

Thaire Life Assurance Public Company Limited
Report and financial statements
31 December 2021

Independent Auditor's Report

To the Shareholders of Thaire Life Assurance Public Company Limited

Opinion

I have audited the accompanying financial statements of Thaire Life Assurance Public Company Limited (“the Company”), which comprise the statement of financial position, in which the equity method is applied, as at 31 December 2021, and the related statements of income, 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 have audited the separate financial statements of Thaire Life Assurance 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 Thaire Life Assurance Public Company Limited as at 31 December 2021, its financial performance and cash flows, for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

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

Reinsurance premium written

The Company's core revenue is from reinsurance premium written, which amounted to Baht 2,913 million. The Company has entered into reinsurance contracts with customers, who are life insurance companies, for both facultative and treaty reinsurance contracts. Conditions under those contracts vary depending upon types of insurance, reinsurance share, insured periods, etc. In addition, recognition of revenue on such reinsurance contracts shall also meet the definition of insurance contracts under Thai Financial Reporting Standards. Therefore, the Company's management is required to use judgement in consideration and review its product classification. Hence, I therefore focused on examining that the reinsurance premium written is recognised correctly as actually incurred.

I assessed and tested, on a sampling basis, the Company's internal controls relevant to revenue recognition from each type of reinsurance contract, assessed the appropriateness of method and assumptions used for product classification testing, involving experts in the assessment of such methods and assumptions through comparison with historical and industry data and the review of the related actuarial models, tested, on a sampling basis, the data used for product classification testing and tested, on a sampling basis, the amount of reinsurance premium written against the statements received from reinsurers that occurred during the year and near the period-end. Furthermore, I also performed analytical procedures on reinsurance premium written, disaggregated by reinsurance types and tested, on a sampling basis, any significant adjustments made through journal vouchers.

Long-term insurance policy reserves

As described in Note 15 to the financial statements, as at 31 December 2021, the Company had long-term insurance policy reserves amounting to Baht 503 million, representing 38 percent of total liabilities, whereby the Company compared the amounts of gross premium valuation reserves as at 31 December 2021 with those of unearned premium reserves, and recognised the differences as additional reserves if the amounts of gross premium valuation reserves were higher than those of unearned premium reserves. In calculation of the gross premium valuation reserves, it involves the use of assumptions, including mortality rate, discounted rate, lapse or surrender rate, and selling and administrative expense ratio. Changes in such assumptions will affect the amounts of long-term insurance policy reserves and the Company's management is required to exercise high level of considerable judgement in selecting those assumptions. I therefore focused on the adequacy of long-term insurance policy reserves.

I assessed the method and key assumptions used in determining long-term insurance policy reserves by involving our experts to assist in analysis and comparison of the methods and assumptions used to historical and industry data, and in the review of the actuarial models used in calculating reserves under the Gross Premium Valuation method. Moreover, I also tested, on a sampling basis, data used in calculation, and performed analytical procedures on movements of long-term insurance policy reserves.

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. The annual report of the Company is expected to be made available to me after the date of this auditor's report.

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.

When I read the annual report of the Company, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Rachada Yongsawadvanich
Certified Public Accountant (Thailand) No. 4951

EY Office Limited
Bangkok: 21 February 2022

Thaire Life Assurance Public Company Limited

Statements of financial position

As at 31 December 2021 and 2020

(Unit: Baht)

Note	Financial statements		Separate financial statements	
	in which the equity method is applied		2021	2020
	2021	2020	2021	2020
Assets				
Cash and cash equivalents	6	155,794,785	41,134,866	155,794,785
Accrued investment income		16,939,216	14,386,288	16,939,216
Reinsurance assets	7	8,705,740	3,372,998	8,705,740
Reinsurance receivables	8	135,045,599	433,896,203	135,045,599
Investment assets				
Investments in securities	9.1	2,189,992,120	1,924,821,674	2,189,992,120
Loans and interest receivables	10	162,491	633,103	162,491
Investments in an associate	11	11,890,593	12,814,178	18,910,900
Premises and equipment	12	54,444,454	51,069,455	54,444,454
Intangible assets	13	38,728,414	37,920,025	38,728,414
Deferred tax assets	14.1	67,669,668	85,884,833	66,265,607
Other assets				
Deferred commission expenses		111,403,396	80,760,917	111,403,396
Others		6,753,480	13,409,224	6,753,480
Total assets		2,797,529,956	2,700,103,764	2,803,146,202
				2,704,981,142

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

Thaire Life Assurance Public Company Limited

Statements of financial position (continued)

As at 31 December 2021 and 2020

(Unit: Baht)

Note	Financial statements			
	in which the equity method is applied		Separate financial statements	
	2021	2020	2021	2020
Liabilities and owners' equity				
Liabilities				
Insurance contract liabilities	15	1,148,574,575	864,361,657	1,148,574,575
Due to reinsurers	16	146,020,331	346,731,212	146,020,331
Income tax payable		3,187,403	29,540,236	3,187,403
Lease liabilities	17	766,238	1,486,503	766,238
Employee benefit obligations	18	18,018,244	17,180,397	18,018,244
Other liabilities				
Accrued expenses		3,398,496	3,281,189	3,398,496
Deferred commission income		65,458	50,595	65,458
Others		8,427,276	13,475,935	8,427,276
Total liabilities		1,328,458,021	1,276,107,724	1,328,458,021
Owners' equity				
Share capital	19			
Registered, issued and paid-up				
600,000,000 ordinary shares of Baht 1 each		600,000,000	600,000,000	600,000,000
Share premium		79,162,825	79,162,825	79,162,825
Retained earnings				
Appropriated - statutory reserve	20	60,000,000	60,000,000	60,000,000
Unappropriated		797,944,982	782,250,161	799,645,587
Other component of owners' equity		(68,035,872)	(97,416,946)	(64,120,231)
Total owners' equity		1,469,071,935	1,423,996,040	1,474,688,181
Total liabilities and owners' equity		2,797,529,956	2,700,103,764	2,803,146,202
		-	-	-

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

Directors

Thaire Life Assurance Public Company Limited

Statements of income

For the years ended 31 December 2021 and 2020

(Unit: Baht)

Note	Financial statements			
	in which the equity method is applied		Separate financial statements	
	2021	2020	2021	2020
Revenues				
Reinsurance premium written	2,913,425,351	2,338,704,752	2,913,425,351	2,338,704,752
Less: Reinsurance premium ceded	(22,580,286)	(19,314,751)	(22,580,286)	(19,314,751)
Net reinsurance premium written	2,890,845,065	2,319,390,001	2,890,845,065	2,319,390,001
Less: Unearned premium reserves increased from prior year	(165,727,572)	(28,181,178)	(165,727,572)	(28,181,178)
Net earned premium	2,725,117,493	2,291,208,823	2,725,117,493	2,291,208,823
Commission income	3,988,831	2,425,383	3,988,831	2,425,383
Net investment revenue	67,793,483	64,643,489	67,793,483	64,643,489
Losses on investments	(3,041,230)	(31,234,351)	(3,041,230)	(34,007,685)
Fair value gains (losses)	168,700	(1,367,601)	168,700	(1,367,601)
Share of gain (loss) from investment in an associate under the equity method	11.3	56,797	(177,128)	-
Other income	1,088,600	5,536,238	1,088,600	5,536,238
Total revenues	2,795,172,674	2,331,034,853	2,795,115,877	2,328,438,647
Expenses				
Long-term insurance policy reserves increased (decreased)	(6,083,272)	37,257,424	(6,083,272)	37,257,424
Unexpired risk reserves decreased	-	(9,507,891)	-	(9,507,891)
Gross benefits and claims	1,930,440,070	1,464,063,410	1,930,440,070	1,464,063,410
Less: claims recovered from reinsurers	(17,457,124)	(3,896,233)	(17,457,124)	(3,896,233)
Commission expenses	629,565,789	570,478,498	629,565,789	570,478,498
Other underwriting expenses	52,724,337	36,471,523	52,724,337	36,471,523
Operating expenses	22	92,678,074	92,997,751	92,678,074
Finance costs	17	71,963	115,177	71,963
Expected credit losses		222,038	467,150	222,038
Total expenses	23	2,682,161,875	2,188,446,809	2,682,161,875
Profits before income tax expenses		113,010,799	142,588,044	112,954,002
Income tax expenses	14.2	(14,515,240)	(21,153,386)	(14,503,881)
Net profits		98,495,559	121,434,658	98,450,121
Earnings per share	25			
Basic earnings per share				
Net profits		0.16	0.20	0.16
				0.20

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

Thaire Life Assurance Public Company Limited

Statements of comprehensive income

For the years ended 31 December 2021 and 2020

(Unit: Baht)

