

Bangkok Insurance Public Company Limited
Report and financial statements
31 December 2021

Independent Auditor's Report

To the Shareholders of Bangkok Insurance Public Company Limited

Opinion

I have audited the accompanying financial statements of Bangkok Insurance Public Company Limited ("the Company"), which comprise the statement of financial position, in which the equity method is applied, as at 31 December 2021, and the related statements of comprehensive income, changes in owner's equity and cash flows, in which the equity method is applied, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and also audited the separate financial statements of Bangkok Insurance Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bangkok Insurance Public Company Limited as at 31 December 2021, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

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

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

Gross premium written

In 2021, the Company had gross premium written of Baht 24,511 million. The Company accepted insurance from retail customers through brokers and agents and there have been a large number of insurance policies written. Calculation and recognition of gross premium written as earned revenue were dependent upon the information technology (IT) systems. I therefore focused on examining that gross premium written was correctly recognised as actually incurred.

I assessed and tested, on a sampling basis, the IT general controls relevant to recognition of gross premium written. I checked, on a sampling basis, key data in reports relevant to insurance premium and reviewed the insurance policies and endorsement transactions occurring during the accounting period and after the reporting period-end. In addition, I performed analytical procedures on gross premium written, which were disaggregated by insurance types, and tested key manual adjustments made through journal vouchers.

Loss reserves

As at 31 December 2021, the Company had loss reserves of Baht 7,689 million (included as a part of insurance contract liabilities). Loss reserves included both claims incurred and reported and claims incurred but not yet reported. Such reserves were calculated using actuarial method, which involved certain assumptions that required the management to exercise a high level of considerable judgment in estimation of such reserves. I therefore focused on adequacy of loss reserves.

I assessed and tested, on a sampling basis, the operation of the Company's internal controls relevant to recognition of loss reserves. I assessed and tested, on a sampling basis, key assumptions and calculation of loss reserves. I checked, on a sampling basis, claim data against documents of major claims. I performed analytical procedures on frequency of claims and average loss per claim. Furthermore, I involved the experts to perform an independent actuarial review of certain model points used in calculation of loss reserves.

Allowance for expected credit losses

As at 31 December 2021, the Company had loans and interest receivables amounting to Baht 1,457 million (before allowance for expected credit losses). In estimating allowance for expected credit losses (ECL) on such loans and interest receivables, the management shall exercise judgment in determining significant increases in each debtor's credit risk and considering selection of assumptions such as the rates of loss given default and the rates of probability of default, etc. used in the ECL calculation model. Such an estimation related to forecast and is uncertain. I therefore focused on adequacy of allowance for expected credit losses on such loans and interest receivables.

I gained an understanding of the ECL calculation model and the staging based on changes in credit risk of debtors, assessed and tested on data used in staging, and tested data used in the ECL calculation model with respect to the rates of loss given default and the rates of probability of default, including the calculations according to such model.

Fair value of investment in equity securities

The Company had investments in non-marketable equity securities, which were classified as available-for-sale investments measured at fair value through other comprehensive income. As at 31 December 2021, such investments stated at fair value totaling Baht 3,125 million. In fair value assessment, the management is required to exercise a high level of considerable judgment in selection of valuation methods, financial models, and various assumptions such as growth rate, discounted rate, etc. used in valuation. Such fair value assessment related to an estimation of future cash flows each entity would generate, which were uncertain. I therefore focused on fair value of such investments.

I reviewed the appropriateness of the valuation method and financial models selected by the Company's management, tested key assumptions used in fair value assessment by comparing with industry's information, historical performance and future trend and tested calculation fair value.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Rachada Yongsawadvanich
Certified Public Accountant (Thailand) No. 4951

EY Office Limited
Bangkok: 23 February 2022

Bangkok Insurance Public Company Limited
Statement of financial position
As at 31 December 2021

(Unit: Baht)

	Note	Financial statements		Separate financial statements	
		in which the equity method is applied			
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
Assets					
Cash and cash equivalents	6	561,726,055	141,557,318	561,726,055	141,557,318
Premium receivables	7	3,004,544,119	2,765,896,684	3,004,544,119	2,765,896,684
Accrued investment income		38,101,882	42,863,470	38,101,882	42,863,470
Reinsurance assets	8	7,930,459,370	7,560,169,280	7,930,459,370	7,560,169,280
Reinsurance receivables	9	628,974,479	389,321,701	628,974,479	389,321,701
Investment assets					
Investments in securities	10.1	47,047,497,035	44,424,088,267	47,047,497,035	44,424,088,267
Loans and interest receivables	11	1,400,122,328	1,476,419,024	1,400,122,328	1,476,419,024
Investment properties	12	100,700,313	117,929,942	100,700,313	117,929,942
Investments in associates	13.1	281,180,652	268,910,602	129,395,722	129,395,722
Premises and equipment	14	559,283,784	614,944,629	559,283,784	614,944,629
Right-of-use assets	15.1	901,263,688	886,560,707	901,263,688	886,560,707
Intangible assets	16	160,869,527	101,675,828	160,869,527	101,675,828
Other assets					
Corporate income tax awaiting refund		338,926,680	-	338,926,680	-
Others		546,199,429	713,452,108	546,199,429	713,452,108
Total assets		63,499,849,341	59,503,789,560	63,348,064,411	59,364,274,680

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

Bangkok Insurance Public Company Limited
Statement of financial position (continued)
As at 31 December 2021

(Unit: Baht)

	Note	Financial statements		Separate financial statements	
		in which the equity method is applied			
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
Liabilities and owners' equity					
Liabilities					
Insurance contract liabilities	17	18,680,918,815	18,022,514,489	18,680,918,815	18,022,514,489
Due to reinsurers	18	3,188,391,457	2,737,451,690	3,188,391,457	2,737,451,690
Income tax payable		-	196,693,497	-	196,693,497
Lease liabilities	15.2	825,754,395	778,848,706	825,754,395	778,848,706
Employee benefit obligations	19	790,145,804	777,202,619	790,145,804	777,202,619
Deferred tax liabilities	20.1	3,716,954,086	2,984,538,685	3,686,597,100	2,956,635,709
Other liabilities					
Premiums received in advance		1,593,177,396	1,717,482,667	1,593,177,396	1,717,482,667
Commission payables		424,910,184	411,902,624	424,910,184	411,902,624
Accrued expenses		539,189,579	607,433,941	539,189,579	607,433,941
Others		922,307,637	926,673,433	922,307,637	926,673,433
Total liabilities		30,681,749,353	29,160,742,351	30,651,392,367	29,132,839,375
Owners' equity					
Share capital	21				
Registered, issued and paid up					
106,470,000 ordinary shares of Baht 10 each		1,064,700,000	1,064,700,000	1,064,700,000	1,064,700,000
Share premium		1,442,500,000	1,442,500,000	1,442,500,000	1,442,500,000
Retained earnings					
Appropriated					
Statutory reserve	22	106,470,000	106,470,000	106,470,000	106,470,000
Other reserve		7,000,000,000	7,000,000,000	7,000,000,000	7,000,000,000
Unappropriated		4,748,927,623	5,373,111,989	4,623,611,751	5,259,106,805
Other component of owners' equity		18,455,502,365	15,356,265,220	18,459,390,293	15,358,658,500
Total owners' equity		32,818,099,988	30,343,047,209	32,696,672,044	30,231,435,305
Total liabilities and owners' equity		63,499,849,341	59,503,789,560	63,348,064,411	59,364,274,680

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

Directors

Bangkok Insurance Public Company Limited
Statement of comprehensive income
For the year ended 31 December 2021

(Unit: Baht)

	Note	Financial statements		Separate financial statements	
		in which the equity method is applied			
		2021	2020	2021	2020
Profit or loss:					
Revenues					
Gross premium written		24,510,990,067	22,858,219,887	24,510,990,067	22,858,219,887
Less: Premium ceded to reinsurers		(8,935,923,630)	(8,048,864,881)	(8,935,923,630)	(8,048,864,881)
Net premium written		15,575,066,437	14,809,355,006	15,575,066,437	14,809,355,006
Add (less): Unearned premium reserves (increased) decreased from prior year		(338,325,322)	35,380,551	(338,325,322)	35,380,551
Earned premium		15,236,741,115	14,844,735,557	15,236,741,115	14,844,735,557
Fee and commission income		1,617,502,749	1,641,001,334	1,617,502,749	1,641,001,334
Investment revenue		1,052,973,509	1,127,222,520	1,059,261,921	1,127,222,520
Gains on investments		313,908,357	185,241,059	313,908,357	185,241,059
Share of profits in associates under the equity method	13.2	20,426,773	20,789,809	-	-
Other income		204,248,795	174,083,116	204,248,795	174,083,116
Total revenues		18,445,801,298	17,993,073,395	18,431,662,937	17,972,283,586
Expenses					
Gross claims		13,833,487,595	12,327,280,494	13,833,487,595	12,327,280,494
Less: Claim recovery from reinsurers		(2,853,175,434)	(3,955,308,210)	(2,853,175,434)	(3,955,308,210)
Commissions and brokerages		3,032,439,226	2,865,234,091	3,032,439,226	2,865,234,091
Other underwriting expenses		2,195,536,475	2,375,420,525	2,195,536,475	2,375,420,525
Operating expenses	24	988,510,179	984,279,252	988,510,179	984,279,252
Investment expenses		89,027,045	86,426,177	89,027,045	86,426,177
Finance costs		40,831,275	39,336,336	40,831,275	39,336,336
Expected credit losses	25	4,284,199	60,321,248	4,284,199	60,321,248
Total expenses	26	17,330,940,560	14,782,989,913	17,330,940,560	14,782,989,913
Profits before income tax expenses		1,114,860,738	3,210,083,482	1,100,722,377	3,189,293,673
Less: Income tax expenses	20.2	(58,979,190)	(504,487,435)	(56,151,517)	(500,329,473)
Net profits		1,055,881,548	2,705,596,047	1,044,570,860	2,688,964,200
Other comprehensive income:					
Items to be recognised in profit or loss in subsequent periods:					
Shares of other comprehensive income (loss) from associates	13.2	(1,868,310)	1,750,236	-	-
Gains (losses) on revaluation of available-for-sale investments measured at fair value through other comprehensive income		3,875,914,741	(5,002,416,082)	3,875,914,741	(5,002,416,082)
Total Items to be recognised in profit or loss in subsequent periods		3,874,046,431	(5,000,665,846)	3,875,914,741	(5,002,416,082)
Add (less): Income taxes		(774,809,286)	1,000,133,169	(775,182,948)	1,000,483,216
Items to be recognised in profit or loss in subsequent periods - net of income taxes		3,099,237,145	(4,000,532,677)	3,100,731,793	(4,001,932,866)
Items not to be recognised in profit or loss in subsequent periods:					
Actuarial gains (losses)		29,311,896	(35,681,189)	29,311,896	(35,681,189)
Add (less): Income taxes		(5,862,379)	7,136,238	(5,862,379)	7,136,238
Items not to be recognised in profit or loss in subsequent periods - net of income taxes		23,449,517	(28,544,951)	23,449,517	(28,544,951)
Other comprehensive income (loss) for the years		3,122,686,662	(4,029,077,628)	3,124,181,310	(4,030,477,817)
Total comprehensive income (loss) for the years		4,178,568,210	(1,323,481,581)	4,168,752,170	(1,341,513,617)
Earnings per share:	28				
Basic earnings per share					
Net profits		9.92	25.41	9.81	25.26

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

Bangkok Insurance Public Company Limited
Statement of cash flows
For the year ended 31 December 2021

(Unit: Baht)

	Financial statements			
	in which the equity method is applied		Separate financial statements	
	2021	2020	2021	2020
Cash flows from (used in) operating activities				
Direct premium written	22,610,198,641	21,471,962,314	22,610,198,641	21,471,962,314
Cash paid for reinsurance	(3,511,726,484)	(2,777,161,015)	(3,511,726,484)	(2,777,161,015)
Interest income	196,425,900	304,337,095	196,425,900	304,337,095
Dividend income	865,349,134	851,160,528	865,349,134	851,160,528
Other investment income	153,417,203	154,902,904	153,417,203	154,902,904
Other income	48,204,912	16,861,307	48,204,912	16,861,307
Losses incurred on direct insurance	(12,710,086,555)	(9,947,053,192)	(12,710,086,555)	(9,947,053,192)
Commissions and brokerages on direct insurance	(2,725,824,710)	(2,639,521,135)	(2,725,824,710)	(2,639,521,135)
Other underwriting expenses	(2,578,182,925)	(2,763,227,992)	(2,578,182,925)	(2,763,227,992)
Operating expenses	(967,515,951)	(696,589,280)	(967,515,951)	(696,589,280)
Investment expenses	(48,456,658)	(47,472,324)	(48,456,658)	(47,472,324)
Income taxes	(641,986,800)	(465,084,876)	(641,986,800)	(465,084,876)
Cash received on financial assets	22,496,177,819	21,874,999,105	22,496,177,819	21,874,999,105
Cash paid for financial assets	(20,852,334,125)	(23,718,425,440)	(20,852,334,125)	(23,718,425,440)
Net cash provided by operating activities	2,333,659,401	1,619,687,999	2,333,659,401	1,619,687,999
Cash flows from (used in) investing activities				
Cash flows from				
Premises and equipment	4,612,095	2,576,009	4,612,095	2,576,009
Cash from investing activities	4,612,095	2,576,009	4,612,095	2,576,009
Cash flows used in				
Premises and equipment	(58,084,068)	(52,712,305)	(58,084,068)	(52,712,305)
Intangible assets	(87,445,746)	(19,789,622)	(87,445,746)	(19,789,622)
Cash used in investing activities	(145,529,814)	(72,501,927)	(145,529,814)	(72,501,927)
Net cash used in investing activities	(140,917,719)	(69,925,918)	(140,917,719)	(69,925,918)
Cash flows from (used in) financing activities				
Repayments of lease liabilities	(66,989,300)	(60,360,710)	(66,989,300)	(60,360,710)
Dividends paid	(1,705,510,249)	(1,486,668,146)	(1,705,510,249)	(1,486,668,146)
Net cash used in financing activities	(1,772,499,549)	(1,547,028,856)	(1,772,499,549)	(1,547,028,856)
Net increase in cash and cash equivalents	420,242,133	2,733,225	420,242,133	2,733,225
Cash and cash equivalents at beginning of the years	141,557,319	138,824,094	141,557,319	138,824,094
Less: Increase in allowance for expected credit losses	(73,397)	(1)	(73,397)	(1)
Cash and cash equivalents at end of the years	561,726,055	141,557,318	561,726,055	141,557,318

