

Bangkok Insurance Public Company Limited  
Report and financial statements  
31 December 2020

## **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 2020, 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 2020, 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 2020, the Company had gross premium written of Baht 22,858 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 2020, the Company had loss reserves of Baht 7,712 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 2020, the Company had loans and interest receivables amounting to Baht 1,526 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 2020, such investments stated at fair value totaling Baht 2,247 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: 17 February 2021



**Bangkok Insurance Public Company Limited**
**Statement of financial position**
**As at 31 December 2020**

(Unit: Baht)

	Note	Financial statements		Separate financial statements	
		in which the equity method is applied			
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
<b>Assets</b>					
Cash and cash equivalents	7	141,557,318	138,824,094	141,557,318	138,824,094
Premium receivables	8	2,765,896,684	2,781,688,227	2,765,896,684	2,781,688,227
Accrued investment income	9	42,863,470	71,681,658	42,863,470	71,681,658
Reinsurance assets	10	7,560,169,280	5,652,331,757	7,560,169,280	5,652,331,757
Reinsurance receivables	11	389,321,701	393,520,487	389,321,701	393,520,487
Investment assets					
Investments in securities	12.1	44,424,088,267	44,958,408,793	44,424,088,267	44,958,408,793
Loans		-	1,313,733,175	-	1,313,733,175
Loans and interest receivables	13	1,476,419,024	-	1,476,419,024	-
Investment properties	14	117,929,942	135,206,776	117,929,942	135,206,776
Investments in associates	15.1	268,910,602	246,370,557	129,395,722	129,395,722
Premises and equipment	16	614,944,629	740,711,978	614,944,629	740,711,978
Right-of-use assets	17.1	886,560,707	-	886,560,707	-
Intangible assets	18	101,675,828	116,379,604	101,675,828	116,379,604
Other assets					
Land and building leasehold rights		-	38,927,075	-	38,927,075
Others		713,452,108	739,299,170	713,452,108	739,299,170
<b>Total assets</b>		<b>59,503,789,560</b>	<b>57,327,083,351</b>	<b>59,364,274,680</b>	<b>57,210,108,516</b>

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 2020**

(Unit: Baht)

	Note	Financial statements		Separate financial statements	
		in which the equity method is applied			
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
<b>Liabilities and owners' equity</b>					
<b>Liabilities</b>					
Insurance contract liabilities	19	18,022,514,489	15,609,540,384	18,022,514,489	15,609,540,384
Due to reinsurers	20	2,737,451,690	2,553,721,341	2,737,451,690	2,553,721,341
Income tax payable		196,693,497	136,230,766	196,693,497	136,230,766
Lease liabilities	17.2	778,848,706	40,059,231	778,848,706	40,059,231
Employee benefit obligations	21	777,202,619	710,874,638	777,202,619	710,874,638
Deferred tax liabilities	22.1	2,984,538,685	3,476,762,989	2,956,635,709	3,453,368,022
Other liabilities					
Premiums received in advance		1,717,482,667	1,810,511,932	1,717,482,667	1,810,511,932
Commission payables		411,902,624	416,503,130	411,902,624	416,503,130
Accrued expenses		607,433,941	683,969,720	607,433,941	683,969,720
Others		926,673,433	865,812,134	926,673,433	865,812,134
<b>Total liabilities</b>		<b>29,160,742,351</b>	<b>26,303,986,265</b>	<b>29,132,839,375</b>	<b>26,280,591,298</b>
<b>Owners' equity</b>					
Share capital	23				
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	24	106,470,000	106,470,000	106,470,000	106,470,000
Other reserve	25	7,000,000,000	7,000,000,000	7,000,000,000	7,000,000,000
Unappropriated		5,373,111,989	4,223,458,003	5,259,106,805	4,126,084,666
Other component of owners' equity		15,356,265,220	17,185,969,083	15,358,658,500	17,189,762,552
<b>Total owners' equity</b>		<b>30,343,047,209</b>	<b>31,023,097,086</b>	<b>30,231,435,305</b>	<b>30,929,517,218</b>
<b>Total liabilities and owners' equity</b>		<b>59,503,789,560</b>	<b>57,327,083,351</b>	<b>59,364,274,680</b>	<b>57,210,108,516</b>

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 2020**

(Unit: Baht)

	Note	Financial statements		Separate financial statements	
		in which the equity method is applied			
		2020	2019	2020	2019
<b>Profit or loss:</b>					
<b>Revenues</b>					
Gross premium written		22,858,219,887	21,008,919,254	22,858,219,887	21,008,919,254
Less: Premium ceded to reinsurers		(8,048,864,881)	(6,564,361,462)	(8,048,864,881)	(6,564,361,462)
Net premium written		14,809,355,006	14,444,557,792	14,809,355,006	14,444,557,792
Add (less): Unearned premium reserves (increased)					
decreased from prior year		35,380,551	(1,260,958,528)	35,380,551	(1,260,958,528)
Earned premium		14,844,735,557	13,183,599,264	14,844,735,557	13,183,599,264
Fee and commission income		1,641,001,334	1,253,218,538	1,641,001,334	1,253,218,538
Investment revenue		1,127,222,520	1,226,490,451	1,127,222,520	1,226,490,451
Gains on investments		185,241,059	281,138,063	185,241,059	281,138,063
Share of profits in associates under the equity method	15.2	20,789,809	23,370,566	-	-
Other income		174,083,116	182,847,401	174,083,116	182,847,401
<b>Total revenues</b>		<b>17,993,073,395</b>	<b>16,150,664,283</b>	<b>17,972,283,586</b>	<b>16,127,293,717</b>
<b>Expenses</b>					
Gross claims		12,327,280,494	9,125,530,494	12,327,280,494	9,125,530,494
Less: Claim recovery from reinsurers		(3,955,308,210)	(1,996,776,128)	(3,955,308,210)	(1,996,776,128)
Commissions and brokerages		2,865,234,091	2,717,316,602	2,865,234,091	2,717,316,602
Other underwriting expenses		2,375,420,525	2,348,505,171	2,375,420,525	2,348,505,171
Operating expenses	27	984,279,252	1,078,262,779	984,279,252	1,078,262,779
Investment expenses		86,426,177	89,314,693	86,426,177	89,314,693
Finance costs		39,336,336	2,553,215	39,336,336	2,553,215
Expected credit losses	28	60,321,248	-	60,321,248	-
<b>Total expenses</b>	29	<b>14,782,989,913</b>	<b>13,364,706,826</b>	<b>14,782,989,913</b>	<b>13,364,706,826</b>
<b>Profits before income tax expenses</b>		<b>3,210,083,482</b>	<b>2,785,957,457</b>	<b>3,189,293,673</b>	<b>2,762,586,891</b>
Less: Income tax expenses	22.2	(504,487,435)	(334,675,988)	(500,329,473)	(330,001,875)
<b>Net profits</b>		<b>2,705,596,047</b>	<b>2,451,281,469</b>	<b>2,688,964,200</b>	<b>2,432,585,016</b>
<b>Other comprehensive income:</b>					
Items to be recognised in profit or loss in subsequent periods:					
Shares of other comprehensive income (loss) from associates	15.2	1,750,236	(4,741,836)	-	-
Losses on revaluation of available-for-sale investments					
are measured at fair value through other comprehensive income		(5,002,416,082)	(5,836,528,840)	(5,002,416,082)	(5,836,528,840)
Total Items to be recognised in profit or loss in subsequent periods		(5,000,665,846)	(5,841,270,676)	(5,002,416,082)	(5,836,528,840)
Add: Income taxes		1,000,133,169	1,168,254,135	1,000,483,216	1,167,305,768
Items to be recognised in profit or loss in subsequent periods - net of income taxes		(4,000,532,677)	(4,673,016,541)	(4,001,932,866)	(4,669,223,072)
Items not to be recognised in profit or loss in subsequent periods:					
Actuarial losses		(35,681,189)	(174,940,054)	(35,681,189)	(174,940,054)
Add: Income taxes		7,136,238	34,988,011	7,136,238	34,988,011
Items not to be recognised in profit or loss in subsequent periods - net of income taxes		(28,544,951)	(139,952,043)	(28,544,951)	(139,952,043)
<b>Other comprehensive loss for the years</b>		<b>(4,029,077,628)</b>	<b>(4,812,968,584)</b>	<b>(4,030,477,817)</b>	<b>(4,809,175,115)</b>
<b>Total comprehensive loss for the years</b>		<b>(1,323,481,581)</b>	<b>(2,361,687,115)</b>	<b>(1,341,513,617)</b>	<b>(2,376,590,099)</b>
<b>Earnings per share:</b>	31				
Basic earnings per share					
Net profits		25.41	23.02	25.26	22.85

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 2020**

(Unit: Baht)

	Note	Financial statements		Separate financial statements	
		in which the equity method is applied			
		2020	2019	2020	2019
<b>Cash flows from (used in) operating activities</b>					
Direct premium written		21,471,962,314	19,883,141,451	21,471,962,314	19,883,141,451
Cash paid for reinsurance		(2,777,161,015)	(1,868,805,306)	(2,777,161,015)	(1,868,805,306)
Interest income		304,337,095	289,872,609	304,337,095	289,872,609
Dividend income		851,160,528	906,362,998	851,160,528	906,362,998
Other investment income		154,902,904	160,870,846	154,902,904	160,870,846
Other income		16,861,307	21,793,042	16,861,307	21,793,042
Losses incurred on direct insurance		(9,947,053,192)	(9,118,523,131)	(9,947,053,192)	(9,118,523,131)
Commissions and brokerages on direct insurance		(2,639,521,135)	(2,488,209,094)	(2,639,521,135)	(2,488,209,094)
Other underwriting expenses		(2,763,227,992)	(2,688,188,320)	(2,763,227,992)	(2,688,188,320)
Operating expenses		(696,589,280)	(874,754,756)	(696,589,280)	(874,754,756)
Investment expenses		(47,472,324)	(63,649,243)	(47,472,324)	(63,649,243)
Income taxes		(465,084,876)	(410,264,470)	(465,084,876)	(410,264,470)
Cash received on financial assets		21,874,999,105	-	21,874,999,105	-
Cash paid for financial assets		(23,718,425,440)	-	(23,718,425,440)	-
Investments in securities		-	(2,561,341,952)	-	(2,561,341,952)
Loans		-	126,103,220	-	126,103,220
<b>Net cash provided by operating activities</b>		<b>1,619,687,999</b>	<b>1,314,407,894</b>	<b>1,619,687,999</b>	<b>1,314,407,894</b>
<b>Cash flows from (used in) investing activities</b>					
Cash flows from					
Premises and equipment		2,576,009	223,443	2,576,009	223,443
Cash from investing activities		2,576,009	223,443	2,576,009	223,443
Cash flows used in					
Premises and equipment		(52,712,305)	(124,427,269)	(52,712,305)	(124,427,269)
Intangible assets		(19,789,622)	(9,691,596)	(19,789,622)	(9,691,596)
Cash used in investing activities		(72,501,927)	(134,118,865)	(72,501,927)	(134,118,865)
<b>Net cash used in investing activities</b>		<b>(69,925,918)</b>	<b>(133,895,422)</b>	<b>(69,925,918)</b>	<b>(133,895,422)</b>
<b>Cash flows from (used in) financing activities</b>					
Repayments of lease liabilities		(60,360,710)	-	(60,360,710)	-
Dividends paid		(1,486,668,146)	(1,461,255,164)	(1,486,668,146)	(1,461,255,164)
<b>Net cash used in financing activities</b>		<b>(1,547,028,856)</b>	<b>(1,461,255,164)</b>	<b>(1,547,028,856)</b>	<b>(1,461,255,164)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>2,733,225</b>	<b>(280,742,692)</b>	<b>2,733,225</b>	<b>(280,742,692)</b>
Cash and cash equivalents at beginning of the years		138,824,094	419,566,786	138,824,094	419,566,786
Less: Increase in allowance for expected credit losses	7	(1)	-	(1)	-
<b>Cash and cash equivalents at end of the years</b>		<b>141,557,318</b>	<b>138,824,094</b>	<b>141,557,318</b>	<b>138,824,094</b>