Note	Financial statements			
	in which the equity method is applied		Separate financial statements	
	2021	2020	2021	2020
Net profits	98,495,559	121,434,658	98,450,121	119,357,694
Other comprehensive income (loss)				
Items to be reclassified to statements of income in subsequent periods:				
Translation adjustments of the financial statements				
in foreign currency of an associate	(980,382)	(633,222)	-	-
Gains (losses) on revaluation of available-for-sale investments				
measured at fair value through other comprehensive income	9.5	37,706,725	(96,056,031)	37,706,725
Add (less): Income taxes		(7,345,269)	19,337,851	(7,541,345)
Items to be reclassified to statements of income in subsequent periods				
- net of income taxes	29,381,074	(77,351,402)	30,165,380	(76,844,825)
Items not to be reclassified to statements of income in subsequent periods:				
Actuarial gains (losses)	18	1,495,315	(880,084)	1,495,315
Add (less): Income taxes		(299,063)	176,017	(299,063)
Items not to be reclassified to statements of income in subsequent periods				
- net of income taxes	1,196,252	(704,067)	1,196,252	(704,067)
Other comprehensive income (loss) for the years	30,577,326	(78,055,469)	31,361,632	(77,548,892)
Total comprehensive income for the years	129,072,885	43,379,189	129,811,753	41,808,802

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

Thaire Life Assurance Public Company Limited

Statements of cash flows

For the years ended 31 December 2021 and 2020

(Unit: Baht)

Note	Financial statements			
	in which the equity method is applied		Separate financial statements	
	2021	2020	2021	2020
Cash flows from (used in) operating activities				
Cash received from reinsurance	539,033,144	300,354,869	539,033,144	300,354,869
Interest income	15,814,476	16,472,278	15,814,476	16,472,278
Dividend income	50,226,755	47,523,354	50,226,755	47,523,354
Other investment income (expense)	14,569,827	(8,214,216)	14,569,827	(8,214,216)
Other income	11,145,139	503,474	11,145,139	503,474
Other underwriting expenses	(52,309,754)	(36,413,223)	(52,309,754)	(36,413,223)
Operating expenses	(81,400,473)	(81,089,591)	(81,400,473)	(81,089,591)
Income tax expenses	(30,799,739)	(48,186,407)	(30,799,739)	(48,186,407)
Cash received on financial assets	1,663,952,517	1,836,671,973	1,663,952,517	1,836,671,973
Cash paid for financial assets	(1,907,271,429)	(1,939,271,308)	(1,907,271,429)	(1,939,271,308)
Net cash provided by operating activities	222,960,463	88,351,203	222,960,463	88,351,203
Cash flows from (used in) investing activities				
Disposals of equipment	2,400	-	2,400	-
Purchases of equipment	(10,351,257)	(1,076,726)	(10,351,257)	(1,076,726)
Purchases of intangible assets	(13,095,788)	(1,103,598)	(13,095,788)	(1,103,598)
Net cash used in investing activities	(23,444,645)	(2,180,324)	(23,444,645)	(2,180,324)
Cash flows used in financing activities				
Repayment of lease liabilities	(792,228)	(792,228)	(792,228)	(792,228)
Dividend paid	26 (84,000,000)	(78,000,000)	(84,000,000)	(78,000,000)
Net cash used in financing activities	(84,792,228)	(78,792,228)	(84,792,228)	(78,792,228)
Net increase in cash and cash equivalents	114,723,590	7,378,651	114,723,590	7,378,651
Cash and cash equivalents at beginning of the years	41,134,866	33,798,067	41,134,866	33,798,067
Increase in expected credit losses	(63,671)	(41,852)	(63,671)	(41,852)
Cash and cash equivalents at end of the years	155,794,785	41,134,866	155,794,785	41,134,866

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

Thaire Life Assurance Public Company Limited

Statements of changes in owners' equity

For the years ended 31 December 2021 and 2020

(Unit: Baht)

Financial statements in which the equity method is applied									
	Note	Other components of owners' equity							
		Retained earnings				Revaluation deficit			
		Appropriated -				on available-for-sale		Translation adjustments	
		paid-up	Share	statutory reserve	Unappropriated	investments measured	of the financial statements		
		share capital	premium			at fair value through	in foreign currency		
						other comprehensive income	of an associate	Total other components	Total
						- net of income taxes	- net of income taxes	of owners' equity	owners' equity
Balance as at 1 January 2020		600,000,000	79,162,825	60,000,000	739,516,723	(17,440,786)	(2,624,758)	(20,065,544)	1,458,614,004
Dividend paid	26	-	-	-	(78,000,000)	-	-	-	(78,000,000)
Reversal of dividend payable due to ineligibility									
of shareholders		-	-	-	2,847	-	-	-	2,847
Net profit		-	-	-	121,434,658	-	-	-	121,434,658
Other comprehensive loss for the year		-	-	-	(704,067)	(76,844,825)	(506,577)	(77,351,402)	(78,055,469)
Total comprehensive income (loss) for the year		-	-	-	120,730,591	(76,844,825)	(506,577)	(77,351,402)	43,379,189
Balance as at 31 December 2020		600,000,000	79,162,825	60,000,000	782,250,161	(94,285,611)	(3,131,335)	(97,416,946)	1,423,996,040
Balance as at 1 January 2021		600,000,000	79,162,825	60,000,000	782,250,161	(94,285,611)	(3,131,335)	(97,416,946)	1,423,996,040
Dividend paid	26	-	-	-	(84,000,000)	-	-	-	(84,000,000)
Reversal of dividend payable due to ineligibility									
of shareholders		-	-	-	3,010	-	-	-	3,010
Net profit		-	-	-	98,495,559	-	-	-	98,495,559
Other comprehensive income (loss) for the year		-	-	-	1,196,252	30,165,380	(784,306)	29,381,074	30,577,326
Total comprehensive income (loss) for the year		-	-	-	99,691,811	30,165,380	(784,306)	29,381,074	129,072,885
Balance as at 31 December 2021		600,000,000	79,162,825	60,000,000	797,944,982	(64,120,231)	(3,915,641)	(68,035,872)	1,469,071,935

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

Thaire Life Assurance Public Company Limited

Statements of changes in owners' equity (continued)

For the years ended 31 December 2021 and 2020

(Unit: Baht)

	Note	Separate financial statements					
		Issued and		Retained earnings		Other component of owners' equity	
		paid-up	Share	Appropriated -	Unappropriated	Revaluation deficit on available-for-sale investments measured at fair value through other comprehensive income - net of income taxes	Total owners' equity
		Note	share capital	permium	statutory reserve	Unappropriated	
Balance as at 1 January 2020			600,000,000	79,162,825	60,000,000	743,339,730	(17,440,786) 1,465,061,769
Dividend paid	26		-	-	-	(78,000,000)	- (78,000,000)
Reversal of dividend payable due to ineligibility of shareholders			-	-	-	2,847	- 2,847
Net profit			-	-	-	119,357,694	- 119,357,694
Other comprehensive loss for the year			-	-	-	(704,067)	- (77,548,892)
Total comprehensive income (loss) for the year			-	-	-	118,653,627	- (76,844,825) 41,808,802
Balance as at 31 December 2020			600,000,000	79,162,825	60,000,000	783,996,204	(94,285,611) 1,428,873,418
Balance as at 1 January 2021			600,000,000	79,162,825	60,000,000	783,996,204	(94,285,611) 1,428,873,418
Dividend paid	26		-	-	-	(84,000,000)	- (84,000,000)
Reversal of dividend payable due to ineligibility of shareholders			-	-	-	3,010	- 3,010
Net profit			-	-	-	98,450,121	- 98,450,121
Other comprehensive income for the year			-	-	-	1,196,252	- 30,165,380 31,361,632
Total comprehensive income for the year			-	-	-	99,646,373	- 30,165,380 129,811,753
Balance as at 31 December 2021			600,000,000	79,162,825	60,000,000	799,645,587	(64,120,231) 1,474,688,181

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

Thaire Life Assurance Public Company Limited
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Thaire Life Assurance Public Company Limited
Notes to financial statements
For the years ended 31 December 2021 and 2020

1. General information

1.1 Corporate information

Thaire Life Assurance Public Company Limited (“the Company”) is a public company, incorporated under Thai laws, domiciled in Thailand and listed on the Stock Exchange of Thailand since 9 October 2013. Its major shareholder is Thai Reinsurance Public Company Limited, a public company incorporated under Thai laws, domiciled in Thailand and listed on the Stock Exchange of Thailand. As at 31 December 2021 and 2020, the major shareholder held 10.10%, of the issued and paid-up share capital of the Company. The Company is principally engaged in the provision of life reinsurance services. The registered office of the Company is located at No. 48/15 Soi Ratchadapisek 20, Ratchadapisek Road, Samsennok Sub-district, Huaykwang District, Bangkok.

1.2 Coronavirus 2019 pandemic

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

2. Basis for preparation of financial statements

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

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

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

2.1 The financial statements in which the equity method is applied

The Company prepares the financial statements, in which equity method is applied, which has presented investment in an associate under the equity method.

