

Bangkok Insurance Public Company Limited
Review report and interim financial statements
30 September 2019

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Bangkok Insurance Public Company Limited

I have reviewed the accompanying statement of financial position, in which the equity method is applied, of Bangkok Insurance Public Company Limited as at 30 September 2019, the related statements of comprehensive income, in which the equity method is applied, for the three-month and nine-month periods then ended, the related statements of changes in owners' equity and cash flows, in which the equity method is applied, for the nine-month period then ended, as well as the condensed notes to the financial statements. I have also reviewed the separate financial information of Bangkok Insurance Public Company Limited for the same periods. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34: Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410: Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34: Interim Financial Reporting.

Rachada Yongsawadvanich

Certified Public Accountant (Thailand) No. 4951

EY Office Limited

Bangkok: 31 October 2019

Bangkok Insurance Public Company Limited
Statements of financial position
As at 30 September 2019

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		30 September 2019	31 December 2018	30 September 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Cash and cash equivalents	3	497,572,217	419,566,786	497,572,217	419,566,786
Premium receivables - net	4	2,553,572,600	2,704,395,600	2,553,572,600	2,704,395,600
Accrued investment income		53,893,462	41,426,814	53,893,462	41,426,814
Reinsurance assets - net	5	5,845,481,758	6,100,713,107	5,845,481,758	6,100,713,107
Reinsurance receivables - net	6	275,242,265	236,156,098	275,242,265	236,156,098
Investment assets					
Investments in securities - net	7	43,354,139,559	47,951,308,972	43,354,139,559	47,951,308,972
Loans - net	8	1,160,856,544	1,440,401,559	1,160,856,544	1,440,401,559
Investments in associates	9.1	240,790,286	227,741,827	129,395,722	129,395,722
Investment properties - net	10	139,549,586	152,436,405	139,549,586	152,436,405
Premises and equipment - net	11	748,374,323	814,168,460	748,374,323	814,168,460
Intangible assets - net	12	118,449,849	164,773,921	118,449,849	164,773,921
Other assets					
Land and building leasehold rights - net		40,190,753	43,940,582	40,190,753	43,940,582
Others		397,875,026	323,179,168	397,875,026	323,179,168
Total assets		55,425,988,228	60,620,209,299	55,314,593,664	60,521,863,194

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

Bangkok Insurance Public Company Limited
Statements of financial position (continued)
As at 30 September 2019

(Unit: Baht)

	Note	Financial statements		Separate financial statements	
		in which the equity method is applied			
		30 September 2019	31 December 2018	30 September 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and owners' equity					
Liabilities					
Insurance contract liabilities	14	15,785,902,527	14,735,598,920	15,785,902,527	14,735,598,920
Due to reinsurers	15	2,262,470,191	2,178,929,186	2,262,470,191	2,178,929,186
Income tax payable		60,009,132	168,637,153	60,009,132	168,637,153
Employee benefit obligations	16	532,121,465	381,189,307	532,121,465	381,189,307
Deferred tax liabilities	13.1	3,244,461,445	4,724,428,194	3,222,182,532	4,704,758,973
Other liabilities					
Premiums received in advance		1,841,424,357	1,868,685,541	1,841,424,357	1,868,685,541
Commission payables		362,044,560	367,452,819	362,044,560	367,452,819
Accrued expenses		475,630,550	574,301,037	475,630,550	574,301,037
Liabilities under finance lease agreements		42,993,672	53,864,179	42,993,672	53,864,179
Others		885,864,306	691,758,762	885,864,306	691,758,762
Total liabilities		25,492,922,205	25,744,845,098	25,470,643,292	25,725,175,877
Owners' equity					
Share capital					
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		106,470,000	106,470,000	106,470,000	106,470,000
Other reserve	17	7,000,000,000	3,100,000,000	7,000,000,000	3,100,000,000
Unappropriated		4,101,171,513	7,302,708,577	4,008,262,393	7,224,031,693
Other component of owners' equity		16,218,224,510	21,858,985,624	16,222,017,979	21,858,985,624
Total owners' equity		29,933,066,023	34,875,364,201	29,843,950,372	34,796,687,317
Total liabilities and owners' equity		55,425,988,228	60,620,209,299	55,314,593,664	60,521,863,194

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

Directors

Bangkok Insurance Public Company Limited

Statements of comprehensive income

For the three-month periods ended 30 September 2019

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2019	2018	2019	2018
Profit or loss:					
Revenues					
Gross premium written		5,565,100,007	4,298,374,347	5,565,100,007	4,298,374,347
Less: Premium ceded to reinsurers		(1,837,403,408)	(1,372,460,681)	(1,837,403,408)	(1,372,460,681)
Net premium written		3,727,696,599	2,925,913,666	3,727,696,599	2,925,913,666
Less: Unearned premium reserves increased from prior period		(344,983,563)	(63,848,723)	(344,983,563)	(63,848,723)
Earned premium		3,382,713,036	2,862,064,943	3,382,713,036	2,862,064,943
Fee and commission income		329,938,406	266,984,394	329,938,406	266,984,394
Shares of profits from investments in associates, accounted for under the equity method	9.2	14,580,854	1,602,286	-	-
Investment revenue		390,875,093	373,878,943	390,875,093	373,878,943
Gains (losses) on investments		29,088,660	(627,519)	29,088,660	(627,519)
Other income		48,897,450	38,402,777	48,897,450	38,402,777
Total revenues		4,196,093,499	3,542,305,824	4,181,512,645	3,540,703,538
Expenses					
Gross claims		2,393,415,881	1,714,996,988	2,393,415,881	1,714,996,988
Less: Claim recovery from reinsurers		(421,277,470)	(366,847,724)	(421,277,470)	(366,847,724)
Commissions and brokerages		685,901,485	564,185,742	685,901,485	564,185,742
Other underwriting expenses		573,120,401	509,575,104	573,120,401	509,575,104
Operating expenses		250,558,821	257,078,445	250,558,821	257,078,445
Investment expenses		24,284,381	21,227,428	24,284,381	21,227,428
Finance costs		614,587	796,032	614,587	796,032
Total expenses		3,506,618,086	2,701,012,015	3,506,618,086	2,701,012,015
Profits before income tax expenses		689,475,413	841,293,809	674,894,559	839,691,523
Less: Income tax expenses	13.2	(78,040,522)	(102,307,060)	(75,124,351)	(101,986,603)
Profits for the periods		611,434,891	738,986,749	599,770,208	737,704,920
Other comprehensive income (loss):					
Items to be recognised in profit or loss in subsequent periods:					
Share of other comprehensive losses from associates	9.2	(4,741,836)	-	-	-
Gains (losses) on revaluation of available-for-sale investments		(5,661,172,144)	3,136,698,048	(5,661,172,144)	3,136,698,048
Total items to be recognised in profit or loss in subsequent periods		(5,665,913,980)	3,136,698,048	(5,661,172,144)	3,136,698,048
Add (less): Income taxes		1,133,182,795	(627,339,609)	1,132,234,428	(627,339,609)
Items to be recognised in profit or loss in subsequent periods - net of income taxes		(4,532,731,185)	2,509,358,439	(4,528,937,716)	2,509,358,439
Other comprehensive income (loss) for the periods		(4,532,731,185)	2,509,358,439	(4,528,937,716)	2,509,358,439
Total comprehensive income (loss) for the periods		(3,921,296,294)	3,248,345,188	(3,929,167,508)	3,247,063,359
Earnings per share:	19				
Basic earnings per share					
Profits for the periods		5.74	6.94	5.63	6.93