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 2020**

(Unit: Baht)

Financial statements in which the equity method is applied										
	Note	Issued and paid-up share capital	Share premium	Retained earnings		Unappropriated	Other component of equity			Total
				Statutory reserve	Other reserve		comprehensive loss from associates - net of income taxes	Revaluation surplus on available-for-sale investments - net of income taxes	Total	
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	25	-	-	-	3,900,000,000	(3,900,000,000)	-	-	-	-
Dividend paid	32	-	-	-	-	(1,490,580,000)	-	-	-	(1,490,580,000)
Net profit		-	-	-	-	2,451,281,469	-	-	-	2,451,281,469
Other comprehensive loss for the year		-	-	-	-	(139,952,043)	(3,793,469)	(4,669,223,072)	(4,673,016,541)	(4,812,968,584)
Balance as at 31 December 2019		1,064,700,000	1,442,500,000	106,470,000	7,000,000,000	4,223,458,003	(3,793,469)	17,189,762,552	17,185,969,083	31,023,097,086
Balance as at 1 January 2020		1,064,700,000	1,442,500,000	106,470,000	7,000,000,000	4,223,458,003	(3,793,469)	17,189,762,552	17,185,969,083	31,023,097,086
Cumulative effects of the changes in accounting policies	4	-	-	-	-	(36,818,070)	-	2,170,828,814	2,170,828,814	2,134,010,744
Balance as at 1 January 2020 - as restated		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	32	-	-	-	-	(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

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 2020**

(Unit: Baht)

Separate financial statements							
Note	Issued and paid-up share capital	Share premium	Retained earnings			Other component of equity	Total
			Appropriated		Unappropriated	Revaluation surplus	
			Statutory reserve	Other reserve		on available-for-sale investments - net of income taxes	
<b>Balance as at 1 January 2019</b>	1,064,700,000	1,442,500,000	106,470,000	3,100,000,000	7,224,031,693	21,858,985,624	34,796,687,317
Retained earnings appropriated to be							
other reserve	25	-	-	3,900,000,000	(3,900,000,000)	-	-
Dividend paid	32	-	-	-	(1,490,580,000)	-	(1,490,580,000)
Net profit		-	-	-	2,432,585,016	-	2,432,585,016
Other comprehensive loss for the year		-	-	-	(139,952,043)	(4,669,223,072)	(4,809,175,115)
<b>Balance as at 31 December 2019</b>	<u>1,064,700,000</u>	<u>1,442,500,000</u>	<u>106,470,000</u>	<u>7,000,000,000</u>	<u>4,126,084,666</u>	<u>17,189,762,552</u>	<u>30,929,517,218</u>
<b>Balance as at 1 January 2020</b>	1,064,700,000	1,442,500,000	106,470,000	7,000,000,000	4,126,084,666	17,189,762,552	30,929,517,218
Cumulative effects of the changes in accounting policies	4	-	-	-	(36,818,070)	2,170,828,814	2,134,010,744
<b>Balance as at 1 January 2020 - as restated</b>	<u>1,064,700,000</u>	<u>1,442,500,000</u>	<u>106,470,000</u>	<u>7,000,000,000</u>	<u>4,089,266,596</u>	<u>19,360,591,366</u>	<u>33,063,527,962</u>
Dividend paid	32	-	-	-	(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)
<b>Balance as at 31 December 2020</b>	<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>

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 2020**

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# **Bangkok Insurance Public Company Limited**

## **Notes to financial statements**

**For the year ended 31 December 2020**

### **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 2020 and 2019, 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 5 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 year**

During the period, the Company has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. 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, the new standard involves changes to key principles, which are summarised below:

#### **(a) Financial reporting standards and Accounting Guidance related to financial instruments**

##### **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.

### **Accounting Guidance related to financial instruments and disclosures applicable to insurance business**

Accounting Guidance related to financial instruments and disclosures applicable to insurance business was issued to comply with TFRS 4 (revised 2019) Insurance contracts, which allows insurers who meet certain criteria stipulated in TFRS 4 to delay adoption of TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures, which are temporarily effective in 2020, and to adopt the Accounting Guidance related to financial instruments and disclosures applicable to insurance business instead.

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.
- Loss on impairment, gain or loss on derecognition, and gain and loss on fair value hedges for available-for-sale equity securities items are to be recognised in profit or loss.
- The embedded derivatives 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.

According to the Company's statement of financial position as of 31 December 2017, the Company had liabilities, in connection with insurance services under the scope of TFRS 4: Insurance Contracts, of 80% or more but less than 90% of the carrying value of total liabilities and the Company does not have a significant operation in non-insurance related business. For such reasons, the Company meets certain criteria stipulated in TFRS 4: Insurance Contracts, and the Company has no change in the entity's core activities in the following accounting periods. The Company's management, therefore, considered to adopt such accounting guidance instead of the adoption of TFRS 9 and TFRS 7.

There will be impact in the following key matters to the Company's financial statement from the adoption of this accounting guidance.

#### Classification and measurement of financial assets

The Company shall classify financial assets as trading securities, available for sale securities, held to maturity securities, and receivables and loans by not taking into consideration of its business model and the characteristics of the contractual cash flows. The Company was considered as follows;

- The Company has still decided to continue to classify its available-for-sale investments both debt instruments and equity instruments, except for non-listed equity securities, as financial assets measured at fair value through other comprehensive income.
- The Company considers to change classification of its investments in non-listed equity securities to be financial assets measured at fair value through other comprehensive income. They were previously classified as general investments measured at cost net of allowance for impairment (if any) under the cancelled former accounting standard.
- The Company has still continued to classify and present loans, which the Company holds to collect contractual cash flow (both principal and interest), as loans and interest receivables measured at amortised cost.

### Classification of financial liabilities

The adoption of this accounting guidance does not have any impact to classification of financial liabilities. The Company continues to classify financial liabilities measured at amortised cost.

### Impairment of financial assets

This accounting guidance requires the Company to move from incurred loss provisioning, under former accounting policy, to expected loss provisioning by recognising an allowance for expected credit losses on its financial assets and it is no longer necessary for a credit-impaired event to have occurred. The Company considers to adopt the general approach to determine expected credit loss on financial assets.

### Transition

The Company initially adopted this accounting guidance using the modified retrospective method whereby the adjustment of the cumulative effect was made against retained earnings or other components of owners' equity as at 1 January 2020, and the comparative information was not restated.

The cumulative effects of the changes in accounting policies were described in Note 4 to financial statements.

## **(b) 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 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases.

The Company initially adopted this financial reporting standard using the modified retrospective method whereby an adjustment of the cumulative effect was made against retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change in accounting policy is described in Note 4 to financial statements.

**(c) Accounting Guidance on Temporary Relief Measures on Accounting Alternatives in Response to the Impact of the Coronavirus 2019 (COVID-19) Pandemic**

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures on Accounting Alternatives in Response to the Impact of the Coronavirus 2019 (COVID-19) Pandemic. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

The Company has elected to apply the following temporary relief measure on accounting alternatives:

- The Company elected not consider any reduction in lease payments by lessors resulting from the COVID-19 situation as a lease modification, whereby it will gradually decrease the lease liabilities due in each period proportionately to the reduced portion of the lease liabilities and make a reversal of depreciation of right-of-use assets and interest on lease liabilities recognised in each period proportionately to the reduced lease liabilities and recognise the differences in profit or loss. However, such reduced amounts were not material to the Company's financial statements.

**3.2 Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2021**

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. These revised 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 Company's management is currently evaluating the impact of these revised standards to the financial statements in the year when they are adopted.

#### 4. Cumulative effects of the changes in accounting policies

As described in Notes 3.1 (a) and (b) to financial statements, during the current year, the Company initially adopted financial reporting standards related to Accounting Guidance related to financial instruments and disclosures applicable to insurance business (“Accounting Guidance related financial instruments”) and TFRS 16. The cumulative effects of applying these standards were recognised as adjustments to retained earnings or other components of owners’ equity as at 1 January 2020 and the comparative information would not be restated.

The impacts on the beginning balance of retained earnings or other components of owners’ equity of 2020 from the adoption of these standards were presented as follows:

(Unit: Thousand Baht)					
Financial statements in which the equity method is applied					
	The impacts of				
		Accounting			
		Guidance			
		related to			
		financial			
	31 December	instruments	TFRS 16		1 January
	2019	(Note 4.1)	(Note 4.2)	Reclassification <sup>(1)</sup>	2020
Statement of financial position					
Assets					
Cash and cash equivalents	138,824	-	-	-	138,824
Accrued investment income	71,682	(13)	-	(3,570)	68,099
Investments in securities	44,958,409	2,709,777	-	-	47,668,186
Loans	1,313,733	-	-	(1,313,733)	-
Loans and interest					
receivables	-	(42,250)	-	1,317,303	1,275,053
Premises and equipment	740,712	-	-	(37,526)	703,186
Land and building leasehold					
rights	38,927	-	-	(38,927)	-
Right-of-use assets	-	-	828,170	76,453	904,623
Other assets	739,299	-	(105,349)	-	633,950
Liabilities					
Lease liabilities	40,059	-	722,821	-	762,880
Deferred tax liabilities	3,476,763	533,503	-	-	4,010,266
Owners' equity					
Retained earnings -					
unappropriated	4,223,458	(36,818)	-	-	4,186,640
Other components of owners'					
equity	17,185,969	2,170,829	-	-	19,356,798

<sup>(1)</sup> The Company has reclassified certain line items in accordance with the format of financial statements specified by OIC and applicable to new Thai Financial Reporting Standards since 1 January 2020 onwards.