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

Bangkok Insurance Public Company Limited

Statement of changes in owners' equity

For the year ended 31 December 2021

(Unit: Baht)

Financial statements in which the equity method is applied										
	Note	Issued and paid-up share capital	Share premium	Retained earnings		Other component of equity				
						comprehensive loss from associates - net of income taxes	Revaluation surplus on available-for-sale investments - net of income taxes	Total	Total	
				Appropriated						
				Statutory reserve	Other reserve					
					Unappropriated					
Balance as at 1 January 2020		1,064,700,000	1,442,500,000	106,470,000	7,000,000,000	4,186,639,933	(3,793,469)	19,360,591,366	19,356,797,897	33,157,107,830
Dividend paid	29	-	-	-	-	(1,490,579,040)	-	-	-	(1,490,579,040)
Net profit		-	-	-	-	2,705,596,047	-	-	-	2,705,596,047
Other comprehensive income (loss) for the year		-	-	-	-	(28,544,951)	1,400,189	(4,001,932,866)	(4,000,532,677)	(4,029,077,628)
Balance as at 31 December 2020		1,064,700,000	1,442,500,000	106,470,000	7,000,000,000	5,373,111,989	(2,393,280)	15,358,658,500	15,356,265,220	30,343,047,209
Balance as at 1 January 2021		1,064,700,000	1,442,500,000	106,470,000	7,000,000,000	5,373,111,989	(2,393,280)	15,358,658,500	15,356,265,220	30,343,047,209
Dividend paid	29	-	-	-	-	(1,703,515,431)	-	-	-	(1,703,515,431)
Net profit		-	-	-	-	1,055,881,548	-	-	-	1,055,881,548
Other comprehensive income (loss) for the year		-	-	-	-	23,449,517	(1,494,648)	3,100,731,793	3,099,237,145	3,122,686,662
Balance as at 31 December 2021		1,064,700,000	1,442,500,000	106,470,000	7,000,000,000	4,748,927,623	(3,887,928)	18,459,390,293	18,455,502,365	32,818,099,988

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

Bangkok Insurance Public Company Limited

Statement of changes in owners' equity (continued)

For the year ended 31 December 2021

(Unit: Baht)

Separate financial statements							
Note	Issued and paid-up share capital	Share premium	Retained earnings			Other component of equity	
			Appropriated		Unappropriated	Revaluation surplus on available-for-sale investments - net of income taxes	Total
			Statutory reserve	Other reserve			
Balance as at 1 January 2020	1,064,700,000	1,442,500,000	106,470,000	7,000,000,000	4,089,266,596	19,360,591,366	33,063,527,962
Dividend paid	29	-	-	-	(1,490,579,040)	-	(1,490,579,040)
Net profit	-	-	-	-	2,688,964,200	-	2,688,964,200
Other comprehensive loss for the year	-	-	-	-	(28,544,951)	(4,001,932,866)	(4,030,477,817)
Balance as at 31 December 2020	<u>1,064,700,000</u>	<u>1,442,500,000</u>	<u>106,470,000</u>	<u>7,000,000,000</u>	<u>5,259,106,805</u>	<u>15,358,658,500</u>	<u>30,231,435,305</u>
Balance as at 1 January 2021	1,064,700,000	1,442,500,000	106,470,000	7,000,000,000	5,259,106,805	15,358,658,500	30,231,435,305
Dividend paid	29	-	-	-	(1,703,515,431)	-	(1,703,515,431)
Net profit	-	-	-	-	1,044,570,860	-	1,044,570,860
Other comprehensive income for the year	-	-	-	-	23,449,517	3,100,731,793	3,124,181,310
Balance as at 31 December 2021	<u>1,064,700,000</u>	<u>1,442,500,000</u>	<u>106,470,000</u>	<u>7,000,000,000</u>	<u>4,623,611,751</u>	<u>18,459,390,293</u>	<u>32,696,672,044</u>

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

Bangkok Insurance Public Company Limited
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For the year ended 31 December 2021

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Bangkok Insurance Public Company Limited

Notes to financial statements

For the year ended 31 December 2021

1. General information

1.1 Corporate information

Bangkok Insurance Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand, and listed on the Stock Exchange of Thailand. The Company’s major shareholder is Bangkok Bank Public Company Limited whereby as at 31 December 2021 and 2020, such major shareholder held 9.97% of the issued and paid-up ordinary shares of the Company. The Company is principally engaged in the provision of non-life insurance. The Company’s registered office is located at No. 25, Bangkok Insurance Building, South Sathon Road, Tung Ma Ha Mek, Sathon, Bangkok.

1.2 Coronavirus 2019 Pandemic

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

2. Basis for preparation of financial statements

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547, and in accordance with Thai accounting practices related to insurance and the accounting and reporting guidelines prescribed by the Office of Insurance Commission (“OIC”), and in accordance with the format of financial statements specified in the Notification of the Office of Insurance Commission (“OIC”) regarding criteria, procedures, terms and conditions for preparation and submission of financial statements and operating performance reports of non-life insurance companies (No.2) B.E. 2562 dated 4 April 2019.

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

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

2.1 The financial statements in which the equity method is applied

The Company has prepared the financial statements, in which equity method is applied, which have presented investments in associates under the equity method.

2.2 Separate financial statements

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

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current period

During the year, the Company has adopted the new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. However, adoption of such financial reporting standards did not have significant impact to the Company's financial statements.

3.2 Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2022

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and, for some standards, providing temporary reliefs or temporary exemptions for users. However, the management of the Company already considered and believe that adoption of these revised standards will not have any significant impact on the Company's financial statements.

4. Summary of significant accounting policies

4.1 Product classification

The Company classifies insurance contracts and reinsurance contracts based on the nature of the insurance contract. Insurance contracts are those contracts where the insurer has accepted significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. To determine whether a significant insurance risk has been accepted, the insurer compares the benefits payable after an insured event with the benefits payable if the insured event did not occur. If the criteria are not met, the Company classifies the insurance contract and reinsurance contract as an investment contract. Investment contracts have the legal form of insurance contracts and transfer financial risk to the insurer, but not significant insurance risk. Financial risks are specified as interest rate risk, exchange rate risk, or price risk.

The Company classifies contracts based on assessment of the significance of the insurance risk at inception of contract, for each contract. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, A contract classified as an investment contract at inception can be reclassified as an insurance contract after inception if the insurance risk becomes significant.

4.2 Revenue recognition

(a) Gross premium written

Gross premium written consists of direct premium and reinsurance premium less premium of the canceled policies and premium refunded to the policy holders.

Direct premium is recognised as revenue when the insurance policy comes into effect. For long-term insurance policies with a coverage period of longer than 1 year, premiums are recorded as premiums received in advance and will be gradually recognised as revenue on a yearly basis over the coverage period.

Reinsurance premium is recognised as revenue 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 revenue over the period in which the related services are rendered.

(c) Investment revenues

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

Interest on loans is recognised as revenue over the term of the loans based on the amount of outstanding principal. No accrual is made for loans with interest default over six continuous months. Interest on investments in debt securities is recognised as revenue on the effective interest rate over the investment holding periods. Interest on deposits is recognised as revenue over the term of deposits on an accrual basis.

Dividends on investments are recognised as revenues when the right to receive the dividend is established.

(d) Gains (losses) on investments

Gains (losses) on investments are recognised as revenue or expense on the transaction dates.

4.3 Expenses recognition

(a) Premium ceded to reinsurers

Premium ceded to reinsurers are recognised as expenses when the insurance risk is transferred to another reinsurer at amount per policy.

(b) Gross claims

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

Gross claims 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 refundable from reinsurers are recognised as deduction item against gross claims when claims are recorded by the condition in the relevant reinsurance contract.

- (c) Commission and brokerage expenses

Commission and brokerage expenses are expensed when incurred.

- (d) Other underwriting expenses

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

- (e) Operating expenses

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

- (f) Finance costs

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

4.4 Cash and cash equivalents

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

4.5 Premium receivables and allowance of doubtful accounts

Premium receivables from direct insurance are stated at their net realisable values. 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 receivables as at the end of the reporting periods. Increase (decrease) in an allowance for doubtful account is recorded as an increase (a decrease) to expenses during the years.

4.6 Reinsurance assets and allowance for impairment

Reinsurance assets are stated at the amounts of insurance reserves refundable from reinsurers, which consist of (a) loss reserves and (b) unearned premium reserves that are estimated based on related reinsurance contracts in accordance with insurance reserve calculation law.

The Company sets up an allowance for impairment, of reinsurance assets based on losses that may be incurred due to irrecoverable, taking into account collection experience, aged of balance, and the status of receivables from reinsurers as at the end of the reporting periods. Increase (decrease) in an allowance for impairment is recorded as an increase (a decrease) to expenses during the years in profit or loss.

4.7 Reinsurance receivables and due to reinsurers and allowance for doubtful accounts

- (a) Reinsurance receivables are stated at the outstanding balances of amounts due from reinsurers and amounts deposited on reinsurance.

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

- (b) Due to reinsurers are stated at the outstanding balance of amounts due to reinsurers and amounts withheld on reinsurance.

Amounts due to reinsurers consist of outward premium payables and other reinsurance payables to reinsurers, excluding claims.

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

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

4.8 Investment assets

- (a) Investments in securities

Available-for-sale investments are stated at fair value. Changes in the fair value of these investments are recorded in other comprehensive income and will be recorded in profit or loss when the investments are disposed of.

Held-to-maturity investments are recorded at amortised cost. The premium/discount is amortised/accreted by the effective interest rate method with the amortised/ accreted amount presented as an adjustment to the interest income.

Investments in non-marketable equity securities, which are classified as available-for-sale investments, are stated at fair value. Changes in fair value are recognised in other comprehensive income.

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

At the end of reporting period, available-for-sale investment in debt instrument measured at fair value net of expected credit loss (if any) and held-to-maturity investment in debt instruments measured at amortised cost net of expected credit loss (if any)

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

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

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

(b) Loans and interest receivables

Loans and interest receivables are stated at amortised cost and net of allowance for expected credit losses (if any).

(c) Investment properties

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

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over the estimated useful life of 30 years (over the lease period). Depreciation of the investment properties is recognised as expense in profit or loss.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.9 Investment in associates

Investments in associates as presented in the financial statements, in which the equity method is applied, is recorded initially at cost and adjusted to reflect the proportionate share of the associate's operating results and is deducted by dividend income.

Investments in associates as presented in the separate financial statements is stated at cost net of allowance for impairment (if any). Loss on impairment is recorded as an expense in profit or loss.

4.10 Premises and equipment and depreciation

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

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

Buildings	- 20 years and 33 years
Condominium units	- 20 years
Furniture, fixture and office equipment	- 3 years and 5 years
Vehicles	- 5 years

Depreciation is recognised in profit or loss. No depreciation is provided for land and construction in progress.

An item of premises 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.

4.11 Intangible assets and amortisation

Intangible assets acquired are recognised at cost. Following the initial recognition, intangible assets are carried at cost less accumulated amortisation and allowance for impairment (if any).

Intangible assets with finite lives are amortised on the straight-line 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. No amortisation is provided for computer softwares under development.

Intangible assets with finite useful lives, which are computer softwares, have the economic lives of 3, 5 and 10 years.

4.12 Leases

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

The Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Company recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

(a) Right-of-use assets

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

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

Land	15 and 33	years
Buildings	3 and 5	years
Office equipment	5	years
Vehicles	5	years

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

(b) Lease liabilities

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

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

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

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

The Company as a lessor

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

4.13 Insurance contract liabilities

Insurance contract liabilities consist of loss reserve and premium reserves.

(a) Loss reserves

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

Outstanding claim provision are calculated using an actuarial method based on a best estimate of claims which are expected to be paid in respect of losses occurring before or as at the end of the reporting periods for both reported and not reported losses including loss adjustment expense. The different of the calculated outstanding claim provision which are higher than the loss reserve that recognised into financial statement, the Company has additionally provided reserves for claims incurred but not yet reported (IBNR).

(b) Premium reserves

Premium reserves are the higher amounts of unearned premium reserves and unexpired risk reserves. As at the end of the reporting periods, the Company compares the amounts of unexpired risk reserves with unearned premium reserves, and if the amount of unexpired risk reserves is higher than that of the unearned premium reserve, the difference is recognised as additional reserves to present the amounts of premium reserves equal to unexpired risk reserves. The increase or decrease in premium reserves from prior year is recognised in profit or loss.