2.2 Separate financial statements

The Company prepares the separate financial statements, which has presented investment in an associate under the cost method.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

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

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

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

4. Significant accounting policies

4.1 Revenue recognition

a. Reinsurance Premium written

Reinsurance premium written consists of reinsurance premium less premium of canceled policies and premiums refunded to policyholders. Reinsurance premium is recognised as revenue when the reinsurer submits the reinsurance application or the statement of accounts and the Company confirms the coverage under the reinsurance contracts.

b. Commission income

Commission income are recorded as deferred revenue and will be gradually recognised over the ceding periods as revenue proportionately to the ceded premium.

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).

Dividends are recognised when the right to receive the dividends is established.

d. Gains (losses) on investments

Gains (losses) on investments are recognised as revenues or expenses on the transaction dates.

4.2 Expenses recognition

a. Reinsurance premium ceded

Reinsurance premium ceded is recognised as expense when the insurance risk is transferred to another reinsurer.

b. Gross claims

Claims consist of claims and losses adjustment expenses of reinsurance for both reported claim and not reported claim, and stated the amounts of the claims, related expenses, and loss adjustments of current and prior year incurred during the year.

Claims of reinsurance are recognised upon the receipt of the claims advice from the reinsured, based on the claims notified by the reinsured and estimates made by the Company's management. The maximum value of claims estimated is not exceeding the sum-insured under the relevant policy.

Claims recovered from reinsurers are recognised as a deduction item against gross claims when claims are recorded under the conditions in the relevant reinsurance contracts.

c. Commission expenses

Commissions of reinsurance are recorded as deferred expenses and will be gradually recognised over the ceding periods as expenses proportionately of earned premium.

d. Other underwriting expenses

Other underwriting expenses are other expenses relating to reinsurance both directly and indirectly, including various insurance-related contributions, which are recognised as expenses on accrual basis.

e. Operating expenses

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

4.3 Product classification

The Company classifies inward reinsurance contracts and outward reinsurance contracts based on the nature of the insurance contracts. Insurance contracts are those contracts where the insurer has accepted a 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 amount of benefits payable if an insured event occurs with the amount of benefits payable if the insured event did not occur. If the above condition is not met, the Company classifies the insurance contract as an investment contract. Investment contracts are the contracts that have the legal form of insurance contracts and transfer financial risk to the insurer, but not significant insurance risk. Financial risks are as interest rate risk, exchange rate risk, or price risk.

The Company classifies contracts based on an assessment of the significance of the insurance risk at an inception of contract on a contract-by-contract basis. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime. If any contract is previously classified as an investment contract at an inception of contract, it may, however, be reclassified to be an insurance contract later if the level of the insurance risk increases significantly.

The Company classifies reinsurance contracts as long-term and short-term contracts whereby the long-term reinsurance contracts are those with the reinsurance coverage period of longer than 1 year or those with automatic renewal terms such that the Company is not able to terminate the contract or the insurance premium, including benefits, can not be adjusted throughout the contract period, and the short-term reinsurance contracts are those not having the same characteristics and conditions as those of the long-term reinsurance contracts.

4.4 Cash and cash equivalents

Cash and cash equivalents which are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes consist of cash in hand and at bank, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.5 Reinsurance assets

Reinsurance assets consist of long-term insurance policy reserves refundable from reinsurers and unearned premium reserves, less allowance for doubtful accounts (if any).

Insurance reserves refundable from reinsurers are estimated, proportionally based on the reinsurance terms of long-term insurance policy reserves, loss reserves and unearned premium reserves in accordance with the insurance reserve calculation laws.

The Company set up a provision for impairment when it has objective evidence, as a result of an event that occurred after initial recognition of the reinsurance assets, that the Company may not receive payment from reinsurers and these amounts, which are effected from an event, can be measured reliably.

4.6 Reinsurance receivables and due to reinsurers

The Company presents net of reinsurance receivables from and due to the same entity (reinsurance receivables or 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.

a. Reinsurance receivables

Reinsurance receivables are stated at amounts deposited on reinsurance and amounts due from reinsurers

Amounts due from reinsurers consist of premium receivables, commission income receivables, claim receivables and various other items receivable from reinsurers, and are deducted by allowance for doubtful accounts. The Company records allowance for doubtful accounts for the estimated losses that may be incurred due to uncollectibles, taking into account collection experience and the status of reinsurers as at the end of the reporting periods.

b. Due to reinsurers

Due to reinsurers are stated at amounts due to reinsurers and other amounts due to reinsurers which consist of other reinsurance payable to reinsurers, excluding claims.

4.7 Financial Instruments

Classification and measurement of financial assets

Investments in securities

Trading investments are stated at fair value. Changes in the fair value of these investments are recorded in statement of income.

Available-for-sale investments are stated at fair value. Changes in the fair value of these investments are recorded in statements of comprehensive income, and will be recorded in statement of income when the investments are sold.

Held-to-maturity investments are presented at amortised cost. The premium/discount on the investments 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-listed equity securities are classified as available-for-sale investment measured at fair value through other comprehensive income.

The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. The fair value of debt securities is determined based on yield rates or prices quoted by the Thai Bond Market Association. The fair value of investment units is determined from their net asset value. The fair value of non-marketable equity instruments is determined using the general accepted fair value techniques.

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 statements of income or recorded as revaluation surplus or deficit on available-for-sale investment in other components of owners' equity, depending on the type of investment that is reclassified.

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

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.

At the end of reporting period, investments in available-for-sale debt instruments and held-to-maturity debt instruments are presented in statements of financial position at amortised cost less allowance expected credit losses (if any)

Loans and interest receivables

Loans and interest receivable are stated at amortised cost less allowance for expected credit losses (if any).

Impairment of financial assets

Impairment of debt instruments

The Company recognises expected credit loss on its financial assets measured at amortised cost and financial assets that are debt instruments classified as available-for-sale securities (excluding unit trusts), without requiring a credit-impaired event to have occurred prior to the recognition. The Company adopts the general approach to determine expected credit loss on financial assets, which are taken into account changes in credit risk of financial assets in stages, with differing methods of determining allowance for expected credit losses and the effective interest rate at each stage. An exception of this general approach is applied to other receivables or assets incurred from an agreement that does not contain a significant financing component. The Company then applies a simplified approach to determine the lifetime expected credit loss instead.

Impairment of equity instruments and unit trusts classified as available-for-sale investments

Losses on impairment of investments in equity instruments and unit trusts classified as available-for-sale investments are immediately recognised in statements of income when there is objective evidence of impairment, considering from the evidence that indicates the cost of investments may not be recovered and a significant or prolonged decline in fair value of investments below its costs.

Losses on impairment (if any) are recognised as expenses in statements of income.

Classification and measurement of financial liabilities

At initial recognition the Company's financial liabilities are recognised at fair value net of transaction costs less transaction cost and classified as liabilities to be subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised statements of income when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Company takes into account fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in statements of income.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Company has transferred substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in statements of income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.8 Investment in an associate

Investment in an associate, as presented in the financial statements in which the equity method is applied, is recorded initially at cost and subsequently adjusted to reflect the proportionate share of the associate's net income or loss and deducted by dividend income.

Investment in an associate, as presented in the separate financial statements, is stated at cost net of allowance for impairment (if any). Losses on impairment are recorded as an expenses in statements of income.

4.9 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 the straight-line basis over the following estimated useful lives:

Buildings	- 20 years
Office equipment and furniture	- 5 years
Computers	- 3 years
Motor vehicles	- 5 years

Depreciation is recognised as expense in statement of income. No depreciation is provided on land and construction in progress.

An item of property, buildings 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 statement of income when the asset is derecognised.

4.10 Intangible assets and amortisation

Intangible assets are carried at cost less accumulated amortisation and allowance for impairment (if any).

Intangible assets with finite lives are amortised on a systematic basis over their economic useful lives 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 statement of income. No amortisation is provided on computer program under development.

Intangible assets with finite useful lives, which are computer softwares, have an estimated economic useful life of 10 years.

4.11 Impairment of non-financial assets

At the end of each reporting period, the Company performs impairment reviews in respect of investment in an associate, premises and equipment, right-of-use assets, and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

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

4.12 Insurance contract liabilities

Insurance contract liabilities consist of long-term insurance policy reserves, loss reserves, claims payable and premium reserves.

a. Long-term insurance policy reserves

At the end of the reporting period, the Company compares the amounts of gross premium valuation reserves with unearned premium reserves, and if gross premium valuation reserves are higher than unearned premium reserves, the Company will provide additional reserves for such difference.

(1) Unearned premium reserves

Life reinsurance - Treaty	- Monthly average basis (the one-twenty fourth basis)
Life reinsurance - Facultative	- Daily average basis (the one-three hundred and sixty fifth basis)

Outward unearned premium reserve is calculated based on reinsurance premium ceded, as the same method as inward reinsurance, that transfer insurance risk to reinsurer throughout the coverage period of insurance contract.