(Unit: Thousand Baht)

	Separate financial statements				
		The impacts of			
		Accounting			
		Guidance			
		related to			
		financial			
	31 December	instruments	TFRS 16		1 January
	2019	(Note 4.1)	(Note 4.2)	Reclassification <sup>(1)</sup>	2020
<b>Statement of financial position</b>					
<b>Assets</b>					
Cash and cash equivalents	138,824	-	-	-	138,824
Accrued investment income	71,682	(13)	-	(3,570)	68,099
Investments in securities	44,958,409	2,709,777	-	-	47,668,186
Loans	1,313,733	-	-	(1,313,733)	-
Loans and interest receivables	-	(42,250)	-	1,317,303	1,275,053
Premises and equipment	740,712	-	-	(37,526)	703,186
Land and building leasehold rights	38,927	-	-	(38,927)	-
Right-of-use assets	-	-	828,170	76,453	904,623
Other assets	739,299	-	(105,349)	-	633,950
<b>Liabilities</b>					
Lease liabilities	40,059	-	722,821	-	762,880
Deferred tax liabilities	3,453,368	533,503	-	-	3,986,871
<b>Owners' equity</b>					
Retained earnings - unappropriated	4,126,085	(36,818)	-	-	4,089,267
Other components of owners' equity	17,189,762	2,170,829	-	-	19,360,591

<sup>(1)</sup> The Company has reclassified certain line items in accordance with the format of financial statements specified by OIC and applicable to new Thai Financial Reporting Standards since 1 January 2020 onwards.



#### 4.1 Financial instruments

Details of the impact on owners' equity as at 1 January 2020 due to the adoption of Accounting Guidance related to financial instruments were presented as follows:

	(Unit: Thousand Baht)
	Financial statements in which the equity method is applied and Separate financial statements
Changes in measurement of investments in non-listed securities from cost method to fair value method	2,713,536
Less: Income taxes	(542,707)
Impacts on other component of owners' equity as at 1 January 2020	2,170,829
Recognition of an allowance for expected credit losses on	
Loans and interest receivables	(42,263)
Investments in debt securities	(3,759)
Add: Income taxes	9,204
Impacts on retained earnings as at 1 January 2020	(36,818)
Total impacts on owners' equity as at 1 January 2020	2,134,011

As at 1 January 2020, the amounts of financial assets in accordance with Accounting Guidance related to financial instruments as compared to those under the former accounting basis, were as follows:

(Unit: Thousand Baht)

Financial statements in which the equity method is applied and Separate financial statements					
	Amounts under the former accounting basis	Amounts in accordance with Accounting Guidance			Total
		Available-for-sale investments measured at fair value through other comprehensive income	Held-to-maturity investments measured at amortised cost	Other financial assets measured at amortised cost	
Cash and cash equivalents	138,824	-	-	138,824	138,824
Accrued investment income	71,682	-	-	68,099	68,099
Investments in securities	44,958,409	36,447,505	11,220,681	-	47,668,186
Loans and interest receivables	1,313,733	-	-	1,275,053	1,275,053

As at 1 January 2020, the Company did not designate any financial liabilities to be measured at fair value through profit or loss.

The reconciliation of the balances of allowance for doubtful accounts recognised in accordance with TAS 101 Doubtful Accounts and Bad Debts and allowance for impairment recognised in accordance with TAS 105 Accounting for Investments in Debt and Equity Securities as at 31 December 2019 to the balance of allowance for expected credit losses determined in accordance with Accounting Guidance related to financial instruments as at 1 January 2020 whereby the differences were due to remeasurement of allowance for expected credit losses under requirement of this Accounting Guidance.

(Unit: Baht)

Financial statements in which the equity method is applied and Separate financial statements			
	Allowance for doubtful accounts and impairment as at 31 December 2019	Increase	Allowance for expected credit losses as at 1 January 2020
Cash and cash equivalents	-	38	38
Accrued investment income	-	12,675	12,675
Investments in securities	-	3,759,315	3,759,315
Loans and interest receivables	1,295,125	42,253,412	43,548,537
Total	1,295,125	46,025,440	47,320,565

## 4.2 Leases

Upon initial application of TFRS 16 the Company recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate at 1 January 2020. For leases previously classified as finance leases, the Company recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

	(Unit: Baht)
	Financial statements in which the equity method is applied and Separate financial statements
Operating lease commitments as at 31 December 2019	206,410,463
Add: Option to extend lease term	1,574,187,881
Less: Contracts reassessed as service agreements	(3,390,714)
Less: Deferred interest expenses	(1,054,386,421)
Increase in lease liabilities due to the first time adoption of TFRS 16	722,821,209
Liabilities under finance lease agreements as at 31 December 2019	40,059,231
Lease liabilities as at 1 January 2020	762,880,440
Weighted average incremental borrowing rate (% per annum)	5.00%

The adjustments of right-of-use assets due to the first time adoption of TFRS 16 as at 1 January 2020 were summarised below:

	(Unit: Baht)
	Financial statements in which the equity method is applied and Separate financial statements
Leased land	810,183,890
Leased buildings	17,986,576
Total right-of-use assets	828,170,466
Less: Advance payments	(105,349,257)
Increase in lease liabilities due to the first time adoption of TFRS 16	722,821,209

## **5. Summary of significant accounting policies**

### **5.1 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.

### **5.2 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.

### 5.3 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 expended 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 cost

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

#### **5.4 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.

#### **5.5 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.

#### **5.6 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.

## **5.7 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.

## **5.8 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.

## **5.9 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.

## **5.10 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
Motor 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.

## **5.11 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 a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year-end. The amortisation expense is charged to profit or loss. 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.

## 5.12 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
Motor 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.

### 5.13 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.

## **5.14 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.

### **5.15 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.

### **5.16 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.

### **5.17 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.

### **5.18 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.

### **5.19 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.

## **5.20 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.

## **6. 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:

### **6.1 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.

### **6.2 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.

### **6.3 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.

### **6.4 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.

### **6.5 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.

### **6.6 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.

## **6.7 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.

## **6.8 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.

## **6.9 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.

## **6.10 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.

## **6.11 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.

## **6.12 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.

## **6.13 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.

## 7. Cash and cash equivalents

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	31 December 2020	31 December 2019
Cash on hand	2,786,990	2,757,651
Deposits at banks with no fixed maturity date	138,770,329	136,066,443
Total cash and cash equivalents	141,557,319	138,824,094
Less: Allowance for expected credit losses	(1)	-
Cash and cash equivalents - net	141,557,318	138,824,094

As at 31 December 2020 and 2019, deposits at banks carried interests at the rates between 0.13 and 0.30 percent per annum and 0.38 and 1.00 percent per annum, respectively.

## 8. Premium receivables

As at 31 December 2020 and 2019, 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	
	31 December 2020	31 December 2019
Not yet due	2,202,949,427	2,188,799,648
Overdue not longer than 30 days	191,469,853	195,942,961
Overdue 31 days to 60 days	119,564,398	135,525,381
Overdue 61 days to 90 days	61,118,361	49,159,936
Overdue 91 days to 1 year	190,794,645	212,260,301
Overdue longer than 1 year	16,245,232	42,248,589
Total	2,782,141,916	2,823,936,816
Less: Allowance for doubtful accounts	(16,245,232)	(42,248,589)
Premium receivables - net	2,765,896,684	2,781,688,227

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.

## 9. Accrued investment income

	(Unit: Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	31 December 2020	31 December 2019
Accrued interest income	39,479,839	68,949,142
Accrued dividend income	3,926,715	2,732,516
Total accrued investment income	43,406,554	71,681,658
Less: Allowance for expected credit losses	(543,084)	-
Accrued investment income - net	42,863,470	71,681,658

## 10. Reinsurance assets

	(Unit: Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	31 December 2020	31 December 2019
Insurance reserves refundable from reinsurers		
Loss reserves	4,304,601,817	2,765,218,837
Unearned premium reserves	3,255,621,214	2,887,905,883
Total	7,560,223,031	5,653,124,720
Less: Allowance for impairment	(53,751)	(792,963)
Reinsurance assets - net	7,560,169,280	5,652,331,757

## 11. Reinsurance receivables

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	31 December 2020	31 December 2019
Amounts deposited on reinsurance	42,444,908	36,121,644
Amounts due from reinsurers	367,902,238	377,941,757
Total	410,347,146	414,063,401
Less: Allowance for doubtful accounts	(21,025,445)	(20,542,914)
Receivables on reinsurance contracts - net	389,321,701	393,520,487

As at 31 December 2020 and 2019, amounts due from reinsurers were classified by aging as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	31 December 2020	31 December 2019
Not over 12 months	336,807,076	360,467,712
Overdue from 1 year to 2 years	19,945,579	15,688,418
Overdue longer than 2 years	11,149,583	1,785,627
Total amounts due from reinsurers	367,902,238	377,941,757
Less: Allowance for doubtful accounts	(21,025,445)	(20,542,914)
Amounts due from reinsurers - net	346,876,793	357,398,843

## 12. Investments in securities

### 12.1 Classified by type of investment

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements			
	31 December 2020		31 December 2019	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<b>Available-for-sale investments measured at fair value through other comprehensive income</b>				
Government and state enterprise securities	3,252,225,999	3,300,520,314	3,660,914,548	3,690,676,052
Private sector debt securities	630,816,866	579,038,830	956,075,746	968,224,384
Common stocks	6,083,660,344	25,112,950,486	5,313,426,631	26,299,549,393
Unit trusts	1,652,329,346	1,704,622,324	1,593,088,384	2,052,258,670
Total	11,619,032,555	30,697,131,954	11,523,505,309	33,010,708,499
Add: Unrealised gains	19,198,323,126	-	21,487,203,190	-
Less: Allowance for impairment	(65,082,760)	-	-	-
Less: Allowance for expected credit losses	(55,140,967)	-	-	-
Available-for-sale investments measured at fair value through other comprehensive income - net	30,697,131,954	30,697,131,954	33,010,708,499	33,010,708,499
<b>Held-to-maturity investments measured at amortised cost</b>				
Deposits at financial institutions which matured over 3 months	13,729,657,290		11,220,681,007	
Less: Allowance for expected credit losses	(2,700,977)		-	
Held-to-maturity investments measured at amortised cost - net	13,726,956,313		11,220,681,007	
<b>General investments</b>				
Domestic equity securities	-		648,593,658	
Foreign equity securities	-		153,208,389	
Total	-		801,802,047	
Less: Allowance for impairment	-		(74,782,760)	
General investments - net	-		727,019,287	
Investment in securities - net	44,424,088,267		44,958,408,793	



## 12.2 Classified by stage of credit risk

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements			
	31 December 2020		1 January 2020	
		Allowance for expected credit losses recognised in Fair value		Allowance for expected credit losses recognised in Fair value
		profit or loss		profit or loss
<b>Available-for-sale investments measured at fair value through other comprehensive income</b>				
Stage 1 - Debt securities without a significant increase of credit risk	3,827,529,144	(733,883)	4,658,900,436	(1,902,771)
Stage 3 - Credit impaired debt securities	52,030,000	(54,407,084)	-	-
Total	3,879,559,144	(55,140,967)	4,658,900,436	(1,902,771)

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements		
	31 December 2020		
	Gross carrying value	Allowance for expected credit losses recognised in profit or loss	Net carrying value
<b>Held-to-maturity investments measured at amortised cost</b>			
Stage 1 - Debt securities without a significant increase of credit risk	13,729,657,290	(2,700,977)	13,726,956,313
Total	13,729,657,290	(2,700,977)	13,726,956,313