(1) Unearned premium reserves

Unearned premium reserves are calculated based on direct premium before deducting premium ceded as follows:

Fire, marine, transportation (hull), motor and miscellaneous	- Monthly average basis (the one-twenty fourth basis)
Transportation (cargo), travelling accident with coverage periods of not over six-months	- 100% of premiums as from the effective date of the inforce policies over the insurance coverage period
Bail bond	- 70% of premiums as from the effective date of the inforce policies over the insurance coverage period

Outward unearned premium reserve is calculated based on premium ceded to reinsurers, using the same method applied for direct insurance policies the insurance risk transfer of which is already made throughout the coverage period of insurance policies.

(2) Unexpired risk reserves

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

4.14 Employee benefits

(a) Defined contribution plan

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

(b) Defined benefit plan and other long-term employee benefits

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. In addition, the Company provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans are determined based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income and adjusted directly to retained earnings and those arising from other long-term benefits are recognised immediately in profit and loss.

4.15 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.

4.16 Related party transactions

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

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

4.17 Income taxes

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

(a) Current income taxes

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

(b) Deferred income taxes

Deferred income taxes are provided on temporary differences between the tax bases of assets and liabilities and its 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 and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At the end of each reporting period, the 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 assets to be utilised.

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

4.18 Foreign currencies

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

Transactions in foreign currency are translated into Baht at the exchange rates ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates ruling at the end of reporting periods. Gains and losses on exchange are recorded as revenues or expenses in profit or loss.

4.19 Impairment of assets

(a) Financial assets

The Company recognises expected credit loss on its financial assets measured at amortised cost and financial assets that are debt instruments measured at fair value through other comprehensive income, without requiring a credit-impaired event to have occurred prior to the recognition. The Company accounts for changes in credit risk in stages, with differing methods of determining allowance for expected credit losses.

Losses on impairment of investments in equity instruments and unit trusts classified as available-for-sale securities are recognised immediately in profit or loss when there is objective evidence of impairment, determined on the basis of evidence that indicates the cost of investments may not be recovered and there is a significant or prolonged decline in fair value of investments to below its costs. Losses on impairment (if any) are recorded as expenses in profit or loss.

(b) Non-financial assets

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

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimations 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.

4.20 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 its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case where there is no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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

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

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

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

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

5. Significant accounting judgements and estimates

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

5.1 Classification of reinsurance contracts

In considering whether reinsurance contracts meet the definition of insurance contracts under Thai Financial Reporting Standards, the Company is required to test whether the contracts transfer significant insurance risk to the reinsurers, using an actuarial technique based on assumptions regarding historical claims data and other assumptions. The management is required to exercise judgement in determining these assumptions.

5.2 Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgement to whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

5.3 Allowance for expected credit losses and allowance for impairment on financial assets

The management is required to use judgement in estimating allowance for expected credit losses for financial assets. The Company's calculation of allowance for expected credit losses depends on the criteria used for assessment of a significant increase in credit risk, the risk that collateral value cannot be realised, the probability of debt collection. The use of different estimates and assumptions could affect the amount of the allowance for credit losses and, therefore, the allowance may need to be adjusted in the future.

The Company sets aside allowance for impairment on available-for-sale equity investments, and investments in associates when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires the management judgement.

5.4 Allowances for doubtful accounts and impairment

In determining allowances for doubtful accounts and impairment on premium receivables, reinsurance assets, and reinsurance receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

5.5 Premises and equipment and depreciation

In calculating 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 circumstance changes.

In addition, the management is required to review premises 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 judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

5.6 Intangible assets and allowance for impairment

The initial recognition and measurement of intangible assets, and subsequent impairment testing require management to make estimates of cash flows to be generated by the asset, including the choice of a suitable discount rate used in calculation of the present value for those cash flows.

5.7 Deferred tax assets

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

5.8 Loss reserves

At the end of the reporting periods, the Company has to estimate loss reserves taking into account two parts, which are the claims incurred and reported, and the claims incurred but not yet reported (IBNR), the latter of which require actuarial technique such as the Chain Ladder and Bornheutter-Ferguson methods in estimation of reserves. The main assumptions underlying such techniques relate to historical experience, including the development of claim estimates, losses incurred and paid, average costs per claim and number of claims, etc. However, such estimates are forecasts of future outcomes and actual results could differ.

5.9 Unexpired risk reserves

Unexpired risk reserves are calculated using an actuarial method, based on the best estimate of the claims expected to incur over the remaining coverage period of the insurance contracts. Estimating the reserves requires the management to exercise judgement, with reference to historical data and the best estimate available at the time.

5.10 Leases

The Company as a lessee

Determining the lease term with extension and termination options

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

Estimating the incremental borrowing rate

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

The Company as a lessor

Lease classification

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

5.11 Employee benefit obligations

Employee benefit obligations are determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary incremental rate, mortality rate and staff turnover rate, based on their best knowledge of current events and arrangements.

5.12 Litigation

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

5.13 Fair value of financial instruments

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

6. Cash and cash equivalents

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	31 December 2021	31 December 2020
Cash on hand	2,493	2,787
Deposits at banks with no fixed maturity date	249,306	138,770
Deposits at banks with fixed maturity date	310,000	-
Total	561,799	141,557
Less: Allowance for expected credit losses	(73)	-
Cash and cash equivalents - net	561,726	141,557

As at 31 December 2021 and 2020, deposits at banks carried interests at the rates between 0.13 and 0.45 percent per annum and 0.13 and 0.30 percent per annum, respectively.

7. Premium receivables

As at 31 December 2021 and 2020, the balances of premium receivables from direct insurance were classified by aging from the maturity date under the stipulated law of the premium collection as follows:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	31 December 2021	31 December 2020
Not yet due	2,353,308	2,202,950
Overdue not longer than 30 days	194,378	191,470
Overdue 31 days to 60 days	234,017	119,564
Overdue 61 days to 90 days	54,773	61,118
Overdue 91 days to 1 year	168,068	190,795
Overdue longer than 1 year	43,923	16,245
Total	3,048,467	2,782,142
Less: Allowance for doubtful accounts	(43,923)	(16,245)
Premium receivables - net	3,004,544	2,765,897

For premium receivables due from agents and brokers, the Company has stipulated the collection guidelines in accordance with the Premium Collection Law whereby the Company has taken legal proceedings with agents and brokers on a case by case basis for overdue premiums.

8. Reinsurance assets

(Unit: Thousand Baht)		
	Financial statements in which the equity method is applied and Separate financial statements	
	31 December 2021	31 December 2020
Insurance reserves refundable from reinsurers		
Loss reserves	4,331,992	4,304,602
Unearned premium reserves	3,598,519	3,255,621
Total	7,930,511	7,560,223
Less: Allowance for impairment	(52)	(54)
Reinsurance assets - net	7,930,459	7,560,169

9. Reinsurance receivables

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	31 December 2021	31 December 2020
Amounts deposited on reinsurance	56,147	42,445
Amounts due from reinsurers	575,080	367,902
Total	631,227	410,347
Less: Allowance for doubtful accounts	(2,253)	(21,025)
Receivables on reinsurance contracts - net	628,974	389,322

As at 31 December 2021 and 2020, amounts due from reinsurers were classified by aging as follows:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	31 December 2021	31 December 2020
Not over 12 months	526,263	336,807
Overdue from 1 year to 2 years	40,749	19,946
Overdue longer than 2 years	8,068	11,149
Total	575,080	367,902
Less: Allowance for doubtful accounts	(2,253)	(21,025)
Amounts due from reinsurers - net	572,827	346,877

10. Investments in securities

10.1 Classified by type of investment

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements			
	31 December 2021		31 December 2020	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Available-for-sale investments measured at fair value through other comprehensive income				
Government and state enterprise securities	4,438,484	4,462,888	3,252,226	3,300,520
Private sector debt securities	800,000	745,857	630,817	579,039
Common stocks	6,551,706	29,430,140	6,083,661	25,112,951
Unit trusts	1,721,211	1,829,929	1,652,329	1,704,622
Total	13,511,401	36,468,814	11,619,033	30,697,132
Add: Unrealised gains	23,074,238		19,198,323	
Less: Allowance for impairment	(65,083)		(65,083)	
Less: Allowance for expected credit losses	(51,742)		(55,141)	
Available-for-sale investments measured at fair value through other comprehensive income - net	<u>36,468,814</u>		<u>30,697,132</u>	
Held-to-maturity investments measured at amortised cost				
Deposits at financial institutions which matured over 3 months	10,581,559		13,729,657	
Less: Allowance for expected credit losses	(2,876)		(2,701)	
Held-to-maturity investments measured at amortised cost - net	<u>10,578,683</u>		<u>13,726,956</u>	
Investment in securities - net	<u><u>47,047,497</u></u>		<u><u>44,424,088</u></u>	

10.2 Classified by stage of credit risk

(Unit: Thousand Baht)

Financial statements in which the equity method is applied and Separate financial statements			
31 December 2021		31 December 2020	
	Allowance for expected credit losses recognised in Fair value		Allowance for expected credit losses recognised in Fair value
Available-for-sale investments measured at fair value through other comprehensive income			
Stage 1 - Debt securities without a significant increase of credit risk	5,156,385	(1,341)	3,827,529
Stage 3 - Credit impaired debt securities	52,360	(50,401)	52,030
Total	5,208,745	(51,742)	3,879,559

(Unit: Thousand Baht)

Financial statements in which the equity method is applied and Separate financial statements		
31 December 2021		
	Allowance for expected credit losses recognised in profit or loss	Net carrying value
Held-to-maturity investments measured at amortised cost		
Stage 1 - Debt securities without a significant increase of credit risk	10,581,559	(2,876)
Total	10,581,559	(2,876)

(Unit: Thousand Baht)

Financial statements in which the equity method is applied and Separate financial statements		
31 December 2020		
	Allowance for expected credit losses recognised in profit or loss	Net carrying value
Held-to-maturity investments measured at amortised cost		
Stage 1 - Debt securities without a significant increase of credit risk	13,729,657	(2,701)
Total	13,729,657	(2,701)

10.3 Remaining periods to maturity of debt securities

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements									
	31 December 2021					31 December 2020				
	Period to maturity					Period to maturity				
	Over 5					Over 5				
	1 year	1 - 5 years	years	Unspecified	Total	1 year	1 - 5 years	years	Unspecified	Total
Available-for-sale investments										
measured at fair value through other										
comprehensive income										
Government and state enterprise securities	3,292,823	801,328	344,333	-	4,438,484	2,020,493	1,031,733	200,000	-	3,252,226
Private enterprise debt securities	110,000	465,000	225,000	-	800,000	135,000	400,817	95,000	-	630,817
Unit trusts	-	-	-	347,463	347,463	-	-	-	347,463	347,463
Total	3,402,823	1,266,328	569,333	347,463	5,585,947	2,155,493	1,432,550	295,000	347,463	4,230,506
Add (less): Unrealised gains (losses)	3,038	26,400	(7,435)	22,105	44,108	2,873	32,698	16,086	(18,906)	32,751
Less: Allowance for expected credit losses	(289)	(941)	(50,512)	-	(51,742)	(5,384)	(49,700)	(57)	-	(55,141)
Available-for-sale investments										
measured at fair value through other										
comprehensive income - net	3,405,572	1,291,787	511,386	369,568	5,578,313	2,152,982	1,415,548	311,029	328,557	4,208,116
Held-to-maturity investments measured										
at amortised cost										
Deposits at financial institutions with maturity										
of longer than 3 months	10,501,559	80,000	-	-	10,581,559	13,729,657	-	-	-	13,729,657
Less: Allowance for expected credit losses	(2,857)	(19)	-	-	(2,876)	(2,701)			-	(2,701)
Total held-to-maturity investments										
measured at amortised cost	10,498,702	79,981	-	-	10,578,683	13,726,956	-	-	-	13,726,956

10.4 Fair values of investments in debt instruments

(Unit: Thousand Baht)

Financial statements in which the equity method is applied and Separate financial statements			
31 December 2021			
Pass the SPPI tests		Fail the SPPI tests	
Changes in fair value during the year		Changes in fair value during the year	
Fair value		Fair value	
Available-for-sale investments measured at fair value through other comprehensive income			
Government and state enterprise securities	4,462,888	(23,890)	-
Private enterprise debt securities	745,857	(2,365)	-
Unit trusts	-	-	369,568
Held-to-maturity investments measured at amortised cost			
Deposits at financial institutions with maturity of longer than 3 months	10,578,683	-	-
Total	15,787,428	(26,255)	369,568

(Unit: Thousand Baht)

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

31 December 2020

	Pass the SPPI tests		Fail the SPPI tests	
	Fair value	Changes in fair value during the year	Fair value	Changes in fair value during the year
Available-for-sale investments measured at fair value through other comprehensive income				
Government and state enterprise securities	3,300,520	18,533	-	-
Private enterprise debt securities	579,039	(63,927)	-	-
Unit trusts	-	-	328,557	(34,655)
Held-to-maturity investments measured at amortised cost				
Deposits at financial institutions with maturity of longer than 3 months	13,726,956	-	-	-
Total	17,606,515	(45,394)	328,557	(34,655)

10.5 Revaluation surplus on available-for-sale investments measured at fair value through other comprehensive income

(Unit: Thousand Baht)		
Financial statements in which the equity method is applied and Separate financial statements		
For the year ended 31 December		
	2021	2020
Revaluation surplus on available-for-sale investments measured at fair value through other comprehensive income at beginning of the years	19,198,323	24,200,739
Revaluation during the years	4,190,316	(4,953,609)
Gains on sales of available-for-sale investments measured at fair value through other comprehensive income transferred to be recognised in profit or loss	(314,401)	(48,807)
Revaluation surplus on available-for-sale investments measured at fair value through other comprehensive income at end of the years	23,074,238	19,198,323
Less: Income taxes	(4,614,848)	(3,839,665)
Revaluation surplus on available-for-sale investments measured at fair value through other comprehensive income at end of the years - net of income taxes	18,459,390	15,358,658

10.6 Investments subject to restriction and commitment

As at 31 December 2021 and 2020, the Company placed certain assets as securities and insurance reserves with the Registrar in accordance with the Non-life Insurance Act and placed with the bank to secure bank overdraft facilities and others as required in the normal course of business of the Company as described below.