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

Bangkok Insurance Public Company Limited**Statements of comprehensive income****For the nine-month periods ended 30 September 2019**

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2019	2018	2019	2018
Profit or loss:					
Revenues					
Gross premium written		15,272,257,314	12,449,159,356	15,272,257,314	12,449,159,356
Less: Premium ceded to reinsurers		(4,669,729,377)	(3,766,495,289)	(4,669,729,377)	(3,766,495,289)
Net premium written		10,602,527,937	8,682,664,067	10,602,527,937	8,682,664,067
Less: Unearned premium reserves increased from prior period		(1,010,554,774)	(326,534,059)	(1,010,554,774)	(326,534,059)
Earned premium		9,591,973,163	8,356,130,008	9,591,973,163	8,356,130,008
Fee and commission income		925,412,320	751,036,300	925,412,320	751,036,300
Shares of profits from investments in associates, accounted for under the equity method	9.2	17,790,295	11,076,909	-	-
Investment revenue		1,108,247,437	1,039,977,187	1,108,247,437	1,039,977,187
Gains on investments		129,953,051	67,445,607	129,953,051	66,633,123
Other income		138,987,811	118,114,078	138,987,811	118,114,078
Total revenues		11,912,364,077	10,343,780,089	11,894,573,782	10,331,890,696
Expenses					
Gross claims		6,860,220,588	5,587,542,318	6,860,220,588	5,587,542,318
Less: Claim recovery from reinsurers		(1,568,244,527)	(1,517,806,564)	(1,568,244,527)	(1,517,806,564)
Commissions and brokerages		2,008,955,985	1,693,511,007	2,008,955,985	1,693,511,007
Other underwriting expenses		1,672,533,185	1,415,748,222	1,672,533,185	1,415,748,222
Operating expenses		800,857,848	762,003,155	800,857,848	762,003,155
Investment expenses		64,963,935	62,881,604	64,963,935	62,881,604
Finance costs		1,985,230	2,496,063	1,985,230	2,496,063
Total expenses		9,841,272,244	8,006,375,805	9,841,272,244	8,006,375,805
Profits before income tax expenses		2,071,091,833	2,337,404,284	2,053,301,538	2,325,514,891
Less: Income tax expenses	13.2	(201,458,897)	(296,288,060)	(197,900,838)	(293,910,181)
Profits for the periods		1,869,632,936	2,041,116,224	1,855,400,700	2,031,604,710
Other comprehensive income (loss):					
Items to be recognised in profit or loss in subsequent periods:					
Share of other comprehensive losses from associates	9.2	(4,741,836)	-	-	-
Losses on revaluation of available-for-sale investments		(7,046,209,556)	(506,173,598)	(7,046,209,556)	(506,173,598)
Total items to be recognised in profit or loss in subsequent periods		(7,050,951,392)	(506,173,598)	(7,046,209,556)	(506,173,598)
Add: Income taxes		1,410,190,278	101,234,720	1,409,241,911	101,234,720
Items to be recognised in profit or loss in subsequent periods - net of income taxes		(5,640,761,114)	(404,938,878)	(5,636,967,645)	(404,938,878)
Other comprehensive loss for the periods		(5,640,761,114)	(404,938,878)	(5,636,967,645)	(404,938,878)
Total comprehensive income (loss) for the periods		(3,771,128,178)	1,636,177,346	(3,781,566,945)	1,626,665,832
Earnings per share:	19				
Basic earnings per share					
Profits for the periods		17.56	19.17	17.43	19.08

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

Bangkok Insurance Public Company Limited**Statements of cash flows****For the nine-month periods ended 30 September 2019**

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2019	2018	2019	2018
Cash flows from (used in) operating activities					
Direct premium written		14,855,638,333	12,403,793,189	14,855,638,333	12,403,793,189
Cash paid for reinsurance		(1,241,866,069)	(1,318,367,601)	(1,241,866,069)	(1,318,367,601)
Interest income		221,589,424	226,405,464	221,589,424	226,405,464
Dividend income		874,191,364	855,061,583	874,191,364	855,061,583
Other investment income		120,125,207	103,465,847	120,125,207	103,465,847
Other income		18,690,923	14,636,801	18,690,923	14,636,801
Losses incurred on direct insurance		(6,537,335,796)	(5,668,776,018)	(6,537,335,796)	(5,668,776,018)
Commissions and brokerages on direct insurance		(1,890,751,359)	(1,546,707,305)	(1,890,751,359)	(1,546,707,305)
Other underwriting expenses		(1,907,782,707)	(1,606,380,390)	(1,907,782,707)	(1,606,380,390)
Operating expenses		(704,898,582)	(582,758,510)	(704,898,582)	(582,758,510)
Investment expenses		(46,512,006)	(42,632,509)	(46,512,006)	(42,632,509)
Income taxes		(382,429,029)	(317,634,985)	(382,429,029)	(317,634,985)
Investments in securities		(2,318,922,210)	(1,482,294,840)	(2,318,922,210)	(1,482,294,840)
Loans		279,122,303	(13,059,703)	279,122,303	(13,059,703)
Investments in associates		-	5,949,741	-	5,949,741
Net cash provided by operating activities		1,338,859,796	1,030,700,764	1,338,859,796	1,030,700,764
Cash flows from (used in) investing activities					
Cash flows from					
Premises and equipment		211,312	183,280	211,312	183,280
Cash provided by investing activities		211,312	183,280	211,312	183,280
Cash flows used in					
Premises and equipment		(89,892,877)	(34,709,105)	(89,892,877)	(34,709,105)
Intangible assets		(2,800)	(8,468,207)	(2,800)	(8,468,207)
Cash used in investing activities		(89,895,677)	(43,177,312)	(89,895,677)	(43,177,312)
Net cash used in investing activities		(89,684,365)	(42,994,032)	(89,684,365)	(42,994,032)
Cash flows from (used in) financing activities					
Dividends paid	20	(1,171,170,000)	(1,171,170,000)	(1,171,170,000)	(1,171,170,000)
Net cash used in financing activities		(1,171,170,000)	(1,171,170,000)	(1,171,170,000)	(1,171,170,000)
Net increase (decrease) in cash and cash equivalents		78,005,431	(183,463,268)	78,005,431	(183,463,268)
Cash and cash equivalents at beginning of the periods		419,566,786	399,583,620	419,566,786	399,583,620
Cash and cash equivalents at end of the periods		497,572,217	216,120,352	497,572,217	216,120,352

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

(Unaudited but reviewed)

Bangkok Insurance Public Company Limited

Statements of changes in owners' equity

For the nine-month periods ended 30 September 2019

(Unit: Baht)