(2) Gross premium valuation reserves

Gross premium valuation reserves are life policy reserves, calculated using an actuarial method in accordance with the OIC notifications. The main assumptions applied relate to lapse or surrender rate, selling and administrative expenses, mortality, morbidity, discount rate and non-guaranteed dividend payment rate.

b. Loss reserves

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 estimated claim will not exceed the sum-insured under the relevant policy.

Loss reserves are calculated using an actuarial method based on the best estimate of claims expected to be paid to the insured in respect of losses incurred before or as at the end of the reporting period whether or not the claims are reported to the Company, including loss adjustment expenses. Differences of the then-calculated loss reserves and the loss reserves already recognised in the financial statements is claims incurred but not yet reported (IBNR).

c. Premium reserves

Premium reserves are short-term insurance policy reserves. At the end of the reporting period, the Company compares the amount of unexpired risk reserves with that of net unearned premium reserves from deferred commission expenses, and if the amounts of unexpired risk reserves are higher than the amounts of unearned premium reserves net of deferred commission expenses, the Company will recognise additional reserves for such difference. However, the increase or decrease in unearned premium reserves from prior year is to be recognised in profit or loss.

(1) Unearned premium reserves

Life reinsurance - Treaty	- Monthly average basis (the one-twenty fourth basis)
Life reinsurance - Facultative	- Daily average basis (the one-three hundred and sixty fifth basis)

Outward unearned premium reserve is calculated based on reinsurance premium ceded, as the same method as inward reinsurance, that transfer insurance risk to reinsurer throughout the coverage period of insurance contract.

(2) Unexpired risk reserves

Unexpired risk reserves are the reserves for the future 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 claim data.

4.13 Employee benefit obligation

a. Defined contribution plans

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

b. Defined benefit plans

The Company has obligations in respect of the severance payment it must make to employees upon retirement under labor law. The Company treats this severance payment obligation as a defined benefit plan.

The obligation under the defined benefit plan is determined based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in the statement of comprehensive income and recorded directly to retained earnings.

4.14 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.

4.15 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 applied 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 or the revalued amount, on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Motor vehicles	-	5 years
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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.

Right-of-use assets are presented as part of premises and equipment in the statement of financial position.

The Company determined the impairment of right-of-use assets as described in note 4.11 to financial statements: impairment of non-financial assets.

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 Group and payments of penalties for terminating the lease, if the lease term reflects the Group 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 determined the present value of the lease payments, discounted by the interest rate implicit in the lease 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.

4.16 Foreign currencies

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

Transactions in foreign currencies are translated into Baht at the exchange rates ruling 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 the reporting period.

Gains and losses on exchange are included in statement of income.

4.17 Income taxes

Income tax expenses represent the sum of corporate income tax 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 their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

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

At 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 a part of the deferred tax assets to be utilised.

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

4.18 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, and 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.

4.19 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 when 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 a valuation technique that is appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards at times requires management to make subjective 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 Allowance for doubtful accounts on amounts due from reinsurers

In determining an allowance for doubtful accounts on amounts due from reinsurers, 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.

5.2 Impairment on reinsurance assets

In determining impairment on reinsurance assets, the management needs to make judgement and estimates loss on impairment of each reinsurers based on conditions in contract and events occurred that the Company may not receive entire amount under the term of contract.

5.3 Allowance for Impairment of equity instruments and unit trusts

The Company treats equity instruments and unit trusts classified as available-for-sale investment measured at fair value through other comprehensive income as impaired when there has been the evidence that indicates the cost of investments may not be recovered and a significant or prolonged decline in fair value of investments below its costs. The determination of what is “significant” or “prolonged” requires judgment of the management.

5.4 Allowances for expected credit losses of 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 development of a model, the risk that collateral value cannot be realised, the probability of debt collection and the selection of the forecasted macroeconomic data inputs used in the model. 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.

5.5 Allowance for impairment of non-financial assets

In determining allowance for impairment of a non-financial asset, the management is required to exercise judgements regarding determination of the recoverable amount of the asset, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm’s length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the future and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used in the forecasts.

5.6 Premises and equipment and depreciation

In determining depreciation of buildings and equipment, the management is required to estimates of the useful lives and residual values of the buildings and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review premises and equipment for impairment on a periodical basis and record impairment losses when it is determined that their 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.

5.7 Intangible assets and amortisation

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 or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

5.8 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.

5.9 Gross premium valuation reserves

Gross premium valuation reserves are calculated using the actuarial method based on the current assumptions or assumptions determined on the policy inception dates, which reflect the best estimates at that times. The main assumptions used are policy surrender or lapse rates, selling and administrative expenses, mortality, morbidity, longevity, discount rates, non-guaranteed dividend rates and so on. However, the use of different assumptions could affect the amount of life policy reserves and adjustments to the life policy reserves may therefore be required in the future.

5.10 Loss reserves

At the end of each reporting period, the Company has to estimate loss reserves and outstanding claims taking into account two factors. These are the claims incurred and reported, and the claims incurred but not reported (IBNR), the losses on which are estimated using international standard actuarial techniques. The major assumptions used under these techniques consist of historical data, including the development of claims estimates, paid, average costs per claim and claim numbers etc. Nevertheless, such estimates are forecasts of future outcomes, and actual results could differ.

5.11 Unexpired risk reserves

Unexpired risk reserves are calculated using an actuarial technique, based on the best estimate of the claims and relevant expenses expected to be paid over the remaining terms of the insurance. Estimating such reserves requires the management to exercise judgment, with reference to historical data and the best estimates available at the time.

5.12 Obligation under the defined benefit plan

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

5.13 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 on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

5.14 Fair value of financial instruments

In determining the fair value of financial instruments 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 and disclosures of fair value hierarchy.

6. Cash and cash equivalents

(Unit: Baht)

Financial statements in which the equity method is applied and Separate financial statements		
	31 December 2021	31 December 2020
Cash	4,558	4,151
Deposits at banks with no fixed maturity date	152,051,941	18,923,100
Deposits at banks with fixed maturity date	-	22,000,000
Deposits at other financial institutions	3,843,809	249,467
Total	155,900,308	41,176,718
Less: Allowance for expected credit losses	(105,523)	(41,852)
Cash and cash equivalents - net	<u>155,794,785</u>	<u>41,134,866</u>

As at 31 December 2021 and 2020, saving deposits, fixed deposits, and deposits at other financial institutions carried interests between 0.05 and 0.65 percent per annum and between 0.05 and 0.50 percent per annum, respectively.

7. Reinsurance assets

(Unit: Baht)

Financial statements in which the equity method is applied and Separate financial statements		
	31 December 2021	31 December 2020
Insurance reserves refundable from reinsurers		
Long-term insurance policy reserves	2,990,609	2,821,732
Loss reserves		
Claims incurred but not yet reported	4,341,908	-
Unearned premium reserves	1,373,223	551,266
Total reinsurance assets	<u>8,705,740</u>	<u>3,372,998</u>

8. Reinsurance receivables

(Unit: Baht)

Financial statements

in which the equity method is applied and

Separate financial statements

31 December 2021 31 December 2020

Amounts deposited on reinsurance	64,184,048	98,623,966
Amounts due from reinsurers	70,861,551	335,272,237
Total reinsurance receivables	<u>135,045,599</u>	<u>433,896,203</u>

At 31 December 2021 and 2020, the balances of amounts due from reinsurers, classified by overdue periods of principal, were as follows:

(Unit: Baht)

Financial statements

in which the equity method is applied and

Separate financial statements

31 December 2021 31 December 2020

Not yet due	70,861,551	331,358,377
Overdue not longer than 12 months	-	3,913,860
Total amounts due from reinsurers	<u>70,861,551</u>	<u>335,272,237</u>

9. Investments in securities

9.1 Classified by types of investments

(Unit: Baht)