(Unit: Million Baht)

	Financial statements in which the equity method is applied and Separate financial statements			
	31 December 2021		31 December 2020	
	Cost	Fair value	Cost	Fair value
Placed as securities				
Government bonds	14.0	14.1	14.0	14.3
Placed as insurance reserves				
Ordinary shares	35.2	116.1	35.2	113.7
Government bonds	1,270.0	1,294.5	1,240.0	1,286.9
Debentures	240.0	244.3	210.0	212.5
	1,545.2	1,654.9	1,485.2	1,613.1
Placed to secure bank overdraft facilities				
Deposits at financial institutions	30.0	30.0	30.0	30.0
Placed as performance bonds				
Government and state enterprise bonds	0.6	0.6	-	-
Placed to secure bank guarantees				
Deposits at financial institutions	20.0	20.0	20.0	20.0

11. Loans and interest receivables

As at 31 December 2021 and 2020, the balances of loans and interest receivables, classified by stage of credit risk, were as follows:

(Unit: Thousand Baht)			
Financial statements in which the equity method is applied and Separate financial statements			
31 December 2021			
Classification	Mortgaged loans	Others	Total
Stage 1 - Loans without a significant increase of credit risk	1,277,190	7,694	1,284,884
Stage 2 - Loans with significant increases of credit risk	2,239	-	2,239
Stage 3 - Credit impairment loans	169,435	-	169,435
Total	1,448,864	7,694	1,456,558
Less: Allowance for expected credit losses	(56,436)	-	(56,436)
Loans and interest receivables - net	1,392,428	7,694	1,400,122

(Unit: Thousand Baht)			
Financial statements in which the equity method is applied and Separate financial statements			
31 December 2020			
Classification	Mortgaged loans	Others	Total
Stage 1 - Loans without a significant increase of credit risk	1,344,386	8,305	1,352,691
Stage 2 - Loans with significant increases of credit risk	17,942	-	17,942
Stage 3 - Credit impairment loans	155,043	-	155,043
Total	1,517,371	8,305	1,525,676
Less: Allowance for expected credit losses	(49,257)	-	(49,257)
Loans and interest receivables - net	1,468,114	8,305	1,476,419

Credit limits granted to each employee under the Company's employee welfare plan shall not exceeding 30 times of employee's salary and Baht 1,000,000 for personal guarantee loans with interest being charged at the rate of 3.0% per annum, and not exceed 60 times of employee's salary and Baht 5,000,000 for mortgaged loans with interest being charged at the rate of 2.5% per annum.

As at 31 December 2021 and 2020, the balances of employee loans were Baht 161.3 million and Baht 153.9 million, respectively.

12. Investment properties

As at 31 December 2021 and 2020, the investment properties were presented below.

	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	31 December 2021	31 December 2020
Cost	533,653	533,653
Less: Accumulated depreciation	(432,953)	(415,723)
Net book value	100,700	117,930

Reconciliations of the net book value of investment properties for the years ended 31 December 2021 and 2020 were presented below.

	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2021	2020
Net book value at beginning of the years	117,930	135,207
Depreciation charged for the years	(17,230)	(17,277)
Net book value at end of the years	100,700	117,930

The fair values of the investment properties as at 31 December 2021 and 2020 were stated as below:

	(Unit: Million Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	<u>31 December 2021</u>	<u>31 December 2020</u>
Office building for rent	192.4	225.8

The fair values of the investment properties were appraised by an independent valuer using the income approach. The key assumptions used in such appraisal are yield rate, inflation rate, long-term vacancy rate and long-term growth rate in rental fee, etc.

Revenues and expenses related to investment properties were recognised in profit or loss as below:

	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	<u>For the year ended 31 December</u>	
	<u>2021</u>	<u>2020</u>
Rental income	<u>152,035</u>	<u>153,480</u>
Operating expenses directly related to generated rental income	<u>89,518</u>	<u>85,579</u>
Total expenses	<u>89,518</u>	<u>85,579</u>

13. Investments in associates

13.1 Details of associates

Company's name	Nature of business	Country of incorporation	Paid-up share capital as at		Shareholding	
			31 December	31 December	31 December	31 December
			2021	2020	2021	2020
			(USD)	(USD)	(%)	(%)
Asia Insurance (Cambodia) Plc.	Non-life insurance	Cambodia	7,000,000	7,000,000	22.92	22.92
Asian Insurance International (Holding) Limited	Holding company	Bermuda	5,740,000	5,740,000	41.70	41.70
Bangkok Insurance (Lao) Company Limited	Non-life insurance	Lao	2,000,000	2,000,000	38.00	38.00

(Unit: Thousand Baht)

Company's name	Financial statements in which the equity method is applied		Separate financial statements	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Asia Insurance (Cambodia) Plc.	114,703	103,875	30,202	30,202
Asian Insurance International (Holding) Limited	135,391	135,923	72,054	72,054
Bangkok Insurance (Lao) Company Limited	31,087	29,113	27,140	27,140
Total	281,181	268,911	129,396	129,396

13.2 Shares of profits, other comprehensive income (loss), and dividends income

(Unit: Thousand Baht)

Company's name	Financial statements in which the equity method is applied				Separate financial statements	
	Share of profits		Share of other comprehensive incomes (loss) from investments in		Dividend received	
	from investments in associates		associates			
	For the years ended 31 December		For the years ended 31 December		For the years ended 31 December	
	2021	2020	2021	2020	2021	2020
Asia Insurance (Cambodia) Plc.	10,828	10,835	-	-	-	-
Asian Insurance International (Holding) Limited	7,625	7,107	(1,868)	1,750	6,289	-
Bangkok Insurance (Lao) Company Limited	1,974	2,848	-	-	-	-
Total	20,427	20,790	(1,868)	1,750	6,289	-

13.3 Financial information of associates

Summarised information from statements of financial position

(Unit: Million Baht)						
	Asia Insurance (Cambodia) Plc.		Asian Insurance International (Holding) Limited		Bangkok Insurance (Lao) Company Limited	
	31 December	31 December	31 December	31 December	31 December	31 December
	2021	2020	2021	2020	2021	2020
Total assets	812.9	715.7	294.4	273.7	538.7	462.3
Total liabilities	(291.3)	(291.2)	-	-	(468.9)	(402.6)
Net assets	521.6	424.5	294.4	273.7	69.8	59.7
Shareholding percentage (%)	22.9	22.9	41.7	41.7	38.0	38.0
Shares of net assets of the associates	119.6	97.3	122.7	114.2	26.5	22.7
Carrying values based on the equity method	114.7	103.9	135.4	135.9	31.1	29.1

Summarised information from statements of comprehensive income

(Unit: Million Baht)						
	Asia Insurance (Cambodia) Plc.		Asian Insurance International (Holding) Limited		Bangkok Insurance (Lao) Company Limited	
	For the years ended 31 December		For the years ended 31 December		For the years ended 31 December	
	2021	2020	2021	2020	2021	2020
Revenues	107.5	107.6	9.3	10.1	34.3	33.9
Net profits	41.5	45.1	7.5	8.9	5.0	9.4
Other comprehensive income (loss) for the years	-	-	(4.5)	4.2	-	-
Total comprehensive income for the years	41.5	45.1	3.0	13.1	5.0	9.4

As at 31 December 2021 and 2020, the Company recorded investment in associates under the equity method (in the financial statements in which the equity method is applied) based on financial information prepared by the associates' management, which were unaudited by their auditors.

14. Premises and equipment

(Unit: Thousand Baht)

Financial statements in which the equity method is applied and Separate financial statements							
	Land	Buildings	Condominium units	Furniture, fixture and office equipment	Vehicles	Assets under installment	Total
Cost							
1 January 2020	222,737	833,958	8,751	1,894,390	38,057	63,152	3,061,045
Additions	-	-	-	29,452	7,762	15,498	52,712
Transfers in (out)	28	-	(28)	45,106	-	(45,106)	-
Disposals	-	-	-	(471)	(15,260)	-	(15,731)
31 December 2020	-	833,958	8,723	1,968,477	30,559	33,544	3,098,026
Additions	-	-	-	40,060	674	17,350	58,084
Transfers in (out)	-	-	-	32,749	-	(32,749)	-
Disposals	(1,606)	(884)	-	(97)	(742)	-	(3,329)
31 December 2021	221,159	833,074	8,723	2,041,189	30,491	18,145	3,152,781
Accumulated depreciation							
1 January 2020	-	613,832	8,721	1,711,938	23,368	-	2,357,859
Depreciation for the year	-	26,003	-	109,507	5,186	-	140,696
Accumulated depreciation on disposals	-	-	-	(471)	(15,003)	-	(15,474)
31 December 2020	-	639,835	8,721	1,820,974	13,551	-	2,483,081
Depreciation for the year	-	25,932	-	81,165	4,663	-	111,760
Accumulated depreciation on disposals	-	(594)	-	(89)	(661)	-	(1,344)
31 December 2021	-	665,173	8,721	1,902,050	17,553	-	2,593,497
Net book value							
31 December 2020	222,765	194,123	2	147,503	17,008	33,544	614,945
31 December 2021	221,159	167,901	2	139,139	12,938	18,145	559,284
Depreciation for the years:							
2020							140,696
2021							111,760

As at 31 December 2021 and 2020, certain buildings and equipment items were fully depreciated but are still in use. The original cost before deducting accumulated depreciation of those assets amounted to Baht 1,863.4 million and Baht 1,681.4 million, respectively.

15. Leases

The Company has lease contracts for various items of land, building, office equipment and vehicles used in its operations. Leases generally have lease terms between 3 to 33 years.

15.1 Right-of-use assets

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements				
	Land	Buildings	Office equipment	Vehicles	Total
1 January 2020	844,090	23,007	-	37,527	904,624
New leases during the year	-	1,859	-	35,021	36,880
Depreciation for the year	(22,311)	(11,619)	-	(21,013)	(54,943)
31 December 2020	821,779	13,247	-	51,535	886,561
New leases during the year	-	31,771	15,571	25,841	73,183
Depreciation for the year	(22,310)	(12,105)	(3,633)	(20,432)	(58,480)
31 December 2021	799,469	32,913	11,938	56,944	901,264

15.2 Lease liabilities

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements				
	Land	Buildings	Office equipment	Vehicles	Total
1 January 2020	705,588	17,233	36	40,024	762,881
New leases during the year	-	1,859	-	35,231	37,090
Financial costs recognised during the year	35,892	681	-	2,768	39,341
Leases paid during the year	(24,846)	(11,438)	(36)	(24,143)	(60,463)
31 December 2020	716,634	8,335	-	53,880	778,849
New leases during the year	-	31,771	15,571	25,841	73,183
Financial costs recognised during the year	36,457	710	743	2,927	40,837
Leases paid during the year	(24,846)	(12,000)	(6,900)	(23,369)	(67,115)
31 December 2021	728,245	28,816	9,414	59,279	825,754

(Unit: Million Baht)

Financial statements in which the equity method is applied and Separate financial statements								
	31 December 2021				31 December 2020			
	Within	1 - 5	Over	Total	within	1 - 5	Over	Total
	1 year	years	5 years		1 year	years	5 years	
Future minimum								
lease payments	62	189	1,565	1,816	53	151	1,598	1,802
Deferred interest								
expenses	(41)	(158)	(791)	(990)	(39)	(154)	(830)	(1,023)
Present value of								
future minimum								
lease payments	21	31	774	826	14	(3)	768	779

15.3 Expenses relating to leases recognised in profit or loss

(Unit: Thousand Baht)

Financial statements in which the equity method is applied and Separate financial statements		
	31 December 2021	31 December 2020
Depreciation expenses of right-of-use		
assets	58,361	54,844
Interest expense on lease liabilities	40,831	39,336
Expenses relating to short-term leases	-	49
Loss from the differences of reduction in		
lease payments	-	1
Total	99,192	94,230

The Company had total cash outflows of Baht 67.1 Million and Baht 60.4 million for leases for the year ended 31 December 2021 and 2020.

15.4 Leases of the Company as a lessor

As at 31 December 2021 and 2020, the Company has entered into operating leases for its investment property of the lease terms are between 2 and 3 years with future minimum rentals receivable under non-cancellable operating leases as follows:

	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	31 December 2021	31 December 2020
Within 1 year	90,523	91,134
Over 1 year and up to 5 years	122,872	179,421
Total	213,395	270,555

16. Intangible assets

	(Unit: Thousand Baht)		
	Financial statements in which the equity method is applied and Separate financial statements		
	Computer softwares	Computer softwares under development	Total
Cost			
1 January 2020	563,365	5,525	568,890
Addition	4,201	15,589	19,790
31 December 2020	567,566	21,114	588,680
Addition	-	87,446	87,446
31 December 2021	567,566	108,560	676,126
Accumulated amortisation			
1 January 2020	452,511	-	452,511
Amortisation for the year	34,493	-	34,493
31 December 2020	487,004	-	487,004
Amortisation for the year	28,252	-	28,252
31 December 2021	515,256	-	515,256
Net book value			
31 December 2020	80,562	21,114	101,676
31 December 2021	52,310	108,560	160,870
Amortisation for the years			
2020			34,493
2021			28,252

As at 31 December 2021 and 2020, certain computer softwares were fully amortised but are still in use. The original cost before deducting accumulated amortisation of those assets amounted to Baht 344.0 million and Baht 316.2 million, respectively.