Financial statements in which the equity method is applied

	Note	Other component of equity								
		Retained earnings				Share of other comprehensive loss from associates - net of income taxes	Revaluation surplus on available-for-sale investments - net of income taxes		Total	Total
							Appropriated			
		Issued and paid-up share capital	Share premium	Statutory reserve	Other reserve	Unappropriated				
Balance as at 1 January 2018		1,064,700,000	1,442,500,000	106,470,000	3,100,000,000	6,381,856,699	-	23,049,915,246	23,049,915,246	35,145,441,945
Dividend paid	20	-	-	-	-	(1,171,170,000)	-	-	-	(1,171,170,000)
Profit for the period		-	-	-	-	2,041,116,224	-	-	-	2,041,116,224
Other comprehensive income for the period		-	-	-	-	-	-	(404,938,878)	(404,938,878)	(404,938,878)
Balance as at 30 September 2018		1,064,700,000	1,442,500,000	106,470,000	3,100,000,000	7,251,802,923	-	22,644,976,368	22,644,976,368	35,610,449,291
Balance as at 1 January 2019		1,064,700,000	1,442,500,000	106,470,000	3,100,000,000	7,302,708,577	-	21,858,985,624	21,858,985,624	34,875,364,201
Retained earnings appropriated to be other reserve	17	-	-	-	3,900,000,000	(3,900,000,000)	-	-	-	-
Dividend paid	20	-	-	-	-	(1,171,170,000)	-	-	-	(1,171,170,000)
Profit for the period		-	-	-	-	1,869,632,936	-	-	-	1,869,632,936
Other comprehensive loss for the period		-	-	-	-	-	(3,793,469)	(5,636,967,645)	(5,640,761,114)	(5,640,761,114)
Balance as at 30 September 2019		1,064,700,000	1,442,500,000	106,470,000	7,000,000,000	4,101,171,513	(3,793,469)	16,222,017,979	16,218,224,510	29,933,066,023

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

(Unaudited but reviewed)

Bangkok Insurance Public Company Limited**Statements of changes in owners' equity (continued)****For the nine-month periods ended 30 September 2019**

(Unit: Baht)

		Separate financial statements						
		Issued and paid-up share capital	Share premium	Retained earnings			Other component of equity	Total
							Revaluation surplus	
				Appropriated			on available-for-sale	
Note				Statutory reserve	Other reserve	Unappropriated	investments - net of income taxes	
	Balance as at 1 January 2018	1,064,700,000	1,442,500,000	106,470,000	3,100,000,000	6,317,424,225	23,049,915,246	35,081,009,471
	Dividend paid	20	-	-	-	(1,171,170,000)	-	(1,171,170,000)
	Profit for the period		-	-	-	2,031,604,710	-	2,031,604,710
	Other comprehensive income for the period		-	-	-	-	(404,938,878)	(404,938,878)
	Balance as at 30 September 2018		<u>1,064,700,000</u>	<u>1,442,500,000</u>	<u>106,470,000</u>	<u>3,100,000,000</u>	<u>7,177,858,935</u>	<u>22,644,976,368</u>
	Balance as at 1 January 2019		1,064,700,000	1,442,500,000	106,470,000	3,100,000,000	7,224,031,693	21,858,985,624
	Retained earnings appropriated to be other reserve	17	-	-	-	3,900,000,000	(3,900,000,000)	-
	Dividend paid	20	-	-	-	-	(1,171,170,000)	-
	Profit for the period		-	-	-	-	1,855,400,700	-
	Other comprehensive loss for the period		-	-	-	-	-	(5,636,967,645)
	Balance as at 30 September 2019		<u>1,064,700,000</u>	<u>1,442,500,000</u>	<u>106,470,000</u>	<u>7,000,000,000</u>	<u>4,008,262,393</u>	<u>16,222,017,979</u>

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

Bangkok Insurance Public Company Limited

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Bangkok Insurance Public Company Limited

Notes to interim financial statements

For the three-month and nine-month periods ended 30 September 2019

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 30 September 2019 and 31 December 2018, 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.

2. Basis for preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34: Interim Financial Reporting, 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 dated 4 March 2016 whereby the Company choose to present condensed interim financial statements. However, the Company presented each line item in the statements of financial position, comprehensive income, changes in owners’ equity and cash flows in the same full format as that used in its annual financial statements.

These interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

2.1 The financial statements in which the equity method is applied

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

2.2 Separate financial statements

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

2.3 New financial reporting standards

a. Financial reporting standards that became effective in the current period

During the period, the Company has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, the new standard involves changes to key principles, which are summarised below:

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any significant impact on these financial statements.

TFRS 4 (revised 2018) Insurance contracts

This standard provides an option to insurers that meet certain criteria stipulated in the standard, whereby they can be temporarily exempted from adoption of certain measures under TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures, which applicable for the financial reporting period beginning in or after 1 January 2020, and can instead adopt the Thai Accounting Guidance applicable for insurance business related to financial instruments and disclosures for the financial reporting period beginning before 1 January 2022 or before the effective date of TFRS 17 Insurance Contracts (when issued).

This standard does not have any significant impact on the current period's financial statements and the Company's management is currently considering the option as discussed above.

b. Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new financial reporting standards, interpretations, and accounting guidance, which are effective for fiscal years beginning on or after 1 January 2020. These new standards involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

Thai Accounting Guidance related to financial instruments and disclosures applicable to insurance businesses

This accounting guidance allows to use a temporary exemption from adoption of certain measures under TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures which effective in 2020. This accounting guidance has some differences from TFRS 9, with the significant differences being as described below.

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

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

The Company's management is currently evaluating the impact of the financial reporting standards related to financial instruments on the financial statements in the year when they are adopted and considering the alternatives allowed under the accounting guidance.

TFRS 16 Leases

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

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The Company's management is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

2.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2018, except for the changes in accounting policy as a result of the adoption of new standard as discussed in Note 2.3 (a) to interim financial statements.

3. Cash and cash equivalents

	(Unit: Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	30 September 2019	31 December 2018
Cash on hand	2,728,348	2,617,841
Deposits at banks with no fixed maturity date	494,843,869	156,948,945
Deposits at banks with fixed maturity date	-	260,000,000
Total cash and cash equivalents	497,572,217	419,566,786

4. Premium receivables

As at 30 September 2019 and 31 December 2018, 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: Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	30 September 2019	31 December 2018
Not yet due	1,596,078,999	2,038,484,982
Overdue not longer than 30 days	466,838,123	248,579,644
Overdue 31 days to 60 days	244,613,930	137,293,396
Overdue 61 days to 90 days	90,696,016	61,646,610
Overdue 91 days to 1 year	155,345,532	218,390,968
Overdue longer than 1 year	40,553,450	30,036,344
Total	2,594,126,050	2,734,431,944
Less: Allowance for doubtful accounts	(40,553,450)	(30,036,344)
Premium receivables - net	2,553,572,600	2,704,395,600

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.