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements		
	1 January 2020		
	Gross carrying value	Allowance for expected credit losses recognised in profit or loss	Net carrying value
<b>Held-to-maturity investments measured at amortised cost</b>			
Stage 1 - Debt securities without a significant increase of credit risk	11,220,681,007	(1,856,544)	11,218,824,463
Total	11,220,681,007	(1,856,544)	11,218,824,463

## 12.3 Remaining periods to maturity of debt securities

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements							
	31 December 2020				31 December 2019			
	Period to maturity				Period to maturity			
	1 year	1 - 5 years	Over 5 years	Total	1 year	1 - 5 years	Over 5 years	Total
Available-for-sale investments								
measured at fair value through other								
comprehensive income								
Government and state enterprise securities	2,020,493,276	1,031,732,723	200,000,000	3,252,225,999	2,425,502,175	1,035,412,373	200,000,000	3,660,914,548
Private enterprise debt securities	135,000,000	400,816,866	95,000,000	630,816,866	515,000,000	441,075,746	-	956,075,746
Total	2,155,493,276	1,432,549,589	295,000,000	3,883,042,865	2,940,502,175	1,476,488,119	200,000,000	4,616,990,294
Add (less): Unrealised gains (losses)	(2,510,755)	(17,002,239)	16,029,273	(3,483,721)	5,120,552	26,076,630	10,712,960	41,910,142
Available-for-sale investments								
measured at fair value through other								
comprehensive income - net	2,152,982,521	1,415,547,350	311,029,273	3,879,559,144	2,945,622,727	1,502,564,749	210,712,960	4,658,900,436
Held-to-maturity investments measured								
at amortised cost								
Deposits at financial institutions with maturity								
of longer than 3 months	13,726,956,313	-	-	13,726,956,313	11,220,681,007	-	-	11,220,681,007
Total held-to-maturity investments								
measured at amortised cost	13,726,956,313	-	-	13,726,956,313	11,220,681,007	-	-	11,220,681,007

## 12.4 Fair values of investments in debt instruments

(Unit: 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	
<b>Available-for-sale investments measured at fair value through other comprehensive income</b>				
Government and state enterprise securities	3,300,520,314	18,532,811	-	-
Private enterprise debt securities	579,038,830	(63,926,674)	-	-
<b>Held-to-maturity investments measured at amortised cost</b>				
Deposits at financial institutions with maturity of longer than 3 months	13,726,956,313	-	-	-
<b>Total</b>	17,606,515,457	(45,393,863)	-	-

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

(Unit: Baht)		
	Financial statements in which the equity method is applied and Separate financial statements	
	For the year ended 31 December 2020	For the year ended 31 December 2019
Revaluation surplus on available-for-sale investments measured at fair value through other comprehensive income at beginning of the years	21,487,203,190	27,323,732,030
Cumulative effects of the changes in accounting policies	2,713,536,018	-
Revaluation surplus on available-for-sale investments measured at fair value through other comprehensive income at beginning of the years - as restated	24,200,739,208	27,323,732,030
Revaluation during the years	(4,953,608,669)	(5,596,795,014)
Gains on sales of available-for-sale investments measured at fair value through other comprehensive income transferred to be recognised in profit or loss	(48,807,413)	(239,733,826)
Revaluation surplus on available-for-sale investments measured at fair value through other comprehensive income at end of the years	19,198,323,126	21,487,203,190
Less: Income taxes	(3,839,664,626)	(4,297,440,638)
Revaluation surplus on available-for-sale investments measured at fair value through other comprehensive income at end of the years - net of income taxes	15,358,658,500	17,189,762,552

## 12.6 Investments subject to restriction and commitment

As at 31 December 2020 and 2019, 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 2020		31 December 2019	
	Cost	Fair value	Cost	Fair value
<b>Placed as securities</b>				
Government bonds	14.0	14.3	14.0	14.0
<b>Placed as insurance reserves</b>				
Ordinary shares	35.2	113.7	35.2	153.0
Government bonds	1,240.0	1,286.9	1,170.0	1,196.6
Debentures	210.0	212.5	180.0	184.8
	1,485.2	1,613.1	1,385.2	1,534.4
<b>Placed to secure bank overdraft facilities</b>				
Deposits at financial institutions	30.0	30.0	30.0	30.0
<b>Placed as performance bonds</b>				
Government and state enterprise bonds	-	-	25.2	25.6
<b>Placed to secure bank guarantees</b>				
Deposits at financial institutions	20.0	20.0	20.0	20.0

### 13. Loans and interest receivables

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

	(Unit: 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	1,344,385,865	8,304,682	1,352,690,547
Stage 2 - Loans with significant increases of credit risk	17,942,254	-	17,942,254
Stage 3 - Credit impairment loans	155,043,007	-	155,043,007
Total loans and interest receivables	1,517,371,126	8,304,682	1,525,675,808
Less: Allowance for expected credit losses	(49,256,784)	-	(49,256,784)
Loans and interest receivables - net	<u>1,468,114,342</u>	<u>8,304,682</u>	<u>1,476,419,024</u>

	(Unit: Baht)		
	Financial statements in which the equity method is applied and Separate financial statements		
	1 January 2020		
Classification	Mortgaged loans	Others	Total
Stage 1 - Loans without a significant increase of credit risk	1,151,925,259	8,266,671	1,160,191,930
Stage 2 - Loans with significant increases of credit risk	1,606,790	-	1,606,790
Stage 3 - Credit impairment loans	156,802,447	-	156,802,447
Total loans and interest receivables	1,310,334,496	8,266,671	1,318,601,167
Less: Allowance for expected credit losses	(43,548,537)	-	(43,548,537)
Loans and interest receivables - net	<u>1,266,785,959</u>	<u>8,266,671</u>	<u>1,275,052,630</u>

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.

As at 31 December 2020 and 2019, the balances of employee loans were Baht 153.9 million and Baht 129.8 million, respectively.

#### 14. Investment properties

As at 31 December 2020 and 2019, the investment properties were presented below.

	(Unit: Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	31 December 2020	31 December 2019
Cost	533,653,195	533,653,195
Less: Accumulated depreciation	(415,723,253)	(398,446,419)
Net book value	<u>117,929,942</u>	<u>135,206,776</u>

Reconciliations of the net book value of investment properties for the years ended 31 December 2020 and 2019 were presented below.

	(Unit: Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2020	2019
Net book value at beginning of the years	135,206,776	152,436,405
Depreciation charged for the years	(17,276,834)	(17,229,629)
Net book value at end of the years	<u>117,929,942</u>	<u>135,206,776</u>

The fair values of the investment properties as at 31 December 2020 and 2019 were stated as below:

	(Unit: Million Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	<u>31 December 2020</u>	<u>31 December 2019</u>
Office building for rent	225.8	259.2

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: Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	<u>For the year ended 31 December</u>	
	<u>2020</u>	<u>2019</u>
Rental income	<u>153,480,059</u>	<u>159,410,653</u>
Direct operating expenses, which generated rental income	<u>85,578,915</u>	<u>67,074,265</u>
Total expenses	<u>85,578,915</u>	<u>67,074,265</u>

## 15. Investments in associates

### 15.1 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
			2020	2019	2020	2019
			(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 in which the equity method is applied		Separate financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Asia Insurance (Cambodia) Plc.	103,874,649	93,039,941	30,202,059	30,202,059
Asian Insurance International (Holding) Limited	135,923,095	127,065,698	72,054,063	72,054,063
Bangkok Insurance (Lao) Company Limited	29,112,858	26,264,918	27,139,600	27,139,600
Total	268,910,602	246,370,557	129,395,722	129,395,722

### 15.2 Shares of profits, share of other comprehensive income (loss), and dividends income

(Unit: 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	
	2020	2019	2020	2019	2020	2019
Asia Insurance (Cambodia) Plc.	10,834,708	8,845,162	-	-	-	-
Asian Insurance International (Holding) Limited	7,107,161	11,827,269	1,750,236	(4,741,836)	-	-
Bangkok Insurance (Lao) Company Limited	2,847,940	2,698,135	-	-	-	-
Total	20,789,809	23,370,566	1,750,236	(4,741,836)	-	-



## 15.3 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 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Total assets	715.7	517.7	273.7	206.0	462.3	267.1
Total liabilities	(291.2)	(123.2)	-	-	(402.6)	(210.5)
Net assets	424.5	394.5	273.7	206.0	59.7	56.6
Shareholding percentage (%)	22.9	22.9	41.7	41.7	38.0	38.0
Shares of net assets of the associates	97.3	90.4	114.2	85.9	22.7	21.5
Carrying values based on the equity method	103.9	93.0	135.9	127.1	29.1	26.3

### 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	
	2020	2019	2020	2019	2020	2019
Revenues	107.6	105.9	10.1	8.9	33.9	28.4
Net profits	45.1	39.0	8.9	8.4	9.4	3.6
Other comprehensive income (loss) for the years	-	-	4.2	(11.4)	-	-
Total comprehensive income (loss) for the years	45.1	39.0	13.1	(3.0)	9.4	3.6

As at 31 December 2020 and 2019, the Company recorded investment in an associate under the equity method (in the financial statements in which the equity method is applied) based on financial information prepared by the associate's management, which were unaudited by their auditors. However, the Company obtained the 2019 financial statements of the associates, which were audited by their auditors, which presented the amounts different from the financial information prepared by the associate's management used in equity accounting for that year. However, the Company's proportionate difference had no significant impact to the Company's financial statements.

## 16. Premises and equipment

(Unit: Baht)

Financial statements in which the equity method is applied and Separate financial statements							
	Land	Buildings	Condominium units	Furniture, fixture and office equipment	Motor vehicles	Construction in progress	Total
<b>Cost</b>							
1 January 2019	206,132,665	828,306,000	8,750,941	1,850,877,654	138,302,973	17,345,016	3,049,715,249
Additions	16,604,738	5,652,336	-	30,349,939	21,835,720	58,987,892	133,430,625
Transfers in (out)	-	-	-	13,181,500	-	(13,181,500)	-
Disposals	-	-	-	(19,300)	(10,612,059)	-	(10,631,359)
31 December 2019	222,737,403	833,958,336	8,750,941	1,894,389,793	149,526,634	63,151,408	3,172,514,515
Transferred to right-of-use assets	-	-	-	-	(111,469,650)	-	(111,469,650)
1 January 2020	222,737,403	833,958,336	8,750,941	1,894,389,793	38,056,984	63,151,408	3,061,044,865
Additions	-	-	-	29,452,210	7,762,037	15,498,058	52,712,305
Transfers in (out)	27,629	-	(27,629)	45,105,646	-	(45,105,646)	-
Disposals	-	-	-	(470,682)	(15,260,058)	-	(15,730,740)
31 December 2020	222,765,032	833,958,336	8,723,312	1,968,476,967	30,558,963	33,543,820	3,098,026,430
<b>Accumulated depreciation</b>							
1 January 2019	-	587,552,294	8,721,312	1,557,855,916	81,417,267	-	2,235,546,789
Depreciation for the year	-	26,279,736	-	154,101,364	26,466,077	-	206,847,177
Accumulated depreciation on disposals	-	-	-	(19,290)	(10,572,139)	-	(10,591,429)
31 December 2019	-	613,832,030	8,721,312	1,711,937,990	97,311,205	-	2,431,802,537
Transferred to right-of-use assets	-	-	-	-	(73,943,539)	-	(73,943,539)
1 January 2020	-	613,832,030	8,721,312	1,711,937,990	23,367,666	-	2,357,858,998
Depreciation for the year	-	26,002,939	-	109,507,450	5,186,050	-	140,696,439
Accumulated depreciation on disposals	-	-	-	(470,682)	(15,002,954)	-	(15,473,636)
31 December 2020	-	639,834,969	8,721,312	1,820,974,758	13,550,762	-	2,483,081,801
<b>Net book value</b>							
31 December 2019	222,737,403	220,126,306	29,629	182,451,803	52,215,429	63,151,408	740,711,978
31 December 2020	222,765,032	194,123,367	2,000	147,502,209	17,008,201	33,543,820	614,944,629
<b>Depreciation for the years:</b>							
2019							206,847,177
2020							140,696,439

As at 31 December 2020 and 2019, certain equipment items were fully depreciated but are still in use. The original cost before deducting accumulated depreciation of those assets amounted to Baht 1,681.4 million and Baht 1,492.4 million, respectively.