17. Insurance contract liabilities

	(Unit: Thousand Baht)		
	Financial statements in which the equity method is applied and Separate financial statements		
	31 December 2021		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Loss reserves			
Claims incurred and reported	7,078,559	(4,277,373)	2,801,186
Claims incurred but not reported	610,421	(54,567)	555,854
Premium reserves			
Unearned premium reserves	10,991,939	(3,598,519)	7,393,420
Total	18,680,919	(7,930,459)	10,750,460

	(Unit: Thousand Baht)		
	Financial statements in which the equity method is applied and Separate financial statements		
	31 December 2020		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Loss reserves			
Claims incurred and reported	7,138,869	(4,204,314)	2,934,555
Claims incurred but not reported	572,929	(100,234)	472,695
Premium reserves			
Unearned premium reserves	10,310,716	(3,255,621)	7,055,095
Total	18,022,514	(7,560,169)	10,462,345

The Company entered into reinsurance agreements in order to mitigate insurance risk. Although positions are managed on a net basis by management. However, insurance contract liabilities disclosures have been made on both gross and net basis.

17.1 Loss reserves

	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2021	2020
Beginning balances	7,711,798	5,631,159
Claims incurred during the years	13,511,707	11,470,643
Changes in loss reserves of claims incurred in prior years	584,095	871,648
Changes in assumptions in calculating loss reserves	(28,105)	50,801
Claims and loss adjustment expenses paid during the years	(14,090,515)	(10,312,453)
Ending balances	7,688,980	7,711,798

As at 31 December 2021 and 2020, the Company, which is a reinsurer under the reinsurance contracts, had loss reserves under such contracts totaling Baht 380.0 million and Baht 287.6 million, respectively.

17.2 Claim development table

(a) Gross claims table

(Unit: Million Baht)

Accident year /Reporting year	Prior to 2012	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
Loss reserves:												
- as at accident year		8,244	5,097	6,854	7,101	7,157	8,454	8,256	9,431	11,471	13,512	
- Next one year		9,127	5,562	7,359	7,382	7,407	8,004	8,239	9,687	11,024		
- Next two years		8,584	5,928	6,846	6,947	7,295	7,564	8,113	9,528			
- Next three years		8,397	5,709	6,693	6,949	7,130	7,501	8,142				
- Next four years		8,334	5,672	6,655	6,870	7,099	7,535					
- Next five years		8,259	5,685	6,631	6,857	7,076						
- Next six years		8,235	5,682	6,632	6,853							
- Next seven years		8,234	5,680	6,630								
- Next eight years		8,233	5,684									
- Next nine years		8,186										
Cumulative ultimate claim		8,186	5,684	6,630	6,853	7,076	7,535	8,142	9,529	10,999	13,992	
Cumulative payments		(8,184)	(5,648)	(6,597)	(6,756)	(7,041)	(7,302)	(7,871)	(9,247)	(9,324)	(9,809)	
Total	308	2	36	33	97	35	233	271	282	1,675	4,183	7,155
Inward treaty												418
Unallocated loss adjustment expenses												116
Gross loss reserves												7,689

(b) Net claims table

(Unit: Million Baht)

Accident year /Reporting year	Prior to 2012	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
Loss reserves:												
- as at accident year		3,554	4,251	5,082	5,414	5,415	5,724	5,491	6,972	7,721	10,436	
- Next one year		3,784	4,521	5,267	5,720	5,549	5,736	5,403	7,163	7,607		
- Next two years		3,712	4,500	5,119	5,390	5,275	5,554	5,406	7,053			
- Next three years		3,701	4,283	4,984	5,383	5,272	5,547	5,402				
- Next four years		3,566	4,261	4,979	5,363	5,267	5,542					
- Next five years		3,546	4,262	4,982	5,358	5,252						
- Next six years		3,546	4,261	4,982	5,356							
- Next seven years		3,556	4,260	4,979								
- Next eight years		3,555	4,260									
- Next nine years		3,555										
Cumulative ultimate claim		3,555	4,260	4,979	5,356	5,252	5,542	5,402	7,055	7,613	10,830	
Cumulative payments		(3,554)	(4,258)	(4,975)	(5,350)	(5,239)	(5,527)	(5,371)	(6,989)	(7,258)	(8,347)	
Total	(153)	1	2	4	6	13	15	31	66	355	2,483	2,823
Inward treaty												418
Unallocated loss adjustment expenses												116
Net loss reserves												3,357

17.3 Assumptions

Assumptions used in measurement of assets, liabilities, revenues, and expenses incurred on insurance contracts are summarised below;

(a) Assumptions of claim experiences

At the end of the reporting periods, the Company estimates loss reserves using historical experience and actuarial technique, which is a standard that is generally accepted. In estimation of loss reserves, they are classified as gross (before reinsurance) and net (after reinsurance) reserves, by accident year, and duration of claim development. The Company uses the higher value between those determined from the Payment Method and the Incurred Method but excluding disaster losses. However, in calculation using the above-mentioned data, the management is required to exercise judgement to exclude all large claims in order to eliminate the fluctuations in loss development factor but include certain relevant large claims on a case-by-case basis where appropriate.

(b) Assumptions of related expenses

The Company estimates the unallocated loss adjustment expenses (ULAE) based on Claim Department's incurred expenses, for example, salaries, employee benefits, and technology costs, which is set as a ratio of ULAE to claims paid.

17.4 Unearned premium reserves

	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2021	2020
Beginning balances	10,310,716	9,978,382
Premium written during the years	24,510,990	22,858,220
Premium earned during the years	(23,829,767)	(22,525,886)
Ending balances	10,991,939	10,310,716

18. Due to reinsurers

	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	31 December 2021	31 December 2020
Amounts withheld on reinsurance	1,488,153	1,509,258
Amounts due to reinsurers	1,700,238	1,228,194
Due to reinsurers	<u>3,188,391</u>	<u>2,737,452</u>

19. Employee benefit obligations

Changes in employee benefit obligations, which were compensations on employee retirement, for the years ended 31 December 2021 and 2020 were as follows:

	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2021	2020
Employee benefit obligations at beginning of the years	777,203	710,875
Included in profit or loss:		
Current service costs	65,750	64,894
Interest costs	16,321	10,663
Included in other comprehensive income or loss:		
Actuarial (gains) losses arising from:		
- Demographic assumptions changes	2,997	11,266
- Financial assumption changes	(60,779)	19,231
- Experience adjustments	28,470	5,184
Benefits paid during the years	<u>(39,816)</u>	<u>(44,910)</u>
Employee benefit obligations at end of the years	<u>790,146</u>	<u>777,203</u>

As at 31 December 2021 and 2020, the Company expected to pay long-term employee benefits of Baht 19.7 million and Baht 29.8 million, respectively, over the next 1-year period.

As at 31 December 2021 and 2020, the weighted average durations of the liabilities on long-term employee benefits were 12.6 years and 12.9 years, respectively.

The key assumptions used for actuarial calculation on the valuation dates were summarised below:

	Financial statements in which the equity method is applied and Separate financial statements	
	31 December 2021	31 December 2020
	(%)	(%)
Discount rate	2.1	1.5
Future salary incremental rate	6.0	6.0
Employee turnover rates (depending on age)	1.3 - 17.0	1.4 - 18.0

The results of sensitivity analysis based on key assumptions were summarised below:

	(Unit: Million Baht)			
	Financial statements in which the equity method is applied and Separate financial statements			
	Increase (decrease) in employee benefit obligations as at 31 December 2021		Increase (decrease) in employee benefit obligations as at 31 December 2020	
	+ 1 %	- 1 %	+ 1 %	- 1 %
Discount rate	(88.1)	105.1	(89.6)	107.5
Future salary incremental rate	94.3	(80.9)	97.5	(83.5)
Employee turnover rates	(36.2)	40.6	(37.6)	42.3

20. Deferred tax liabilities and income tax expenses

20.1 Deferred tax liabilities

As at 31 December 2021 and 2020, the components of deferred tax assets and liabilities consisted of tax effects arising from the following transactions.

	Financial statements in which the equity method is applied		(Unit: Thousand Baht) Changes in deferred tax assets or liabilities	
	31 December	31 December	For the years ended 31 December	
	2021	2020	2021	2020
Deferred tax assets arose from:				
Allowance for expected credit losses	22,385	21,528	857	21,528
Allowance for impairment on investments	13,017	13,017	-	(1,940)
Premium reserves	232,679	226,271	6,408	(36,260)
Loss reserves of claims incurred and reported	395,068	388,778	6,290	34,861
Loss reserves of claims incurred but not yet reported	111,171	94,539	16,632	35,413
Lease liabilities	165,151	155,770	9,381	155,770
Employee benefit obligations	158,029	155,440	2,589	13,266
Others	11,004	4,998	6,006	(6,370)
Total	1,108,504	1,060,341		
Deferred tax liabilities arose from:				
Gains on revaluation of available-for-sale investments	4,614,848	3,839,665	(775,183)	457,776
Right-of-use assets	180,253	177,312	(2,941)	(177,312)
Shares of profits from investments in associates	30,357	27,903	(2,454)	(4,508)
Total	4,825,458	4,044,880		
Deferred tax liabilities	3,716,954	2,984,539		
Total changes			(732,415)	492,224
Changes were recognised in:				
- Retained earnings at beginning of the years			-	9,204
- Other components of equity at beginning of the years			-	(542,707)
- Profit or loss			48,257	18,458
- Other comprehensive income			(780,672)	1,007,269
			(732,415)	492,224

(Unit: Thousand Baht)

	Separate financial statements		Changes in deferred tax assets or liabilities	
	31 December	31 December	For the years ended 31 December	
	2021	2020	2021	2020
Deferred tax assets arose from:				
Allowance for expected credit losses	22,385	21,528	857	21,528
Allowance for impairment on investments	13,017	13,017	-	(1,940)
Premium reserves	232,679	226,271	6,408	36,260
Loss reserves of claims incurred and reported	395,068	388,778	6,290	34,861
Loss reserves of claims incurred but not yet reported	111,171	94,539	16,632	35,413
Lease liabilities	165,151	155,770	9,381	155,770
Provision for long-term employee benefits	158,029	155,440	2,589	13,266
Others	11,004	4,998	6,006	(6,370)
Total	1,108,504	1,060,341		
Deferred tax liabilities arose from:				
Gains on revaluation of available-for-sale investments	4,614,848	3,839,665	(775,183)	457,776
Right-of-use assets	180,253	177,312	(2,941)	(177,312)
Total	4,795,101	4,016,977		
Deferred tax liabilities	3,686,597	2,956,636		
Total changes			(729,961)	496,732
Changes were recognised in:				
- Retained earnings at beginning of the years			-	9,204
- Other components of equity at beginning of the years			-	(542,707)
- Profit or loss			51,084	22,616
- Other comprehensive income			(781,045)	1,007,619
			(729,961)	496,732

20.2 Income tax expenses

Income tax expenses for the years ended 31 December 2021 and 2020 were made up as follows:

(Unit: Thousand Baht)				
	Financial statements in which the equity method is applied		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2021	2020	2021	2020
Current income taxes:				
Corporate income tax charge	(107,236)	(522,945)	(107,236)	(522,945)
Deferred income taxes:				
Deferred income taxes relating to origination and reversal of temporary differences	48,257	18,458	51,084	22,616
Income tax expenses reported in profit or loss	<u>(58,979)</u>	<u>(504,487)</u>	<u>(56,152)</u>	<u>(500,329)</u>

Reconciliations between income tax expenses and the product of accounting profits for the years ended 31 December 2021 and 2020 and the applicable tax rate were as follows:

(Unit: Thousand Baht)				
	Financial statements in which the equity method is applied		Separate financial Statements	
	For the years ended 31 December		For the years ended 31 December	
	2021	2020	2021	2020
Accounting profits before income tax expenses	1,114,861	3,210,083	1,100,722	3,189,294
Applicable tax rate	20%	20%	20%	20%
Income taxes at the applicable tax rate	(222,972)	(642,017)	(220,145)	(637,859)
Adjustment in respect of current income taxes of prior year	3	(30)	3	(30)
Net tax effect on tax-exempted revenues and non tax-deductible expenses	163,990	137,560	163,990	137,560
Income tax expenses reported in profit or loss	<u>(58,979)</u>	<u>(504,487)</u>	<u>(56,152)</u>	<u>(500,329)</u>

21. Share capital

As at 31 December 2021 and 2020, the Company's registered, issue and paid-up share capital consisted of 106,470,000 ordinary shares with a par value of Baht 10 each.

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.

23. Segment information/major customers

23.1 Segment information reporting

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the Chief Operating Decision Maker in order to make decisions about the allocation of resources to the segment and assess its performance. The Chief Operating Decision Maker has been identified as Chairman.

For management purposes, the Company is organised into business units based on its products, which consisted of Fire, Marine and transportation, Motor, and Miscellaneous.

