.36 million, respectively, as a surety in the normal course of business.

10.7 Revaluation surplus (deficit) from investments

(Unit: Baht)

	For the years ended 31 December	
	2015	2014
Balance - beginning of the year	5,762,124	-
Change during the year		
Unrealised gain during the year	1,125,113	7,202,654
Realised gain included in profit or loss	(7,202,654)	-
Other comprehensive income (loss)	(6,077,541)	7,202,654
Less: Related income tax	1,215,508	(1,440,530)
Net comprehensive income for the year (loss)	(4,862,033)	5,762,124
Balance - end of the year	900,091	5,762,124

11. Loans and accrued interest

11.1 As at 31 December 2015 and 2014, loans and accrued interest aged by principle and accrued interest are as follows:

(Unit: Baht)

2015							
Outstanding period	Mortgaged loans		Other loans		Total		
		Accrued		Accrued		Accrued	
	Principal	interest	Principal	interest	Principal	interest	Total
Not yet due	4,711,393	3,189	1,836,024	793	6,547,417	3,982	6,551,399
Loans and accrued interest, net	4,711,393	3,189	1,836,024	793	6,547,417	3,982	6,551,399

(Unit: Baht)

2014							
Outstanding period	Mortgaged loans		Other loans		Total		
		Accrued		Accrued		Accrued	
	Principal	interest	Principal	interest	Principal	interest	Total
Not yet due	6,668,392	4,973	2,707,905	1,143	9,376,297	6,116	9,382,413
Loans and accrued interest, net	6,668,392	4,973	2,707,905	1,143	9,376,297	6,116	9,382,413

11.2 The details of loans to employee are as follows:

Project	Collateral	Credit line	Interest rate
Emergency loan	Person	Not exceeding 5 or 10 times monthly salary, based on the length of employment, with a limit of Baht 100,000	0.5% per annum plus 1-year fixed deposit rate for personal accounts
Housing loan	Pledged assets	First credit line which not exceeding 60 times monthly salary with a limit of Baht 1.2 million, and not exceeding 80% of the appraised value of the collateral	2.0% per annum plus 1-year fixed deposit rate for personal accounts
		Second credit line which exceeding 60 times monthly salary or Baht 1.2 million, and not exceeding 80% of the appraised value of the collateral	MLR plus 0.5% per annum
		Sum of both credit lines must not exceed Baht 5 million	

Note: The Company used interest rate of Siam Commercial Bank Pcl.

12. Property, buildings and equipment

(Unit: Baht)

	Land	Buildings and building improvements	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction	Total
Cost:						
1 January 2014	11,088,422	118,426,776	138,301,740	43,288,170	5,807,771	316,912,879
Additions	-	579,048	8,954,047	-	7,009,996	16,543,091
Transfer in (out)	-	11,641,699	591,121	-	(12,232,820)	-
Disposals/write-off	-	-	(5,146,804)	(3,555,543)	-	(8,702,347)
31 December 2014	11,088,422	130,647,523	142,700,104	39,732,627	584,947	324,753,623
Additions	-	698,211	25,183,815	-	9,688,287	35,570,313
Transfer in (out)	-	4,931,980	3,756,080	-	(8,688,060)	-
Disposals/write-off	-	-	(1,543,069)	(1,800,914)	-	(3,343,983)
31 December 2015	11,088,422	136,277,714	170,096,930	37,931,713	1,585,174	356,979,953
Accumulated depreciation:						
1 January 2014	-	100,568,694	126,395,405	40,936,377	-	267,900,476
Depreciation for the year	-	7,805,003	7,659,386	1,547,832	-	17,012,221
Accumulated depreciation on disposals/write-off	-	-	(5,128,625)	(3,471,109)	-	(8,599,734)
31 December 2014	-	108,373,697	128,926,166	39,013,100	-	276,312,963
Depreciation for the year	-	7,364,755	8,777,276	689,866	-	16,831,897
Accumulated depreciation on disposals/write-off	-	-	(1,491,397)	(1,771,262)	-	(3,262,659)
31 December 2015	-	115,738,452	136,212,045	37,931,704	-	289,882,201
Net book value:						
31 December 2014	11,088,422	22,273,826	13,773,938	719,527	584,947	48,440,660
31 December 2015	11,088,422	20,539,262	33,884,885	9	1,585,174	67,097,752
Depreciation for the year						
2014						17,012,221
2015						16,831,897

As at 31 December 2015, certain buildings and equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 209 million (2014: Baht 180 million).