5. Reinsurance assets

	(Unit: Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	30 September 2019	31 December 2018
Insurance reserves refundable from reinsurers		
Loss reserves	3,138,191,315	3,660,483,908
Unearned premium reserves	2,710,186,073	2,446,253,125
Total	5,848,377,388	6,106,737,033
Less: Allowance for impairment	(2,895,630)	(6,023,926)
Reinsurance assets - net	5,845,481,758	6,100,713,107

(Unaudited but reviewed)

6. Reinsurance receivables

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	30 September 2019	31 December 2018
Amounts deposited on reinsurance	35,247,368	35,099,642
Amounts due from reinsurers	258,172,638	226,081,731
Total	293,420,006	261,181,373
Less: Allowance for doubtful accounts	(18,177,741)	(25,025,275)
Receivables on reinsurance contracts - net	275,242,265	236,156,098

7. Investments in securities**7.1 Classified by type of investment**

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements			
	30 September 2019		31 December 2018	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Available-for-sale investments				
Government and state enterprise securities	4,830,808,310	4,856,720,026	5,454,238,258	5,450,775,315
Private sector debt securities	956,139,382	968,713,084	1,094,386,616	1,101,496,223
Equity securities	6,919,998,055	27,159,035,111	7,487,243,189	34,807,328,555
Total	12,706,945,747	32,984,468,221	14,035,868,063	41,359,600,093
Add: Unrealised gains	20,277,522,474	-	27,323,732,030	-
Total available-for-sale investments	32,984,468,221	32,984,468,221	41,359,600,093	41,359,600,093
Held-to-maturity investments				
Deposits at financial institutions which matured over 3 months	9,642,652,051		5,904,387,597	
Total held-to-maturity investments	9,642,652,051		5,904,387,597	
General investments				
Domestic equity securities	648,593,658		602,635,058	
Foreign equity securities	153,208,389		201,689,384	
Total	801,802,047		804,324,442	
Less: Allowance for impairment	(74,782,760)		(117,003,160)	
General investments - net	727,019,287		687,321,282	
Investment in securities - net	43,354,139,559		47,951,308,972	

7.2 Revaluation surplus on available-for-sale investments

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	For the nine-month period ended 30 September 2019	For the year ended 31 December 2018
Revaluation surplus on available-for-sale investments - beginning of the periods	27,323,732,030	28,812,394,057
Losses on revaluation during the periods	(6,841,761,990)	(1,410,192,766)
Gains on sales of available-for-sale investments during the periods transferred to be recognised in profit or loss	(204,447,566)	(78,469,261)
Revaluation surplus on available-for-sale investments - end of the periods	20,277,522,474	27,323,732,030
Less: Income taxes	(4,055,504,495)	(5,464,746,406)
Revaluation surplus on available-for-sale investments - net of income taxes	16,222,017,979	21,858,985,624

7.3 Investments subject to restriction

As at 30 September 2019 and 31 December 2018, the Company placed certain investments as a security with the Registrar, financial institution, 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 in Note 22 to the interim financial statements.

8. Loans and interest receivables

As at 30 September 2019 and 31 December 2018, the balances of loans and interest receivables, classified by overdue years, were as follows:

(Unit: Baht)

Financial statements in which the equity method is applied and Separate financial statements							
30 September 2019							
Overdue years	Mortgaged loans		Other loans		Total		
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest ⁽¹⁾	Total
Not yet due	995,594,150	469,357	7,695,873	-	1,003,290,023	469,357	1,003,759,380
Overdue							
Less than 3 months	43,128,405	308,519	-	-	43,128,405	308,519	43,436,924
3 - 6 months	3,090,357	96,707	-	-	3,090,357	96,707	3,187,064
6 - 12 months	2,118,031	-	-	-	2,118,031	-	2,118,031
Longer than 12 months	110,382,401	-	-	-	110,382,401	-	110,382,401
Total	1,154,313,344	874,583	7,695,873	-	1,162,009,217	874,583	1,162,883,800
Less: Allowance for doubtful account	(1,152,673)	-	-	-	(1,152,673)	-	(1,152,673)
Loans and interest receivables - net	1,153,160,671	874,583	7,695,873	-	1,160,856,544	874,583	1,161,731,127

⁽¹⁾ Shown as a part of "accrued investment income" in the statements of financial position

(Unit: Baht)

Financial statements in which the equity method is applied and Separate financial statements							
31 December 2018							
Overdue years	Mortgaged loans		Other loans		Total		
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest ⁽¹⁾	Total
Not yet due	1,253,405,661	476,224	8,802,775	-	1,262,208,436	476,224	1,262,684,660
Overdue							
Less than 3 months	36,991,385	349,371	-	-	36,991,385	349,371	37,340,756
6 - 12 months	22,684,946	-	-	-	22,684,946	-	22,684,946
Longer than 12 months	119,246,754	-	-	-	119,246,754	-	119,246,754
Total	1,432,328,746	825,595	8,802,775	-	1,441,131,521	825,595	1,441,957,116
Less: Allowance for doubtful account	(729,962)	-	-	-	(729,962)	-	(729,962)
Loans and interest receivables - net	1,431,598,784	825,595	8,802,775	-	1,440,401,559	825,595	1,441,227,154

⁽¹⁾ Shown as a part of "accrued investment income" in the statements of financial position

Credit limits granted to each employee under the Company's employee welfare plan are 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 exceeding 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.

(Unaudited but reviewed)

As at 30 September 2019 and 31 December 2018, the balances of employee loans were Baht 126.4 million and Baht 109.8 million, respectively.

9. Investments in associates

9.1 Details of associates

Company's name	Nature of business	Country of incorporation	Paid-up share capital as at		Shareholding	
			30 September	31 December	30 September	31 December
			2019	2018	2019	2018
			(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: Baht)

Company's name	Financial statements		Separate financial statements	
	in which the equity method is applied			
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Asia Insurance (Cambodia) Plc.	89,673,614	84,194,779	30,202,059	30,202,059
Asian Insurance International (Holding) Limited	127,149,569	119,980,265	72,054,063	72,054,063
Bangkok Insurance (Lao) Company Limited	23,967,103	23,566,783	27,139,600	27,139,600
Total	240,790,286	227,741,827	129,395,722	129,395,722

9.2 Share of profits (losses), share of other comprehensive losses and dividends income

(Unit: Baht)

Company's name	Financial statements in which the equity method is applied				Separate financial statements	
	Share of profits (losses) from		Share of other comprehensive losses		Dividend received	
	investments in associates for the		from investments in associates		for the three-month periods ended	
	three-month periods ended		for the three-month periods ended		for the three-month periods ended	
	30 September		30 September		30 September	
	2019	2018	2019	2018	2019	2018
Asia Insurance						
(Cambodia) Plc.	2,773,194	1,658,551	-	-	-	-
Asian Insurance						
International						
(Holding) Limited	11,794,026	100,809	(4,741,836)	-	-	-
Bangkok Insurance						
(Lao) Company						
Limited	13,634	(157,074)	-	-	-	-
Total	14,580,854	1,602,286	(4,741,836)	-	-	-

(Unit: Baht)

Company's name	Financial statements in which the equity method is applied				Separate financial statements	
	Share of profits (losses) from		Share of other comprehensive losses		Dividend received	
	investments in associates for the		from investments in associates		for the nine-month periods ended	
	nine-month periods ended		for the nine-month periods ended		for the nine-month periods ended	
	30 September		30 September		30 September	
	2019	2018	2019	2018	2019	2018
Asia Insurance						
(Cambodia) Plc.	5,478,835	6,187,945	-	-	-	-
Asian Insurance						
International						
(Holding) Limited	11,911,140	6,314,851	(4,741,836)	-	-	-
Bangkok Insurance						
(Lao) Company						
Limited	400,320	(1,425,887)	-	-	-	-
Total	17,790,295	11,076,909	(4,741,836)	-	-	-

9.3 Summarised financial information of associates

(Unit: Million Baht)

Company's name	Total assets as at		Total liabilities as at		Total revenues		Profits (losses)	
	30 September 31 December		30 September 31 December		for the nine-month periods ended 30 September		for the nine-month periods ended 30 September	
	2019	2018	2019	2018	2019	2018	2019	2018
Asia Insurance (Cambodia) Plc.	486.6	449.7	101.1	65.2	70.8	68.9	24.3	27.0
Asian Insurance International (Holding) Limited	209.1	212.9	-	-	8.8	2.9	8.6	2.4
Bangkok Insurance (Lao) Company Limited	298.0	296.3	245.8	238.5	20.9	17.2	(2.4)	(3.2)

As at 30 September 2019 and 31 December 2018, the Company recorded investments in associates under the equity method (in the financial statements in which the equity method is applied) based on the financial information, as prepared by the associates' management, which have yet been audited by their external auditors.