The Chief Operating Decision Maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss, total assets and total liabilities and on a basis consistent with that used to measure operating profit or loss, total assets and total liabilities in the financial statements.

The following table presented the Company's operating segment assets and liabilities as at 31 December 2021 and 2020.

(Unit: Thousand Baht)						
Financial statements in which the equity method is applied						
	Fire	Marine and transportation	Motor	Miscellaneous	Total segments	Unallocated
Assets						
As at 31 December 2021	626,610	178,108	1,168,254	9,228,894	11,201,866	52,297,983
As at 31 December 2020	482,420	189,891	1,083,228	8,769,581	10,525,120	48,978,669
Liabilities						
As at 31 December 2021	3,139,366	316,869	6,503,782	13,196,962	23,156,979	7,524,770
As at 31 December 2020	2,918,068	322,660	6,995,641	12,082,322	22,318,691	6,842,051

(Unit: Thousand Baht)

Financial statements in which equity method is applied					
For the year ended 31 December 2021					
	Fire	Marine and transportation	Motor	Miscellaneous	Total
Underwriting revenues					
Gross premium written	1,724,310	782,473	9,317,741	12,686,466	24,510,990
Less: Premium ceded to reinsurers	(570,258)	(521,022)	(380,564)	(7,464,080)	(8,935,924)
Net premium written	1,154,052	261,451	8,937,177	5,222,386	15,575,066
Less: Unearned premium reserves increased from prior year	(103,287)	(7,030)	(71,726)	(156,282)	(338,325)
Earned premium	1,050,765	254,421	8,865,451	5,066,104	15,236,741
Commission and brokerage fee income	205,462	97,153	115,379	1,199,509	1,617,503
Total underwriting income	1,256,227	351,574	8,980,830	6,265,613	16,854,244
Underwriting expenses					
Net claims	456,799	58,078	4,664,999	5,800,436	10,980,312
Commission and brokerage expenses	343,819	58,041	1,416,937	1,213,642	3,032,439
Other underwriting expenses	252,874	76,961	885,711	979,991	2,195,537
Total underwriting expenses	1,053,492	193,080	6,967,647	7,994,069	16,208,288
Profit (loss) from underwriting	202,735	158,494	2,013,183	(1,728,456)	645,956
Investment revenue					1,052,973
Gains on investments					313,908
Shares of profits from investments in associates					20,427
Other income					204,249
Operating expenses					(988,510)
Investment expenses					(89,027)
Finance costs					(40,831)
Expected credit losses					(4,284)
Profit before income tax expenses					1,114,861
Less: Income tax expenses					(58,979)
Net profit					1,055,882

(Unit: Thousand Baht)

Financial statements in which equity method is applied					
For the year ended 31 December 2020					
	Fire	Marine and transportation	Motor	Miscellaneous	Total
Underwriting revenues					
Gross premium written	1,557,903	612,219	9,333,935	11,354,163	22,858,220
Less: Premium ceded to reinsurers	(557,860)	(374,731)	(304,039)	(6,812,235)	(8,048,865)
Net premium written	1,000,043	237,488	9,029,896	4,541,928	14,809,355
Add: Unearned premium reserves decreased from prior year	20,095	6,468	7,019	1,799	35,381
Earned premium	1,020,138	243,956	9,036,915	4,543,727	14,844,736
Commission and brokerage fee income	267,563	75,999	91,928	1,205,511	1,641,001
Total underwriting income	1,287,701	319,955	9,128,843	5,749,238	16,485,737
Underwriting expenses					
Net claims	261,234	60,094	5,974,178	2,076,466	8,371,972
Commission and brokerage expenses	298,480	47,213	1,422,287	1,097,254	2,865,234
Other underwriting expenses	261,931	88,858	1,007,238	1,017,394	2,375,421
Total underwriting expenses	821,645	196,165	8,403,703	4,191,114	13,612,627
Profit from underwriting	466,056	123,790	725,140	1,558,124	2,873,110
Investment revenue					1,127,222
Gains on investments					185,241
Shares of profits from investments in associates					20,790
Other income					174,083
Operating expenses					(984,279)
Investment expenses					(86,426)
Finance costs					(39,337)
Expected credit losses					(60,321)
Profit before income tax expenses					3,210,083
Less: Income tax expenses					(504,487)
Net profit					2,705,596

23.2 Geographic information

The Company operates in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

23.3 Major customers

In 2021 and 2020, the Company had gross premium written from one major customer amounting to Baht 2,614.3 million and Baht 2,495.0 million, respectively.

24. Operating expenses

	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2021	2020
Personnel expenses	547,775	532,552
Premises and equipment expenses	229,708	261,382
Taxes and duties	741	913
Bad debts and doubtful accounts	6,541	1,918
Other operating expenses	203,745	187,514
Total	988,510	984,279

25. Expected credit losses

	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2021	2020
Expected credit losses increased (decreased) during the year:		
Cash and cash equivalents	73	-
Accrued investment income	255	530
Investments in securities	(3,223)	54,083
Loans and interest receivables	7,179	5,708
Total	4,284	60,321

26. Expenses by nature

	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2021	2020
Net claims	10,508,493	7,913,705
Commissions and brokerage expenses	3,032,439	2,865,234
Other underwriting expenses	717,581	795,710
Personnel expenses	1,491,445	1,450,378
Premises and equipment expenses	569,576	609,297
Other operating expenses	965,163	1,047,785
Investment expenses	1,128	1,223
Finance costs	40,831	39,337
Expected credit losses	4,284	60,321
Total	17,330,940	14,782,990

27. Provident fund

The Company and its employees jointly established a provident fund under the Provident Fund Act B.E. 2530. The fund is contributed are made monthly by the employees at rates ranging from 5% to 15% and contributed to by the Company at rates ranging from 5% to 12% of the employees' basic salaries, based on the length or position level of employment in which criteria that provide more useful to employee. The fund is managed by a fund manager which has been approved by the Ministry of Finance. During the years ended 31 December 2021 and 2020, the Company recognised the contributed Baht 92.7 million and Baht 83.4 million, respectively, to the fund.

28. Earnings per share

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

29. Dividends paid

Dividends declared during the years 2021 and 2020 were as follow:

	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
The 3 rd interim dividend for 2021	Meeting No 6/21 of Board of Directors on 12 November 2021	319.41	3.00
The 2 nd interim dividend for 2021	Meeting No. 5/21 of Board of Directors on 10 September 2021	372.64	3.50
The 1 st interim dividend for 2021	Meeting No. 3/21 of Board of Directors on 14 May 2021	372.64	3.50
Annual dividend for 2020	The 28 th Annual General Meeting of the shareholders on 23 April 2021	638.83	6.00
Total dividends for the year 2021		1,703.52	16.00

	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
The 3 rd interim dividend for 2020	Meeting No.5/20 of Board of Directors on 13 November 2020	319.41	3.00
The 2 nd interim dividend for 2020	Meeting No. 4/20 of Board of Directors on 14 August 2020	319.41	3.00
The 1 st interim dividend for 2020	Meeting No. 3/20 of Board of Directors on 15 May 2020	319.41	3.00
The 4 rd interim dividend for 2019	Meeting No. 2/20 of Board of Directors on 13 April 2020	532.35	5.00
Total dividends for the year 2020		1,490.58	14.00

30. Related party transactions

30.1 Nature of relationship

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

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

Name of related parties	Type of business	Relationship with the Company
Asia Insurance (Cambodia) Plc.	Non-life insurance	Associate
Asian Insurance International (Holding) Limited	Holding company	Associate
Bangkok Insurance (Lao) Company Limited	Non-life insurance	Associate
Bangkok Bank Pcl.	Banking	Related by way of having common directors and shareholding
Bangkok Aviation Fuel Services Pcl.	Energy and Utilities	Related by way of having common directors and shareholding
Asia Plus Group Holdings Pcl.	Securities	Related by way of having common directors and shareholding
Fuel Pipeline Transportation Co., Ltd.	Energy and Utilities	Related by way of having common directors and shareholding
Thai Indo Kordsa Co., Ltd. ⁽¹⁾	Manufacture of Textiles	Related by way of having common directors and shareholding
Bangkok Life Assurance Pcl.	Life insurance	Related by way of having common directors and shareholding
Thai Orix Leasing Co., Ltd.	Finance	Related by way of having common directors and shareholding
Asia Insurance (Investments) Limited ⁽²⁾	Holding company	Related by way of having common directors and shareholding
Thai Reinsurance Pcl.	Insurance	Related by way of having common directors and shareholding
Charoong Thai Wire and Cable Pcl.	Industrial materials and Machine	Related by way of having common directors and shareholding
Fine Metal Technologies Pcl.	Industrial materials and Machine	Related by way of having common directors and shareholding
Bumrungrad Hospital Pcl.	Health care services	Related by way of having common directors and shareholding
Bangkok Glass Pcl.	Packaging	Related by way of having common directors and shareholding
Sorachai Vivatn Co., Ltd.	Property development	Related by way of having common directors and shareholding
Bangpa-in golf Co., Ltd.	Entertainment and Leisure	Related by way of having common directors and shareholding
Thai Metal Processing Co., Ltd.	Electronic parts	Related by way of having common directors and shareholding
Asia Sermkij Co., Ltd.	Finance	Related by way of having common directors and shareholding
AIOI Bangkok Insurance Pcl.	Non-life insurance	Related by way of shareholding
Bualuang Securities Pcl.	Securities	Subsidiary of the major shareholder of the Company

⁽¹⁾ This entity has been ceased a related party since 18 February 2021, which was the date when there was no common directors.

⁽²⁾ This entity has been ceased a related party since 19 July 2021, which was the date when such company dissolved.

30.2 Significant related party transactions

During the years ended 31 December 2021 and 2020, the Company had significant business transactions with its related parties. Such transactions, which have been concluded on commercial terms and bases agreed upon in the ordinary course business between the Company and those parties were as follows:

(Unit: Thousand Baht)

	For the years ended		
	31 December		
	2021	2020	Pricing policy
<u>Transactions with associates and related companies</u>			
<i>Revenues</i>			
Premium written	730,799	674,871	Normal commercial terms for underwriting
Fee and commission income	249,291	221,699	Normal commercial terms for reinsurance depending on type of insurance and reinsurance contracts
Interest income ⁽¹⁾	56,692	74,446	Similar rates those related party financial institutions and companies offered to their general customers
Dividend income ⁽¹⁾	551,944	583,749	The declared amount
Rental income ⁽²⁾	8,247	5,101	Same rates the Company offered to its general customers
<i>Expenses</i>			
Premium ceded to reinsurers	772,549	681,244	Normal commercial terms for reinsurance depending on types of insurance and reinsurance contracts
Net claims	(371,652)	(230,722)	As actually incurred
Commissions and brokerages	87,108	74,426	Normal commercial terms for underwriting
Fee for trading securities ⁽³⁾	1,056	1,094	Similar rates those related companies offered to their general customers
<i>Owner's equity</i>			
Dividend paid	223,637	196,580	The declared amount

⁽¹⁾ Presented in "Net investment revenue" in statements of comprehensive income

⁽²⁾ Presented in "Other income" in statements of comprehensive income

⁽³⁾ Presented in "Operating expenses" in statements of comprehensive income

30.3 Outstanding balances

As at 31 December 2021 and 2020, the Company had the following significant balances with its related companies.

	(Unit: Thousand Baht)	
	31 December 2021	31 December 2020
<u>Associates</u>		
Investment in associates - cost	129,396	129,396
<u>Related companies</u>		
Deposits at financial institutions	6,660,957	8,388,796
Premium receivables	54,328	28,209
Accrued interest income on debentures ⁽¹⁾	111	111
Reinsurance assets		
Amounts deposited on reinsurance	7,714	7,117
Amounts due from reinsurers	48,909	8,730
Available-for-sale investments measured at fair value through other comprehensive income		
Equity securities	23,811,844	20,165,152
Debt securities	8,889	9,404
Loans and interest receivables	156,778	157,178
Other assets		
Deposits and golf club membership fees	35,407	35,900
Account receivable on sales of securities	-	3,779
Due to reinsurers		
Amounts withheld on reinsurance	112,035	99,714
Amounts due to reinsurers	30,166	61,376
Other Liabilities		
Accounts payable on purchases of securities	3,553	-

⁽¹⁾ Presented in "Accrued investment income" in statements of financial position

30.4 Directors' and key management's benefits

During the years ended 31 December 2021 and 2020, the Company had employee benefit expenses incurred on their directors and key management as below.

	(Unit: Million Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2021	2020
Short-term benefits	100.0	89.8
Post-employment benefits	9.6	10.1
Total	109.6	99.9

31. Contribution to the General Insurance Fund

	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2021	2020
Accumulated contribution at beginning of the years	420,852	366,986
Contributions during the years	57,381	53,866
Accumulated contribution at end of the years	478,233	420,852

32. Commitments and contingent liabilities

32.1 Capital Commitments

As at 31 December 2021 and 2020, there were outstanding capital commitments contracted for decoration and renovation of building, totaling to Baht 5.8 million and Baht 23.5 million, respectively, and there were outstanding capital commitments contracted for computer software development totaling to Baht 402.2 million and Baht 51.7 million, respectively.

32.2 Litigation

As at 31 December 2021 and 2020, the Company had litigation claims totaling approximately Baht 3,367.9 million and Baht 2,859.9 million, respectively, as an insurer. The outcomes of the cases have not yet been finalised whereby the maximum responsibility of such claims limits at the lower of the sum insured or the sum sued totaling Baht 510.7 million and Baht 340.3 million, respectively. However, the Company has considered and estimated for losses that may arise from those cases amounting to approximately Baht 206.6 million and Baht 116.0 million, respectively, which were already recognised in “Insurance contract liabilities” in the statements of financial position as at those dates.