## 17. Leases

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

### 17.1 Right-of-use assets

	(Unit: Baht)			
	Financial statements in which the equity method is applied and Separate financial statements			
	Land	Building	Motor vehicles	Total
Net book value as at 31 December 2019	-	-	-	-
Transferred from “Premises and equipment” and “Land and building leasehold rights”	33,906,248	5,020,827	37,526,111	76,453,186
Cumulative effects of the changes in accounting policies (Note 4.2)	810,183,890	17,986,576	-	828,170,466
Net book value as at 1 January 2020	844,090,138	23,007,403	37,526,111	904,623,652
Addition during the year	-	1,858,863	35,021,283	36,880,146
Depreciation for the year	(22,310,752)	(11,619,433)	(21,012,906)	(54,943,091)
Net book value as at 31 December 2020	821,779,386	13,246,833	51,534,488	886,560,707

## 17.2 Lease liabilities

(Unit: Baht)

Financial statements in which the equity method is applied and Separate financial statements					
	Land	Building	Office equipment	Vehicles	Total
Liabilities under finance lease agreements as at 31 December					
2019	-	-	35,698	40,023,533	40,059,231
Cumulative effects of the changes in accounting policies (Note 4.2)	705,588,525	17,232,684	-	-	722,821,209
Lease liabilities as at 1 January					
2020	705,588,525	17,232,684	35,698	40,023,533	762,880,440
Add: New lease agreement during the year	-	1,858,863	-	35,231,283	37,090,146
Add: Financial cost recognised during the year	35,891,766	681,470	500	2,768,010	39,341,746
Less: Lease paid during the year	(24,846,144)	(11,438,302)	(36,198)	(24,142,982)	(60,463,626)
Lease liabilities as at 31 December 2020	716,634,147	8,334,715	-	53,879,844	778,848,706

(Unit: Million Baht)

Financial statements in which the equity method is applied and Separate financial statements								
31 December 2020				31 December 2019				
Within 1 year	1 - 5 years	Over 1 years	Total	within 1 year	1 - 5 years	Over 1 years	Total	
Future minimum lease payments	53	184	1,565	1,802	19	24	-	43
Deferred interest expenses	(39)	(193)	(791)	(1,023)	(2)	(1)	-	(3)
Present value of future minimum lease payments	14	(9)	774	779	17	23	-	40

### 17.3 Expenses relating to leases recognised in profit or loss

	(Unit: Baht)
	Financial statements in which the equity method is applied and Separate financial statements
	31 December 2020
Depreciation expenses of right-of-use assets	54,844,335
Interest expense on lease liabilities	39,336,336
Expenses relating to short-term leases	48,632
Loss from the differences of reduction in lease payments	1,249
Total expenses	94,230,552

The Company had total cash outflows of Baht 60.4 million for leases for the year ended 31 December 2020. Moreover, the Company had non-cash additions to right-of-use assets and lease liabilities of Baht 94.2 million.

### 17.4 Leases of the Company as a lessor

As at 31 December 2020, the Company had future minimum rentals receivable under non-cancellable operating leases as follows:

	(Unit: Baht)
	Financial statements in which the equity method is applied and Separate financial statements
	31 December 2020
Within 1 year	91,134,287
Over 1 year and up to 5 years	179,420,995
Total	270,555,282

## 18. Intangible assets

(Unit: Baht)

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

	Computer softwares	Computer softwares under development	Total
<b>Cost</b>			
1 January 2019	559,198,869	-	559,198,869
Addition	4,166,596	5,525,000	9,691,596
31 December 2019	563,365,465	5,525,000	568,890,465
Addition	4,200,923	15,588,699	19,789,622
31 December 2020	567,566,388	21,113,699	588,680,087
<b>Accumulated amortisation</b>			
1 January 2019	394,424,948	-	394,424,948
Amortisation for the year	58,085,913	-	58,085,913
31 December 2019	452,510,861	-	452,510,861
Amortisation for the year	34,493,398	-	34,496,398
31 December 2020	487,004,259	-	487,004,259
<b>Net book value</b>			
31 December 2019	110,854,604	5,525,000	116,379,604
31 December 2020	80,562,129	21,113,699	101,675,828
<b>Amortisation for the years</b>			
2019			58,085,913
2020			34,493,398

As at 31 December 2020 and 2019, certain computer softwares were fully amortised but are still in use. The original cost before deducting accumulated amortisation of those assets amounted to Baht 316.2 million and Baht 252.2 million, respectively.

## 19. Insurance contract liabilities

(Unit: 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	7,138,869,165	(4,204,314,501)	2,934,554,664
Claims incurred but not reported	572,928,841	(100,233,565)	472,695,276
Premium reserves			
Unearned premium reserves	10,310,716,483	(3,255,621,214)	7,055,095,269
Total	<u>18,022,514,489</u>	<u>(7,560,169,280)</u>	<u>10,462,345,209</u>

(Unit: Baht)

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

31 December 2019			
	Insurance contract liabilities	Reinsurance on liabilities	Net
Loss reserves			
Claims incurred and reported	5,286,881,805	(2,715,777,667)	2,571,104,138
Claims incurred but not reported	344,276,876	(48,648,207)	295,628,669
Premium reserves			
Unearned premium reserves	9,978,381,703	(2,887,905,883)	7,090,475,820
Total	<u>15,609,540,384</u>	<u>(5,652,331,757)</u>	<u>9,957,208,627</u>

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.

## 19.1 Loss reserves

	(Unit: Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2020	2019
Beginning balances	5,631,158,681	6,459,828,503
Claim incurred during the years	11,470,643,007	9,430,899,690
Change in loss reserves of claimed incurred in prior years	871,648,511	(162,150,764)
Changes in assumptions in calculating loss reserves	50,800,922	(128,430,547)
Claims and loss adjustment expenses paid during the years	(10,312,453,115)	(9,968,988,201)
Ending balances	7,711,798,006	5,631,158,681

As at 31 December 2020 and 2019, the Company, which is a reinsurer under the reinsurance contracts, had loss reserves under such contracts totaling Baht 287.6 million and Baht 181.7 million, respectively.



## 19.2 Claim development table

### (a) Gross claims table

(Unit: Million Baht)

Accident year	Prior to										
/Reporting year	2012	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Loss reserves:											
- as at accident year		8,244	5,097	6,854	7,101	7,157	8,454	8,246	9,431	11,471	
- Next one year		9,127	5,562	7,359	7,382	7,407	8,004	8,239	9,687		
- Next two years		8,584	5,928	6,846	6,947	7,295	7,564	8,113			
- Next three years		8,397	5,709	6,693	6,949	7,130	7,501				
- Next four years		8,334	5,672	6,655	6,870	7,099					
- Next five years		8,259	5,685	6,631	6,857						
- Next six years		8,235	5,682	6,632							
- Next seven years		8,234	5,680								
- Next eight years		8,233									
Cumulative ultimate claim		8,233	5,680	6,632	6,857	7,099	7,501	8,108	9,670	11,904	
Cumulative payments		(8,219)	(5,648)	(6,599)	(6,750)	(7,035)	(7,299)	(7,751)	(8,889)	(6,517)	
Total	284	14	32	33	107	64	202	357	781	5,387	7,261
Inward treaty											317
Unallocated loss adjustment expenses											134
Total gross loss reserves											7,712

### (b) Net claims table

(Unit: Million Baht)

Accident year	Prior to										
/Reporting year	2012	2012	2013	2014	2015	2016	2017	2018	2019	2020	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	
- Next one year		3,784	4,521	5,267	5,720	5,549	5,736	5,403	7,163		
- Next two years		3,712	4,500	5,119	5,389	5,275	5,554	5,406			
- Next three years		3,701	4,283	4,983	5,383	5,272	5,547				
- Next four years		3,566	4,261	4,979	5,363	5,267					
- Next five years		3,546	4,262	4,982	5,358						
- Next six years		3,546	4,261	4,982							
- Next seven years		3,556	4,260								
- Next eight years		3,555									
Cumulative ultimate claim		3,555	4,260	4,982	5,358	5,266	5,546	5,408	7,172	8,021	
Cumulative payments		(3,554)	(4,258)	(4,977)	(5,349)	(5,238)	(5,527)	(5,348)	(6,875)	(5,427)	
Total	(58)	1	2	5	9	28	19	60	297	2,594	2,957
Inward treaty											316
Unallocated loss adjustment expenses											134
Total net loss reserves											3,407

### 19.3 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.

### 19.4 Unearned premium reserves

	(Unit: Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2020	2019
Beginning balances	9,978,381,703	8,275,770,417
Premium written during the years	22,858,219,887	21,008,919,254
Premium earned during the years	(22,525,885,107)	(19,306,307,968)
Ending balances	10,310,716,483	9,978,381,703

## 20. Due to reinsurers

	(Unit: Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	31 December 2020	31 December 2019
Amounts withheld on reinsurance	1,509,257,804	1,105,589,102
Amounts due to reinsurers	1,228,193,886	1,448,132,239
Total due to reinsurers	<u>2,737,451,690</u>	<u>2,553,721,341</u>

## 21. Employee benefit obligations

Changes in employee benefit obligations, which were compensations on employee retirement, for the years ended 31 December 2020 and 2019 were as follows:

	(Unit: Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2020	2019
Employee benefit obligations at beginning of the years	710,874,638	381,189,307
Included in profit or loss:		
Current service costs	64,893,760	51,921,357
Interest costs	10,663,120	9,123,845
Past service costs	-	114,403,291
Included in other comprehensive income or loss:		
Actuarial (gains) losses arising from:		
- Demographic assumptions changes	11,265,586	9,617,819
- Financial assumption changes	19,231,406	164,498,754
- Experience adjustments	5,184,197	823,481
Benefits paid during the years	<u>(44,910,088)</u>	<u>(20,703,216)</u>
Employee benefit obligations at end of the years	<u>777,202,619</u>	<u>710,874,638</u>

As at 31 December 2020 and 2019, the Company expected to pay long-term employee benefits of Baht 29.8 million and Baht 39.3 million, respectively, over the next 1-year period.