13. Leasehold right

(Unit: Baht)

	Leasehold right - building
Cost	
31 December 2014	70,479,640
31 December 2015	70,479,640
Accumulated amortisation	
31 December 2014	44,899,684
Amortisation charged for the year	1,838,292
31 December 2015	46,737,976
Net book value	
31 December 2014	25,579,956
31 December 2015	23,741,664

14. Intangible assets

The net book value of intangible assets as at 31 December 2015 and 2014 is presented below.

(Unit: Baht)

	Computer software		
	Computer software	under installation	Total
As at 31 December 2015:			
Cost	81,566,021	2,892,800	84,458,821
Less: Accumulated amortisation	(68,213,234)	-	(68,213,234)
Net book value	13,352,787	2,892,800	16,245,587
As at 31 December 2014:			
Cost	72,486,322	1,900,000	74,386,322
Less: Accumulated amortisation	(67,115,741)	-	(67,115,741)
Net book value	5,370,581	1,900,000	7,270,581

A reconciliation of the net book value of intangible assets for the years 2015 and 2014 is presented below.

(Unit: Baht)

	2015	2014
Net book value at beginning of year	7,270,581	7,371,573
Acquisition of computer software	10,072,499	808,041
Amortisation	(1,097,493)	(909,033)
Net book value at end of year	16,245,587	7,270,581

15. Income tax

The income tax expenses for the years ended 31 December 2015 and 2014 are made up as follows:

(Unit: Baht)

	2015	2014
Current income tax:		
Current income tax charge	85,993,389	81,446,574
Adjustment in respect of income tax of previous year	(4,546,038)	(2,386,957)
Deferred tax:		
Relating to origination and reversal of temporary differences	(27,246,650)	(13,104,870)
Income tax expense reported in the statement of comprehensive income	54,200,701	65,954,747

Reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December 2015 and 2014 is as follows:

(Unit: Baht)

	2015	2014
Accounting income before income tax expenses	373,898,371	325,438,158
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by applicable tax rate	74,779,674	65,087,632
Adjustment in respect of income tax of previous year	(4,546,038)	(2,386,957)
Tax effect of exempted income and non-deductible expenses	(16,032,935)	3,254,072
Income tax expense reported in statements of comprehensive income	54,200,701	65,954,747

As at 31 December 2015 and 2014, the components of deferred tax assets and deferred tax liabilities can be summarised as follows:

(Unit: Baht)

	31 December 2015	31 December 2014
Deferred tax assets		
Unearned premium reserves	69,016,381	52,844,909
Allowance for doubtful accounts - premium receivables	49,751	7,483
Allowance for doubtful accounts - reinsurance assets	30,000,000	44,300,000
Allowance for doubtful accounts - claim refundable	2,234,709	2,235,545
Allowance for doubtful accounts - other receivable	2,863,173	2,611,497
Loss reserves	116,976,421	91,605,165
Incurred but not reported reserves (IBNR)	5,434,809	12,807,622
Employee benefit obligations	12,730,722	11,313,490
Others	24,634,719	18,376,481
Total deferred tax assets	263,940,685	236,102,192
Deferred tax liabilities		
Unrealised gain on changes in values of investments	(225,149)	(1,440,663)
Total deferred tax liabilities	(225,149)	(1,440,663)
Deferred tax assets, net	263,715,536	234,661,529

16. Other assets

		(Unit: Baht)	
		2015	2014
Other receivables		37,882,224	19,957,790
Less: Allowance for doubtful accounts		(14,383,171)	(13,124,789)
Other receivables, net		23,499,053	6,833,001
Claim receivable from litigants		63,560,140	52,780,021
Less: Allowance for doubtful accounts		(11,173,544)	(11,177,723)
Claim receivable from litigant, net		52,386,596	41,602,298
Prepaid commission expenses		174,796,702	227,987,547
Deposits and guarantee		15,680,630	13,890,194
Prepaid expenses		6,015,512	6,223,572
Revenue department receivable		22,480,400	4,214,393
Others		9,320,810	13,246,626
Total other assets		304,179,703	313,997,631