10. Investment properties

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements
Net book value as at 1 January 2019	152,436,405
Depreciation charge for the period	(12,886,819)
Net book value as at 30 September 2019	139,549,586

The investment properties of the Company, which are offices for rent, as at 30 September 2019 and 31 December 2018, the fair values of the investment properties amounting to Baht 267.7 million and Baht 170.3 million, respectively, which 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.

(Unaudited but reviewed)

11. Premises and equipment

(Unit: Baht)

Financial statements in which the equity method is applied and Separate financial statements							
	Land	Buildings	Condominium unit	Office furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
Net book value as at							
1 January 2019	206,132,665	240,753,706	29,629	293,021,738	56,885,706	17,345,016	814,168,460
Addition during the period - at cost	16,604,738	5,652,336	-	17,446,702	18,870,379	37,490,195	96,064,350
Transfer in (out) during the period							
- at cost	-	-	-	12,941,500	-	(12,941,500)	-
Disposals during the period							
- at net book value	-	-	-	(10)	(39,620)	-	(39,630)
Depreciation charge for the period	-	(22,288,931)	-	(119,789,356)	(19,740,570)	-	(161,818,857)
Net book value as at							
30 September 2019	222,737,403	224,117,111	29,629	203,620,574	55,975,895	41,893,711	748,374,323

12. Intangible assets

(Unit: Baht)

Financial statements in which the equity method is applied and Separate financial statements	
Computer software	
Net book value as at 1 January 2019	164,773,921
Addition during the period - at cost	2,800
Amortisation for the period	(46,326,872)
Net book value as at 30 September 2019	118,449,849

13. Deferred tax asset/liabilities and income tax expenses**13.1 Deferred tax assets/liabilities**

As at 30 September 2019 and 31 December 2018, 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: Baht)	
			Changes in deferred tax assets or liabilities for the nine-month periods ended 30 September	
	30 September 2019	31 December 2018	2019	2018
Deferred tax assets arose from:				
Allowance for impairment on investments	14,956,552	23,400,632	(8,444,080)	4,519,880
Premium reserves	259,376,397	210,854,551	48,521,846	20,429,888
Loss reserves of claims incurred and reported	382,114,575	366,197,366	15,917,209	(54,563,608)
Loss reserves of claims incurred but not yet reported	59,250,319	60,661,254	(1,410,935)	(5,488,085)
Provision for long-term employee benefits	107,723,326	77,536,894	30,186,432	6,835,847
Others	11,199,827	22,635,769	(11,435,942)	6,370,353
Total	834,620,996	761,286,466		
Deferred tax liabilities arose from:				
Gains on revaluation of available-for-sale investments	4,055,504,495	5,464,746,406	1,409,241,911	101,234,720
Actuarial gains	1,299,033	1,299,033	-	-
Shares of profits from investments in associates	22,278,913	19,669,221	(2,609,692)	(2,377,879)
Total	4,079,082,441	5,485,714,660		
Deferred tax liabilities	3,244,461,445	4,724,428,194		
Total changes			1,479,966,749	76,961,116
Changes are recognised:				
- in profit or loss			69,776,471	(24,273,604)
- in other comprehensive income			1,410,190,278	101,234,720
			1,479,966,749	76,961,116

(Unaudited but reviewed)

(Unit: Baht)

	Separate financial statements		Changes in deferred tax assets or liabilities for the nine-month periods ended 30 September	
	30 September 2019	31 December 2018	2019	2018
Deferred tax assets arose from:				
Allowance for impairment on investments	14,956,552	23,400,632	(8,444,080)	4,519,880
Premium reserves	259,376,397	210,854,551	48,521,846	20,429,888
Loss reserves of claims incurred and reported	382,114,575	366,197,366	15,917,209	(54,563,608)
Loss reserves of claims incurred but not yet reported	59,250,319	60,661,254	(1,410,935)	(5,488,085)
Provision for long-term employee benefits	107,723,326	77,536,894	30,186,432	6,835,847
Others	11,199,827	22,635,769	(11,435,942)	6,370,353
Total	834,620,996	761,286,466		
Deferred tax liabilities arose from:				
Gains on revaluation of available-for-sale investments	4,055,504,495	5,464,746,406	1,409,241,911	101,234,720
Actuarial gains	1,299,033	1,299,033	-	-
Total	4,056,803,528	5,466,045,439		
Deferred tax liabilities	3,222,182,532	4,704,758,973		
Total changes			1,482,576,441	79,338,995
Changes are recognised:				
- in profit or loss			73,334,530	(21,895,725)
- in other comprehensive income			1,409,241,911	101,234,720
			1,482,576,441	79,338,995

13.2 Income tax expenses

Income tax expenses for the three-month and nine-month periods ended 30 September 2019 and 2018 were made up as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	For the three-month periods ended 30 September		For the three-month periods ended 30 September	
	2019	2018	2019	2018
Current income taxes:				
Corporate income tax charge	(81,940,976)	(88,144,225)	(81,940,976)	(88,144,225)
Deferred income taxes:				
Deferred income taxes relating to origination and reversal of temporary differences	3,900,454	(14,162,835)	6,816,625	(13,842,378)
Income tax expenses reported in profit or loss	(78,040,522)	(102,307,060)	(75,124,351)	(101,986,603)

(Unaudited but reviewed)

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	For the nine-month periods ended 30 September		For the nine-month periods ended 30 September	
	2019	2018	2019	2018
Current income taxes:				
Interim corporate income tax charge	(271,235,368)	(272,014,456)	(271,235,368)	(272,014,456)
Deferred income taxes:				
Deferred income taxes relating to origination and reversal of temporary differences	69,776,471	(24,273,604)	73,334,530	(21,895,725)
Income tax expenses reported in profit or loss	<u>(201,458,897)</u>	<u>(296,288,060)</u>	<u>(197,900,838)</u>	<u>(293,910,181)</u>

Reconciliations between income tax expenses and the product of accounting profits for the three-month and nine-month periods ended 30 September 2019 and 2018 and the applicable tax rate were as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial Statements	
	For the three-month periods ended 30 September		For the three-month periods ended 30 September	
	2019	2018	2019	2018
Accounting profits before income tax expenses	<u>689,475,413</u>	<u>841,293,809</u>	<u>674,894,559</u>	<u>839,691,523</u>
Applicable tax rate	20%	20%	20%	20%
Income taxes at the applicable tax rate	(137,895,083)	(168,258,762)	(134,978,912)	(167,938,305)
Net tax effect on tax-exempt revenues and non-tax deductible expenses	<u>59,854,561</u>	<u>65,951,702</u>	<u>59,854,561</u>	<u>65,951,702</u>
Income tax expenses reported in profit or loss	<u>(78,040,522)</u>	<u>(102,307,060)</u>	<u>(75,124,351)</u>	<u>(101,986,603)</u>