As at 31 December 2020 and 2019, the weighted average durations of the liabilities on long-term employee benefits were 12.9 years and 12.6 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 2020	31 December 2019
	(%)	(%)
Discount rates	1.5	1.7
Future salary incremental rate	6.0	6.0
Employee turnover rates (depending on age)	1.4 - 18.0	1.3 - 19.0

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 2020		Increase (decrease) in employee benefit obligations as at 31 December 2019	
	+ 1 %	- 1 %	+ 1 %	- 1 %
Discount rate	(89.6)	107.5	(79.5)	95.0
Future salary incremental rate	97.5	(83.5)	86.3	(74.1)
Employee turnover rates	(37.6)	42.3	(32.9)	36.8

On 5 April 2020, 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 2020. This change is considered a post-employment benefits plan amendment. The Company's management approved the plan change to comply with the new law and it therefore resulted in having additional employee benefit obligations of Baht 114.4 million. The Company already reflected the effect of the change by recognising as past service costs in profit or loss.

## 22. Deferred tax liabilities and income tax expenses

### 22.1 Deferred tax liabilities

As at 31 December 2020 and 2019, the components of deferred tax assets and liabilities consisted of tax effects arising from the following transactions.

	Financial statements in which the		Changes in deferred tax assets	
	equity method is applied		or liabilities	
	31 December	31 December	For the years ended 31 December	
	2020	2019	2020	2019
(Unit: Baht)				
Deferred tax assets arose from:				
Allowance for expected credit losses	21,528,363	-	21,528,363	-
Allowance for impairment on investments	13,016,552	14,956,552	(1,940,000)	(8,444,080)
Premium reserves	226,270,653	262,530,541	(36,259,888)	51,675,990
Loss reserves of claims incurred and reported	388,777,894	353,916,560	34,861,334	(12,280,806)
Loss reserves of claims incurred but not yet reported	94,539,055	59,125,734	35,413,321	(1,535,520)
Lease liabilities	155,769,741	-	155,769,741	-
Employee benefit obligations	155,440,524	142,174,928	13,265,596	65,937,067
Others	4,998,276	11,368,301	(6,370,025)	(11,267,468)
Total	<u>1,060,341,058</u>	<u>844,072,616</u>		
Deferred tax liabilities arose from:				
Gains on revaluation of available-for-sale investments	3,839,664,626	4,297,440,638	457,776,012	1,167,305,768
Right-of-use assets	177,312,141	-	(177,312,141)	-
Shares of profits from investments in associates	27,902,976	23,394,967	(4,508,009)	(3,725,746)
Total	<u>4,044,879,743</u>	<u>4,320,835,605</u>		
Deferred tax liabilities	<u>2,984,538,685</u>	<u>3,476,762,989</u>		
Total changes			<u>492,224,304</u>	<u>1,247,665,205</u>
Changes were recognised in:				
- Retained earnings at beginning of the years			9,204,517	-
- Other components of equity at beginning of the years			(542,707,204)	-
- Profit or loss			18,457,584	44,423,059
- Other comprehensive income			1,007,269,407	1,203,242,146
			<u>492,224,304</u>	<u>1,247,665,205</u>

(Unit: Baht)

	Separate financial statements		Changes in deferred tax assets or liabilities	
	31 December	31 December	For the years ended 31 December	
	2020	2019	2020	2019
Deferred tax assets arose from:				
Allowance for expected credit losses	21,528,363	-	21,528,363	-
Allowance for impairment on investments	13,016,552	14,956,552	(1,940,000)	(8,444,080)
Premium reserves	226,270,653	262,530,541	(36,259,888)	51,675,990
Loss reserves of claims incurred and reported	388,777,894	353,916,560	34,861,334	(12,280,806)
Loss reserves of claims incurred but not yet reported	94,539,055	59,125,734	35,413,321	(1,535,520)
Lease liabilities	155,769,741	-	155,769,741	-
Provision for long-term employee benefits	155,440,524	142,174,928	13,265,596	65,937,067
Others	4,998,276	11,368,301	(6,370,025)	(11,267,468)
Total	1,060,341,058	844,072,616		
Deferred tax liabilities arose from:				
Gains on revaluation of available-for-sale investments	3,839,664,626	4,297,440,638	457,776,012	1,167,305,768
Right-of-use assets	177,312,141	-	(177,312,141)	-
Total	4,016,976,767	4,297,440,638		
Deferred tax liabilities	2,956,635,709	3,453,368,022		
Total changes			496,732,313	1,251,390,951
Changes were recognised in:				
- Retained earnings at beginning of the years			9,204,517	-
- Other components of equity at beginning of the years			(542,707,204)	-
- Profit or loss			22,615,546	49,097,172
- Other comprehensive income			1,007,619,454	1,202,293,779
			496,732,313	1,251,390,951

## 22.2 Income tax expenses

Income tax expenses for the years ended 31 December 2020 and 2019 were made up as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2020	2019	2020	2019
<b>Current income taxes:</b>				
Corporate income tax charge	(522,945,019)	(379,099,047)	(522,945,019)	(379,099,047)
<b>Deferred income taxes:</b>				
Deferred income taxes relating to origination and reversal of temporary differences	18,457,584	44,423,059	22,615,546	49,097,172
Income tax expenses reported in profit or loss	<u>(504,487,435)</u>	<u>(334,675,988)</u>	<u>(500,329,473)</u>	<u>(330,001,875)</u>

Reconciliations between income tax expenses and the product of accounting profits for the years ended 31 December 2020 and 2019 and the applicable tax rate were as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial Statements	
	For the years ended 31 December		For the years ended 31 December	
	2020	2019	2020	2019
Accounting profits before income tax expenses	<u>3,210,083,482</u>	<u>2,785,957,457</u>	<u>3,189,293,673</u>	<u>2,762,586,891</u>
Applicable tax rate	20%	20%	20%	20%
Income taxes at the applicable tax rate	(642,016,696)	(557,191,491)	(637,858,734)	(552,517,378)
Adjustment in respect of current income taxes of prior year	(30,585)	(902,192)	(30,585)	(902,192)
Income tax refunds	-	40,288,812	-	40,288,812
Net tax effect on tax-exempted revenues and non tax-deductible expenses	<u>137,559,846</u>	<u>183,128,883</u>	<u>137,559,846</u>	<u>183,128,883</u>
Income tax expenses reported in profit or loss	<u>(504,487,435)</u>	<u>(334,675,988)</u>	<u>(500,329,473)</u>	<u>(330,001,875)</u>

## **23. Share capital**

As at 31 December 2020 and 2019, 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.

## **24. 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.

## **25. Other reserve**

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.

## **26. Segment information/major customers**

### **26.1 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.



(Unit: Baht)

Financial statements in which equity method is applied					
For the year ended 31 December 2020					
	Fire	Marine and transportation	Motor	Miscellaneous	Total
<b>Underwriting revenues</b>					
Gross premium written	1,557,902,952	612,218,804	9,333,934,935	11,354,163,196	22,858,219,887
Less: Premium ceded to reinsurers	(557,859,747)	(374,731,161)	(304,039,454)	(6,812,234,519)	(8,048,864,881)
Net premium written	1,000,043,205	237,487,643	9,029,895,481	4,541,928,677	14,809,355,006
Add: Unearned premium reserves decrease from prior year	20,094,452	6,468,072	7,019,330	1,798,697	35,380,551
Earned premium	1,020,137,657	243,955,715	9,036,914,811	4,543,727,374	14,844,735,557
Commission and brokerage fee income	267,563,185	75,999,084	91,928,139	1,205,510,926	1,641,001,334
<b>Total underwriting income</b>	<b>1,287,700,842</b>	<b>319,954,799</b>	<b>9,128,842,950</b>	<b>5,749,238,300</b>	<b>16,485,736,891</b>
<b>Underwriting expenses</b>					
Net claims	261,233,992	60,094,054	5,974,178,599	2,076,465,639	8,371,972,284
Commission and brokerage expenses	298,479,999	47,213,554	1,422,286,814	1,097,253,724	2,865,234,091
Other underwriting expenses	261,930,710	88,857,769	1,007,237,875	1,017,394,171	2,375,420,525
<b>Total underwriting expenses</b>	<b>821,644,701</b>	<b>196,165,377</b>	<b>8,403,703,288</b>	<b>4,191,113,534</b>	<b>13,612,626,900</b>
<b>Profit from underwriting</b>	<b>466,056,141</b>	<b>123,789,422</b>	<b>725,139,662</b>	<b>1,558,124,766</b>	<b>2,873,109,991</b>
Investment revenue					1,127,222,520
Gains on investments					185,241,059
Shares of profits from investments in associates					20,789,809
Other income					174,083,116
Operating expenses					(984,279,252)
Investment expenses					(86,426,177)
Finance costs					(39,336,336)
Expected credit losses					(60,321,248)
<b>Profit before income tax expenses</b>					<b>3,210,083,482</b>
Less: Income tax expenses					(504,487,435)
<b>Net profit</b>					<b>2,705,596,047</b>

(Unit: Baht)

	Financial statements in which equity method is applied				
	For the year ended 31 December 2019				
	Fire	Marine and transportation	Motor	Miscellaneous	Total
<b>Underwriting revenues</b>					
Gross premium written	1,524,952,478	604,281,322	8,989,740,545	9,889,944,909	21,008,919,254
Less: Premium ceded to reinsurers	(486,216,586)	(346,766,122)	(248,611,476)	(5,482,767,278)	(6,564,361,462)
Net premium written	1,038,735,892	257,515,200	8,741,129,069	4,407,177,631	14,444,557,792
Add (less): Unearned premium reserves (increased) decrease from prior year	19,381,959	(13,954,366)	(1,027,630,520)	(238,755,601)	(1,260,958,528)
Earned premium	1,058,117,851	243,560,834	7,713,498,549	4,168,422,030	13,183,599,264
Commission and brokerage fee income	232,556,952	83,317,522	72,161,195	865,182,869	1,253,218,538
<b>Total underwriting income</b>	<b>1,290,674,803</b>	<b>326,878,356</b>	<b>7,785,659,744</b>	<b>5,033,604,899</b>	<b>14,436,817,802</b>
<b>Underwriting expenses</b>					
Net claims	136,045,873	95,054,308	5,057,164,743	1,840,489,442	7,128,754,366
Commission and brokerage expenses	313,486,799	49,573,498	1,369,776,841	984,479,464	2,717,316,602
Other underwriting expenses	273,707,474	89,563,383	976,526,160	1,008,708,154	2,348,505,171
<b>Total underwriting expenses</b>	<b>723,240,146</b>	<b>234,191,189</b>	<b>7,403,467,744</b>	<b>3,833,677,060</b>	<b>12,194,576,139</b>
<b>Profit from underwriting</b>	<b>567,434,657</b>	<b>92,687,167</b>	<b>382,192,000</b>	<b>1,199,927,839</b>	<b>2,242,241,663</b>
Investment revenue					1,226,490,451
Gains on investments					281,138,063
Shares of profits from investments in associates					23,370,566
Other income					182,847,401
Operating expenses					(1,078,262,779)
Investment expenses					(89,314,693)
Finance costs					(2,553,215)
<b>Profit before income tax expenses</b>					<b>2,785,957,457</b>
Less: Income tax expenses					(334,675,988)
<b>Net profit</b>					<b>2,451,281,469</b>

The following table presented the Company's operating segment assets and liabilities as at 31 December 2020 and 2019.