Financial statements in which the equity method is applied and Separate financial statements				
	31 December 2021		31 December 2020	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading investments measured at fair value through profit or loss				
Debt securities:				
Unit trusts	-	-	79,065,508	79,068,935
Total	-	-	79,065,508	79,068,935
Add: Unrealised gain	-	-	3,427	-
Trading investments measured at fair value through profit or loss - net	-	-	79,068,935	79,068,935
Available-for-sale investments measured at fair value through other comprehensive income				
Debt securities:				
Unit trusts	378,465,571	327,711,033	326,001,053	280,114,859
Equity securities:				
Common stocks	407,497,692	403,906,245	364,432,796	339,382,892
Unit trusts	351,176,522	283,523,426	333,958,511	263,477,610
Total	1,137,139,785	1,015,140,704	1,024,392,360	882,975,361
Less: Unrealised loss	(80,150,288)	-	(117,857,013)	-
Less: Allowance for impairments	(41,848,793)	-	(23,559,986)	-
Available-for-sale investments measured at fair value through other comprehensive income - net	1,015,140,704	1,015,140,704	882,975,361	882,975,361
Held-to-maturity investments measured at amortised cost				
Debt securities:				
Government and state enterprise securities	642,639,389	659,610,838	475,658,375	486,337,634
Private enterprise debt securities	472,795,693	476,044,270	287,544,302	291,939,521
Deposits at financial institutions which mature over 3 months	60,000,000	60,000,000	200,000,000	200,000,000
Total	1,175,435,082	1,195,655,108	963,202,677	978,277,155
Less: Allowance for expected credit losses	(583,666)	-	(425,299)	-
Held-to-maturity investments measured at amortised cost - net	1,174,851,416	1,195,655,108	962,777,378	978,277,155
Investments in securities - net	2,189,992,120	2,210,795,812	1,924,821,674	1,940,321,451

9.2 Classified by stage of credit risk

(Unit: Baht)

Financial statements in which the equity method is applied and Separate financial statements		
31 December 2021		
	Allowance for expected credit losses	Net carrying value
Gross carrying value		
Held-to-maturity investments measured at amortised cost		
Stage 1 - Debt securities without a significant increase of credit risk	1,175,435,082	(583,666) 1,174,851,416
Total	1,175,435,082	(583,666) 1,174,851,416

(Unit: Baht)

Financial statements in which the equity method is applied and Separate financial statements		
31 December 2020		
	Allowance for expected credit losses	Net carrying value
Gross carrying value		
Held-to-maturity investments measured at amortised cost		
Stage 1 - Debt securities without a significant increase of credit risk	963,202,677	(425,299) 962,777,378
Total	963,202,677	(425,299) 962,777,378

9.3 Remaining period of debt securities

As at 31 December 2021 and 2020, Investments in debt securities have the following remaining periods to maturity.

(Unit: Baht)

Financial statements in which the equity method is applied and Separate financial statements									
	31 December 2021				31 December 2020				
	Period to maturity				Period to maturity				
	Within		Within		Within		Within		
	1 year	1 - 5 years	Over 5 years	Total	1 year	1 - 5 years	Over 5 years	Total	
Held-to-maturity investments									
measured at amortised cost									
Government and state enterprise									
securities	262,930,731	254,945,273	124,763,385	642,639,389	228,024,125	119,931,071	127,703,179	475,658,375	
Private enterprises debt securities	207,451,026	112,081,541	153,263,126	472,795,693	65,371,694	144,368,061	77,804,547	287,544,302	
Deposits at financial institutions									
which mature over 3 months	60,000,000	-	-	60,000,000	200,000,000	-	-	200,000,000	
Total	530,381,757	367,026,814	278,026,511	1,175,435,082	493,395,819	264,299,132	205,507,726	963,202,677	
Less: Allowance for expected credit losses	(230,858)	(166,098)	(186,710)	(583,666)	(268,982)	(91,190)	(65,127)	(425,299)	
Total held-to-maturity investments measured at amortised cost - net	530,150,899	366,860,716	277,839,801	1,174,851,416	493,126,837	264,207,942	205,442,599	962,777,378	

9.4 Fair values of investments in debt securities

As the Company adopted Accounting Guidance related to financial instruments and disclosures applicable for insurance business, the Company are not required to take into consideration its business model and the characteristics of the contractual cash flows to classify and measure financial assets - debt instruments in accordance with TFRS 9. However, if the financial assets - debt instruments have been classified and measured in accordance with TFRS 9, the impacts were presented as follows:

(Unit: Baht)

Financial statements in which the equity method is applied and Separate financial statements			
31 December 2021			
The contractual terms of the financial asset give rise on specified dates to cash flows that are not solely payments of principal and interest on the principal amount outstanding	The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding	Changes in fair value	Changes in fair value
Fair value	Fair value	during the year	during the year
Trading investments measured at fair value through profit or loss			
Unit trusts		(3,427)	
Available-for-sale investments measured at fair value through other comprehensive income			
Unit trusts	327,711,033	(4,868,345) ⁽¹⁾	
Held-to-maturity investments measured at amortised cost			
Government and state enterprise securities	-	-	659,610,838
Private enterprise debt securities	-	-	476,044,270
Deposits at financial institutions which mature over 3 months	-	-	60,000,000
Total	327,711,033	(4,871,772)	1,195,655,108
			5,145,548

⁽¹⁾ The Company recognised impairment losses amounting to Baht 3 million in statement of income for the year ended 31 December 2021.

(Unit: Baht)

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

31 December 2020			
	The contractual terms of the financial asset give rise on specified dates to cash flows that are not solely payments of principal and interest on the principal	The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal	
	amount outstanding	amount outstanding	
	Changes in fair value	Changes in fair value	
	Fair value	during the year	Fair value
			during the year
Trading investments measured at fair value through profit or loss			
Unit trusts	79,068,935	3,427	-
Available-for-sale investments measured at fair value through other comprehensive income			
Unit trusts	280,114,859	(17,921,504) ⁽¹⁾	-
Held-to-maturity investments measured at amortised cost			
Government and state enterprise securities	-	-	486,337,634
Private enterprise debt securities	-	-	291,939,521
Deposits at financial institutions which mature over 3 months	-	-	200,000,000
Total	359,183,794	(17,918,077)	978,277,155
			4,019,353

⁽¹⁾ The Company recognised impairment losses amounting to Baht 19 million in statement of income for the year ended 31 December 2020.

9.5 Revaluation deficit on available-for-sale investments

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2021	2020
Revaluation deficit on available-for-sale investments, net of income taxes		
- beginning of the years	(94,285,611)	(17,440,786)
Revaluation increase (decrease) during the years	34,537,658	(127,002,516)
Impairment losses recognised in statements of income	18,288,807	23,559,986
(Gains) losses on sale recognised in statements of income	(15,119,740)	7,386,499
Total gains (losses) on revaluation of available-for-sale investments	37,706,725	(96,056,031)
Add (less): Income taxes	(7,541,345)	19,211,206
Gains (losses) on revaluation of available-for-sale investments - net of income taxes	30,165,380	(76,844,825)
Revaluation deficit on available-for-sale investments, net of income taxes		
- end of the years	(64,120,231)	(94,285,611)

9.6 Investments subject to restriction

As at 31 December 2021 and 2020, the Company placed certain investments as a security with the Registrar as described in Note 28 to financial statements.

10. Loans and interest receivables

The ending balances of loans are loans provided to employees in accordance with the Company's employee welfare plan at the interest rate of not lower than 1.00% and not higher than MLR-3% per annum. The MLR is reference to that announced by commercial banks, depending on types of loans granted. The whole amounts of the outstanding balances were classified as not yet due and no interest was receivable as of the end of the reporting period.

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

(Unit: Baht)

Staging	Financial statements in which the equity method is applied		31 December 2020	
	and Separate financial statements			
	31 December 2021	31 December 2020		
Mortgaged loans	Mortgaged loans			
Stage 1 - Loans without a significant increase of credit risk	162,491	633,103		
Loans and interest receivables	162,491	633,103		

11. Investment in an associate

11.1 Details of an associate

Company's name	Nature of business	Country of incorporation	Issued and paid-up share capital		Shareholding percentage held by the Company	
			31 December 2021	31 December 2020	31 December 2021	31 December 2020
			(Thousand Baht)	(Thousand Baht)	(%)	(%)
TKI Life Insurance Company Limited	Life insurance	Laos	66,118	66,118	32.50	32.50

(Unit: Thousand Baht)

Company's name	Financial statements		Separate financial statements					
	in which the equity method is applied		Separate financial statements					
	Investment value under equity method		Cost		Allowance for impairment		Investment value under cost method	
31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2020
2021	2020	2021	2020	2021	2020	2021	2021	2020
TKI Life Insurance Company Limited	11,891	12,814	21,684	21,684	(2,773)	(2,773)	18,911	18,911

11.2 Financial information of an associate

Summarised information about financial position

	(Unit: Thousand Baht)	
	TKI Life Insurance Company Limited	
	31 December 2021	31 December 2020
Total assets	42,048	43,725
Total liabilities	(5,462)	(4,297)
Net assets	<u>36,586</u>	<u>39,428</u>
Shareholding percentage (%)	<u>32.50</u>	<u>32.50</u>
Carrying amount of an associate under equity method	<u>11,891</u>	<u>12,814</u>

Summarised information of statements of comprehensive income

	(Unit: Thousand Baht)	
	TKI Life Insurance Company Limited	
	For the years ended 31 December	
	2021	2020
Total revenues	<u>12,147</u>	<u>9,238</u>
Profit (loss) for the years	<u>234</u>	<u>(497)</u>
Total comprehensive income (loss) for the years	<u>234</u>	<u>(497)</u>

11.3 Share of profit (loss) and other comprehensive income and dividend income

During the years, the Company recognised shares of profit (loss) and other comprehensive income from investment in an associate in the financial statements, in which the equity method is applied, and recognised dividends received from an associate in the separate financial statements as below.