33. Risks and risk management policies

33.1 Insurance risk

The Company gives a high priority to insurance risk since accepting insurance is the Company’s core business. Therefore, the Company set a policy to underwrite insurance prudently and in line with the real insurance risk, a policy to manage claim promptly and on a fairness basis, and a policy to have insurance ceded in line with other types of risk such as credit risk, taking into accounts creditability of reinsurer, which shall have credit rating not less than the Company’s determined policy and concentration risk, taking into accounts the proportion of product mix and the reinsurance concentration not to be exceeding the settling limit.

Concentration of insurance contract liabilities segregated by insurance type was shown below.

(Unit: Thousand Baht)

Financial statements in which the equity method is applied and Separate financial statements						
31 December 2021						
	Gross premium reserves	Outward premium reserves	Net	Gross loss reserves	Outward loss reserves	Net
Fire	909,894	(277,447)	632,447	479,387	(161,259)	318,128
Marine and transportation	149,730	(63,686)	86,044	86,039	(39,037)	47,002
Motor	4,860,890	(192,580)	4,668,310	1,591,215	(51,946)	1,539,269
Miscellaneous	5,071,425	(3,064,806)	2,006,619	5,532,339	(4,079,698)	1,452,641
Total	10,991,939	(3,598,519)	7,393,420	7,688,980	(4,331,940)	3,357,040

(Unit: Thousand Baht)

Financial statements in which the equity method is applied and Separate financial statements						
31 December 2020						
	Gross premium reserves	Outward premium reserves	Net	Gross loss reserves	Outward loss reserves	Net
Fire	795,785	(266,625)	529,160	259,543	(84,461)	175,082
Marine and transportation	142,350	(63,336)	79,014	90,659	(43,095)	47,564
Motor	4,748,402	(151,819)	4,596,583	2,200,473	(45,698)	2,154,775
Miscellaneous	4,624,179	(2,773,841)	1,850,338	5,161,123	(4,131,294)	1,029,829
Total	10,310,716	(3,255,621)	7,055,095	7,711,798	(4,304,548)	3,407,250

Sensitivity analysis is performed to analyse the risk that insurance liabilities will increase or decrease as a result of changes in the assumptions used in calculating for both gross and net loss reserves. The risk may occur because the frequency and severity of damage, or loss adjustment expenses may not be as expected. This information is not a forecast or prediction of future market conditions and should be used with care.

(Unit: Million Baht)

Financial statements in which the equity method is applied and Separate financial statements					
31 December 2021					
	Assumption	Increase (decrease) in provision for gross claim liabilities	Increase (decrease) in provision for net claim liabilities	Increase (decrease) in profit before taxes	Increase (decrease) in owner's equity
	change				
Average claim expenses	+10 %	1,351.2	1,043.6	(1,043.6)	(834.9)
Average claim expenses	-10 %	(1,351.2)	(1,043.6)	1,043.6	834.9
Average number of claim	+10 %	1,351.2	1,043.6	(1,043.6)	(834.9)
Average number of claim	-10 %	(1,351.2)	(1,043.6)	1,043.6	834.9

(Unit: Million Baht)

Financial statements in which the equity method is applied and Separate financial statements					
31 December 2020					
	Assumption	Increase (decrease) in provision for gross claim liabilities	Increase (decrease) in provision for net claim liabilities	Increase (decrease) in profit before taxes	Increase (decrease) in owner's equity
	change				
Average claim expenses	+10 %	1,147.1	772.1	(772.1)	(617.7)
Average claim expenses	-10 %	(1,147.1)	(772.1)	772.1	617.7
Average number of claim	+10 %	1,147.1	772.1	(772.1)	(617.7)
Average number of claim	-10 %	(1,147.1)	(772.1)	772.1	617.7

33.2 Credit risk

Insurance assets

Concentrations of the credit risk with respect to premium receivables and amounts due from reinsurers are considered low since the insured and reinsurers are diversified in various industry sectors throughout the regions in Thailand.

The Company has considered the financial status and credit rating of all reinsurance companies and ceded to many trustworthy ceding companies that are capable of reinsurance. This helps diversification of risk. In addition, it has cautiously scrutinised the reinsurance conditions through the unit that is well versed in the reinsurance business and have its legal department considered legal aspects, in order to minimize such risk and also possesses an efficient process of closely following up its outstanding premiums from the insured, agent and broker, apart from requiring the agent and broker to place collateral according to the specified credit limit required by the Company.

The maximum exposure to credit risk is limited to the carrying value of assets after deduction of allowance for doubtful accounts as stated in the statements of financial position.

Financial assets

Concentrations of the credit risk with respect to mortgaged loans are considered low due to the large number of customers comprising the customer base and their dispersion across different industries and geographic regions in Thailand. In addition, the values of the securities placed as collateral are adequate to settle debt and the ratios of loans to collateral values is in accordance with the notification of the OIC. The Company will consider its debtors' financial status and ability to pay debt based on a sound credit analysis standard, including determination of loan to value ratio so that it is not beyond the legal limit and monitor cash inflows in each month, including consistency of debt payment.

The Company continuously monitors all assets subject to Expected credit loss (ECL). In order to determine ECL from asset classification policy by using 12-month expected credit losses and Lifetime expected credit loss appropriately.

The Company considers guidelines on asset classification under credit risk characteristic as follows:

Stage 1 - Assets with no significant increase in credit risk (performing)

Stage 2 - Assets with significant increase in credit risk (under-performing)

Stage 3 - Credit-impaired or defaulted assets (non-performing)

As for criteria in asset classification, ECL provisioning and assets written off, the Company considers both quantitative and qualitative factors. In consideration of quantitative factors, it takes into accounts default periods of contractual interest and principal payments determined overdue periods (e.g. 30 days past due or 90 days past due) and soon. Qualitative factors should also be considered. Such as, in case that it is unlikely to receive the outstanding contractual amounts, significant decrease in credit quality of counterparties is expected, events that impact on business performance and credit rating of the issuer and forecasted information such as economic and industrial conditions, which are also factors to consider significant increase in credit risk.

The information relating to credit quality of financial assets were as below:

(Unit: Thousand Baht)

Financial statements in which the equity method is applied and Separate financial statements				
31 December 2021				
	Stage 1 - Loans without a significant increase in credit risk	Stage 2 - Loans with a significant increase in credit risk	Stage 3 - Credit - impaired loans	Total
Cash and cash equivalents				
Investment grade	561,799	-	-	561,799
Less: Allowance for expected credit losses	(73)	-	-	(73)
Net book value	561,726	-	-	561,726
Accrued investment income				
Investment grade	38,000	-	-	38,000
Non-investment grade	-	-	900	900
Total	38,000	-	900	38,900
Less: Allowance for expected credit losses	(11)	-	(787)	(798)
Net book value	37,989	-	113	38,102
Available-for-sale investments measured at fair value through other comprehensive income				
Investment grade	5,156,385	-	-	5,156,385
Non-investment grade	-	-	52,360	52,360
Total fair value	5,156,385	-	52,360	5,208,745
Allowance for expected credit losses recognised in profit or loss	(1,341)	-	(50,401)	(51,742)
Held-to-maturity investments measured at amortised cost				
Investment grade	10,581,559	-	-	10,581,559
Less: Allowance for expected credit losses	(2,876)	-	-	(2,876)
Net book value	10,578,683	-	-	10,578,683
Loans and interest receivables				
Not yet due	1,284,884	1,417	-	1,286,301
Over due				
Less than 3 months	-	822	-	822
6 - 12 months	-	-	35,818	35,818
Longer than 12 months	-	-	133,617	133,617
Total	1,284,884	2,239	169,435	1,456,558
Less: Allowance for expected credit losses	-	-	(56,436)	(56,436)
Net book value	1,284,884	2,239	112,999	1,400,122

(Unit: Thousand Baht)

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

	31 December 2020			
	Stage 1 - Loans without a significant increase in credit risk	Stage 2 - Loans with a significant increase in credit risk	Stage 3 - Credit - impaired loans	Total
Cash and cash equivalents				
Investment grade	141,557	-	-	141,557
Less: Allowance for expected credit losses	-	-	-	-
Net book value	141,557	-	-	141,557
Accrued investment income				
Investment grade	42,379	-	-	42,379
Non-investment grade	-	-	1,028	1,028
Total	42,379	-	1,028	43,407
Less: Allowance for expected credit losses	(9)	-	(534)	(543)
Net book value	42,370	-	494	42,864
Available-for-sale investments measured at fair value through other comprehensive income				
Investment grade	3,827,529	-	-	3,827,529
Non-investment grade	-	-	52,030	52,030
Total fair value	3,827,529	-	52,030	3,879,559
Allowance for expected credit losses recognised in profit or loss	734	-	54,407	55,141
Held-to-maturity investments measured at amortised cost				
Investment grade	13,729,657	-	-	13,729,657
Less: Allowance for expected credit losses	(2,701)	-	-	(2,701)
Net book value	13,726,956	-	-	13,726,956
Loans and interest receivables				
Not yet due	1,039,144	-	-	1,039,144
Over due				
Less than 3 months	313,547	17,942	-	331,489
3 - 6 months	-	-	21,426	21,426
Longer than 12 months	-	-	133,617	133,617
Total	1,352,691	17,942	155,043	1,525,676
Less: Allowance for expected credit losses	(1)	-	(49,256)	(49,257)
Net book value	1,352,690	17,942	105,787	1,476,419

The above table showed the maximum exposure to credit risk for financial assets. The maximum exposure was shown in gross carrying amounts before collateral or any activities that could mitigate credit risk.

For financial assets recognised in the statement of financial position, the maximum exposure to credit risk equals their gross carrying amounts net of allowance for expected credit losses.

The significant movements in allowance for expected credit losses were stated below:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements			
	For the years ended 31 December 2021			
	Stage 1 - Loans without a significant increase in credit risk	Stage 2 - Loans with a significant increase in credit risk	Stage 3 - Credit - impaired loans	Total
Available-for-sale investments measured at fair value through other comprehensive income				
Beginning balance - 1 January 2021	734	-	54,407	55,141
Change due to remeasurement of allowance for expected credit losses	149	-	(4,006)	(3,857)
Newly purchased or acquired financial assets	659	-	-	659
Amounts derecognised	(201)	-	-	(201)
Ending balance - 31 December 2021	<u>1,341</u>	<u>-</u>	<u>50,401</u>	<u>51,742</u>
Held-to-maturity investments measured at amortised cost				
Beginning balance - 1 January 2021	2,701	-	-	2,701
Change due to remeasurement of allowance for expected credit losses	16	-	-	16
Newly purchased or acquired financial assets	2,774	-	-	2,774
Amounts derecognised	(2,615)	-	-	(2,615)
Ending balance - 31 December 2021	<u>2,876</u>	<u>-</u>	<u>-</u>	<u>2,876</u>
Loans and interest receivables				
Beginning balance - 1 January 2021				
Change due to remeasurement of allowance for expected credit losses	-	-	49,257	49,257
Newly purchased or acquired financial assets	-	-	7,179	7,179
Ending balance - 31 December 2021	<u>-</u>	<u>-</u>	<u>56,436</u>	<u>56,436</u>

(Unit: Thousand Baht)

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

For the years ended 31 December 2020

	Stage 1 - Loans without a significant increase in credit risk	Stage 2 - Loans with a significant increase in credit risk	Stage 3 - Credit - impaired loans	Total
Available-for-sale investments measured at fair value through other comprehensive income				
Beginning balance - 1 January 2020	1,903	-	-	1,903
Change due to restaging	(98)	-	98	-
Change due to remeasurement of allowance for expected credit losses	171	-	54,309	54,480
Newly purchased or acquired financial assets	126	-	-	126
Amounts derecognised	(1,368)	-	-	(1,368)
Ending balance - 31 December 2020	734	-	54,407	55,141
Held-to-maturity investments measured at amortised cost				
Beginning balance - 1 January 2020	1,857	-	-	1,857
Change due to remeasurement of allowance for expected credit losses	1	-	-	1
Newly purchased or acquired financial assets	2,690	-	-	2,690
Amounts derecognised	(1,847)	-	-	(1,847)
Ending balance - 31 December 2020	2,701	-	-	2,701
Loans and interest receivables				
Beginning balance - 1 January 2020	1	-	43,548	43,549
Change due to remeasurement of allowance for expected credit losses	(1)	-	5,708	5,707
Newly purchased or acquired financial assets	1	-	-	1
Ending balance - 31 December 2020	1	-	49,256	49,257

33.3 Market risk

Market risk is the risk that changes in interest rate, exchange rate, and equity prices could lead to volatility in the financial position of the Company.

(a) Interest rate risk

The Company's exposure to interest rate risk relates primarily to its deposits at financial institutions, investments in securities and loans.

The Company's exposure to interest rate risk relates to loans is low because most of loans bear floating interest rate. Whenever market rate is significantly higher than the rate in loans' agreement, the Company can adjust the interest without deniable by borrower according to the defined criteria in loan agreement between the Company and borrower for loans which bear fixed interest rate.

The Company has closely followed up the determination of the policy interest rates of the Bank of Thailand, direction of a change in the United States' Federal Reserve's interest rates, and return rates in the debt securities market in order to define the investment duration in accordance with the fluctuation of interest rates. In addition, the Company also has a policy of occupying debt instruments until they are due so as to minimize the risks incurred by instrument price volatility, apart from managing its bank deposits so that they have due amounts every month and in an approximate amount, which helps reduce a reinvestment risk.

