

Bangkok Insurance Public Company Limited
Report and financial statements
31 December 2022

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 2022, 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 2022, 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 including Independence Standards issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. 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 2022, the Company had gross premium written of Baht 26,676.3 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 2022, the Company had loss reserves of Baht 13,751.9 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.

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 2022, such investments stated at fair value totaling Baht 3,414.6 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.

Narissara Chaisuwan

Certified Public Accountant (Thailand) No. 4812

EY Office Limited

Bangkok: 22 February 2023

Bangkok Insurance Public Company Limited**Statement of financial position****As at 31 December 2022**

(Unit: Baht)

	Financial statements				
	Note	in which the equity method is applied		Separate financial statements	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
Assets					
Cash and cash equivalents	6	648,190,004	561,726,055	648,190,004	561,726,055
Premium receivables	7	3,721,923,825	3,004,544,119	3,721,923,825	3,004,544,119
Accrued investment income		27,782,396	38,101,882	27,782,396	38,101,882
Reinsurance assets	8	14,206,554,989	7,930,459,370	14,206,554,989	7,930,459,370
Reinsurance receivables	9	475,956,969	628,974,479	475,956,969	628,974,479
Investment assets					
Investments in securities	10.1	48,121,235,866	47,047,497,035	48,121,235,866	47,047,497,035
Loans and interest receivables	11	1,164,361,369	1,400,122,328	1,164,361,369	1,400,122,328
Investment properties	12	83,470,684	100,700,313	83,470,684	100,700,313
Investments in associates	13.1	301,019,524	281,180,652	129,395,722	129,395,722
Premises and equipment	14	487,403,917	559,283,784	487,403,917	559,283,784
Right-of-use assets	15.1	861,802,082	901,263,688	861,802,082	901,263,688
Intangible assets	16	276,379,667	160,869,527	276,379,667	160,869,527
Other assets					
Corporate income tax awaiting refund		468,258,474	338,926,680	468,258,474	338,926,680
Account receivable on sales of securities		117,839,599	-	117,839,599	-
Others		572,767,093	546,199,429	572,767,093	546,199,429
Total assets		71,534,946,458	63,499,849,341	71,363,322,656	63,348,064,411

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 2022

(Unit: Baht)

	Financial statements				
	Note	in which the equity method is applied		Separate financial statements	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
Liabilities and owners' equity					
Liabilities					
Insurance contract liabilities	17	26,074,263,143	18,680,918,815	26,074,263,143	18,680,918,815
Due to reinsurers	18	3,779,315,643	3,188,391,457	3,779,315,643	3,188,391,457
Lease liabilities	15.2	819,517,462	825,754,395	819,517,462	825,754,395
Employee benefit obligations	19	752,431,188	790,145,804	752,431,188	790,145,804
Deferred tax liabilities	20.1	4,018,468,575	3,716,954,086	3,984,143,815	3,686,597,100
Other liabilities					
Premiums received in advance		1,561,558,321	1,593,177,396	1,561,558,321	1,593,177,396
Commission payables		523,660,211	424,910,184	523,660,211	424,910,184
Accrued expenses		740,387,617	539,189,579	740,387,617	539,189,579
Account payable on purchases of securities		33,567,550	-	33,567,550	-
Others		1,069,323,355	922,307,637	1,069,323,355	922,307,637
Total liabilities		39,372,493,065	30,681,749,353	39,338,168,305	30,651,392,367
Owners' equity					
Share capital	21				
Registered, issued and paid up					
106,470,000 ordinary shares of Baht 10 each		1,064,700,000	1,064,700,000	1,064,700,000	1,064,700,000
Share premium		1,442,500,000	1,442,500,000	1,442,500,000	1,442,500,000
Retained earnings					
Appropriated					
Statutory reserve	22	106,470,000	106,470,000	106,470,000	106,470,000
Other reserve		7,000,000,000	7,000,000,000	7,000,000,000	7,000,000,000
Unappropriated		2,537,167,764	4,748,927,623	2,385,627,549	4,623,611,751
Other component of owners' equity		20,011,615,629	18,455,502,365	20,025,856,802	18,459,390,293
Total owners' equity		32,162,453,393	32,818,099,988	32,025,154,351	32,696,672,044
Total liabilities and owners' equity		71,534,946,458	63,499,849,341	71,363,322,656	63,348,064,411

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 2022

(Unit: Baht)

	Note	Financial statements			
		in which the equity method is applied		Separate financial statements	
		2022	2021	2022	2021
Profit or loss:					
Revenues					
Gross premium written		26,676,277,636	24,510,990,067	26,676,277,636	24,510,990,067
Less: Premium ceded to reinsurers		(9,713,940,824)	(8,935,923,630)	(9,713,940,824)	(8,935,923,630)
Net premium written		16,962,336,812	15,575,066,437	16,962,336,812	15,575,066,437
Less: Unearned premium reserves increased					
from prior year		(908,982,258)	(338,325,322)	(908,982,258)	(338,325,322)
Earned premium		16,053,354,554	15,236,741,115	16,053,354,554	15,236,741,115
Fee and commission income		1,701,916,058	1,617,502,749	1,701,916,058	1,617,502,749
Investment revenue		1,022,769,211	1,052,973,509	1,042,310,172	1,059,261,921
Gains on investments		5,108,745,780	313,908,357	5,108,745,780	313,908,357
Share of profits in associates under the equity method	13.2	52,321,390	20,426,773	-	-
Other income		175,769,054	204,248,795	175,769,054	204,248,795
Total revenues		24,114,876,047	18,445,801,298	24,082,095,618	18,431,662,937
Expenses					
Gross claims		26,974,055,769	13,833,487,595	26,974,055,769	13,833,487,595
Less: Claim recovery from reinsurers		(9,400,159,461)	(2,853,175,434)	(9,400,159,461)	(2,853,175,434)
Commissions and brokerages		3,409,066,143	3,032,439,226	3,409,066,143	3,032,439,226
Other underwriting expenses		2,639,778,159	2,195,536,475	2,639,778,159	2,195,536,475
Operating expenses	24	1,090,497,454	988,510,179	1,090,497,454	988,510,179
Investment expenses		97,157,133	89,027,045	97,157,133	89,027,045
Finance costs		41,883,775	40,831,275	41,883,775	40,831,275
Expected credit losses	25	7,798,163	4,284,199	7,798,163	4,284,199
Total expenses	26	24,860,077,135	17,330,940,560	24,860,077,135	17,330,940,560
Profit (loss) before income tax expenses		(745,201,088)	1,114,860,738	(777,981,517)	1,100,722,377
Add (less): Income tax revenues (expenses)	20.2	106,823,098	(58,979,190)	113,379,184	(56,151,517)
Net profit (loss)		(638,377,990)	1,055,881,548	(664,602,333)	1,044,570,860
Other comprehensive income:					
Items to be recognised in profit or loss in subsequent periods:					
Shares of other comprehensive loss from associates	13.2	(12,941,557)	(1,868,310)	-	-
Gains on revaluation of available-for-sale investments which are measured at fair value through other comprehensive income		1,958,083,137	3,875,914,741	1,958,083,137	3,875,914,741
Total Items to be recognised in profit or loss in subsequent periods		1,945,141,580	3,874,046,431	1,958,083,137	3,875,914,741
Less: Income taxes		(389,028,316)	(774,809,286)	(391,616,628)	(775,182,948)
Items to be recognised in profit or loss in subsequent periods - net of income taxes		1,556,113,264	3,099,237,145	1,566,466,509	3,100,731,793
Items not to be recognised in profit or loss in subsequent periods:					
Actuarial gains		96,128,616	29,311,896	96,128,616	29,311,896
Less: Income taxes		(19,225,724)	(5,862,379)	(19,225,724)	(5,862,379)
Items not to be recognised in profit or loss in subsequent periods - net of income taxes		76,902,892	23,449,517	76,902,892	23,449,517
Other comprehensive income for the years		1,633,016,156	3,122,686,662	1,643,369,401	3,124,181,310
Total comprehensive income for the years		994,638,166	4,178,568,210	978,767,068	4,168,752,170
Earnings (loss) per share:					
28					
Basic earnings (loss) per share					
Net profit (loss)		(6.00)	9.92	(6.24)	9.81

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 2022

(Unit: Baht)

	Financial statements			
	in which the equity method is applied		Separate financial statements	
	2022	2021	2022	2021
Cash flows from operating activities				
Direct premium written	24,075,928,719	22,610,198,641	24,075,928,719	22,610,198,641
Cash paid for reinsurance	(2,901,101,396)	(3,511,726,484)	(2,901,101,396)	(3,511,726,484)
Interest income	154,365,494	196,425,900	154,365,494	196,425,900
Dividend income	898,349,173	865,349,134	898,349,173	865,349,134
Other investment income	155,598,724	153,417,203	155,598,724	153,417,203
Other income	19,420,165	48,204,912	19,420,165	48,204,912
Losses incurred on direct insurance	(19,709,317,586)	(12,710,086,555)	(19,709,317,586)	(12,710,086,555)
Commissions and brokerages on direct insurance	(2,968,865,460)	(2,725,824,710)	(2,968,865,460)	(2,725,824,710)
Other underwriting expenses	(3,080,875,714)	(2,578,182,925)	(3,080,875,714)	(2,578,182,925)
Operating expenses	(635,217,904)	(967,515,951)	(635,217,904)	(967,515,951)
Investment expenses	(55,119,003)	(48,456,658)	(55,119,003)	(48,456,658)
Income taxes	(128,050,824)	(641,986,800)	(128,050,824)	(641,986,800)
Cash received on financial assets	23,590,339,310	22,496,177,819	23,590,339,310	22,496,177,819
Cash paid for financial assets	(17,456,067,607)	(20,852,334,125)	(17,456,067,607)	(20,852,334,125)
Net cash provided by operating activities	1,959,386,091	2,333,659,401	1,959,386,091	2,333,659,401
Cash flows from investing activities				
Disposals of premises and equipment	430,004	4,612,095	430,004	4,612,095
Purchases of premises and equipment	(19,301,764)	(58,084,068)	(19,301,764)	(58,084,068)
Purchases of intangible assets	(137,745,963)	(87,445,746)	(137,745,963)	(87,445,746)
Net cash used in investing activities	(156,617,723)	(140,917,719)	(156,617,723)	(140,917,719)
Cash flows from financing activities				
Repayments of lease liabilities	(66,091,762)	(66,989,300)	(66,091,762)	(66,989,300)
Dividends paid	(1,650,286,054)	(1,705,510,249)	(1,650,286,054)	(1,705,510,249)
Net cash used in financing activities	(1,716,377,816)	(1,772,499,549)	(1,716,377,816)	(1,772,499,549)
Net increase in cash and cash equivalents	86,390,552	420,242,133	86,390,552	420,242,133
Cash and cash equivalents at beginning of the years	561,726,055	141,557,319	561,726,055	141,557,319
Add (less): Decrease (increase) in allowance for expected credit losses	73,397	(73,397)	73,397	(73,397)
Cash and cash equivalents at end of the years	648,190,004	561,726,055	648,190,004	561,726,055