Associate	Financial statements in which the equity method is applied		Separate financial statements		(Unit: Thousand Baht)	
	Share of gain (loss) from investment in an associate for the years ended 31 December	31 December	Share of other comprehensive income from investment in an associate for the years ended 31 December	31 December	Dividends received for the years ended 31 December	31 December
	2021	2020	2021	2020	2021	2020
TKI Life Insurance Company Limited	57	(177)	-	-	-	-
	<u>57</u>	<u>(177)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

As at 31 December 2021 and 2020, the Company presented investment in an associate under the equity method in the financial statements, in which the equity method is applied, based on the financial information for the years then ended, as prepared by the associate's management. However, the Company obtained the 2020 financial statements of TKI Life Insurance Company Limited, which were audited by the associate's auditor and the auditor expressed an unqualified opinion under their report dated 4 March 2021. Such audited financial statements presented financial information that were not significantly different from the financial information prepared by the associate's management used for equity-accounting in that year.

12. Premises and equipment

(Unit: Baht)

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

	Furniture, fixture and equipment						Right-of-use assets	Total
	Land	Buildings	Computers					
Cost								
As at 1 January 2020	17,640,000	44,205,314	8,335,120	3,555,246			-	73,735,680
Adjustments of right-of-use assets due to the first-time adoption of TFRS 16	-	-	-	-			2,163,554	2,163,554
Additions	-	-	184,656	892,070			-	1,076,726
Write-off	-	-	(7,679)	(309,291)			-	(316,970)
As at 31 December 2020	17,640,000	44,205,314	8,512,097	4,138,025	2,163,554			76,658,990
Additions	-	-	518,713	9,987,701			-	10,506,414
Write-off	-	-	(97,214)	-			-	(97,214)
As at 31 December 2021	17,640,000	44,205,314	8,933,596	14,125,726	2,163,554			87,068,190
Accumulated depreciation								
As at 1 January 2020	-	14,791,912	3,219,775	2,415,620			-	20,427,307
Depreciation for the year	-	2,210,266	1,518,098	1,029,650	721,184			5,479,198
Accumulated depreciation on write-off	-	-	(7,679)	(309,291)			-	(316,970)
As at 31 December 2020	-	17,002,178	4,730,194	3,135,979	721,184			25,589,535
Depreciation for the year	-	2,210,266	1,461,776	2,737,013	721,185			7,130,240
Accumulated depreciation on write-off	-	-	(96,039)	-			-	(96,039)
As at 31 December 2021	-	19,212,444	6,095,931	5,872,992	1,442,369			32,623,736
Net book value								
31 December 2020	17,640,000	27,203,136	3,781,903	1,002,046	1,442,370			51,069,455
31 December 2021	17,640,000	24,992,870	2,837,665	8,252,734	721,185			54,444,454
Depreciation for the years								
2020								5,479,198
2021								7,130,240

The Company has lease contracts for equipment used in its operations. Leases have the lease term of 5 years.

As at 31 December 2021 and 2020, certain equipment items have been fully depreciated but are still in use. The original cost before deducting accumulated depreciation of those assets amounted to approximately Baht 4.4 million and Baht 2.9 million, respectively.

13. Intangible assets

(Unit: Baht)

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

	Computer softwares		
	Computer softwares	under development	Total
	Cost		
1 January 2020	44,673,321	-	44,673,321
Additions	467,889	8,351,300	8,819,189
Transfer in (out)	738,300	(738,300)	-
Adjustment	(28,761)	-	(28,761)
31 December 2020	45,850,749	7,613,000	53,463,749
Additions	1,740,837	3,804,236	5,545,073
Transfer in (out)	268,891	(268,891)	-
31 December 2021	47,860,477	11,148,345	59,008,822
Accumulated amortisation			
1 January 2020	11,023,502	-	11,023,502
Amortisation during the year	4,520,819	-	4,520,819
Adjustment	(597)	-	(597)
31 December 2020	15,543,724	-	15,543,724
Amortisation during the year	4,736,684	-	4,736,684
31 December 2021	20,280,408	-	20,280,408
Net book value			
31 December 2020	30,307,025	7,613,000	37,920,025
31 December 2021	27,580,069	11,148,345	38,728,414

14. Deferred tax assets and income tax expenses

14.1 Deferred tax assets

As at 31 December 2021 and 2020, the components of deferred tax assets were as follows:

								(Unit: Thousand Baht)	
				Financial statements					
				in which the equity				Separate financial	
				method is applied				statements	
				which the equity		Separate financial		Changes in deferred tax	
				method is applied		statements		assets for the years	
				31 December		31 December		ended 31 December	
				2021	2020	2021	2020	2021	2020
Deferred tax assets									
(liabilities) arose from:									
Loss reserves	29,643	5,796	29,643	5,796	23,847	4,238	23,847	4,238	
Commission payable on reinsurance	28,302	61,076	28,302	61,076	(32,774)	30,204	(32,774)	30,204	
Employee benefit obligations	3,604	3,436	3,604	3,436	168	620	168	620	
Unrealised losses on available-for-sale investments	16,030	23,571	16,030	23,571	(7,541)	19,211	(7,541)	19,211	
Deferred commission - net	(22,268)	(16,142)	(22,268)	(16,142)	(6,126)	(485)	(6,126)	(485)	
Allowance for impairment on investment	8,507	4,805	9,062	5,360	3,702	4,805	3,702	5,360	
Others	3,852	3,343	1,893	1,568	509	(1,300)	325	(1,463)	
Deferred tax assets	67,670	85,885	66,266	84,665					
Total changes					(18,215)	57,293	(18,399)	57,685	
Recognition of changes in:									
- Statements of income					(10,570)	37,780	(10,559)	38,299	
- Statements of comprehensive income					(7,645)	19,513	(7,840)	19,386	
Total changes					(18,215)	57,293	(18,399)	57,685	

14.2 Income tax expenses

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

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2021	2020	2021	2020
Current income taxes:				
Interim corporate income tax charge	(3,865)	(58,983)	(3,865)	(58,983)
Adjustment of prior year's income tax expenses	(80)	50	(80)	50
Deferred income taxes:				
Relating to origination and reversal of temporary differences	(10,570)	37,780	(10,559)	38,299
Income tax expenses reported in the statements of income	(14,515)	(21,153)	(14,504)	(20,634)

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

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2021	2020	2021	2020
Accounting profits before income tax expenses				
Applicable tax rate	20%	20%	20%	20%
Income taxes at the applicable tax rate	(22,602)	(28,517)	(22,591)	(27,998)
Adjustment of prior year's income tax expenses	(80)	50	(80)	50
Tax effects of:				
Non-taxable revenues	7,750	7,156	7,750	7,156
Non-tax deductible expenses	(2)	(28)	(2)	(28)
Additional tax-deductible expenses allowed	491	267	491	267
Others	(72)	(81)	(72)	(81)
Total	8,167	7,314	8,167	7,314
Income tax expenses reported in the statements of income	(14,515)	(21,153)	(14,504)	(20,634)

15. Insurance contract liabilities

(Unit: Baht)

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

	31 December 2021		
	Insurance contract liabilities	Liabilities on reinsurance	Net
Long-term insurance policy reserves	502,690,400	(2,990,609)	499,699,791
Loss reserves			
Claims incurred and reported	330,774	-	330,774
Claims incurred but not yet reported	141,646,920	(4,341,908)	137,305,012
Premium reserves			
Unearned premium reserves	493,327,439	(1,373,223)	491,954,216
Unpaid policy benefits	10,579,042	-	10,579,042
Total	1,148,574,575	(8,705,740)	1,139,868,835

(Unit: Baht)

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

	31 December 2020		
	Insurance contract liabilities	Liabilities on reinsurance	Net
Long-term insurance policy reserves	508,604,795	(2,821,732)	505,783,063
Loss reserves			
Claims incurred and reported	355,513	-	355,513
Claims incurred but not yet reported	28,623,439	-	28,623,439
Premium reserves			
Unearned premium reserves	326,777,910	(551,266)	326,226,644
Total	864,361,657	(3,372,998)	860,988,659

15.1 Long-term insurance policy reserves

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2021	2020
Beginning balances	508,604,795	471,181,653
Reserves increased from new policies and enforced policies	56,315,286	88,105,473
Insurance policy reserves decreased from benefit paid for lapse, surrender and others	(59,321,630)	(53,544,670)
Assumptions changes	(2,908,051)	2,862,339
Ending balances	502,690,400	508,604,795