(Unaudited but reviewed)

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial Statements	
	For the nine-month periods ended 30 September		For the nine-month periods ended 30 September	
	2019	2018	2019	2018
Accounting profits before income tax expenses	2,071,091,833	2,337,404,284	2,053,301,538	2,325,514,891
Applicable tax rate	20%	20%	20%	20%
Income taxes at the applicable tax rate	(414,218,367)	(467,480,857)	(410,660,308)	(465,102,978)
Adjustment in respect of current income tax of prior period	(902,192)	(291,677)	(902,192)	(291,677)
Income tax refunds	40,288,812	-	40,288,812	-
Net tax effect on tax-exempt revenues and non-tax deductible expenses	173,372,850	171,484,474	173,372,850	171,484,474
Income tax expenses reported in profit or loss	(201,458,897)	(296,288,060)	(197,900,838)	(293,910,181)

14. Insurance contract liabilities

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements		
	30 September 2019		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Loss reserves			
Claims incurred and reported	5,913,077,376	(3,108,980,267)	2,804,097,109
Claims incurred but not reported	322,567,012	(26,315,418)	296,251,594
Premium reserves			
Unearned premium reserves	9,550,258,139	(2,710,186,073)	6,840,072,066
Total	15,785,902,527	(5,845,481,758)	9,940,420,769

(Unaudited but reviewed)

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements		
	31 December 2018		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Loss reserves			
Claims incurred and reported	6,086,143,516	(3,584,081,265)	2,502,062,251
Claims incurred but not reported	373,684,987	(70,378,717)	303,306,270
Premium reserves			
Unearned premium reserves	8,275,770,417	(2,446,253,125)	5,829,517,292
Total	14,735,598,920	(6,100,713,107)	8,634,885,813

14.1 Loss reserves

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	For the nine-month period ended	For the year ended
	30 September 2019	31 December 2018
Beginning balances	6,459,828,503	6,422,182,460
Claim incurred during the periods	6,703,762,692	8,246,102,565
Change in loss reserves of claimed incurred in prior periods	154,195,077	(180,557,798)
Changes in assumptions in calculating loss reserves	-	(28,061,358)
Claims and loss adjustment expenses paid during the periods	(7,082,141,884)	(7,999,837,366)
Ending balances	6,235,644,388	6,459,828,503

(Unaudited but reviewed)

14.2 Unearned premium reserves

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	For the nine-month period ended 30 September 2019	For the year ended 31 December 2018
Beginning balances	8,275,770,417	7,340,161,143
Premium written during the periods	15,272,257,314	17,326,215,295
Premium earned during the periods	(13,997,769,592)	(16,390,606,021)
Ending balances	9,550,258,139	8,275,770,417

15. Due to reinsurers

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	30 September 2019	31 December 2018
Amounts withheld on reinsurance	1,115,974,812	1,031,419,571
Amounts due to reinsurers	1,146,495,379	1,147,509,615
Total due to reinsurers	2,262,470,191	2,178,929,186

16. Employee benefit obligations

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	For the nine-month period ended 30 September 2019	For the year ended 31 December 2018
Employee benefit obligations at beginning of the periods	381,189,307	351,202,663
Current service costs	25,093,188	40,336,101
Interest costs	11,435,679	14,048,107
Past service costs	114,403,291	-
Actuarial gains	-	(5,779,442)
Benefits paid during the periods	-	(18,618,122)
Employee benefit obligations at end of the periods	532,121,465	381,189,307

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment. The Company's management, therefore determines to revise employee benefit plan to comply with the new law. The Company have additional long-term employee benefit liabilities of Baht 114.4 million as a result. The Company has already reflected the effect of the change by recognised past service costs.

17. Other reserves

On 26 April 2019, the Annual General Meeting No. 26 of the Company's shareholders approved the appropriation of unappropriated retained earnings of Baht 3,900 million to other reserve.

18. Segment information/major customers

The Company is organised into business units based on its insurance products. During the current periods, there was no change in the organisational structure of its reportable segments.

18.1 Segment information reporting

Operating segment information for the three-month and nine-month periods ended 30 September 2019 and 2018 can be classified by types of insurance products as follows:

(Unit: Baht)

	Financial statements in which equity method is applied				
	For the three-month period ended 30 September 2019				
	Fire	Marine and transportation	Motor	Miscellaneous	Total
Underwriting revenues					
Gross premium written	379,162,586	167,089,042	2,268,405,922	2,750,442,457	5,565,100,007
Less: Premium ceded to reinsurers	(117,528,568)	(101,442,189)	(54,572,619)	(1,563,860,032)	(1,837,403,408)
Net premium written	261,634,018	65,646,853	2,213,833,303	1,186,582,425	3,727,696,599
Less: Unearned premium reserves increased from prior period	(346,815)	(4,325,344)	(207,248,778)	(133,062,626)	(344,983,563)
Earned premium	261,287,203	61,321,509	2,006,584,525	1,053,519,799	3,382,713,036
Commission and brokerage fee income	46,568,954	15,137,079	16,373,075	251,859,298	329,938,406
Total underwriting income	307,856,157	76,458,588	2,022,957,600	1,305,379,097	3,712,651,442
Underwriting expenses					
Net claims	59,173,032	42,612,055	1,421,329,774	449,023,550	1,972,138,411
Commission and brokerage expenses	75,278,032	12,086,342	347,528,681	251,008,430	685,901,485
Other underwriting expenses	65,790,578	24,068,625	246,581,109	236,680,089	573,120,401
Total underwriting expenses	200,241,642	78,767,022	2,015,439,564	936,712,069	3,231,160,297
Profit from underwriting	107,614,515	(2,308,434)	7,518,036	368,667,028	481,491,145
Shares of profits from investments in associates					14,580,854
Investment revenue					390,875,093
Gains on investments					29,088,660
Other income					48,897,450
Operating expenses					(250,558,821)
Investment expenses					(24,284,381)
Finance costs					(614,587)
Profit before income tax expenses					689,475,413
Less: Income tax expenses					(78,040,522)
Profit for the period					611,434,891

(Unaudited but reviewed)

(Unit: Baht)