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 2022

(Unit: Baht)

Financial statements in which the equity method is applied

	Note	Issued and paid-up		Retained earnings			Other component of owners' equity			Total owners' equity				
							Share premium	Appropriated			Share of other comprehensive loss from associates - net of income taxes	at fair value through other comprehensive income - net of income taxes	Total other component of owners' equity	
								Statutory reserve	Other reserve					Unappropriated
Balance as at 1 January 2021		1,064,700,000	1,442,500,000	106,470,000	7,000,000,000	5,373,111,989	(2,393,280)	15,358,658,500	15,356,265,220	30,343,047,209				
Dividend paid	29	-	-	-	-	(1,703,515,431)	-	-	-	(1,703,515,431)				
Net profit		-	-	-	-	1,055,881,548	-	-	-	1,055,881,548				
Other comprehensive income (loss) for the year		-	-	-	-	23,449,517	(1,494,648)	3,100,731,793	3,099,237,145	3,122,686,662				
Balance as at 31 December 2021		<u>1,064,700,000</u>	<u>1,442,500,000</u>	<u>106,470,000</u>	<u>7,000,000,000</u>	<u>4,748,927,623</u>	<u>(3,887,928)</u>	<u>18,459,390,293</u>	<u>18,455,502,365</u>	<u>32,818,099,988</u>				
Balance as at 1 January 2022		1,064,700,000	1,442,500,000	106,470,000	7,000,000,000	4,748,927,623	(3,887,928)	18,459,390,293	18,455,502,365	32,818,099,988				
Dividend paid	29	-	-	-	-	(1,650,284,761)	-	-	-	(1,650,284,761)				
Net loss		-	-	-	-	(638,377,990)	-	-	-	(638,377,990)				
Other comprehensive income (loss) for the year		-	-	-	-	76,902,892	(10,353,245)	1,566,466,509	1,556,113,264	1,633,016,156				
Balance as at 31 December 2022		<u>1,064,700,000</u>	<u>1,442,500,000</u>	<u>106,470,000</u>	<u>7,000,000,000</u>	<u>2,537,167,764</u>	<u>(14,241,173)</u>	<u>20,025,856,802</u>	<u>20,011,615,629</u>	<u>32,162,453,393</u>				

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 2022

(Unit: Baht)

Separate financial statements							
Note	Issued and paid-up share capital	Share premium	Retained earnings			Other component of owners' equity	Total owners' equity
			Appropriated		Unappropriated	Revaluation surplus on available-for-sale investments measured at fair value through other comprehensive income - net of income taxes	
			Statutory reserve	Other reserve			
Balance as at 1 January 2021	1,064,700,000	1,442,500,000	106,470,000	7,000,000,000	5,259,106,805	15,358,658,500	30,231,435,305
Dividend paid	-	-	-	-	(1,703,515,431)	-	(1,703,515,431)
Net profit	-	-	-	-	1,044,570,860	-	1,044,570,860
Other comprehensive income for the year	-	-	-	-	23,449,517	3,100,731,793	3,124,181,310
Balance as at 31 December 2021	<u>1,064,700,000</u>	<u>1,442,500,000</u>	<u>106,470,000</u>	<u>7,000,000,000</u>	<u>4,623,611,751</u>	<u>18,459,390,293</u>	<u>32,696,672,044</u>
Balance as at 1 January 2022	1,064,700,000	1,442,500,000	106,470,000	7,000,000,000	4,623,611,751	18,459,390,293	32,696,672,044
Dividend paid	-	-	-	-	(1,650,284,761)	-	(1,650,284,761)
Net loss	-	-	-	-	(664,602,333)	-	(664,602,333)
Other comprehensive income for the year	-	-	-	-	76,902,892	1,566,466,509	1,643,369,401
Balance as at 31 December 2022	<u>1,064,700,000</u>	<u>1,442,500,000</u>	<u>106,470,000</u>	<u>7,000,000,000</u>	<u>2,385,627,549</u>	<u>20,025,856,802</u>	<u>32,025,154,351</u>

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

Bangkok Insurance Public Company Limited

Notes to financial statements

For the year ended 31 December 2022

1. General 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 2022 and 2021, such major shareholder held 9.97% of the issued and paid-up ordinary shares of the Company. The Company is principally engaged in the provision of non-life insurance. The Company’s registered office is located at No. 25, Bangkok Insurance Building, South Sathon Road, Tung Ma Ha Mek, Sathon, Bangkok.

2. Basis for preparation of 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 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.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in accounting policies.

2.1 The financial statements in which the equity method is applied

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

2.2 Separate financial statements

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

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current period

During the year, the Company has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

However, the Company applied the temporary exemption for the adoption of Thai Financial Reporting Standard 9 (TFRS 9): Financial Instruments and Thai Financial Reporting Standard 7 (TFRS 7): Disclosure of Information relating to Financial Instruments, which were revised in Thai Financial Reporting Standard 4: Insurance Contracts allowing the extension of the exemption period for the adoption of such TFRS 9 and TFRS 7 whereby the exemption period will end for the financial statements having the fiscal period starts on or after 1 January 2025 or when Thai Financial Reporting Standard 17: Insurances Contracts becomes effective.

The adoption of these financial reporting standards and the temporary exemption does not have any significant impact on the Company's financial statements.

3.2 Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2023

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2023. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards

The management of the Company believes that adoption of these amendments will not have any significant impact on the Company's financial statements.

4. Significant accounting policies

4.1 Product classification

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

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

4.2 Revenue recognition

(a) Gross premium written

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

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

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

(b) Commission and brokerage fee income

Commission and brokerage fees from ceded premium are recognised as revenue over the period in which the related services are rendered.

(c) Investment revenues

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

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

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

(d) Gains (losses) on investments

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

4.3 Expenses recognition

(a) Premium ceded to reinsurers

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

(b) Gross claims

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

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

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

- (c) Commission and brokerage expenses

Commission and brokerage expenses are 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 costs

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

4.4 Cash and cash equivalents

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

4.5 Premium receivables and allowance of doubtful accounts

Premium receivables from direct insurance are stated at their net realisable values. The Company sets up an allowance for doubtful accounts based on the estimated loss that may incur in collection of the premium receivables, on the basis of collection experiences, analysis of debtor aging and a review of current status of the premium receivables as at the end of the reporting periods. Increase (decrease) in an allowance for doubtful account is recorded as an increase (a decrease) to expenses during the years.

4.6 Reinsurance assets and allowance for impairment

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

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

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

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

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

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

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

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

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

4.8 Investment assets

- (a) Investments in securities

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

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

Investments in non-marketable equity securities (The company are not listed on the Stock Exchange of Thailand), 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 33 years. Depreciation of the investment properties is recognised as expense in profit or loss.

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

4.9 Investment in associates

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

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

4.10 Premises and equipment and depreciation

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

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

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

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

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

4.11 Intangible assets and amortisation

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

Intangible assets with finite lives are amortised on the straight-line basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year-end. The amortisation expense is charged to profit or loss. No amortisation is provided for computer softwares under development.

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

4.12 Leases

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

The Company as a lessee

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

(a) Right-of-use assets

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

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

Land	15 and 38	years
Buildings	3 and 5	years
Office equipment	5	years
Vehicles	5	years

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

(b) Lease liabilities

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

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

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

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

The Company as a lessor

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

4.13 Insurance contract liabilities

Insurance contract liabilities consist of loss reserve and premium reserves.

(a) Loss reserves

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

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

(b) Premium reserves

Premium reserves are the higher amounts of unearned premium reserves and unexpired risk reserves. As at the end of the reporting periods, the Company compares the amounts of unexpired risk reserves with unearned premium reserves, and if the amount of unexpired risk reserves is higher 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 to be incurred during the remaining coverage period, based on historical claims data.

4.14 Employee benefits

(a) Defined contribution plan

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

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

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan. In addition, the Company provides other long-term employee benefit plan, namely long service awards.