17. Due to reinsurers

		(Unit: Baht)	
		2015	2014
Outward premium payable		372,283,428	370,734,002
Amounts withheld on reinsurance		120,229,950	145,065,340
Reinsurance payable - others		157,098,167	230,358,665
Total due to reinsurers		649,611,545	746,158,007

18. Loss reserves and outstanding claims

		(Unit: Baht)	
		For the years ended 31 December	
		2015	2014
Beginning balance		8,599,392,664	10,226,040,225
Claims and losses adjustment expenses for the year		2,102,930,087	1,437,509,072
Change in claim and losses adjustment expenses for prior years		(59,266,457)	(837,181,538)
Claim and loss adjustment expenses paid during the year		(1,795,417,083)	(2,226,975,095)
Ending balance		8,847,639,211	8,599,392,664

As at 31 December 2015, the Company, which is a reinsurer under the reinsurance contracts, has loss reserve and outstanding claims under such contracts amounting to Baht 21 million (2014: Baht 132 million).

19. Premium reserve

Premium reserves are the liability under insurance contracts and are the higher of unearned premium reserve and unexpired risk reserve.

19.1 Unearned premium reserve

(Unit: Baht)

Beginning balance

Premium written for the year

Premium earned for the current year

Ending balance

For the years ended 31 December	
2015	2014
1,911,534,187	1,907,292,276
4,894,590,259	4,170,139,446
(4,526,756,740)	(4,165,897,535)
2,279,367,706	1,911,534,187

19.2 Unexpired risk reserve

(Unit: Baht)

Beginning balance

Estimated claims for the year

Risk expired during the year

Ending balance

For the years ended 31 December	
2015	2014
1,104,292,400	1,174,594,171
2,274,484,022	2,076,870,873
(2,109,221,327)	(2,147,172,644)
1,269,555,095	1,104,292,400

20. Employee benefit obligations

(Unit: Baht)

Short-term employee benefit

Long-term employee benefit

Employee benefit obligations

2015	2014
8,257,092	8,276,164
59,396,515	52,291,283
67,653,607	60,567,447

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

(Unit: Baht)

Defined benefit obligation at beginning of year

Included in profit or loss:

Current service cost

Interest cost

Included in other comprehensive income:

Actuarial loss arising from

- Financial assumptions changes

Benefits paid during the year

Defined benefit obligation at end of year

For the years ended 31 December	
2015	2014
52,291,283	49,263,965
3,980,959	3,400,490
1,891,827	2,004,354
2,959,246	4,091,774
(1,726,800)	(6,469,300)
59,396,515	52,291,283

Long-term employee benefit expenses included in the profit or loss were as follows:

(Unit: Baht)

	For the years ended 31 December	
	2015	2014
Other underwriting expenses	2,533,102	2,306,272
Loss adjustment expenses	846,762	756,789
Selling and administrative expenses	2,492,922	2,341,783
Total expense recognised in profit or loss	5,872,786	5,404,844

The Company expects to pay Baht 3.72 million of long-term employee benefits during the next year (2014: Baht 1.96 million).

As at 31 December 2015 and 2014, the weighted average duration of the liabilities for long-term employee benefit is 19 years.

Significant actuarial assumptions are summarised below:

	2015	2014
Discount rate	3.1%	3.6%
Future salary increase rate	4% - 7.5%	0% - 7.5%
Staff turnover rate	0% - 16%	0% - 16%

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

	Assumption increase	Amount increase (decrease)	Assumption decrease	Amount increase (decrease)
	Percent per annum	Million Baht	Percent per annum	Million Baht
Discount rate	1	(5.7)	1	6.7
Future salary increase rate	1	7.8	1	(6.7)
Staff turnover rate	20	(4.0)	20	6.7

21. Other liabilities

(Unit: Baht)

	2015	2014
Accounts payable - claims	11,330,126	2,873,532
Accrued commission of direct insurance	50,293,134	49,652,386
Accrued commission of reinsurance received in advance	182,824,407	214,198,737
Other payables	21,417,802	18,507,594
Suspense accounts to settle with premium due	86,343,526	43,138,684
Accrued expenses	132,754,088	98,617,391
Others	19,881,875	14,734,155
Total other liabilities	504,844,958	441,722,479

22. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution. During the year 2015, the Company set aside net income of Baht 16 million (2014: Baht 11 million) to the statutory reserve.