	Financial statements in which the equity method is applied				
	For the three-month period ended 30 September 2018				
	Fire	Marine and transportation	Motor	Miscellaneous	Total
Underwriting revenue					
Premium written	381,222,957	109,335,774	1,684,767,798	2,123,047,818	4,298,374,347
Less: Premium ceded to reinsurers	(127,162,175)	(51,962,302)	(38,621,377)	(1,154,714,827)	(1,372,460,681)
Net premium written	254,060,782	57,373,472	1,646,146,421	968,332,991	2,925,913,666
Add (less): Unearned premium reserves					
(increased) decreased from prior period	21,008,243	(5,770,218)	(93,969,486)	14,882,738	(63,848,723)
Earned premium	275,069,025	51,603,254	1,552,176,935	983,215,729	2,862,064,943
Fee and commission income	41,678,510	17,158,994	10,822,304	197,324,586	266,984,394
Total underwriting revenue	316,747,535	68,762,248	1,562,999,239	1,180,540,315	3,129,049,337
Underwriting expenses					
Net claims	31,702,872	15,477,484	1,017,046,343	283,922,565	1,348,149,264
Commission and brokerage expenses	80,210,963	12,519,655	251,197,263	220,257,861	564,185,742
Other underwriting expenses	68,051,265	15,743,408	197,567,622	228,212,809	509,575,104
Total underwriting expenses	179,965,100	43,740,547	1,465,811,228	732,393,235	2,421,910,110
Profit from underwriting	136,782,435	25,021,701	97,188,011	448,147,080	707,139,227
Shares of profits from investments in associate					1,602,286
Investment revenue					373,878,943
Losses on investments					(627,519)
Other income					38,402,777
Operating expenses					(257,078,445)
Investment expenses					(21,227,428)
Finance cost					(796,032)
Profit before income tax expenses					841,293,809
Less: Income tax expenses					(102,307,060)
Profit for the period					738,986,749

(Unaudited but reviewed)

(Unit: Baht)

Financial statements in which the equity method is applied					
For the nine-month period ended 30 September 2019					
	Fire	Marine and transportation	Motor	Miscellaneous	Total
Underwriting revenue					
Gross premium written	1,150,167,983	470,540,533	6,522,593,592	7,128,955,206	15,272,257,314
Less: Premium ceded to reinsurers	(369,597,450)	(276,904,077)	(178,113,688)	(3,845,114,162)	(4,669,729,377)
Net premium written	780,570,533	193,636,456	6,344,479,904	3,283,841,044	10,602,527,937
Add (less): Unearned premium reserves (increased) decreased from prior period	14,482,097	(14,462,052)	(752,976,759)	(257,598,060)	(1,010,554,774)
Earned premium	795,052,630	179,174,404	5,591,503,145	3,026,242,984	9,591,973,163
Commission and brokerage fee income	149,331,374	56,453,982	51,192,182	668,434,782	925,412,320
Total underwriting income	<u>944,384,004</u>	<u>235,628,386</u>	<u>5,642,695,327</u>	<u>3,694,677,766</u>	<u>10,517,385,483</u>
Underwriting expenses					
Net claims	81,680,681	74,508,820	3,763,250,547	1,372,536,013	5,291,976,061
Commission and brokerage expenses	241,924,537	37,751,133	991,427,050	737,853,265	2,008,955,985
Other underwriting expenses	199,975,094	65,214,846	705,569,013	701,774,232	1,672,533,185
Total underwriting expenses	<u>523,580,312</u>	<u>177,474,799</u>	<u>5,460,246,610</u>	<u>2,812,163,510</u>	<u>8,973,465,231</u>
Profit from underwriting	<u>420,803,692</u>	<u>58,153,587</u>	<u>182,448,717</u>	<u>882,514,256</u>	<u>1,543,920,252</u>
Shares of profits from investments in associates					17,790,295
Investment revenue					1,108,247,437
Gains on investments					129,953,051
Other income					138,987,811
Operating expenses					(800,857,848)
Investment expenses					(64,963,935)
Finance cost					(1,985,230)
Profit before income tax expenses					<u>2,071,091,833</u>
Less: Income tax expenses					(201,458,897)
Profit for the period					<u>1,869,632,936</u>

(Unaudited but reviewed)

(Unit: Baht)

Financial statements in which the equity method is applied					
For the nine-month period ended 30 September 2018					
	Fire	Marine and transportation	Motor	Miscellaneous	Total
Underwriting revenue					
Premium written	1,218,592,534	317,301,896	4,861,783,560	6,051,481,366	12,449,159,356
Less: Premium ceded to reinsurers	(391,062,864)	(158,335,108)	(131,109,660)	(3,085,987,657)	(3,766,495,289)
Net premium written	827,529,670	158,966,788	4,730,673,900	2,965,493,709	8,682,664,067
Less: Unearned premium reserves increased from prior period	(10,438,700)	(6,067,127)	(183,446,027)	(126,582,205)	(326,534,059)
Earned premium	817,090,970	152,899,661	4,547,227,873	2,838,911,504	8,356,130,008
Fee and commission income	133,529,706	48,601,497	36,114,440	532,790,657	751,036,300
Total underwriting revenue	950,620,676	201,501,158	4,583,342,313	3,371,702,161	9,107,166,308
Underwriting expenses					
Net claims	117,208,055	30,758,727	2,890,385,929	1,031,383,043	4,069,735,754
Commission and brokerage expenses	269,748,376	33,430,200	720,832,460	669,499,971	1,693,511,007
Other underwriting expenses	165,567,227	48,703,096	586,960,606	614,517,293	1,415,748,222
Total underwriting expenses	552,523,658	112,892,023	4,198,178,995	2,315,400,307	7,178,994,983
Profit from underwriting	398,097,018	88,609,135	385,163,318	1,056,301,854	1,928,171,325
Shares of profits from investments in associates					11,076,909
Investment revenue					1,039,977,187
Gains on investments					67,445,607
Other income					118,114,078
Operating expenses					(762,003,155)
Investment expenses					(62,881,604)
Finance cost					(2,496,063)
Profit before income tax expenses					2,337,404,284
Less: Income tax expenses					(296,288,060)
Profit for the period					2,041,116,224

The following table presented the Company's operating segment assets and liabilities as at 30 September 2019 and 31 December 2018.

(Unit: Baht)

	Financial statements in which the equity method is applied						
	Fire	Marine and transportation	Motor	Miscellaneous	Total segments	Unallocated	Total
Assets							
As at 30 September 2019	427,902,516	245,993,550	837,476,387	6,995,308,430	8,506,680,883	46,919,307,345	55,425,988,228
As at 31 December 2018	603,858,249	193,570,534	924,619,709	7,193,042,244	8,915,090,736	51,705,118,563	60,620,209,299
Liabilities							
As at 30 September 2019	3,020,501,501	401,229,637	6,446,212,807	9,880,330,606	19,748,274,551	5,744,647,654	25,492,922,205
As at 31 December 2018	3,277,391,494	284,219,492	5,442,711,078	9,636,542,299	18,640,864,363	7,103,980,735	25,744,845,098

18.2 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.