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

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

4.15 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.16 Related party transactions

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

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

4.17 Income taxes

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

(a) Current income taxes

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

(b) Deferred income taxes

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

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

At the end of each reporting period, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

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

4.18 Foreign currencies

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

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

4.19 Impairment of assets

(a) Financial assets

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

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

(b) Non-financial assets

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

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

4.20 Fair value measurement

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

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

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

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

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

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

5. Significant accounting judgements and estimates

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

5.1 Classification of reinsurance contracts

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

5.2 Recognition and derecognition of assets and liabilities

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

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

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

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

5.4 Allowances for doubtful accounts and impairment

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

5.5 Premises and equipment and depreciation

In calculating depreciation of buildings and equipment, the management is required to make estimates of the useful lives and residual values of the Company's buildings and equipment and to review estimate useful lives and residual values when circumstance changes.

In addition, the management is required to review premises and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that its recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

5.6 Intangible assets and allowance for impairment

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

5.7 Deferred tax assets

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

5.8 Loss reserves

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

5.9 Unexpired risk reserves

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

5.10 Leases

The Company as a lessee

Determining the lease term with extension and termination options

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

Estimating the incremental borrowing rate

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

The Company as a lessor

Lease classification

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

5.11 Employee benefit obligations

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

5.12 Litigation

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

5.13 Fair value of financial instruments

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

6. Cash and cash equivalents

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	31 December 2022	31 December 2021
Cash on hand	2,365	2,493
Deposits at banks with no fixed maturity date	545,825	249,306
Deposits at banks with fixed maturity date	100,000	310,000
Total	648,190	561,799
Less: Allowance for expected credit losses	-	(73)
Cash and cash equivalents - net	648,190	561,726

As at 31 December 2022 and 2021, deposits at banks carried interests at the rates between 0.25 and 1.10 percent per annum and 0.13 and 0.45 percent per annum, respectively.

7. Premium receivables

As at 31 December 2022 and 2021, the balances of premium receivables from direct insurance were classified by aging from the maturity date under the stipulated law of the premium collection as follows:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	31 December 2022	31 December 2021
Not yet due	2,935,031	2,353,308
Overdue not longer than 30 days	340,456	194,378
Overdue 31 days to 60 days	208,620	234,017
Overdue 61 days to 90 days	47,386	54,773
Overdue 91 days to 1 year	190,431	168,068
Overdue longer than 1 year	42,145	43,923
Total	3,764,069	3,048,467
Less: Allowance for doubtful accounts	(42,145)	(43,923)
Premium receivables - net	3,721,924	3,004,544

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

8. Reinsurance assets

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	31 December 2022	31 December 2021
Insurance reserves refundable from reinsurers		
Loss reserves	10,186,673	4,331,992
Unearned premium reserves	4,019,932	3,598,519
Total	14,206,605	7,930,511
Less: Allowance for impairment	(50)	(52)
Reinsurance assets - net	<u>14,206,555</u>	<u>7,930,459</u>

9. Reinsurance receivables

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	31 December 2022	31 December 2021
Amounts deposited on reinsurance	61,684	56,147
Amounts due from reinsurers	415,347	575,080
Total	477,031	631,227
Less: Allowance for doubtful accounts	(1,074)	(2,253)
Receivables on reinsurance contracts - net	<u>475,957</u>	<u>628,974</u>

As at 31 December 2022 and 2021, amounts due from reinsurers were classified by aging as follows:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	31 December 2022	31 December 2021
Not over 12 months	267,145	526,263
Overdue from 1 year to 2 years	142,999	40,749
Overdue longer than 2 years	5,203	8,068
Total	415,347	575,080
Less: Allowance for doubtful accounts	(1,074)	(2,253)
Amounts due from reinsurers - net	<u>414,273</u>	<u>572,827</u>

10. Investments in securities

10.1 Classified by type of investment

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements			
	31 December 2022		31 December 2021	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Available-for-sale investments measured at fair value through other comprehensive income				
Government and state enterprise securities	4,009,959	4,001,243	4,438,484	4,462,888
Private sector debt securities	1,045,000	980,587	800,000	745,857
Common stocks	8,113,088	33,181,103	6,551,706	29,430,140
Unit trusts	1,167,133	1,086,825	1,721,211	1,829,929
Total	14,335,180	39,249,758	13,511,401	36,468,814
Add: Unrealised gains	25,032,321		23,074,238	
Less: Allowance for impairment	(65,083)		(65,083)	
Less: Allowance for expected credit losses	(52,660)		(51,742)	
Available-for-sale investments measured at fair value through other comprehensive income - net	<u>39,249,758</u>		<u>36,468,814</u>	
Held-to-maturity investments measured at amortised cost				
Deposits at financial institutions which matured over 3 months	8,872,429		10,581,559	
Less: Allowance for expected credit losses	(951)		(2,876)	
Held-to-maturity investments measured at amortised cost - net	<u>8,871,478</u>		<u>10,578,683</u>	
Investment in securities - net	<u>48,121,236</u>		<u>47,047,497</u>	

10.2 Classified by stage of credit risk

(Unit: Thousand Baht)

Financial statements in which the equity method is applied and Separate financial statements			
31 December 2022		31 December 2021	
Fair value	Allowance for expected credit losses	Fair value	Allowance for expected credit losses
Available-for-sale investments measured at fair value through other comprehensive income			
Stage 1 - Debt securities without a significant increase of credit risk	4,928,216	(819)	5,156,385
Stage 3 - Credit impaired debt securities	53,614	(51,841)	52,360
Total	4,981,830	(52,660)	5,208,745

(Unit: Thousand Baht)

Financial statements in which the equity method is applied and Separate financial statements		
31 December 2022		
Gross carrying value	Allowance for expected credit losses	Net carrying value
Held-to-maturity investments measured at amortised cost		
Stage 1 - Debt securities without a significant increase of credit risk	8,872,429	(951)
Total	8,872,429	8,871,478

(Unit: Thousand Baht)

Financial statements in which the equity method is applied and Separate financial statements		
31 December 2021		
Gross carrying value	Allowance for expected credit losses	Net carrying value
Held-to-maturity investments measured at amortised cost		
Stage 1 - Debt securities without a significant increase of credit risk	10,581,559	(2,876)
Total	10,581,559	10,578,683

10.3 Remaining periods to maturity of debt securities

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements									
	31 December 2022					31 December 2021				
	Period to maturity					Period to maturity				
	1 year	1 - 5 years	Over 5 years	Unspecified	Total	1 year	1 - 5 years	Over 5 years	Unspecified	Total
Available-for-sale investments										
measured at fair value through other comprehensive income										
Government and state enterprise securities	2,707,653	1,203,375	98,931	-	4,009,959	3,292,823	801,328	344,333	-	4,438,484
Private enterprise debt securities	85,000	785,000	175,000	-	1,045,000	110,000	465,000	225,000	-	800,000
Unit trusts	-	-	-	-	-	-	-	-	347,463	347,463
Total	2,792,653	1,988,375	273,931	-	5,054,959	3,402,823	1,266,328	569,333	347,463	5,585,947
Add (less): Unrealised gains (losses)	842	(10,809)	(10,502)	-	(20,469)	3,038	26,400	(7,435)	22,105	44,108
Less: Allowance for expected credit losses	(98)	(687)	(51,875)	-	(52,660)	(289)	(941)	(50,512)	-	(51,742)
Available-for-sale investments measured at fair value through other comprehensive income - net	2,793,397	1,976,879	211,554	-	4,981,830	3,405,572	1,291,787	511,386	369,568	5,578,313
Held-to-maturity investments measured at amortised cost										
Deposits at financial institutions with maturity of longer than 3 months	8,872,429	-	-	-	8,872,429	10,501,559	80,000	-	-	10,581,559
Less: Allowance for expected credit losses	(951)	-	-	-	(951)	(2,857)	(19)	-	-	(2,876)
Total held-to-maturity investments measured at amortised cost	8,871,478	-	-	-	8,871,478	10,498,702	79,981	-	-	10,578,683

10.4 Fair values of investments in debt instruments

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements			
	31 December 2022			
	Pass the SPPI tests		Fail the SPPI tests	
	Fair value	Changes in fair value during the year	Fair value	Changes in fair value during the year
Available-for-sale investments				
measured at fair value through other comprehensive income				
Government and state enterprise securities	4,001,243	(33,120)	-	-
Private enterprise debt securities	980,587	(10,270)	-	-
Held-to-maturity investments				
measured at amortised cost				
Deposits at financial institutions with maturity of longer than 3 months	8,872,429	-	-	-
Total	13,854,259	(43,390)	-	-

(Unit: Thousand Baht)

Financial statements in which the equity method is applied and Separate financial statements				
31 December 2021				
	Pass the SPPI tests		Fail the SPPI tests	
	Fair value	Changes in fair value during the year	Fair value	Changes in fair value during the year
Available-for-sale investments measured at fair value through other comprehensive income				
Government and state enterprise securities	4,462,888	(23,890)	-	-
Private enterprise debt securities	745,857	(2,365)	-	-
Unit trusts	-	-	369,568	41,011
Held-to-maturity investments measured at amortised cost				
Deposits at financial institutions with maturity of longer than 3 months	10,578,683	-	-	-
Total	15,787,428	(26,255)	369,568	41,011

10.5 Investments subject to restriction and commitment

As at 31 December 2022 and 2021, 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 2022		31 December 2021	
	Cost	Fair value	Cost	Fair value
Placed as securities				
Government bonds	15.4	15.3	14.0	14.1
Placed as insurance reserves				
Ordinary shares	35.2	142.0	35.2	116.1
Government bonds	1,290.0	1,274.6	1,270.0	1,294.5
Debentures	335.0	331.5	240.0	244.3
	1,660.2	1,748.1	1,545.2	1,654.9
Placed to secure bank overdraft facilities				
Deposits at financial institutions	30.0	30.0	30.0	30.0
Placed as performance bonds				
Government and state enterprise bonds	0.6	0.6	0.6	0.6
Placed to secure bank guarantees				
Deposits at financial institutions	20.0	20.0	20.0	20.0

11. Loans and interest receivables

As at 31 December 2022 and 2021, the balances of loans and interest receivables, classified by stage of credit risk, were as follows:

(Unit: Thousand Baht)

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

Classification	31 December 2022		
	Mortgaged loans	Others	Total
Stage 1 - Loans without a significant increase of credit risk	1,053,195	7,626	1,060,821
Stage 2 - Loans with significant increases of credit risk	1,723	-	1,723
Stage 3 - Credit impairment loans	165,662	-	165,662
Total	1,220,580	7,626	1,228,206
Less: Allowance for expected credit losses	(63,845)	-	(63,845)
Loans and interest receivables - net	1,156,735	7,626	1,164,361

(Unit: Thousand Baht)

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

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

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

As at 31 December 2022 and 2021, the balances of employee loans were Baht 161.4 million and Baht 161.3 million, respectively.