23. Operating expenses

(Unit: Baht)

	For the years ended 31 December	
	2015	2014
Personnel expenses which are not expenses for underwriting and loss adjustment	125,799,714	127,504,037
Premises and equipment expenses which are not expenses for underwriting	54,792,114	56,890,185
Tax and duties	558,437	700,352
Bad debts and doubtful accounts (reversal)	(79,561,657)	4,842,515
Other operating expenses	71,243,557	67,641,836
Total operating expenses	172,832,165	257,578,925

24. Employee expenses

(Unit: Baht)

	For the years ended 31 December	
	2015	2014
Salary and Bonus	319,952,740	297,667,145
Social security fund	5,667,274	5,235,695
Provident fund	11,766,141	11,592,063
Retirement benefit expenses	5,872,786	5,404,844
Other benefits	8,435,843	10,788,908
Total employee expenses	351,694,784	330,688,655

25. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3% to 10% of basic salary. The fund, which is managed by Siam Commercial Bank Plc., will be paid to employees upon termination in accordance with the fund rules. During the years 2015 and 2014, the Company contributed Baht 12 million to the fund.

26. Earnings per share

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

27. Dividends

(Unit: Baht)

Dividends	Approved by	Total dividends	Dividend per share
Annual dividends for 2014	Annual General Meeting of the shareholders on 23 April 2015	100,000,000	2

28. Related party transactions

The relationship between the Company and the related parties are summarised below:

Company's name	Relationship
Crown Property Bureau	98.54% of shares held in the Company and common director
The Siam Commercial Bank Pcl.	Common directors
Thai Plastic and Chemicals Pcl.	Common directors
The Siam Cement Pcl.	Common directors
Siam Administrative Management Co., Ltd.	Common directors
Siam Sindhorn Co., Ltd.	Common directors

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

(Unit: Thousand Baht)

		For the years ended 31 December	
		2015	2014
Transactions with related parties			
Premium written	- Crown Property Bureau	45,153	34,234
	- The Siam Commercial Bank Pcl.	821,085	897,147
	- Siam Administrative Management Co., Ltd.	13,334	12,103
	- Thai Plastic and Chemicals Pcl.	1,028	1,008
	- Siam Sindhorn Co., Ltd.	19,995	182
	- The Siam Cement Pcl.	678,782	146,450
Interest income	- The Siam Commercial Bank Pcl.	854	1,372
	- The Siam Cement Pcl.	1,320	1,320
Commission paid from	- The Siam Commercial Bank Pcl.		
direct premium written	(Non-life insurance broker)	149,310	163,531
	- Siam Sindhorn Co., Ltd.	2,940	-
Underwriting expenses	- The Siam Commercial Bank Pcl.	92,221	212,579
Operating expenses	- Crown Property Bureau	2,089	2,089

	Pricing policies
Transactions with related parties	
Premium written	Normal commercial terms for insurance for major customers
Interest income	0.50 - 4.40 percent per annum
Commission paid from direct insurance	In accordance with the Notification by the Registrar regarding "Commission rate for Non-life insurance"
Underwriting expenses	Normal commercial terms for insurance
Operating expenses	As indicated in the agreement

As at 31 December 2015 and 2014, the Company presented the following significant balances of assets and liabilities with its related parties as follows:

	(Unit: Baht)	
	2015	2014
Investments in securities - private enterprises debt securities		
The Siam Cement Pcl.	30,000,000	30,000,000
Total	30,000,000	30,000,000
Cash and cash equivalent		
The Siam Commercial Bank Pcl.	193,596,964	110,659,585
Total	193,596,964	110,659,585
Premium receivables		
Crown Property Bureau	43,321,952	5,631,046
The Siam Commercial Bank Pcl. ⁽¹⁾	29,537,581	39,004,018
Siam Sindhorn Co., Ltd.	14,835,110	41,468
Siam Administrative Management Co., Ltd.	12,763,909	14,573,691
Thai Plastic and Chemical Pcl.	3,080	471,549
The Siam Cement Pcl.	15,965,645	28,674,173
Total	116,427,277	88,395,945
Accrued investment income		
The Siam Commercial Bank Pcl.	69,258	91,417
The Siam Cement Pcl.	292,932	292,932
Total	362,190	384,349
Accrued commissions and brokerages		
The Siam Commercial Bank Pcl.	4,838,928	12,204,080
Siam Sindhorn Co., Ltd.	2,465,775	-
Total	7,304,703	12,204,080

(1) Premium receivables between the Company and The Siam Commercial Bank Pcl. ("SCB") consists of premium receivables from an insurance policy that SCB made directly with the Company and premium receivables from a policy in which SCB is a non-life insurance broker for the Company.