As at 31 December 2021 and 2020, significant assets and liabilities classified by type of interest rate were summarised below;

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements						
	31 December 2021						
	Fixed interest rates				Non-		
	Maturity date or repricing date				interest		Effective
	Within	1 - 5	Over	Floating	bearing	Total	interest rate
	1 year	years	5 years	interest rate			(% per annum)
Financial assets							
Cash and cash equivalents	309,927	-	-	218,329	33,470	561,726	0.13 - 0.45
Accrued investment income	37,972	130	-	-	-	38,102	0.13 - 3.60
Investments in securities							
Government and state							
enterprise securities	3,295,207	823,158	344,523	-	-	4,462,888	0.45 - 2.40
Private enterprise debt							
securities	110,365	468,629	166,863	-	-	745,857	0.72 - 3.60
Common stocks	-	-	-	-	29,430,140	29,430,140	-
Unit trusts	-	-	-	-	1,829,929	1,829,929	-
Deposits at financial							
institutions	10,498,702	79,981	-	-	-	10,578,683	0.45 - 0.70
Loans and interest							
receivables	201	8,038	153,100	1,238,783	-	1,400,122	2.50 - 7.00
Financial liabilities							
Lease liabilities	20,898	31,070	773,786	-	-	825,754	5.00 - 5.21
Assets under insurance							
contracts							
Premium receivables	-	-	-	-	3,004,544	3,004,544	-
Reinsurance assets - loss							
reserves	-	-	-	-	4,331,940	4,331,940	-
Reinsurance receivables	-	-	-	-	628,974	628,974	-
Liabilities under insurance							
contracts							
Insurance contract liabilities -							
loss reserves	-	-	-	-	7,688,980	7,688,980	-
Due to reinsurers	-	-	-	-	3,188,391	3,188,391	-

(Unit: Thousand Baht)

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

31 December 2020

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Maturity date or repricing date						
	Within 1 year	1 - 5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	138,770	2,787	141,557	0.13 - 0.30
Accrued investment income	38,443	-	494	-	3,927	42,864	0.38 - 4.62
Investments in securities							
Government and state enterprise securities	2,022,326	1,062,973	215,221	-	-	3,300,520	0.50 - 2.40
Private enterprise debt securities	130,657	352,574	95,808	-	-	579,039	2.11 - 4.62
Common stocks	-	-	-	-	25,112,950	25,112,950	-
Unit trusts	-	-	-	-	1,704,622	1,704,622	-
Deposits at financial institutions	13,726,956	-	-	-	-	13,726,956	0.38 - 1.45
Loans and interest receivables	333	8,837	144,683	1,322,566	-	1,476,419	2.50 - 7.00
Financial liabilities							
Lease liabilities	14,450	(3,062)	767,461	-	-	778,849	5.00 - 5.21
Assets under insurance contracts							
Premium receivables	-	-	-	-	2,765,897	2,765,897	-
Reinsurance assets - loss reserves	-	-	-	-	4,304,548	4,304,548	-
Reinsurance receivables	-	-	-	-	389,322	389,322	-
Liabilities under insurance contracts							
Insurance contract liabilities - loss reserves	-	-	-	-	7,711,798	7,711,798	-
Due to reinsurers	-	-	-	-	2,737,452	2,737,452	-

The changes in interest rates affected on the Company's profit and loss and owners' equity as at 31 December 2021 and 2020 were summarised below:

(Unit: Million Baht)

	Financial statements in which the equity method is applied and Separate financial statements		
	31 December 2021		
	Interest rate change	Profit before income	Owners' equity
	increased	tax increased	increased
	(decreased)	(decreased)	(decreased)
	(%)		
Investments in debt instruments	0.25	-	(11.9)
	(0.25)	-	12.1
Deposits at financial institutions	0.25	15.4	12.3
	(0.25)	(15.4)	(12.3)
Loans and interest receivables	0.50	4.6	3.7
	(0.50)	(4.6)	(3.7)

(Unit: Million Baht)

	Financial statements in which the equity method is applied and Separate financial statements		
	31 December 2020		
	Interest rate change	Profit before income	Owners' equity
	increased	tax increased	increased
	(decreased)	(decreased)	(decreased)
	(%)		
Investments in debt instruments	0.25	-	(8.7)
	(0.25)	-	8.7
Deposits at financial institutions	0.25	19.7	15.7
	(0.25)	(19.7)	(15.7)
Loans and interest receivables	0.50	4.7	3.7
	(0.50)	(4.7)	(3.7)

The above analysis has been prepared assuming that the amounts of the floating rate financial assets and all other variables remain constant for a year. Moreover, the floating legs of these assets are assumed to not yet have set interest rates. As a result, a change in interest rates affects interest fully paid in 12 months. This information is not a forecast or prediction of future market conditions and should be used with care.

(b) Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from foreign currency denominated underwriting, reinsurance with foreign reinsurers and investments in foreign associates that are denominated in foreign currencies. The Company does not utilise forward foreign currency contracts to mitigate its exposure to foreign currency risk.

The Company may use financial instruments to prevent exchange rate risks, for instance, Cross Currency and Interest Rate Swap, Interest Rate Swap, and Foreign Exchange Forward, in order to minimize the risks in accordance with the market situation and in line with the regulator's requirements. Furthermore, the Company has also developed its information technology system so as to be used to evaluate the level of investment risk through various assessment methods and models, for example, Value at Risk, Sensitivity Analysis, and Stress Test to ensure that the Company still has financial standing flexible enough to counter the damage which may occur.

As at 31 December 2021 and 2020, the Company did not enter into any forward foreign exchange contracts to mitigate possible foreign exchange risk.

Foreign currency	Assets		Liabilities		Average exchange rate	
	31 December		31 December		31 December	
	2021	2020	2021	2020	2021	2020
	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Baht per 1 foreign currency unit)	
US dollar	497.1	362.3	380.2	389.6	33.373	29.991
Philippine peso	66.9	32.2	13.6	-	0.652	0.623
Euro	18.2	1.5	-	-	37.841	36.816
China yuan	16.9	5.3	-	-	5.234	4.601
Japan yen	14.6	0.9	-	-	0.290	0.290
HK dollar	13.9	7.6	-	3.9	4.281	3.866
Vietnam dong	0.5	0.5	-	-	0.001	0.001
Lao kip	0.4	-	-	-	0.003	0.003
Taiwan dollar	-	-	32.2	-	1.209	1.069
Indonesia rupiahs	-	2.9	1.9	0.1	0.002	0.002
Poundsterling	-	1.4	0.6	0.1	45.022	40.562
Pakistan rupee	-	-	0.3	-	0.187	0.187
Brunai dollar	-	0.5	-	-	24.672	22.612
Australia dollar	-	-	-	0.1	24.224	22.878

(c) Equity position risk

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

The Company will choose to invest in equity securities of which the issuers possess robust financial status and an ability to make a profit, with steady growth potential, as well as in the business deriving the benefits of the government policy. Additionally, the Company will mostly occupy equity instruments for its long-term investments, which will be able to reduce price volatility of equity instruments.

As at 31 December 2021 and 2020, the Company had risk from its investments in equity securities of which the price would change with reference to market conditions.

33.4 Liquidity risk

Liquidity risk is the risk that the Company will be unable to liquidate its financial assets and/or procure sufficient funds to discharge its obligations in a timely manner, resulting in the occurrence of a financial loss. The Company has allocated a portion of investment as a bank deposit with high liquidity, which is reserved for operating expenses, while the deposit is defined to be due in each period, in conformity with a demand for spending in accordance with a plan for the cash flow management, financial reception and payment based on an obligation established. As to the other portion, the Company has allotted investment in stocks required by the market, with high liquidity and an ability to be realized as cash conveniently, as well as at the value approximate to the fair value.

Counting from the financial position date, the periods to maturity of assets and liabilities held as at 31 December 2021 and 2020 were as follows:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements					
	31 December 2021					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets						
Cash and cash equivalents	251,799	309,927	-	-	-	561,726
Accrued investment income	-	37,972	130	-	-	38,102
Investments in securities	-	13,904,274.	1,371,768	511,386	31,260,069	47,047,497
Loans and interest receivables	96,163	575,854	541,043	187,062	-	1,400,122
Financial liabilities						
Lease liabilities	-	61,832	189,040	1,564,825	-	1,815,697
Assets under insurance contracts						
Premium receivables	-	3,004,544	-	-	-	3,004,544
Reinsurance assets - loss reserves	-	3,027,950	1,303,990	-	-	4,331,940
Reinsurance receivables	-	628,974	-	-	-	628,974
Liabilities under insurance contracts						
Insurance contract liabilities - loss reserves	-	5,374,462	2,314,518	-	-	7,688,980
Due to reinsurers	-	3,188,391	-	-	-	3,188,391

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements					
	31 December 2020					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets						
Cash and cash equivalents	141,557	-	-	-	-	141,557
Accrued investment income	-	42,370	-	-	494	42,864
Investments in securities	-	15,879,939	1,415,547	311,029	26,817,573	44,424,088
Loans and interest receivables	101,568	709,178	452,750	212,923	-	1,476,419
Financial liabilities						
Lease liabilities	-	53,431	150,970	1,597,490	-	1,801,891
Assets under insurance contracts						
Premium receivables	-	2,765,897	-	-	-	2,765,897
Reinsurance assets - loss reserves	-	2,771,704	1,532,844	-	-	4,304,548
Reinsurance receivables	-	389,322	-	-	-	389,322
Liabilities under insurance contracts						
Insurance contract liabilities - loss reserves	-	4,965,637	2,746,161	-	-	7,711,798
Due to reinsurers	-	2,737,452	-	-	-	2,737,452

34. Fair value of financial assets

As of 31 December 2021 and 2020, the Company had the following financial assets that were measured at fair value or cost but fair value were disclosed by using different levels of inputs as follows:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements				
	31 December 2021				
	Fair Value				Carrying
	Level 1	Level 2	Level 3	Total	Value
Financial assets					
measured at fair value					
Investments in securities					
Government and state					
enterprise securities	-	4,462,888	-	4,462,888	4,462,888
Private enterprise debt					
securities	-	745,857	-	745,857	745,857
Equity securities	28,081,731	53,022	3,125,316	31,260,069	31,260,069
Financial asset for which					
fair value are disclosed					
Cash and cash equivalent	561,726	-	-	561,726	561,726
Accrued investment income	38,102	-	-	38,102	38,102
Investment in securities					
Held-to-maturity					
investments	10,578,683	-	-	10,578,683	10,578,683
Loans and interest					
receivables	-	-	1,384,649	1,384,649	1,400,122
Investment properties - net	-	-	192,424	192,424	100,700

(Unit: Thousand Baht)

Financial statements in which the equity method is applied and Separate financial statements					
31 December 2020					
	Fair Value				Carrying
	Level 1	Level 2	Level 3	Total	Value
Financial assets					
measured at fair value					
Investments in securities					
Government and state					
enterprise securities	-	3,300,520	-	3,300,520	3,300,520
Private enterprise debt					
securities	-	579,039	-	579,039	579,039
Equity securities	24,024,544	46,356	2,746,673	26,817,573	26,817,573
Financial asset for which					
fair value are disclosed					
Cash and cash equivalent	141,557	-	-	141,557	141,557
Accrued investment income	42,863	-	-	42,863	42,863
Investment in securities					
Held-to-maturity					
investments	13,726,956	-	-	13,726,956	13,726,956
Loans and interest					
receivables	-	-	1,457,855	1,457,855	1,476,419
Investment properties - net	-	-	225,789	225,789	117,930

The fair value hierarchy of financial assets were described in Note 4.20 to the financial statements. During the years, there were no transfers within the fair value hierarchy.

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

- (a) Financial assets with short-term maturity, which were cash and cash equivalents and accrued investment income, were presented at fair value, which were estimated to approximate their carrying values as stated in the statements of financial position.
- (b) Investments in equity securities were presented at fair value, which was derived from market price. In case of non-marketable equity securities, the fair value was determined using generally accepted methods, e.g. price per book value method or discounted cash flow techniques discounted by the Weighted Average Cost of Capital (WACC) appropriate to each security, except for unit trusts, which are not listed on the Stock Exchange of Thailand, their fair values are determined using the net asset value per unit announced by the fund managers.

- (c) Investments in debts securities were presented at market prices or determined using the yield curve as announced by the Thai Bond Market Association.
- (d) Loans were presented at fair value, which is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- (e) Investment properties were presented at fair values, which are appraised by an independent valuer using the income approach. The key assumptions used in such appraisal are yield rate, inflation rate, long-term vacancy rate and long-term growth rate in rental fee.

Reconciliation of fair value measurements of equity financial assets, categorised within Level 3 of the fair value hierarchy, were presented below:

	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	For the year ended 31 December	
	2021	2020
Balances - beginning of the years	2,746,673	3,440,555
Addition (disposal) during the years	70,171	(23,831)
Gains (losses) on revaluation during the years	308,472	(670,051)
Balances - end of the years	3,125,316	2,746,673

35. Capital management

The primary objectives of the Company's capital management are to ensure that it preserves the ability to continue its business as a going concern and to maintain capital reserve in accordance with Notifications of the Office of Insurance Commission.

36. Approval of financial statements

These financial statements were authorised for issue by the Company's Executive Directors on 23 February 2022.