(Unit: Baht)

	Financial statements in which the equity method is applied						
	Fire	Marine and transportation	Motor	Miscellaneous	Total segments	Unallocated	Total
<b>Assets</b>							
As at 31 December 2020	482,420,108	189,891,403	1,083,227,555	8,769,581,163	10,525,120,229	48,978,669,331	59,503,789,560
As at 31 December 2019	429,558,778	225,335,908	1,042,583,012	6,926,471,876	8,623,949,574	48,703,133,777	57,327,083,351
<b>Liabilities</b>							
As at 31 December 2020	2,918,068,041	322,659,553	6,995,641,405	12,082,322,492	22,318,691,491	6,842,050,860	29,160,742,351
As at 31 December 2019	2,963,050,178	372,716,932	6,575,489,501	9,953,314,954	19,864,571,565	6,439,414,700	26,303,986,265

## 26.2 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.

## 26.3 Major customers

In 2020 and 2019, the Company had gross premium written from one major customer amounting to Baht 2,495.0 million and Baht 2,611.7 million, respectively.

## 27. Operating expenses

	(Unit: Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2020	2019
Personnel expenses	532,551,648	527,332,507
Premises and equipment expenses	261,382,191	292,412,811
Taxes and duties	913,560	768,957
Bad debts and doubtful accounts	1,917,577	14,042,236
Other operating expenses	187,514,276	243,706,268
Total operating expenses	984,279,252	1,078,262,779

## 28. Expected credit losses

	(Unit: Baht)
	Financial statements in which the equity method is applied and Separate financial statements
	For the year ended 31 December 2020
Expected credit losses increased (decreased) during the year:	
Cash and cash equivalents	(37)
Accrued investment income	530,490
Investments in securities	54,082,629
Loans and interest receivables	5,708,247
Total	60,321,248

## 29. Expenses by nature

	(Unit: Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2020	2019
Net claims	7,913,704,692	6,671,058,797
Commissions and brokerage expenses	2,865,234,091	2,717,316,602
Other underwriting expenses	795,709,694	696,378,249
Personnel expenses	1,450,377,972	1,367,520,800
Premises and equipment expenses	609,297,177	665,018,555
Other operating expenses	1,047,785,244	1,241,448,226
Investment expenses	1,223,459	3,412,382
Finance costs	39,336,336	2,553,215
Expected credit losses	60,321,248	-
Total	14,782,989,913	13,364,706,826

## 30. Provident fund

The Company and its employees jointly established a provident fund under the Provident Fund Act B.E. 2530. The fund is contributed to by both the employees and the Company on a monthly basis, at rates ranging from 5% to 10% of the employees' basic salaries, based on the length of employment. The fund is managed by a fund manager which has been approved by the Ministry of Finance. During the years ended 31 December 2020 and 2019, the Company recognised the contributed Baht 83.4 million and Baht 68.0 million, respectively, to the fund.

## 31. 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.

### 32. Dividends paid

Dividends declared during the years 2020 and 2019 were as follow:

	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
The 3 <sup>rd</sup> interim dividend for 2020	Meeting No.5/20 of Board of Directors on 13 November 2020	319.4	3.00
The 2 <sup>nd</sup> interim dividend for 2020	Meeting No. 4/20 of Board of Directors on 14 August 2020	319.4	3.00
The 1 <sup>st</sup> interim dividend for 2020	Meeting No. 3/20 of Board of Directors on 15 May 2020	319.4	3.00
The 4 <sup>th</sup> interim dividend for 2019	Meeting No. 2/20 of Board of Directors on 13 April 2020	532.3	5.00
Total dividends for the year 2020		1,490.5	14.00

  

	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
The 3 <sup>rd</sup> interim dividend for 2019	Meeting No.4/19 of Board of Directors on 8 November 2019	319.4	3.00
The 2 <sup>nd</sup> interim dividend for 2019	Meeting No. 3/19 of Board of Directors on 9 August 2019	319.4	3.00
The 1 <sup>st</sup> interim dividend for 2019	Meeting No. 2/19 of Board of Directors on 10 May 2019	319.4	3.00
Annual dividend for 2018	Annual General Meeting No. 26 of the Shareholders on 26 April 2019	532.3	5.00
Total dividends for the year 2019		1,490.5	14.00

### 33. Related party transactions

#### 33.1 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.	Insurance	Related by way of having common directors and shareholding
Charoong Thai Wire and Cable Pcl.	Electrical products	Related by way of having common directors and shareholding
Fine Metal Technologies Pcl. (Formerly known as "Furukawa Metal (Thailand) Pcl.")	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 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

### 33.2 Significant related party transactions

During the years ended 31 December 2020 and 2019, 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		
	2020	2019	Pricing policy
<b><u>Transactions with associates and related companies</u></b>			
<b><i>Income</i></b>			
Premium written	674,871	608,415	Normal commercial terms for underwriting
Fee and commission income	221,699	192,645	Normal commercial terms for reinsurance depending on type of insurance and reinsurance contracts
Interest income <sup>(1)</sup>	74,446	73,806	Similar rates as financial institutions and related companies offered to their general customers
Dividend income <sup>(1)</sup>	583,749	634,847	The declared amount
Rental income <sup>(2)</sup>	5,101	4,833	Same rates the Company offered to its general customers
<b><i>Expenses</i></b>			
Premium ceded to reinsurers	681,244	600,404	Normal commercial terms for reinsurance depending on types of insurance and reinsurance contracts
Claims recovery	(230,722)	(207,177)	As actually incurred
Commissions and brokerages	74,426	61,500	Normal commercial terms for underwriting
Management fee for private fund <sup>(3)</sup>	-	139	Similar rates the related party offered to its general customers
Fee for trading securities <sup>(3)</sup>	1,094	1,067	Similar rates the related party offered to general customers
<b><i>Owner's equity</i></b>			
Dividend paid	196,580	190,696	The declared amount

<sup>(1)</sup> Presented in "Net investment revenue" in statements of comprehensive income

<sup>(2)</sup> Presented in "Other income" in statements of comprehensive income

<sup>(3)</sup> Presented in "Operating expenses" in statements of comprehensive income

### 33.3 Outstanding balances

As at 31 December 2020 and 2019, the Company had the following significant balances with its related companies.

	(Unit: Thousand Baht)	
	31 December 2020	31 December 2019
<b><u>Associates</u></b>		
Investment in associates - cost	129,396	129,396
<b><u>Related companies</u></b>		
Deposits at financial institutions	8,388,796	5,559,220
Premium receivables	28,209	37,480
Accrued interest income on debentures <sup>(1)</sup>	111	-
Reinsurance assets		
Amounts deposited on reinsurance	7,117	7,090
Amounts due from reinsurers	8,730	14,138
Available-for-sale investments measured at fair value through other comprehensive income		
Equity securities	20,165,152	23,257,829
Debt securities	9,404	-
General investments	-	600,377
Loans and interest receivables	157,178	157,578
Other assets		
Deposits and golf club membership fees	35,900	36,293
Account receivable on sales of securities	3,779	79
Due to reinsurers		
Amounts withheld on reinsurance	99,714	104,373
Amounts due to reinsurers	61,376	45,810
Insurance contract liabilities		
Loss reserves	-	318
Other Liabilities		
Lease liabilities	-	36
Accounts payable on purchases of securities	-	2,923

<sup>(1)</sup> Presented in "Accrued investment income" in statements of financial position



### 33.4 Directors' and key management's benefits

During the years ended 31 December 2020 and 2019, 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	
	2020	2019
Short-term benefits	89.8	94.8
Post-employment benefits	10.1	4.3
Total	99.9	99.1

### 34. Contribution to the General Insurance Fund

	(Unit: Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2020	2019
Accumulated contribution at beginning of the years	366,986,431	316,838,740
Contribution during the years	53,866,243	50,147,691
Accumulated contribution at end of the years	420,852,674	366,986,431

## **35. Commitments and contingent liabilities**

### **35.1 Capital Commitments**

As at 31 December 2020 and 2019, there were outstanding capital commitments contracted for decoration and renovation of building, and computer software development totaling to Baht 75.2 million and Baht 34.5 million, respectively.

### **35.2 Litigation**

As at 31 December 2020 and 2019, the Company had litigation claims totaling approximately Baht 2,859.9 million and Baht 2,968.4 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 340.3 million and Baht 779.2 million, respectively. However, the Company has considered and estimated for losses that may arise from those cases amounting to approximately Baht 116.0 million and Baht 105.4 million, respectively, which were already recognised in “Insurance contract liabilities” in the statements of financial position as at those dates.

## **36. Risks and risk management policies**

### **36.1 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: 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	795,785,036	(266,624,724)	529,160,312	259,543,078	(84,461,369)	175,081,709
Marine and transportation	142,349,648	(63,335,831)	79,013,817	90,659,263	(43,094,482)	47,564,781
Motor	4,748,402,359	(151,818,947)	4,596,583,412	2,200,472,632	(45,698,120)	2,154,774,512
Miscellaneous	4,624,179,440	(2,773,841,712)	1,850,337,728	5,161,123,033	(4,131,294,095)	1,029,828,938
Total	10,310,716,483	(3,255,621,214)	7,055,095,269	7,711,798,006	(4,304,548,066)	3,407,249,940

(Unit: Baht)

Financial statements in which the equity method is applied and Separate financial statements						
31 December 2019						
	Gross premium reserves	Outward premium reserves	Net	Gross loss reserves	Outward loss reserves	Net
Fire	781,063,295	(231,808,531)	549,254,764	239,977,150	(63,676,049)	176,301,101
Marine and transportation	147,856,149	(62,374,260)	85,481,889	139,354,679	(71,901,330)	67,453,349
Motor	4,729,787,965	(126,185,223)	4,603,602,742	1,795,192,708	(36,270,602)	1,758,922,106
Miscellaneous	4,319,674,294	(2,467,537,869)	1,852,136,425	3,456,634,144	(2,592,577,893)	864,056,251
Total	9,978,381,703	(2,887,905,883)	7,090,475,820	5,631,158,681	(2,764,425,874)	2,866,732,807

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 2020				
	Assumption	Increase (decrease) in provision for gross	Increase (decrease) in provision for net	Increase (decrease)	Increase (decrease)
	change	claim liabilities	claim liabilities	in profit before taxes	in owner's equity
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

(Unit: Million Baht)

	Financial statements in which the equity method is applied and Separate financial statements				
	31 December 2019				
	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
Average claim expenses	+10 %	943.1	697.2	(697.2)	(557.8)
Average claim expenses	-10 %	(943.1)	(697.2)	697.2	557.8
Average number of claim	+10 %	943.1	697.2	(697.2)	(557.8)
Average number of claim	-10 %	(943.1)	(697.2)	697.2	557.8