Directors and management's benefits

During the years ended 31 December 2015 and 2014, the Company had employee benefit expenses payable to its directors and management as below.

(Unit: Baht)

	2015	2014
Short-term employee benefits	32,551,910	32,881,769
Post-employment benefits	816,098	767,275
Total	33,368,008	33,649,044

29. Securities placed with the Registrar

As at 31 December 2015 and 2014, the Company has pledged its securities with the Registrar in accordance with the Non-life Insurance Act as follows:

(Unit: Baht)

	2015		2014	
	Cost	Fair value	Cost	Fair value
Government Bonds	14,062,039	14,749,856	14,082,275	14,554,770

30. Assets reserved with the Registrar

As at 31 December 2015 and 2014, the Company has pledged its securities as non-life insurance reserve with the Registrar under the Non-life Insurance Act as follows:

(Unit: Baht)

	2015		2014	
	Cost	Fair value	Cost	Fair value
Government Bonds	355,961,605	396,137,798	306,668,394	323,853,559
Total	355,961,605	396,137,798	306,668,394	323,853,559

31. Contribution to the General Insurance Fund

(Unit: Baht)

	2015	2014
Accumulated contribution at the beginning of year	47,383,181	37,081,815
General insurance fund during the year	12,103,312	10,301,366
Accumulated contribution at the end of year	59,486,493	47,383,181

32. Commitments and contingent liabilities

32.1 Operating lease commitments

The Company has entered into several lease agreements of office building space, motor vehicles and equipment and other services. The terms of the agreements are generally between 1 and 30 years.

Future minimum rentals and service charges payable under these leases and service agreements as at 31 December 2015 and 2014 are as follows:

	(Unit: Million Baht)	
	2015	2014
Payable within		
1 year	28	23
In over 1 year up to 5 years	31	24
In over 5 years	19	21

32.2 Bank guarantees

As at 31 December 2015 there were outstanding bank guarantees of approximately Baht 6.5 million (2014: Baht 8.0 million) by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business.

32.3 Litigation

- (1) As at 31 December 2015, the Company was sued for being the insurer for claims totalling approximately Baht 310 million (2014: Baht 281 million). The outcome of those litigation cases have not yet been finalised. However, the Company's management already considered and set aside provision for losses that may be arisen amounting to Baht 136 million (2014: Baht 112 million) in this financial statements. The Company's management believes that the amounts of provision are adequate.
- (2) The Company was sued by the insured parties for the compensation totaling Baht 5,722 million for the fire incident caused by political unrest in May 2010. During 2013, the Court of First Instance (the Civil Court) ordered the Company to pay to the insured insurance claims under the insurance policies amounting to approximately Baht 5,738 million, plus interest of Baht 658 million, totaling approximately Baht 6,396 million.
 - (2.1) During 2013 - 2014, the insured parties who lost the cases in the Court of first instance filed appeal the judgment of the Court of First Instance with the Court of Appeal. Subsequently, between June 2014 and November 2014, the Court of Appeal ordered a dismissal of the cases brought by the insured against the Company, in which they had sought damages amounting to Baht 86 million, and so the Company does not need to pay compensation to the insured. During 2015 some of the insured filed appeals of the judgment of the Court of Appeal with the Supreme Court, with claims amounting to Baht 12 million, and the cases are being considered by the Supreme Court.
 - (2.2) During 2013 - 2014, the Company filed appeals of judgments of the Court of First Instance with the Court of Appeal. Subsequently, between April 2014 and February 2015, the Court of Appeal handed down judgments in the cases brought against the Company. For the first group of cases, for which the Court of First Instance had ordered the Company to pay compensation of Baht 1,977 million with

Baht 506 million interest calculated up to 31 December 2015, the Court of Appeal upheld the judgments of the Court of First Instance but reduced the amount of insurance compensation and interest payable to the insured to Baht 392 million. For the second group of cases, for which the Court of First Instance had ordered the Company to pay compensation of Baht 3,761 million with Baht 981 million interest, the Court of Appeal reversed the judgments of the Court of First instance and so the Company does not have to pay any compensation to the insured.