12. Investment properties

As at 31 December 2022 and 2021, the investment properties were presented below.

	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	31 December 2022	31 December 2021
Cost	533,653	533,653
Less: Accumulated depreciation	(450,182)	(432,953)
Net book value	<u>83,471</u>	<u>100,700</u>

Reconciliations of the net book value of investment properties for the years ended 31 December 2022 and 2021 were presented below.

	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2022	2021
Net book value at beginning of the years	100,700	117,930
Depreciation charged for the years	(17,229)	(17,230)
Net book value at end of the years	<u>83,471</u>	<u>100,700</u>

The fair values of the investment properties as at 31 December 2022 and 2021 were stated as below:

	(Unit: Million Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	<u>31 December 2022</u>	<u>31 December 2021</u>
Office building for rent	625.5	192.4

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

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

	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	<u>For the year ended 31 December</u>	
	<u>2022</u>	<u>2021</u>
Rental income	<u>154,198</u>	<u>152,035</u>
Operating expenses directly related to generated rental income	<u>92,496</u>	<u>89,518</u>
Total expenses	<u>92,496</u>	<u>89,518</u>

13. Investments in associates

13.1 Details of associates

Company's name	Nature of business	Country of incorporation	Paid-up share capital as at		Shareholding	
			31 December 2022	31 December 2021	31 December 2022	31 December 2021
			(USD)	(USD)	(%)	(%)
Asia Insurance (Cambodia) Plc.	Non-life insurance	Cambodia	7,000,000	7,000,000	22.92	22.92
Asian Insurance International (Holding) Limited	Holding company	Bermuda	5,740,000	5,740,000	41.70	41.70
Bangkok Insurance (Lao) Company Limited	Non-life insurance	Lao	2,000,000	2,000,000	38.00	38.00

(Unit: Thousand Baht)

Company's name	Financial statements in which the equity method is applied		Separate financial statements	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	Asia Insurance (Cambodia) Plc.	103,696	114,703	30,202
Asian Insurance International (Holding) Limited	144,513	135,391	72,054	72,054
Bangkok Insurance (Lao) Company Limited	52,810	31,087	27,140	27,140
Total	301,019	281,181	129,396	129,396

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

(Unit: Thousand Baht)

Company's name	Financial statements in which the equity method is applied				Separate financial statements	
	Share of profits from investments in associates		Share of other comprehensive loss from investments in associates		Dividend received	
	For the years ended 31 December		For the years ended 31 December		For the years ended 31 December	
	2022	2021	2022	2021	2022	2021
Asia Insurance (Cambodia) Plc.	8,534	10,828	-	-	19,541	-
Asian Insurance International (Holding) Limited	22,064	7,625	(12,942)	(1,868)	-	6,289
Bangkok Insurance (Lao) Company Limited	21,723	1,974	-	-	-	-
Total	52,321	20,427	(12,942)	(1,868)	19,541	6,289

13.3 Financial information of associates

Summarised information from statements of financial position

(Unit: Million Baht)

	Asia Insurance (Cambodia) Plc.		Asian Insurance International (Holding) Limited		Bangkok Insurance (Lao) Company Limited	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	Total assets	889.7	812.9	418.3	294.4	335.6
Total liabilities	(398.6)	(291.3)	-	-	(250.3)	(468.9)
Net assets	491.1	521.6	418.3	294.4	85.3	69.8
Shareholding percentage (%)	22.9	22.9	41.7	41.7	38.0	38.0
Shares of net assets of the associates	112.6	119.6	174.4	122.7	32.4	26.5
Carrying values based on the equity method	103.7	114.7	144.5	135.4	52.8	31.1

Summarised information from statements of comprehensive income

(Unit: Million Baht)

	Asia Insurance (Cambodia) Plc.		Asian Insurance International (Holding) Limited		Bangkok Insurance (Lao) Company Limited	
	For the years ended 31 December		For the years ended 31 December		For the years ended 31 December	
	2022	2021	2022	2021	2022	2021
Revenues	114.5	107.5	55.4	9.3	80.4	34.3
Net profits	37.2	41.5	52.9	7.5	57.2	5.0
Other comprehensive loss for the years	-	-	(31.0)	(4.5)	-	-
Total comprehensive income for the years	37.2	41.5	21.9	3.0	57.2	5.0

As at 31 December 2022 and 2021, the Company recorded investment in associates under the equity method (in the financial statements in which the equity method is applied) based on financial information prepared by the associates' management, which were unaudited by their auditors.

14. Premises and equipment

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements						
	Land	Buildings	Condominium units	Furniture, fixture and office equipment	Vehicles	Assets under installment	Total
Cost							
1 January 2021	222,765	833,958	8,723	1,968,477	30,559	33,544	3,098,026
Additions	-	-	-	40,060	674	17,350	58,084
Transfers in (out)	-	-	-	32,749	-	(32,749)	-
Disposals	(1,606)	(884)	-	(97)	(742)	-	(3,329)
31 December 2021	221,159	833,074	8,723	2,041,189	30,491	18,145	3,152,781
Additions	-	-	-	11,243	403	8,018	19,664
Transfers in (out)	-	-	-	14,117	-	(14,117)	-
Disposals	-	-	-	(142)	(4,445)	-	(4,587)
31 December 2022	221,159	833,074	8,723	2,066,407	26,449	12,046	3,167,858
Accumulated depreciation							
1 January 2021	-	639,835	8,721	1,820,974	13,551	-	2,483,081
Depreciation for the year	-	25,932	-	81,165	4,663	-	111,760
Accumulated depreciation on disposals	-	(594)	-	(89)	(661)	-	(1,344)
31 December 2021	-	665,173	8,721	1,902,050	17,553	-	2,593,497
Depreciation for the year	-	25,887	-	61,044	4,570	-	91,501
Accumulated depreciation on disposals	-	-	-	(118)	(4,426)	-	(4,544)
31 December 2022	-	691,060	8,721	1,962,976	17,697	-	2,680,454
Net book value							
31 December 2021	221,159	167,901	2	139,139	12,938	18,145	559,284
31 December 2022	221,159	142,014	2	103,431	8,752	12,046	487,404
Depreciation for the years:							
2021							111,760
2022							91,501

As at 31 December 2022 and 2021, certain buildings and equipment items were fully depreciated but are still in use. The original cost before deducting accumulated depreciation of those assets amounted to Baht 1,965.5 million and Baht 1,863.4 million, respectively.

15. Right-of-use assets/ Lease liabilities

The Company has lease contracts for various items of land, building, office equipment and vehicles used in its operations.

15.1 Right-of-use assets

(Unit: Thousand Baht)

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

	Office				Total
	Land	Buildings	equipment	Vehicles	
1 January 2021	821,779	13,247	-	51,535	886,561
New leases during the year	-	31,771	15,571	25,841	73,183
Depreciation for the year	(22,310)	(12,105)	(3,633)	(20,432)	(58,480)
31 December 2021	799,469	32,913	11,938	56,944	901,264
New leases during the year	-	3,301	-	14,998	18,299
Depreciation for the year	(22,311)	(12,672)	(3,115)	(19,663)	(57,761)
31 December 2022	777,158	23,542	8,823	52,279	861,802

15.2 Lease liabilities

(Unit: Thousand Baht)

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

	Office				Total
	Land	Buildings	equipment	Vehicles	
1 January 2021	716,634	8,335	-	53,880	778,849
New leases during the year	-	31,771	15,571	25,841	73,183
Financial costs recognised during the year	36,457	710	743	2,927	40,837
Leases paid during the year	(24,846)	(12,000)	(6,900)	(23,369)	(67,115)
31 December 2021	728,245	28,816	9,414	59,279	825,754
New leases during the year	-	3,301	-	14,998	18,299
Financial costs recognised during the year	37,030	1,259	467	2,936	41,692
Leases paid during the year	(27,331)	(12,982)	(3,450)	(22,465)	(66,228)
31 December 2022	737,944	20,394	6,431	54,748	819,517

(Unit: Million Baht)

	Financial statements in which the equity method is applied and Separate financial statements							
	31 December 2022				31 December 2021			
	Within	1 - 5	Over	Total	within	1 - 5	Over	Total
	1 year	years	5 years		1 year	years	5 years	
Future minimum lease payments	64	304	1,402	1,770	62	189	1,565	1,816
Deferred interest expenses	(41)	(192)	(717)	(950)	(41)	(158)	(791)	(990)
Present value of future minimum lease payments	23	112	685	820	21	31	774	826

15.3 Expenses relating to leases recognised in profit or loss

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	31 December 2022	31 December 2021
	Depreciation expenses of right-of-use assets	57,643
Interest expense on lease liabilities	41,678	40,831
Loss from the differences of reduction in lease payments	4	-
Total	99,325	99,192

The Company had total cash outflows of Baht 66.2 million and Baht 67.1 million for leases for the year ended 31 December 2022 and 2021.