## 36.2 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 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
<b>Cash and cash equivalents</b>				
Investment grade	141,557	-	-	141,557
Less: Allowance for expected credit losses	-	-	-	-
Net book value	141,557	-	-	141,557
<b>Accrued investment income</b>				
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
<b>Available-for-sale investments measured at fair value through other comprehensive income</b>				
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
<b>Held-to-maturity investments measured at amortised cost</b>				
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
<b>Loans and interest receivables</b>				
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 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
<b>Available-for-sale investments</b>				
<b>measured at fair value through</b>				
<b>other comprehensive income</b>				
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 written off	(1,368)	-	-	(1,368)
Ending balance - 31 December 2020	734	-	54,407	55,141
<b>Held-to-maturity investments</b>				
<b>measured at amortised cost</b>				
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 written off	(1,847)	-	-	(1,847)
Ending balance - 31 December 2020	2,701	-	-	2,701
<b>Loans and interest receivables</b>				
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

### **36.3 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 2020 and 2019, significant assets and liabilities classified by type of interest rate were summarised below;

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements						
	31 December 2020						
	Fixed interest rates						
	Maturity date or repricing date				Non-		Effective
	Within	1 - 5	Over	Floating	interest		Effective
	1 year	years	5 years	interest rate	bearing	Total	interest rate
							(% per annum)
Financial assets							
Cash and cash equivalents	-	-	-	138,770,328	2,786,990	141,557,318	0.13 - 0.30
Accrued investment income	38,442,884	-	493,871	-	3,926,715	42,863,470	0.38 - 4.62
Investments in securities							
Government and state							
enterprise securities	2,022,325,789	1,062,973,285	215,221,240	-	-	3,300,520,314	0.50 - 2.40
Private enterprise debt							
securities	130,656,732	352,574,065	95,808,033	-	-	579,038,830	2.11 - 4.62
Common stocks	-	-	-	-	25,112,950,486	25,112,950,486	-
Unit trusts	-	-	-	-	1,704,622,324	1,704,622,324	-
Deposits at financial							
institutions	13,726,956,313	-	-	-	-	13,726,956,313	0.38 - 1.45
Loans and interest							
receivables	333,556	8,836,662	144,683,195	1,322,565,611	-	1,476,419,024	2.50 - 7.00
Financial liabilities							
Lease liabilities	53,359,431	112,712,930	1,635,818,693	-	-	1,801,891,054	5.00 - 5.21
Assets under insurance							
contracts							
Premium receivables	-	-	-	-	2,765,896,684	2,765,896,684	-
Reinsurance assets - loss							
reserves	-	-	-	-	4,304,548,066	4,304,548,066	-
Reinsurance receivables	-	-	-	-	389,321,701	389,321,701	-
Liabilities under insurance							
contracts							
Insurance contract liabilities -							
loss reserves	-	-	-	-	7,711,798,006	7,711,798,006	-
Due to reinsurers	-	-	-	-	2,737,451,690	2,737,451,690	-

(Unit: Baht)

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

31 December 2019

	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				
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	136,066,443	2,757,651	138,824,094	0.38 - 1.00
Accrued investment income	65,379,129	-	-	3,570,013	2,732,516	71,681,658	0.38 - 7.00
Investments in securities							
Government and state							
enterprise securities	2,428,209,736	1,051,753,356	210,712,960	-	-	3,690,676,052	1.25 - 2.36
Private enterprise debt							
securities	517,412,991	450,811,393	-	-	-	968,224,384	2.21 - 4.62
Equity securities	-	-	-	-	29,078,827,350	29,078,827,350	-
Deposits at financial							
institutions	11,220,681,007	-	-	-	-	11,220,681,007	0.38 - 1.85
Loans	255,419	7,872,259	121,675,959	1,183,929,538	-	1,313,733,175	2.50 - 7.00
<b>Financial liabilities</b>							
Liabilities under finance lease							
agreements	17,288,288	22,770,943	-	-	-	40,059,231	5.21
<b>Assets under insurance</b>							
<b>contracts</b>							
Premium receivables	-	-	-	-	2,781,688,227	2,781,688,227	-
Reinsurance assets - loss							
reserves	-	-	-	-	2,764,425,874	2,764,425,874	-
Reinsurance receivables	-	-	-	-	393,520,487	393,520,487	-
<b>Liabilities under insurance</b>							
<b>contracts</b>							
Insurance contract liabilities -							
loss reserves	-	-	-	-	5,631,158,681	5,631,158,681	-
Due to reinsurers	-	-	-	-	2,553,721,341	2,553,721,341	-

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

(Unit: Million Baht)

Financial statements in which the equity method is applied and Separate financial statements			
	Interest rate change	Profit before income tax increased	Owners' equity increased
		(decreased)	(decreased)
Investments in debt instruments	+0.25 %	-	(22.5)
	-0.25 %	-	(5.1)
Deposits at financial institutions	+0.25 %	(22.3)	(17.8)
	-0.25 %	(61.6)	(49.3)
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 fair value of the sensitivity calculation. 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 2020 and 2019, 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	31	31	31	31	31
	December	December	December	December	December	December
	2020	2019	2020	2019	2020	2019
	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Baht per 1 foreign currency unit)	
US dollar	362.3	565.2	389.6	566.6	29.991	30.108
Philippine peso	32.2	24.7	-	13.4	0.623	0.592
HK dollar	7.6	7.4	3.9	0.5	3.866	3.865
China yuan	5.3	-	-	-	4.601	4.30
Indonesia rupiah	2.9	4.8	0.1	1.2	0.002	0.002
Euro	1.5	1.4	-	2.1	36.816	33.678
Poundsterling	1.4	2.3	0.1	1.9	40.562	39.444
Japanese yen	0.9	0.8	-	0.1	0.290	0.275
Vietnam dong	0.5	5.3	-	-	0.001	0.001
Brunai dollar	0.5	-	-	-	22.612	22.260
Malaysia ringgit	-	0.5	-	-	7.414	7.300
India rupee	-	0.4	-	0.4	0.400	0.413
Australia dollar	-	0.1	0.1	0.1	22.878	21.013
Taiwan dollar	-	-	-	19.6	1.069	1.002
Pakistan rupee	-	-	-	0.5	0.187	0.195

### (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 2020 and 2019, the Company had risk from its investments in equity securities of which the price would change with reference to market conditions.

## 36.4 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 2020 and 2019 were as follows:

(Unit: 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
<b>Financial assets</b>						
Cash and cash equivalents	141,557,318	-	-	-	-	141,557,318
Accrued investment income	-	42,369,599	-	-	493,871	42,863,470
Investments in securities	-	15,879,938,835	1,415,547,350	311,029,272	26,817,572,810	44,424,088,267
Loans and interest receivables	101,567,565	709,178,538	452,750,098	212,922,823	-	1,476,419,024
<b>Financial liabilities</b>						
Lease liabilities	-	53,359,431	112,712,930	1,635,818,693	-	1,801,891,054
<b>Assets under insurance contracts</b>						
Premium receivables	-	2,765,896,684	-	-	-	2,765,896,684
Reinsurance assets - loss reserves	-	2,771,704,023	1,532,844,043	-	-	4,304,548,066
Reinsurance receivables	-	389,321,701	-	-	-	389,321,701
<b>Liabilities under insurance contracts</b>						
Insurance contract liabilities - loss reserves	-	4,965,636,631	2,746,161,375	-	-	7,711,798,006
Due to reinsurers	-	2,737,451,690	-	-	-	2,737,451,690

(Unit: Baht)

Financial statements in which the equity method is applied and Separate financial statements						
31 December 2019						
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
<b>Financial assets</b>						
Cash and cash equivalents	138,824,094	-	-	-	-	138,824,094
Accrued investment income	5,377	71,676,281	-	-	-	71,681,658
Investments in securities	-	14,166,303,734	1,502,564,749	210,712,960	29,078,827,350	44,958,408,793
Loans	-	840,025,328	256,557,974	217,149,873	-	1,313,733,175
<b>Financial liabilities</b>						
Liabilities under finance lease agreements	-	17,288,288	22,770,943	-	-	40,059,231
<b>Assets under insurance contracts</b>						
Premium receivables	-	2,781,688,227	-	-	-	2,781,688,227
Reinsurance assets - loss reserves	-	1,768,825,033	995,600,841	-	-	2,764,425,874
Reinsurance receivables	-	393,520,487	-	-	-	393,520,487
<b>Liabilities under insurance contracts</b>						
Insurance contract liabilities - loss reserves	-	3,603,111,420	2,028,047,261	-	-	5,631,158,681
Due to reinsurers	-	2,553,721,341	-	-	-	2,553,721,341

### 37. Fair value of financial assets

As of 31 December 2020 and 2019, 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: 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	
<b>Financial assets</b>					
<b>measured at fair value</b>					
Investments in securities					
Government and state					
enterprise securities	-	3,300,520,314	-	3,300,520,314	3,300,520,314
Private enterprise debt					
securities	-	579,038,830	-	579,038,830	579,038,830
Equity securities	24,024,543,817	46,356,000	2,746,672,993	26,817,572,810	26,817,572,810
<b>Financial asset for which</b>					
<b>fair value are disclosed</b>					
Cash and cash equivalent	141,557,318	-	-	141,557,318	141,557,318
Accrued investment income	42,863,470	-	-	42,863,470	42,863,470
Investment in securities					
Held-to-maturity					
investments	13,726,956,313	-	-	13,726,956,313	13,726,956,313
Loans and interest					
receivables	-	-	1,457,854,680	1,457,854,680	1,476,419,024
Investment properties	-	-	225,789,177	225,789,177	117,929,942

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements				
	31 December 2019				
	Fair Value				Carrying
	Level 1	Level 2	Level 3	Total	Value
<b>Financial assets</b>					
<b>measured at fair value</b>					
Investments in securities					
Government and state					
enterprise securities	-	3,690,676,052	-	3,690,676,052	3,690,676,052
Private enterprise debt					
securities	-	968,224,384	-	968,224,384	968,224,384
Equity securities	28,298,106,063	53,702,000	-	28,351,808,063	28,351,808,063
<b>Financial asset for which</b>					
<b>fair value are disclosed</b>					
Cash and cash equivalent	138,824,094	-	-	138,824,094	138,824,094
Accrued investment income	71,681,658	-	-	71,681,658	71,681,658
Investment in securities					
Held-to-maturity					
investments	11,220,681,007	-	-	11,220,681,007	11,220,681,007
Other investments - net	-	-	3,440,555,305	3,440,555,305	727,019,287
Loans	-	-	1,251,184,707	1,251,184,707	1,313,733,175
Investment properties	-	-	259,246,197	259,246,197	135,206,776

The fair value hierarchy of financial assets were described in Note 5.20 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
Balance as of 1 January 2020	3,440,555
Disposal during the year	(23,831)
Losses on revaluation during the year	(670,051)
Balance as of 31 December 2020	<u>2,746,673</u>

### **38. 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.

### **39. Approval of financial statements**

These financial statements were authorised for issue by the Company's Executive Directors on 17 February 2021.