During 2015, the Company filed appeals of the judgments of the Court of Appeal with the Supreme Court and the cases are being considered by the Supreme Court. In addition, some insured parties who lost their cases in the Court of Appeal have filed appeals of the judgments of the Court of Appeal with the Supreme Court, with claims amounting to Baht 4,077 million. The cases are being considered by the Supreme Court. Currently, it is correctly not reach a conclusion.

Since the cases are not finalised and the judgments of the Court of Appeal are inconsistent, for reasons of prudence, in the preparation of the financial statement the Company's management recorded loss reserve for its share of the claims and loss reserve refundable from reinsurers in the full amounts in the statement of financial position.

33. Financial instruments

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

33.1 Credit risk

Credit risk is the risk that the Company may suffer a financial loss as a result of a counter party's inability to comply with the terms of financial instruments.

The Company is exposed to credit risk primarily with respect to premium receivables, amounts due from reinsurances and mortgage loans. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial loss.

Concentrations of the credit risk with respect to premium receivables are insignificant due to the large number of customers comprising the customer base and their dispersion across different industries and geographic regions. Concentrations of the credit risk with respect to mortgage loans are insignificant due to the Company provide loans to its employees. In addition the values of the securities placed as collateral are adequate for the Company to receive complete payment of debt and the ratio of loans to collateral values is in accordance with the notification of the Office of Insurance Commission.

The maximum exposure to credit risk is the book value of assets after deduction of allowance for doubtful debts as presented in statement of financial position.

33.2 Market risk

Market risk is the risk that changes in interest rates, foreign exchange rates and securities prices may have an effect on the Company's financial position.

a) Interest rate risk

Interest rate risk is the risk that value of financial instruments will fluctuate due to changes in market interest rate.

As at 31 December 2015 and 2014, significant financial assets classified by type of interest rates are summarised in the table below, with those financial assets that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Baht)

	2015						
	Fixed interest rates			Floating interest rate	None-interest bearing	Total	
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	333,361,143	1,012,771	334,373,914	0.125 - 1.00
Investments in securities							
Government and state enterprise securities	101,518,341	24,054,137	837,779,104	-	-	963,351,582	3.100 - 5.900
Private enterprises debt securities	150,000,000	361,704,358	320,000,000	-	-	831,704,358	3.340 - 5.040
Deposits at financial institutions	2,883,313,578	150,000,000	-	-	-	3,033,313,578	1.150 - 2.300
Loans	-	-	-	6,547,417	-	6,547,417	2.000 - 7.025
	3,134,831,919	535,758,495	1,157,779,104	339,908,560	1,012,771	5,169,290,849	

(Unit: Baht)

	2014						(Chin. Renminbi, % p.a.)
	Fixed interest rates			Floating interest rate	None-interest bearing	Total	
	Within 1 year	1-5 years	Over 5 years				
Financial assets							(% p.a.)
Cash and cash equivalents	115,662,378	-	-	169,355,854	562,200	285,580,432	0.125 - 2.650
Investments in securities							
Government and state enterprise securities	20,062,469	126,212,337	837,896,704	-	-	984,171,510	3.100 - 5.900
Private enterprises debt securities	-	477,304,240	170,000,000	-	-	647,304,240	3.340 - 5.000
Deposits at financial institutions	2,097,750,000	-	-	-	-	2,097,750,000	1.500 - 3.150
Loans	-	-	-	9,376,297	-	9,376,297	0.500 - 7.250
	2,233,474,847	603,516,577	1,007,896,704	178,732,151	562,200	4,024,182,479	

Cash, premium receivables, investment in securities, amount due from/to reinsurers are the financial assets and financial liabilities which are none-interest bearing and not exposed to the risk from changes in Market interest rates.

b) Foreign currency risk

The Company is exposed to foreign currency risk in respect of reinsurance transactions with foreign reinsurers denominated in foreign currencies. The Company does not utilise forward foreign currency contracts to mitigate its exposure to foreign currency risk.