15.4 Leases of the Company as a lessor

As at 31 December 2022 and 2021, the Company has entered into operating leases for its investment property of the lease terms are between 2 and 3 years with future minimum rentals receivable under non-cancellable operating leases as follows:

(Unit: Thousand Baht)

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

	31 December 2022	31 December 2021
Within 1 year	87,984	90,523
Over 1 year and up to 3 years	55,221	122,872
Total	143,205	213,395

16. Intangible assets

(Unit: Thousand Baht)

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

	Computer softwares	Computer softwares under development	Total
Cost			
1 January 2021	567,566	21,114	588,680
Addition	-	87,446	87,446
31 December 2021	567,566	108,560	676,126
Addition	1,671	136,075	137,746
31 December 2022	569,237	244,635	813,872
Accumulated amortisation			
1 January 2021	487,004	-	487,004
Amortisation for the year	28,252	-	28,252
31 December 2021	515,256	-	515,256
Amortisation for the year	22,236	-	22,236
31 December 2022	537,492	-	537,492
Net book value			
31 December 2021	52,310	108,560	160,870
31 December 2022	31,745	244,635	276,380
Amortisation for the years			
2021			28,252
2022			22,236

As at 31 December 2022 and 2021, certain computer softwares were fully amortised but are still in use. The original cost before deducting accumulated amortisation of those assets amounted to Baht 383.7 million and Baht 344.0 million, respectively.

17. Insurance contract liabilities

(Unit: Thousand Baht)

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

	31 December 2022		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Loss reserves			
Claims incurred and reported	13,259,075	(10,176,618)	3,082,457
Claims incurred but not reported	492,854	(10,005)	482,849
Premium reserves			
Unearned premium reserves	12,322,334	(4,019,932)	8,302,402
Total	<u>26,074,263</u>	<u>(14,206,555)</u>	<u>11,867,708</u>

(Unit: Thousand Baht)

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

	31 December 2021		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Loss reserves			
Claims incurred and reported	7,078,559	(4,277,373)	2,801,186
Claims incurred but not reported	610,421	(54,567)	555,854
Premium reserves			
Unearned premium reserves	10,991,939	(3,598,519)	7,393,420
Total	<u>18,680,919</u>	<u>(7,930,459)</u>	<u>10,750,460</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.

17.1 Loss reserves

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2022	2021
Beginning balances	7,688,980	7,711,798
Claims incurred during the years	25,876,901	13,511,707
Changes in loss reserves of claims incurred in prior years	1,380,213	584,095
Changes in assumptions in calculating loss reserves	(207,426)	(28,105)
Claims and loss adjustment expenses paid during the years	(20,986,739)	(14,090,515)
Ending balances	<u>13,751,929</u>	<u>7,688,980</u>

As at 31 December 2022 and 2021, the Company, which is a reinsurer under the reinsurance contracts, had loss reserves under such contracts totaling Baht 525.1 million and Baht 380.0 million, respectively.

17.2 Claim development table

(a) Gross claims table

(Unit: Million Baht)

Accident year	Prior to											
/Reporting year	2013	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Loss reserves:												
- as at accident year		5,097	6,854	7,101	7,157	8,454	8,246	9,431	11,471	13,512	25,877	
- Next one year		5,562	7,359	7,382	7,407	8,004	8,239	9,687	11,024	13,579		
- Next two years		5,928	6,846	6,947	7,295	7,564	8,113	9,528	10,899			
- Next three years		5,709	6,693	6,949	7,130	7,501	8,142	9,501				
- Next four years		5,672	6,654	6,870	7,099	7,535	8,097					
- Next five years		5,685	6,631	6,857	7,076	7,534						
- Next six years		5,682	6,632	6,853	7,069							
- Next seven years		5,680	6,630	6,851								
- Next eight years		5,683	6,626									
- Next nine years		5,684										
Cumulative ultimate												
claim		5,684	6,626	6,851	7,069	7,534	8,097	9,501	10,887	13,550	26,229	
Cumulative												
payments		(5,648)	(6,600)	(6,757)	(7,042)	(7,316)	(7,928)	(9,336)	(9,805)	(12,978)	(15,935)	
Total	361	36	26	94	27	218	169	165	1,082	572	10,294	13,044
Inward treaty												578
Unallocated loss adjustment expenses												130
Gross loss reserves												13,752

(b) Net claims table

(Unit: Million Baht)

Accident year	Prior to											
/Reporting year	2013	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Loss reserves:												
- as at accident year		4,251	5,082	5,414	5,415	5,724	5,492	6,972	7,721	10,436	16,266	
- Next one year		4,521	5,267	5,720	5,549	5,736	5,403	7,163	7,607	10,522		
- Next two years		4,500	5,119	5,389	5,275	5,554	5,406	7,053	7,582			
- Next three years		4,283	4,983	5,383	5,272	5,547	5,402	7,052				
- Next four years		4,261	4,979	5,363	5,267	5,542	5,395					
- Next five years		4,262	4,982	5,358	5,252	5,538						
- Next six years		4,261	4,982	5,356	5,253							
- Next seven years		4,260	4,979	5,354								
- Next eight years		4,260	4,979									
- Next nine years		4,258										
Cumulative ultimate												
claim		4,258	4,978	5,354	5,253	5,538	5,395	7,052	7,578	10,518	16,572	
Cumulative												
payments		(4,256)	(4,975)	(5,351)	(5,240)	(5,527)	(5,374)	(7,019)	(7,471)	(10,304)	(14,206)	
Total	84	2	3	3	13	11	21	33	107	214	2,366	2,857
Inward treaty												578
Unallocated loss adjustment expenses												130
Net loss reserves												3,565

17.3 Assumptions

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

(a) Assumptions of claim experiences

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

(b) Assumptions of related expenses

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

17.4 Unearned premium reserves

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2022	2021
Beginning balances	10,991,939	10,310,716
Premium written during the years	26,676,278	24,510,990
Premium earned during the years	(25,345,883)	(23,829,767)
Ending balances	<u>12,322,334</u>	<u>10,991,939</u>

18. Due to reinsurers

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	31 December 2022	31 December 2021
Amounts withheld on reinsurance	1,756,584	1,488,153
Amounts due to reinsurers	2,022,732	1,700,238
Due to reinsurers	<u>3,779,316</u>	<u>3,188,391</u>

19. Employee benefit obligations

Changes in employee benefit obligations, which were compensations on employee retirement, for the years ended 31 December 2022 and 2021 were as follows:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2022	2021
Employee benefit obligations at beginning of the years	790,146	777,203
Included in profit or loss:		
Current service costs	61,540	65,750
Interest costs	23,704	16,321
Included in other comprehensive income or loss:		
Actuarial (gains) losses arising from:		
- Demographic assumptions changes	(1,966)	2,997
- Financial assumption changes	(82,339)	(60,779)
- Experience adjustments	(11,823)	28,470
Benefits paid during the years	<u>(26,831)</u>	<u>(39,816)</u>
Employee benefit obligations at end of the years	<u>752,431</u>	<u>790,146</u>

As at 31 December 2022 and 2021, the Company expected to pay long-term employee benefits of Baht 48.6 million and Baht 19.7 million, respectively, over the next 1-year period.

As at 31 December 2022 and 2021, the weighted average durations of the liabilities on long-term employee benefits were 11.7 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 2022	31 December 2021
	(%)	(%)
Discount rate	3.0	2.1
Future salary incremental rate	6.0	6.0
Employee turnover rates (depending on age)	1.2 - 15.0	1.3 - 17.0

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 2022		Increase (decrease) in employee benefit obligations as at 31 December 2021	
	+ 1 %	- 1 %	+ 1 %	- 1 %
	Discount rate	(78.0)	92.3	(88.1)
Future salary incremental rate	83.6	(72.2)	94.3	(80.9)
Employee turnover rates	(30.5)	34.1	(36.2)	40.6

20. Deferred tax liabilities and income tax expenses

20.1 Deferred tax liabilities

As at 31 December 2022 and 2021, the components of deferred tax assets and liabilities consisted of tax effects arising from the following transactions.

	(Unit: Thousand Baht)			
	Financial statements in which the equity method is applied		Changes in deferred tax assets or liabilities	
	31 December 2022	31 December 2021	For the years ended 31 December	
	2022	2021	2022	2021
Deferred tax assets arose from:				
Allowance for expected credit losses	23,945	22,385	1,560	857
Allowance for impairment on investments	13,017	13,017	-	-
Premium reserves	303,494	232,679	70,815	6,408
Loss reserves of claims incurred and reported	434,109	395,068	39,041	6,290
Loss reserves of claims incurred but not yet reported	96,570	111,171	(14,601)	16,632
Lease liabilities	163,903	165,151	(1,248)	9,381
Employee benefit obligations	150,486	158,029	(7,543)	2,589
Others	9,156	11,004	(1,848)	6,006
Total	1,194,680	1,108,504		
Deferred tax liabilities arose from:				
Gains on revaluation of available-for-sale investments	5,006,464	4,614,848	(391,616)	(775,183)
Right-of-use assets	172,360	180,253	7,893	(2,941)
Shares of profits from investments in associates	34,325	30,357	(3,968)	(2,454)
Total	5,213,149	4,825,458		
Deferred tax liabilities	4,018,469	3,716,954		
Total changes			(301,515)	(732,415)
Changes were recognised in:				
- Profit or loss			106,739	48,257
- Other comprehensive income			(408,254)	(780,672)
			(301,515)	(732,415)

(Unit: Thousand Baht)