15.2 Loss reserves

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2021	2020
Beginning balances	28,978,952	7,790,212
Claims incurred for the years	1,250,619,847	1,000,126,809
Changes in loss reserve	148,746,251	47,381,672
Changes in assumptions for calculating loss reserves	(35,722,809)	(26,200,782)
Claims paid during the years	(1,250,644,547)	(1,000,118,959)
Ending balances	141,977,694	28,978,952

15.3 Claim development tables

a. Gross claims table

Underwriting year/Reporting year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
Outstanding claim provision:												
- as at underwriting year/												
reporting year	131,578,954	177,388,453	226,113,053	288,608,228	294,603,119	358,551,964	363,689,673	621,131,522	681,954,649	707,285,367	1,084,030,166	
- Next one year	204,403,156	301,936,463	339,691,796	426,244,997	390,862,969	476,858,625	685,189,024	931,171,835	1,015,004,417	1,008,976,226		
- Next two years	206,853,930	298,878,147	343,030,869	429,289,768	392,782,278	476,702,303	682,514,759	919,934,611	1,017,718,268			
- Next three years	209,473,930	299,764,147	349,070,304	429,520,630	392,782,278	476,702,303	682,514,759	924,121,977				
- Next four years	209,473,930	299,768,519	349,070,304	429,520,630	392,778,278	476,702,303	682,514,759					
- Next five years	209,473,930	299,768,519	349,070,304	429,520,630	392,778,278	476,702,303						
- Next six years	209,473,930	299,768,519	349,070,304	429,520,630	392,778,278							
- Next seven years	209,473,930	299,768,519	349,070,304	429,520,630								
- Next eight years	209,473,930	299,768,519	349,070,304									
- Next nine years	209,473,930	299,768,519										
- Next ten years	209,473,930											
Cumulative ultimate claim												
estimates	209,473,930	299,768,519	349,070,304	429,520,630	392,778,278	476,702,303	682,514,759	924,121,977	1,017,718,268	1,008,976,226	1,084,030,166	
Cumulative payments to date	209,473,930	299,768,519	349,070,304	429,520,630	392,778,278	476,702,303	682,514,759	924,121,977	1,017,718,268	1,008,976,226	942,052,472	
Loss reserves	-	-	-	-	-	-	-	-	-	-	141,977,694	141,977,694

b. Net claims table

Underwriting year/Reporting year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
Outstanding claim provision:												
- as at underwriting year/												
reporting year	131,578,954	177,388,453	226,113,053	288,608,228	294,603,119	358,551,964	363,689,673	621,131,522	681,954,649	707,285,367	1,079,304,883	
- Next one year	204,403,156	301,936,463	339,691,796	426,244,997	390,862,969	476,858,625	685,189,024	931,171,835	1,015,004,417	1,008,912,268		
- Next two years	206,853,930	298,878,147	343,030,869	429,289,768	392,782,278	476,702,303	682,514,759	919,934,611	1,017,718,268			
- Next three years	209,473,930	299,764,147	349,070,304	429,520,630	392,782,278	476,702,303	682,514,759	924,121,977				
- Next four years	209,473,930	299,768,519	349,070,304	429,520,630	392,778,278	476,702,303	682,514,759					
- Next five years	209,473,930	299,768,519	349,070,304	429,520,630	392,778,278	476,702,303						
- Next six years	209,473,930	299,768,519	349,070,304	429,520,630	392,778,278							
- Next seven years	209,473,930	299,768,519	349,070,304	429,520,630								
- Next eight years	209,473,930	299,768,519	349,070,304									
- Next nine years	209,473,930	299,768,519										
- Next ten years	209,473,930											
Cumulative ultimate claim												
estimates	209,473,930	299,768,519	349,070,304	429,520,630	392,778,278	476,702,303	682,514,759	924,121,977	1,017,718,268	1,008,912,268	1,079,304,883	
Cumulative payments to date	209,473,930	299,768,519	349,070,304	429,520,630	392,778,278	476,702,303	682,514,759	924,121,977	1,017,718,268	1,008,912,268	941,669,097	
Loss reserves	-	-	-	-	-	-	-	-	-	-	137,635,786	137,635,786

15.4 Key assumptions

The key assumptions used in the calculation of long-term insurance policy reserves under gross premium valuation method for liabilities adequacy test are determined as follows:

a. Mortality rate

The Company uses the Thai mortality table as a base and adjusts it based on the Company's experience.

b. Lapse rates

The Company determines the assumptions based on historical actual lapse rates of the Company.

c. Discount rate

The Company uses zero coupon government bond yield curve as a baseline, which will be adjusted for the credit spread between these and A-rated corporate debt securities with 10 years to maturity in order to expiate the illiquidity risk premium.

Key actuarial assumptions in IBNR calculation is the ultimate loss ratio, which is calculated by dividing estimated ultimate losses by estimated ultimate premiums.

15.5 Unearned premium reserves

(Unit: Baht)		
Financial statements		
in which the equity method is applied		
and Separate financial statements		
For the years ended 31 December		
	2021	2020
Beginning balances	326,777,910	298,051,789
Premium written for the years	2,046,965,278	1,401,278,229
Premium earned during the years	(1,880,415,749)	(1,372,552,108)
Ending balances	<u>493,327,439</u>	<u>326,777,910</u>

15.6 Unexpired risk reserves

(Unit: Baht)

Financial statements in which the equity method is applied and Separate financial statements		
For the years ended 31 December		
	2021	2020
Beginning balances	-	9,507,891
Dissolved during the years	-	(9,507,891)
Ending balances	-	-

16. Due to reinsurers

(Unit: Baht)

Financial statements in which the equity method is applied and Separate financial statements		
31 December 2021	31 December 2020	
Amounts due to reinsurers	146,020,331	346,731,212
Total due to reinsurers	146,020,331	346,731,212

17. Lease liabilities

Reconciliation of lease liabilities for the years ended 31 December 2021 and 2020 was as follows:

(Unit: Baht)

Financial statements in which the equity method is applied and Separate financial statements		
Motor vehicles		
For the years ended 31 December		
	2021	2020
Lease liabilities - beginning balances	1,486,503	2,163,554
Add: Finance cost for the years	71,963	115,177
Less: Lease payments during the years	(792,228)	(792,228)
Lease liabilities - ending balances	766,238	1,486,503

(Unit: Baht)

Financial statements in which the equity method is applied

and Separate financial statements

31 December 2021

	Lease liabilities	Deferred finance cost	Lease liabilities - net
Due within 1 year	792,228	25,990	766,238
Total	792,228	25,990	766,238

(Unit: Baht)

Financial statements in which the equity method is applied

and Separate financial statements

31 December 2020

	Lease liabilities	Deferred finance cost	Lease liabilities - net
Due within 1 year	792,228	71,963	720,265
Due over 1 year	792,228	25,990	766,238
Total	1,584,456	97,953	1,486,503

Expenses relating to leases that were recognised in statement of income for the years ended 31 December 2021 and 2020 was as follow.

(Unit: Baht)

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

For the years ended 31 December

	2021	2020
Depreciation of right-of-use assets	721,185	721,184
Finance cost on lease liabilities	71,963	115,177
Expenses relating to leases of low-value assets	150,228	150,228
Total expenses	943,376	986,589

18. Employee benefit obligations

The movements of employee benefit obligations during the years ended 31 December 2021 and 2020 were as follows:

	(Unit: Baht)	
	Financial statements	
	in which the equity method is applied	
	and Separate financial statements	
	For the years ended 31 December	
	2021	2020
Employee benefit obligations at beginning of the years	17,180,397	14,080,989
Recognised in statements of income:		
Current service costs	1,978,965	1,988,441
Interest costs	354,197	230,883
Total items included in statements of income	<u>2,333,162</u>	<u>2,219,324</u>
Recognised in statements of comprehensive income:		
Actuarial (gains) losses due to		
- Demographic assumptions changes	2,406,625	(37,611)
- Financial assumptions changes	(1,999,006)	58,350
- Experience adjustments	<u>(1,902,934)</u>	<u>859,345</u>
Total items included in statements of comprehensive income	<u>(1,495,315)</u>	<u>880,084</u>
Employee benefit obligations at end of the years	<u>18,018,244</u>	<u>17,180,397</u>

As at 31 December 2021 and 2020, the Company expected no payments of employee benefits over the next 1-year period.

As at 31 December 2021 and 2020, the weighted average duration of payments of employee benefits was approximately years and 15 years and 12 years, respectively.

The significant assumptions used in calculation of the defined benefit plan were summarised below.

	(Unit: % per annum)	
	For the years ended 31 December	
	2021	2020
Discount rate	2.6	1.5
Salary incremental rate	6.5	6.5
Staff turnover rates	0.0 - 20.5	0.0 - 20.7

The impact from sensitivity analysis from significant assumptions that affect employee benefit obligations as at 31 December 2021 and 2020 were summarised below.