As at 31 December 2015 and 2014, the balances of financial assets denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Average exchange rate	
	as at 31 December		as at 31 December	
	2015	2014	2015	2014
	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US dollar	2.0	2.0	36.2538	33.1132

c) Equity position risk

Equity position risk is the risk that changes in the market prices of equity securities will result in fluctuations in revenues and in the values of financial assets.

As at 31 December 2015 and 2014, the Company has risk from its investments in securities of which the price will change with the reference to market conditions.

33.3 Liquidity risk

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

The majority of the Company's financial assets are cash and cash equivalents and investments in securities for which there are liquid markets, while most premium receivables and amounts due from reinsurers are not yet due or overdue not more than 1 year, whereas most amounts due to reinsurers are due within 1 year.

33.4 Fair value of financial instruments

As at 31 December 2015 and 2014, fair values for financial assets are as follows:

(Unit: Thousand Baht)

	2015					2014	
	Carrying amount	Fair value				Carrying amount	Fair value
		Total	Level 1	Level 2	Level 3		
Assets measured at fair value							
Held for trade investments							
Equity instruments	1	1	1	-	-	1	1
Available-for-sale investments							
Equity instruments	127,922	127,922	-	127,922	-	728,767	728,767
Assets for which fair value are disclosed							
Held for maturity investments							
Debt instrument	1,795,056	1,950,314	-	1,950,314	-	1,631,476	1,705,384
Fixed deposit at bank which amounts maturing in over 3 months	3,003,314	3,033,314	3,033,314	-	-	2,097,750	2,097,750
Other investments	7,236	30,037	-	-	30,037	7,236	26,123
Loans	6,547	6,722	-	-	6,722	9,376	9,666

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

- Financial assets and liabilities maturing in the short-term, which consist of cash and cash equivalents, premium receivables, amounts due from reinsurances, and reinsurance payables, are presented at fair value, estimated based on the book value presented in the statement of financial position.
- Investments in marketable securities are presented at the latest did price of the last working day of the year. The fair value of debt securities is determined using the yield rates quoted by the Thai Bond Market Association. The fair value of the unit trusts is determined from their asset value. And the fair value of non-marketable securities is estimated by discounting expected future cash flow by required rate of return and related risks.
- For loans, their fair value is estimated by discounting expected future cash flow by the current market interest rate.

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

35. Capital management

The primary objective of the Company's capital management is to preserve ability to continue its business as a going concern and to maintain capital reserve in accordance with Notifications of the OIC.

36. Events after the reporting period

On 25 February 2016, a meeting of the Company's Board of Directors passed a resolution to propose that the Annual General Meeting of the Shareholders to be held in April 2016 adopt a resolution to pay of a dividend of Baht 3.60 per share, or a total of Baht 180 million, to the shareholders in respect of the 2015 earnings.

Such dividend will be paid and recorded after it is approved by the Annual General Meeting of the Company's shareholders.

37. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2016.

The Company's Information

Registration Number	- 0107537002478 (or previously Bor Mor Jor 494)
Establishment	- January 17, 1947
Registered Capital	- Baht 500 Million (comprising 50 million ordinary shares at Baht 10 each)
Type of Business	- Non-Life Insurance
Major Shareholder	- The Crown Property Bureau
Address	- 97, 99 Deves Insurance Building, Ratchadamnoen Klang Avenue, Bowornnives, Phranakorn, Bangkok 10200, Thailand
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Other Information

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TRUSTEE	-None-
AUDITOR	<p>Mrs Nonglak Pumnoi</p> <p>C.P.A. (Thailand) Registration No. 4172</p>
or	<p>Miss Somjai Khunapasut</p> <p>C.P.A. (Thailand) Registration No. 4499</p>
or	<p>Miss Ratana Jala</p> <p>C.P.A. (Thailand) Registration No. 3734</p> <p>EY Office Limited</p> <p>33rd Floor, Lake Rajada Office Complex,</p> <p>193/136-137 Rajadapisek Road, Bangkok 10110</p> <p>Tel : 0-2264-0777, 0-2661-9190</p> <p>Fax : 0-2264-0789-90</p>
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The Government Complex Commemorating His Majesty the King's 80th Birthday Anniversary, 5 December 2007

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The Mall Ngamwongwan

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The Paseo Mall [Lardkrabang]

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