	Separate financial statements		Changes in deferred tax assets or liabilities	
	31 December	31 December	For the years ended 31 December	
	2022	2021	2022	2021
Deferred tax assets arose from:				
Allowance for expected credit losses	23,945	22,385	1,560	857
Allowance for impairment on investments	13,017	13,017	-	-
Premium reserves	303,494	232,679	70,815	6,408
Loss reserves of claims incurred and reported	434,109	395,068	39,041	6,290
Loss reserves of claims incurred but not yet reported	96,570	111,171	(14,601)	16,632
Lease liabilities	163,903	165,151	(1,248)	9,381
Provision for long-term employee benefits	150,486	158,029	(7,543)	2,589
Others	9,156	11,004	(1,848)	6,006
Total	<u>1,194,680</u>	<u>1,108,504</u>		
Deferred tax liabilities arose from:				
Gains on revaluation of available-for-sale investments	5,006,464	4,614,848	(391,616)	(775,183)
Right-of-use assets	172,360	180,253	7,893	(2,941)
Total	<u>5,178,824</u>	<u>4,795,101</u>		
Deferred tax liabilities	<u>3,984,144</u>	<u>3,686,597</u>		
Total changes			<u>(297,547)</u>	<u>(729,961)</u>
Changes were recognised in:				
- Profit or loss			113,295	51,084
- Other comprehensive income			<u>(410,842)</u>	<u>(781,045)</u>
			<u>(297,547)</u>	<u>(729,961)</u>

20.2 Income tax revenue (expense)

Income tax revenue (expense) for the years ended 31 December 2022 and 2021 were made up as follows:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2022	2021	2022	2021
Current income taxes:				
Corporate income tax charge	-	(107,236)	-	(107,236)
	83	3	83	3
Deferred income taxes:				
Deferred income taxes relating to origination and reversal of temporary differences	106,740	48,254	113,296	51,081
Income tax revenues (expenses) reported in profit or loss	106,823	(58,979)	113,379	(56,152)

Reconciliations between income tax expenses and the product of accounting profits for the years ended 31 December 2022 and 2021 and the applicable tax rate were as follows:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied		Separate financial Statements	
	For the years ended 31 December		For the years ended 31 December	
	2022	2021	2022	2021
Accounting profits (loss) before income tax expenses	(745,201)	1,114,861	(777,982)	1,100,722
Applicable tax rate	20%	20%	20%	20%
Income taxes at the applicable tax rate	149,040	(222,972)	155,596	(220,145)
Adjustment in respect of current income taxes of prior year	83	3	83	3
Net tax effect on tax-exempted revenues/ non-tax-deductible expenses and tax losses	(42,300)	163,990	(42,300)	163,990
Income tax revenues (expenses) reported in profit or loss	106,823	(58,979)	113,379	(56,152)

21. Share capital

As at 31 December 2022 and 2021, the Company's registered, issue and paid-up share capital consisted of 106,470,000 ordinary shares with a par value of Baht 10 each.

22. Statutory reserve

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

23. Segment information/major customers

23.1 Segment information reporting

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

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

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

(Unit: Thousand Baht)

Financial statements in which equity method is applied

For the year ended 31 December 2022

	Fire	Marine and transportation	Motor	Miscellaneous	Total
Underwriting revenues					
Gross premium written	1,906,780	901,271	10,922,983	12,945,244	26,676,278
Less: Premium ceded to reinsurers	(604,389)	(594,861)	(578,268)	(7,936,423)	(9,713,941)
Net premium written	1,302,391	306,410	10,344,715	5,008,821	16,962,337
Less: Unearned premium reserves increased from prior year	(112,186)	(14,191)	(739,230)	(43,375)	(908,982)
Earned premium	1,190,205	292,219	9,605,485	4,965,446	16,053,355
Commission and brokerage fee income	271,611	112,462	194,941	1,122,902	1,701,916
Total underwriting income	1,461,816	404,681	9,800,426	6,088,348	17,755,271
Underwriting expenses					
Net claims	517,029	105,157	5,652,182	11,299,528	17,573,896
Commission and brokerage expenses	407,675	67,960	1,690,376	1,243,055	3,409,066
Other underwriting expenses	294,112	92,836	1,187,123	1,065,707	2,639,778
Total underwriting expenses	1,218,816	265,953	8,529,681	13,608,290	23,622,740
Profit (loss) from underwriting	243,000	138,728	1,270,745	(7,519,942)	(5,867,469)
Investment revenue					1,022,769
Gains on investments					5,108,746
Shares of profits from investments in associates					52,321
Other income					175,769
Operating expenses					(1,090,498)
Investment expenses					(97,157)
Finance costs					(41,884)
Expected credit losses					(7,798)
Loss before income tax expenses					(745,201)
Add: Income tax revenues					106,823
Net loss					(638,378)

(Unit: Thousand Baht)

Financial statements in which equity method is applied

For the year ended 31 December 2021

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

The following table presented the Company's operating segment assets and liabilities as at 31 December 2022 and 2021.

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied						
	Fire	Marine and transportation	Motor	Miscellaneous	Total segments	Unallocated	Total
Assets							
As at 31 December 2022	593,737	305,973	1,542,781	15,730,872	18,173,363	53,361,583	71,534,946
As at 31 December 2021	626,610	178,108	1,168,254	9,228,894	11,201,866	52,297,983	63,499,849
Liabilities							
As at 31 December 2022	3,353,046	498,358	7,751,344	19,548,214	31,150,962	8,221,531	39,372,493
As at 31 December 2021	3,139,366	316,869	6,503,782	13,196,962	23,156,979	7,524,770	30,681,749

23.2 Geographic information

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

23.3 Major customers

In 2022 and 2021, the Company has gross premium written from one major customer as follows:

(Unit: Million Baht)

	Financial statements in which the equity method is applied	
	For the years ended 31 December	
	2022	2021
Gross premium written	2,706	2,614

24. Operating expenses

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2022	2021
Personnel expenses	574,480	547,775
Premises and equipment expenses	246,382	229,708
Taxes and duties	1,652	741
Bad debts and doubtful accounts	1,689	6,541
Other operating expenses	266,295	203,745
Total	1,090,498	988,510

25. Expected credit losses

	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2022	2021
Expected credit losses increased (decreased) during the year:		
Cash and cash equivalents	(73)	73
Accrued investment income	1,469	255
Investments in securities	(1,007)	(3,223)
Loans and interest receivables	7,409	7,179
Total	7,798	4,284

26. Expenses by nature

	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2022	2021
Net claims	17,077,384	10,508,493
Commissions and brokerage expenses	3,409,066	3,032,439
Other underwriting expenses	808,217	717,581
Personnel expenses	1,565,688	1,491,445
Premises and equipment expenses	562,994	569,576
Other operating expenses	1,379,034	965,163
Investment expenses	8,012	1,128
Finance costs	41,884	40,831
Expected credit losses	7,798	4,284
Total	24,860,077	17,330,940

27. Provident fund

The Company and its employees jointly established a provident fund under the Provident Fund Act B.E. 2530. The fund is contributed are made monthly by the employees at rates ranging from 5% to 15% and contributed to by the Company at rates ranging from 5% to 12% of the employees' basic salaries, based on the length or position level of employment in which criteria that provide more useful to employee. The fund is managed by a fund manager which has been approved by the Ministry of Finance. During the years ended 31 December 2022 and 2021, the Company recognised the contributed Baht 96.6 million and Baht 92.7 million, respectively, to the fund.

28. Earnings (loss) per share

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

29. Dividends paid

Dividends declared during the years 2022 and 2021 were as follow:

	Approved by	Total dividend	Dividend per share
		(Million Baht)	(Baht)
The 3 rd interim dividend for 2022	Meeting No. 4/22 of the Company's Board of Directors on 11 November 2022	372.64	3.50
The 2 nd interim dividend for 2022	Meeting No. 3/22 of the Company's Board of Directors on 11 August 2022	372.64	3.50
The 1 st interim dividend for 2022	Meeting No. 2/22 of the Company's Board of Directors on 13 May 2022	372.65	3.50
Annual dividend for 2021	Annual General Meeting No. 29 of the Shareholders on 22 April 2022	532.35	5.00
Total dividends for the year 2022		<u>1,650.28</u>	<u>15.50</u>
	Approved by	Total dividend	Dividend per share
		(Million Baht)	(Baht)
The 3 rd interim dividend for 2021	Meeting No.6/21 of the Company's Board of Directors on 12 November 2021	319.41	3.00
The 2 nd interim dividend for 2021	Meeting No. 5/21 of the Company's Board of Directors on 10 September 2021	372.64	3.50
The 1 st interim dividend for 2021	Meeting No. 3/21 of the Company's Board of Directors on 14 May 2021	372.64	3.50
The 4 rd interim dividend for 2019	Annual General Meeting No. 28 of the Shareholders on 23 April 2021	638.83	6.00
Total dividends for the year 2021		<u>1,703.52</u>	<u>16.00</u>