18.3 Major customers

During the three-month and nine-month periods ended 30 September 2019 and 2018, the Company had gross premium written from 1 major customer (who had gross premium written of 10% or more of total gross premium written) as follows:

(Unit: Million Baht)

	Financial statements in which the equity method is applied			
	For the three-month periods ended		For the nine-month periods ended	
	30 September		30 September	
	2019	2018	2019	2018
Gross premium written	584	614	2,038	2,039

19. Earnings per share

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

20. Dividends paid

Dividend declared during the nine-month periods ended 30 September 2019 and 2018 are as follow:

	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
The second interim dividend for 2019	Meeting No. 3/19 of Board of Directors on 9 August 2019	319.4	3.00
The first interim dividend for 2019	Meeting No. 2/19 of Board of Directors on 10 May 2019	319.4	3.00
Final dividend for 2018	Annual General Meeting No. 26 of the Shareholders on 26 April 2019	532.3	5.00
Total dividends for the period 2019		1,171.1	
The second interim dividend for 2018	Meeting No. 4/18 of Board of Directors on 10 August 2018	319.4	3.00
The first interim dividend for 2018	Meeting No. 2/18 of Board of Directors on 11 May 2018	319.4	3.00
Final dividend for 2017	Annual General Meeting No. 25 of the Shareholders on 27 April 2018	532.3	5.00
Total dividends for the period 2018		1,171.1	

21. Related party transactions

21.1 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.	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	Holding company	Related by way of having common directors and shareholding
Thai Reinsurance Pcl. ⁽¹⁾	Insurance	Related by way of having common directors and shareholding
Charoong Thai Wire and Cable Pcl. ⁽¹⁾	Electrical products	Related by way of having common directors and shareholding
Furukawa Metal (Thailand) Pcl. ⁽¹⁾	Electrical products	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 Co., Ltd. ⁽¹⁾	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. ⁽¹⁾	Entertainment and Leisure	Related by way of having common directors and shareholding
Thai Metal Processing Co., Ltd. ⁽¹⁾	Electronic parts	Related by way of having common directors and shareholding
Asia Sermkij Co., Ltd. ⁽¹⁾	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 had been considered a related party since 9 November 2018, which was the date when there was common directors and its shares are also held by Company.

21.2 Significant related party transactions

During the three-month and nine-month periods ended 30 September 2019 and 2018, the Company had significant business transactions with its related parties. Such transactions, which have been concluded on commercial terms and bases agreed upon in the ordinary course business between the Company and those parties are as follows:

					(Unit: Thousand Baht)
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September		
	2019	2018	2019	2018	Pricing policy
<u>Transactions with associates and related companies</u>					
<i>Revenues</i>					
Premium written	118,967	128,031	451,406	385,101	Normal commercial terms for underwriting
Fee and commission income	46,768	7,330	145,473	29,398	Normal commercial terms for reinsurance depending on type of insurance and reinsurance contract
Interest income ⁽¹⁾	19,711	14,487	52,463	49,508	Same rates as financial institutions and related companies offer to their general customers
Dividend income ⁽¹⁾	219,153	212,936	633,637	582,442	The declared amount
Rental Income ⁽²⁾	1,209	871	3,625	1,399	Same rates offer to general customers
<i>Expenses</i>					
Premium ceded to reinsurers	147,078	28,524	458,465	112,481	Normal commercial terms for reinsurance depending on type of insurance and reinsurance contract
Net claims (reversal)	(42,430)	(16,141)	(192,060)	(42,332)	Actual incurred
Commissions and brokerages	5,640	7,416	40,088	20,494	Normal commercial terms for underwriting
Management fee for private fund ⁽³⁾	-	70	139	202	Similar rates its related party offers to its general customers
Fee for trading securities ⁽³⁾	77	71	650	421	Similar rates its related party offers to its general customers

⁽¹⁾ Presented in "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

21.3 Outstanding balances

As at 30 September 2019 and 31 December 2018, the Company had the following significant balances with its related companies.

	(Unit: Thousand Baht)	
	30 September 2019	31 December 2018
<u>Associated companies</u>		
Investment in associates - cost	129,396	129,396
<u>Related companies</u>		
Deposits at financial institutions	5,072,838	3,872,992
Premium receivables	31,192	35,040
Reinsurance assets		
Amounts deposited on reinsurance	7,244	6,817
Amounts due from reinsurers	14,810	9,771
Available-for-sale investments		
Equity securities	21,754,239	29,570,730
General investments	600,376	550,835
Loans	157,578	157,978
Other assets		
Deposits and golf club membership fees	36,518	37,186
Due to reinsurers		
Amounts withheld on reinsurance	100,917	101,783
Amounts due to reinsurers	37,691	38,403
Other Liabilities		
Liabilities under finance lease agreements	71	173
Accounts payable on purchases of securities	1,860	1,789

21.4 Directors' and key management's benefits

During the three-month and nine-month periods ended 30 September 2019 and 2018, 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 three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2019	2018	2019	2018
Short-term employee benefits	24.8	24.7	69.7	74.3
Long-term employee benefits	1.1	2.3	3.2	7.0
Total	25.9	27.0	72.9	81.3

22. Assets subject to restriction and commitment

As at 30 September 2019 and 31 December 2018, the Company had the following assets placed with the Registrar as securities and reserves in accordance with the Non-life Insurance Act, and as placed with the bank as collateral.

(Unit: Million Baht)

	Financial statements in which the equity method is applied and Separate financial statements			
	30 September 2019		31 December 2018	
	Cost	Fair value	Cost	Fair value
Placed as securities				
Government bonds	14.0	14.0	14.0	14.0
Placed as insurance reserves				
Ordinary shares	35.2	166.5	35.2	175.6
Government bonds	926.0	949.0	926.0	924.1
Debentures	300.0	306.8	100.0	104.0
	1,261.2	1,422.3	1,061.2	1,203.7
Placed to secure bank overdraft facilities				
Deposited at financial institutions	30.0	30.0	30.0	30.0
Placed to secure performance bonds				
Government and state enterprise bonds	25.2	25.2	38.1	38.2
Placed to secure bank guarantees				
Deposited at financial institutions	20.0	20.0	20.0	20.0

23. Commitments and contingent liabilities**23.1 Operating lease commitments**

The Company entered into several lease agreements in respect of the lease of land and office building space. The terms of the agreements are 33 years for land and more than 3 years for office building space.

As at 30 September 2019 and 31 December 2018, future minimum lease payments required under those non-cancellable operating lease contracts were as follows.

	(Unit: Million Baht)	
Payable	30 September 2019	31 December 2018
Within 1 year	32	31
Over 1 year and not over 5 years	110	114
Over 5 years	90	90

23.2 Capital Commitments

As at 30 September 2019 and 31 December 2018, there were outstanding capital commitments contracted for decoration and construction building amounting to Baht 32.2 million and Baht 4.9 million, respectively.

23.3 Litigation

As at 30 September 2019 and 31 December 2018, the Company had litigation claims totaling approximately Baht 3,044.6 million and Baht 3,369.9 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 753.1 million and Baht 1,114.4 million, respectively. However, the Company has considered and estimated for losses that may arise from those cases amounting to approximately Baht 123.9 million and Baht 302.7 million, respectively, which were already recognised in "Insurance contract liabilities" in the statements of financial position as at those dates.

24. Fair value of financial assets

As of 30 September 2019 and 31 December 2018, the Company had the following financial assets that were measured at fair value or cost but fair value are disclosed by using different levels of inputs as follows:

	30 September 2019			31 December 2018		
	Level 1	Level 2	Total	Level 1	Level 2	Total
	(Unit: Million Baht)					
Available-for-sale investments						
Government and state enterprise securities	-	4,857	4,857	-	5,451	5,451
Private sector debt securities	-	969	969	-	1,102	1,102
Equity securities	27,103	56	27,159	33,942	865	34,807
Total	27,103	5,882	32,985	33,942	7,418	41,360

Valuation techniques and inputs for Level 2 valuations

- (a) The fair value of investments in debt securities is determined by using the yield curve as announced by the Thai Bond Market Association.
- (b) The fair value of investments in investment units, which are not listed on the Stock Exchange of Thailand, is determined by using the net assets value per unit as announced by the fund managers.

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

25. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Executive Directors on 31 October 2019.