30. Related party transactions

30.1 Nature of relationship

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

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

Name of related parties	Type of business	Relationship with the Company
Asia Insurance (Cambodia) Plc.	Non-life insurance	Associate
Asian Insurance International (Holding) Limited	Holding company	Associate
Bangkok Insurance (Lao) Company Limited	Non-life insurance	Associate
Bangkok Bank Pcl.	Banking	Related by way of having common directors and shareholding
Bangkok Aviation Fuel Services Pcl.	Energy and Utilities	Related by way of having common directors and shareholding
Asia Plus Group Holdings Pcl.	Securities	Related by way of having common directors and shareholding
Fuel Pipeline Transportation Co., Ltd.	Energy and Utilities	Related by way of having common directors and shareholding
Thai Indo Kordsa Co., Ltd. ⁽¹⁾	Manufacture of Textiles	Related by way of having common directors and shareholding
Bangkok Life Assurance Pcl.	Life insurance	Related by way of having common directors and shareholding
Thai Orix Leasing Co., Ltd.	Finance	Related by way of having common directors and shareholding
Asia Insurance (Investments) Limited ⁽²⁾	Holding company	Related by way of having common directors and shareholding
Thai Reinsurance Pcl.	Insurance	Related by way of having common directors and shareholding
Charoong Thai Wire and Cable Pcl.	Industrial materials and Machine	Related by way of having common directors and shareholding
Fine Metal Technologies Pcl.	Industrial materials and Machine	Related by way of having common directors and shareholding
Bumrungrad Hospital Pcl.	Health care services	Related by way of having common directors and shareholding
Bangkok Glass Pcl.	Packaging	Related by way of having common directors and shareholding
Sorachai Vivatn Co., Ltd.	Property development	Related by way of having common directors and shareholding
Bangpa-in golf Co., Ltd.	Entertainment and Leisure	Related by way of having common directors and shareholding
Thai Metal Processing Co., Ltd.	Electronic parts	Related by way of having common directors and shareholding
Asia Sermkij Co., Ltd.	Finance	Related by way of having common directors and shareholding
PT Asian International Investindo ⁽³⁾	Non-life insurance	Related by way of having common directors and shareholding
Asia Insurance (Philippines) Corporation ⁽³⁾	Non-life insurance	Related by way of having common directors and shareholding
AIOI Bangkok Insurance Pcl. ⁽⁴⁾	Non-life insurance	Related by way of shareholding
Bualuang Securities Pcl.	Securities	Subsidiary of the major shareholder of the Company

⁽¹⁾ Since February 2021, it is not a related party.

⁽²⁾ Since July 2021, it is not a related party.

⁽³⁾ Since December 2022, they are a related party.

⁽⁴⁾ Since October 2022, it is not a related party.

30.2 Significant related party transactions

During the years ended 31 December 2022 and 2021, 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		Pricing policy
	31 December		
	2022	2021	
<u>Transactions with associates and related companies</u>			
Revenues			
Premium written	698,182	730,799	Normal commercial terms for underwriting
Fee and commission income	264,320	249,291	Normal commercial terms for reinsurance depending on type of insurance and reinsurance contracts
Interest income ⁽¹⁾	25,565	56,692	Similar rates those related party financial institutions and companies offered to their general customers
Dividend income ⁽¹⁾	574,982	551,944	The declared amount
Rental income ⁽²⁾	6,640	8,247	Same rates the Company offered to its general customers
Expenses			
Premium ceded to reinsurers	796,359	772,549	Normal commercial terms for reinsurance depending on types of insurance and reinsurance contracts
Net claims	(391,484)	(371,652)	As actually incurred
Commissions and brokerages	77,325	87,108	Normal commercial terms for underwriting
Interest expense ⁽³⁾	205	-	Similar rates those related party financial institutions and companies offered to their general customers
Fee for trading securities ⁽⁴⁾	7,586	1,056	Similar rates those related companies offered to their general customers
Owner's equity			
Dividend paid	208,916	223,637	The declared amount

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

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

⁽³⁾ Presented in "Finance cost" in statements of comprehensive income

⁽⁴⁾ Presented in "Operating expenses" in statements of comprehensive income

30.3 Outstanding balances

As at 31 December 2022 and 2021, the Company had the following significant balances with its related companies.

	(Unit: Thousand Baht)	
	31 December 2022	31 December 2021
<u>Associates</u>		
Investment in associates - cost	129,396	129,396
<u>Related companies</u>		
Deposits at financial institutions	4,792,448	6,660,957
Premium receivables	34,996	54,328
Accrued interest income on debentures ⁽¹⁾	111	111
Reinsurance assets		
Amounts deposited on reinsurance	-	7,714
Amounts due from reinsurers	52,910	48,909
Available-for-sale investments measured at fair value through other comprehensive income		
Equity securities	28,543,509	23,811,844
Debt securities	8,545	8,889
Loans and interest receivables	144,078	156,778
Other assets		
Deposits and golf club membership fees	34,914	35,407
Account receivable on sales of securities	117,840	-
Due to reinsurers		
Amounts withheld on reinsurance	63,165	112,035
Amounts due to reinsurers	51,079	30,166
Insurance contract liabilities		
Loss reserve	19,707	-
Other Liabilities		
Accounts payable on purchases of securities	33,568	3,553

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

30.4 Directors' and key management's benefits

During the years ended 31 December 2022 and 2021, 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	
	2022	2021
Short-term benefits	94.8	100.0
Post-employment benefits	8.3	9.6
Total	<u>103.1</u>	<u>109.6</u>

31. Contribution to the General Insurance Fund

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2022	2021
Accumulated contribution at beginning of the years	478,233	420,852
Contributions during the years	62,197	57,381
Accumulated contribution at end of the years	<u>540,430</u>	<u>478,233</u>

32. Commitments and contingent liabilities

32.1 Capital Commitments

As at 31 December 2022 and 2021, there were outstanding capital commitments contracted for decoration and renovation of building, totaling to Baht 5.5 million and Baht 5.8 million, respectively, and there were outstanding capital commitments contracted for computer software development totaling to Baht 304.0 million and Baht 402.2 million, respectively.

32.2 Litigation

As at 31 December 2022 and 2021, the Company had litigation claims totaling approximately Baht 4,115.7 million and Baht 3,367.9 million, respectively, as an insurer. The outcomes of the cases have not yet been finalised whereby the maximum responsibility of such claims limits at the lower of the sum insured or the sum sued totaling Baht 697.6 million and Baht 510.7 million, respectively. However, the Company has considered and estimated for losses that may arise from those cases amounting to approximately Baht 318.1 million and Baht 206.6 million, respectively, which were already recognised in “Insurance contract liabilities” in the statements of financial position as at those dates.

33. Risks and risk management policies

33.1 Insurance risk

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

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

(Unit: Thousand Baht)

Financial statements in which the equity method is applied and Separate financial statements						
31 December 2022						
	Gross premium reserves	Outward premium reserves	Net	Gross loss reserves	Outward loss reserves	Net
Fire	990,176	(245,543)	744,633	659,466	(150,829)	508,637
Marine and transportation	184,202	(83,967)	100,235	207,830	(135,192)	72,638
Motor	5,724,996	(317,456)	5,407,540	1,880,772	(95,332)	1,785,440
Miscellaneous	5,422,960	(3,372,966)	2,049,994	11,003,861	(9,805,270)	1,198,591
Total	12,322,334	(4,019,932)	8,302,402	13,751,929	(10,186,623)	3,565,306

(Unit: Thousand Baht)

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

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 2022				
Assumption change	Increase (decrease)	Increase (decrease)	Increase (decrease) in profit before taxes	Increase (decrease) in owner's equity
	in provision for gross claim liabilities	in provision for net claim liabilities		
Average claim expenses +10 %	2,587.7	1,626.6	(1,626.6)	(1,301.2)
Average claim expenses -10 %	(2,587.7)	(1,626.6)	1,626.6	1,301.2
Average number of claim +10 %	2,587.7	1,626.6	(1,626.6)	(1,301.2)
Average number of claim -10 %	(2,587.7)	(1,626.6)	1,626.6	1,301.2

(Unit: Million Baht)

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

33.2 Credit risk

Insurance assets

Concentrations of the credit risk with respect to premium receivables and amounts due from reinsurers are considered low since the insured is 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 2022			
	Stage 1 – Financial assets without a significant increase in credit risk	Stage 2 - Financial assets with a significant increase in credit risk	Stage 3 - Credit - impaired financial assets	Total
Cash and cash equivalents				
Investment grade	648,190	-	-	648,190
Less: Allowance for expected credit losses	-	-	-	-
Net book value	648,190	-	-	648,190
Accrued investment income				
Investment grade	27,501	-	-	27,501
Non-investment grade	-	-	2,550	2,550
Total	27,501	-	2,550	30,051
Less: Allowance for expected credit losses	(6)	-	(2,263)	(2,269)
Net book value	27,495	-	287	27,782
Available-for-sale investments measured at fair value through other comprehensive income				
Investment grade	4,928,216	-	-	4,928,216
Non-investment grade	-	-	53,614	53,614
Total fair value	4,928,216	-	53,614	4,981,830
Allowance for expected credit losses recognised in profit or loss	(819)	-	(51,841)	(52,660)
Held-to-maturity investments measured at amortised cost				
Investment grade	8,872,429	-	-	8,872,429
Less: Allowance for expected credit losses	(951)	-	-	(951)
Net book value	8,871,478	-	-	8,871,478
Loans and interest receivables				
Not yet due	1,060,821	-	-	1,060,821
Over due				
Less than 3 months	-	-	29,491	29,491
3 - 6 months	-	1,723	-	1,723
6 - 12 months	-	-	6,954	6,954
Longer than 12 months	-	-	129,217	129,217
Total	1,060,821	1,723	165,662	1,228,206
Less: Allowance for expected credit losses	-	-	(63,845)	(63,845)
Net book value	1,060,821	1,723	101,817	1,164,361

(Unit: Thousand Baht)

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

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			Total
	For the years ended 31 December 2022			
	Stage 1 – Financial assets without a significant increase in credit risk	Stage 2 - Financial assets with a significant increase in credit risk	Stage 3 - Credit - impaired financial assets	
Available-for-sale investments measured at fair value through other comprehensive income				
Beginning balance - 1 January 2022	1,341	-	50,401	51,742
Change due to remeasurement of allowance for expected credit losses	(538)	-	1,440	902
Newly purchased or acquired financial assets	305	-	-	305
Amounts derecognised	(289)	-	-	(289)
Ending balance - 31 December 2022	<u>819</u>	<u>-</u>	<u>51,841</u>	<u>52,660</u>
Held-to-maturity investments measured at amortised cost				
Beginning balance - 1 January 2022	2,876	-	-	2,876
Change due to remeasurement of allowance for expected credit losses	(298)	-	-	(298)
Newly purchased or acquired financial assets	825	-	-	825
Amounts derecognised	(2,452)	-	-	(2,452)
Ending balance - 31 December 2022	<u>951</u>	<u>-</u>	<u>-</u>	<u>951</u>
Loans and interest receivables				
Beginning balance - 1 January 2022	-	-	56,436	56,436
Change due to remeasurement of allowance for expected credit losses	-	-	7,409	7,409
Ending balance - 31 December 2022	<u>-</u>	<u>-</u>	<u>63,845</u>	<u>63,845</u>

(Unit: Thousand Baht)

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

For the years ended 31 December 2021

	Stage 1 – Financial assets without a significant increase in credit risk	Stage 2 - Financial assets with a significant increase in credit risk	Stage 3 - Credit - impaired financial assets	Total
Available-for-sale investments				
measured at fair value through				
other comprehensive income				
Beginning balance - 1 January 2022	734	-	54,407	55,141
Change due to remeasurement of allowance for expected credit losses	149	-	(4,006)	(3,857)
Newly purchased or acquired financial assets	659	-	-	659
Amounts derecognised	(201)	-	-	(201)
Ending balance - 31 December 2022	<u>1,341</u>	<u>-</u>	<u>50,401</u>	<u>51,742</u>
Held-to-maturity investments				
measured at amortised cost				
Beginning balance - 1 January 2022	2,701	-	-	2,701
Change due to remeasurement of allowance for expected credit losses	16	-	-	16
Newly purchased or acquired financial assets	2,774	-	-	2,774
Amounts derecognised	(2,615)	-	-	(2,615)
Ending balance - 31 December 2022	<u>2,876</u>	<u>-</u>	<u>-</u>	<u>2,876</u>
Loans and interest receivables				
Beginning balance - 1 January 2022				
Change due to remeasurement of allowance for expected credit losses	-	-	49,257	49,257
Newly purchased or acquired financial assets	-	-	7,179	7,179
Ending balance - 31 December 2022	<u>-</u>	<u>-</u>	<u>56,436</u>	<u>56,436</u>

33.3 Market risk

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

(a) Interest rate risk

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

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

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

As at 31 December 2022 and 2021, significant assets and liabilities classified by type of interest rate were summarised below;

(Unit: Thousand Baht)

Financial statements in which the equity method is applied and Separate financial statements							
31 December 2022							
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Maturity date or repricing date						
	Within 1 year	1 - 5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	100,000	-	-	508,222	39,968	648,190	0.25-1.10
Accrued investment income	24,908	287	-	-	2,587	27,782	0.25-3.60
Investments in securities							
Government and state							
enterprise securities	2,708,445	1,196,898	95,900	-	-	4,001,243	0.52-2.40
Private enterprise debt							
securities	84,952	779,981	115,654	-	-	980,587	0.72-3.60
Common stocks	-	-	-	-	33,181,103	33,181,103	-
Unit trusts	-	-	-	-	1,086,825	1,086,825	-
Deposits at financial							
institutions	8,871,478	-	-	-	-	8,871,478	0.38-1.20
Loans and interest							
receivables	70	11,957	151,042	1,001,292	-	1,164,361	2.50-7.00
Financial liabilities							
Lease liabilities	23,081	111,594	684,842	-	-	819,517	5.00-5.58
Assets under insurance							
contracts							
Premium receivables	-	-	-	-	3,721,924	3,721,924	-
Reinsurance assets - loss							
reserves	-	-	-	-	10,186,623	10,186,623	-
Reinsurance receivables	-	-	-	-	475,957	475,957	-
Liabilities under insurance							
contracts							
Insurance contract liabilities -							
loss reserves	-	-	-	-	13,751,929	13,751,929	-
Due to reinsurers	-	-	-	-	3,779,316	3,779,316	-

(Unit: Thousand Baht)

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

31 December 2021

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

The changes in interest rates affected on the Company's profit and loss and owners' equity as at 31 December 2022 and 2021 were summarised below:

(Unit: Million Baht)

	Financial statements in which the equity method is applied and Separate financial statements		
	31 December 2022		
	Interest rate change	Profit before income	Owners' equity
	increased	tax increased	increased
	(decreased)	(decreased)	(decreased)
	(%)		
Investments in debt instruments	0.25	-	(12.1)
	(0.25)	-	12.2
Deposits at financial institutions	0.25	16.0	12.8
	(0.25)	(16.0)	(12.8)
Loans and interest receivables	0.50	5.1	4.0
	(0.50)	(4.1)	(3.3)

(Unit: Million Baht)

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

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

(b) Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from foreign currency denominated underwriting, reinsurance with foreign reinsurers and investments in foreign associates.

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 2022 and 2021, the Company did not enter into any forward foreign exchange contracts to mitigate possible foreign exchange risk.

As at 31 December 2022 and 2021, the Company had ending balance of assets and liabilities denominated in foreign currency, as follows:

Foreign currency	Assets		Liabilities		Average exchange rate	
	31 December		31 December		31 December	
	2022	2021	2022	2021	2022	2021
	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Baht per 1 foreign currency unit)	
US dollar	729.0	497.1	424.4	380.2	34.514	33.373
Philippine peso	40.3	66.9	24.9	13.6	0.618	0.652
China yuan	32.9	16.9	-	-	4.949	5.234
Euro	20.3	18.2	-	-	36.770	37.841
HK dollar	12.7	13.9	-	-	4.425	4.281
Vietnam dong	0.6	0.5	-	-	0.001	0.001
Japan yen	0.4	14.6	-	-	0.260	0.290
Lao kip	-	0.4	-	-	0.001	0.003
Taiwan dollar	-	-	31.2	32.2	1.126	1.209
Poundsterling	-	-	1.7	0.6	41.590	45.022
Pakistan rupee	-	-	0.3	0.3	0.152	0.187
Australia dollar	-	-	0.1	-	23.341	24.224
Indonesia rupiahs	-	-	-	1.9	0.002	0.002

(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 2022 and 2021, the Company had risk from its investments in equity securities of which the price would change with reference to market conditions.

33.4 Liquidity risk

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

Counting from the financial position date, the periods to maturity of assets and liabilities held as at 31 December 2022 and 2021 were as follows:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements					
	31 December 2022					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets						
Cash and cash equivalents	548,190	100,000	-	-	-	648,190
Accrued investment income	-	27,495	287	-	-	27,782
Investments in securities	30,853,340	11,664,875	1,976,879	211,554	3,414,588	48,121,236
Loans and interest receivables	80,906	93,432	814,593	175,430	-	1,164,361
Financial liabilities						
Lease liabilities	-	64,074	304,010	1,401,947	-	1,770,031
Assets under insurance contracts						
Premium receivables	-	3,721,924	-	-	-	3,721,924
Reinsurance assets - loss reserves	-	6,765,536	3,421,087	-	-	10,186,623
Reinsurance receivables	-	455,582	-	-	20,375	475,957
Liabilities under insurance contracts						
Insurance contract liabilities - loss reserves	-	9,133,466	4,618,463	-	-	13,751,929
Due to reinsurers	-	3,779,316	-	-	-	3,779,316

(Unit: Thousand Baht)

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

31 December 2021

	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets						
Cash and cash equivalents	251,799	309,927	-	-	-	561,726
Accrued investment income	-	37,972	130	-	-	38,102
Investments in securities	28,134,753	13,904,274	1,371,768	511,386	3,125,316	47,047,497
Loans and interest receivables	96,163	575,854	541,043	187,062	-	1,400,122
Financial liabilities						
Lease liabilities	-	61,832	189,040	1,564,825	-	1,815,697
Assets under insurance contracts						
Premium receivables	-	3,004,544	-	-	-	3,004,544
Reinsurance assets - loss reserves	-	3,027,950	1,303,990	-	-	4,331,940
Reinsurance receivables	-	628,974	-	-	-	628,974
Liabilities under insurance contracts						
Insurance contract liabilities - loss reserves	-	5,374,462	2,314,518	-	-	7,688,980
Due to reinsurers	-	3,188,391	-	-	-	3,188,391

34. Fair value of financial assets

As of 31 December 2022 and 2021, the Company had the following financial assets that were measured at fair value or cost but fair value were disclosed by using different levels of inputs as follows:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements				Carrying Value
	31 December 2022				
	Fair Value			Total	
Level 1	Level 2	Level 3			
Financial assets					
measured at fair value					
Investments in securities					
Government and state					
enterprise securities	-	4,001,243	-	4,001,243	4,001,243
Private enterprise debt					
securities	-	980,587	-	980,587	980,587
Equity securities	30,853,340	-	3,414,588	34,267,928	34,267,928
Financial asset for which					
fair value are disclosed					
Cash and cash equivalent	648,190	-	-	648,190	648,190
Accrued investment income	18,569	9,213	-	27,782	27,782
Investment in securities					
Held-to-maturity					
investments	8,871,478	-	-	8,871,478	8,871,478
Loans and interest					
receivables	-	-	1,151,346	1,151,346	1,164,361
Investment properties - net	-	-	625,497	625,497	83,471

(Unit: Thousand Baht)

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

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

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

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

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

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

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2022	2021
Balances - beginning of the years	3,125,316	2,746,673
Addition (disposal) during the years	(6,024)	70,171
Gains on revaluation during the years	295,296	308,472
Balances - end of the years	<u>3,414,588</u>	<u>3,125,316</u>

35. Capital management

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

36. Approval of financial statements

These financial statements were authorised for issue by the Company's Executive Directors on 22 February 2023.