Financial statements in which the equity method is applied and Separate financial statements				
31 December 2021				
	Increase (decrease) in Assumption increase % per annum	employee benefit obligations Baht	Assumption decrease % per annum	Increase (decrease) in employee benefit obligations Baht
Discount rate	1.0	(1,596,842)	1.0	1,857,886
Salary increasing rate	1.0	1,766,081	1.0	(1,555,497)
Staff turnover rate	10.0 ⁽¹⁾	(1,019,222)	10.0 ⁽¹⁾	1,138,330

⁽¹⁾ 10% of assumed staff turnover rates.

Financial statements in which the equity method is applied and Separate financial statements				
31 December 2020				
	Increase (decrease) in Assumption increase % per annum	employee benefit obligations Baht	Assumption decrease % per annum	Increase (decrease) in employee benefit obligations Baht
Discount rate	1.0	(1,438,911)	1.0	1,667,605
Salary increasing rate	1.0	1,804,910	1.0	(1,585,523)
Staff turnover rate	10.0 ⁽¹⁾	(1,151,015)	10.0 ⁽¹⁾	1,322,776

⁽¹⁾ 10% of assumed staff turnover rates.

19. Share capital

As at 31 December 2021 and 2020, the Company's has registered, issued and paid-up share capital consists of about 600 million shares with par value of Baht 1 per share.

20. 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.

21. Segment information

21.1 Operating 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 President.

For management purposes, the Company is organised into business units based on its products and services and have two reportable segments are "conventional products" and "non-conventional products". Segments are differentiated based on the design of the product, and specifically whether they are a traditional product line available in the current market or a new type of product in expectation of market demand and the Company can continuously service.

No operating segments have been aggregated to form the above reportable operating segments.

The Chief Operating Decision Maker has reviewed the operating results of the operating segments separately for the purpose of making decisions and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements. However, in the part of assets and liabilities, segment performance is measured based on the same basis applied to the financial statements whereby operating segments were not separately measured.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

Operating segment information for the years ended 31 December 2021 and 2020 can be classified by type of products as follows:

	(Unit: Baht)		
	Financial statements in which the equity method is applied		
	For the year ended 31 December 2021		
	Conventional products	Non-conventional products	Total
Underwriting revenues			
Reinsurance premium written	1,502,510,282	1,410,915,069	2,913,425,351
Less: Reinsurance premium ceded	<u>(21,757,202)</u>	<u>(823,084)</u>	<u>(22,580,286)</u>
Net reinsurance premium written	1,480,753,080	1,410,091,985	2,890,845,065
Less: Unearned premium reserves increased from prior year	<u>(127,768,529)</u>	<u>(37,959,043)</u>	<u>(165,727,572)</u>
Net earned premium	<u>1,352,984,551</u>	<u>1,372,132,942</u>	<u>2,725,117,493</u>
Underwriting expenses			
Long-term insurance policy reserves increased (decreased)	(18,663,669)	12,580,397	(6,083,272)
Net benefits and claims	962,268,324	950,714,622	1,912,982,946
Commissions and brokerages expenses - net	320,625,534	304,951,424	625,576,958
Other underwriting expenses	27,190,969	25,533,368	52,724,337
Total underwriting expenses	<u>1,291,421,158</u>	<u>1,293,779,811</u>	<u>2,585,200,969</u>
Profit from underwriting	<u>61,563,393</u>	<u>78,353,131</u>	<u>139,916,524</u>
Operating expenses			(92,750,037)
Expected credit losses			<u>(222,038)</u>
Profit from operations			46,944,449
Share of gain from investment in an associate			56,797
Net investment revenue			64,920,953
Other income			<u>1,088,600</u>
Profit before income tax expenses			113,010,799
Income tax expenses			<u>(14,515,240)</u>
Net profit			<u>98,495,559</u>

(Unit: Baht)

Financial statements in which the equity method is applied			
For the year ended 31 December 2020			
	Conventional products	Non-conventional products	Total
Underwriting revenues			
Reinsurance premium written	1,206,412,059	1,132,292,693	2,338,704,752
Less: Reinsurance premium ceded	(18,277,733)	(1,037,018)	(19,314,751)
Net reinsurance premium written	1,188,134,326	1,131,255,675	2,319,390,001
Add (Less): Unearned premium reserves (increased) decreased from prior year	14,657,714	(42,838,892)	(28,181,178)
Net earned premium	1,202,792,040	1,088,416,783	2,291,208,823
Underwriting expenses			
Long-term insurance policy reserves increased (decreased)	(18,873,919)	56,131,343	37,257,424
Unexpired risk reserves decreased	(5,097,739)	(4,410,152)	(9,507,891)
Net benefits and claims	756,386,126	703,781,051	1,460,167,177
Commissions and brokerages expenses - net	343,661,207	224,391,908	568,053,115
Other underwriting expenses	18,813,698	17,657,825	36,471,523
Total underwriting expenses	1,094,889,373	997,551,975	2,092,441,348
Profit from underwriting	107,902,667	90,864,808	198,767,475
Operating expenses			(93,112,928)
Expected credit losses			(467,150)
Profit from operations			105,187,397
Share of loss from investment in an associate			(177,128)
Net investment revenue			32,041,537
Other income			5,536,238
Profit before income tax expenses			142,588,044
Income tax expenses			(21,153,386)
Net profit			121,434,658

21.2 Geographic information

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

21.3 Major customers

During the years ended 31 December 2021 and 2020, the Company had total reinsurance premium written from each life insurance company for the amount equal to or higher than 10% of total reinsurance premium written as follows:

	(Unit: Million Baht)	
	Financial statements	
	in which the equity method is applied	
	For the years ended 31 December	
	2021	2020
Reinsurance premium written	2,075	1,479

22. Operating expenses

	(Unit: Baht)	
	Financial statements	
	in which the equity method is applied	
	and Separate financial statements	
	For the years ended 31 December	
	2021	2020
Personnel expenses	47,174,764	48,410,581
Premises and equipment expenses	23,259,010	20,310,075
Taxes and duties	41,318	34,319
Other operating expenses	22,202,982	24,242,776
Total operating expenses	<u>92,678,074</u>	<u>92,997,751</u>

23. Expenses by nature

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statements	
	For the years ended 31 December	
	2021	2020
Long-term insurance policy reserves increased (decreased)	(6,083,272)	37,257,424
Unexpired risk reserves decreased	-	(9,507,891)
Net benefits and claims	1,911,316,218	1,458,798,788
Commission expenses	629,565,789	570,478,498
Other underwriting expenses	7,121,421	5,569,622
Personnel expenses	91,268,983	79,065,913
Premises and equipment expenses	25,500,563	21,925,033
Other expenses	23,472,173	24,859,422
Total expenses	2,682,161,875	2,188,446,809

24. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The fund is contributed to by both the employees and the Company on a monthly basis, at rates ranging from 5% to 10% of the employees' basic salaries, based on the length of employment. The fund is managed by Krungsri Asset Management Company Limited and will be paid to employees upon termination in accordance with the fund rules. During the years 2021 and 2020, the Company contributed Baht 4.8 million and Bath 4.3 million, respectively, to the fund.

25. Earnings per share

Basic earnings per share is calculated by dividing net profits by the weighted average number of ordinary shares in issue during the years.

26. Dividends paid

Dividends declared during the years ended 31 December 2021 and 2020 consisted of the following:

	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
Final dividend payment from 2020 net profit	Annual General Meeting of the Company's shareholders held on 23 April 2021	84.0	0.14
Total dividend paid during the year of 2021		84.0	0.14
Interim dividend payment from 2019 net profit	Meeting of the Company's Board of Directors held on 22 April 2020	78.0	0.13
Total dividend paid during the year of 2020		78.0	0.13

27. Related party transactions

27.1 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	Relationship with the Company
TKI Life Insurance Company Limited	An associate whereby the Company holds 32.50% of its shares
Thai Reinsurance Plc.	Related by way of having common directors and being the Company's shareholder
Bangkok Life Assurance Plc.	Related by way of having a common director and being the Company's shareholder
The Navakij Insurance Plc.	Related by way of having a common director and being the Company's shareholder
Thaire Services Co., Ltd.	Related by way of having common directors and a shareholder
Thai Life Insurance Plc.	Related by way of having a common director ⁽¹⁾
South East Life Insurance Plc.	Related by way of having a common director ⁽²⁾ and being the Company's shareholder
Muang Thai Life Assurance Plc.	Related by way of having a common director ⁽³⁾
Thaire Actuarial Consulting Co., Ltd.	Related by way of having a common director and a shareholder
EMCS Thai Co., Ltd.	Related by way of having a common director and a shareholder
Thaire Innovation Co., Ltd.	Related by way of having a common director and a shareholder
The Falcon Insurance Plc.	Related by way of having a common director and being the Company's shareholder

⁽¹⁾ This entity had been considered a related party until 5 October 2020, the date on which a common director resigned from the Company's Board of Directors.

⁽²⁾ This Company has had one common director with this entity since 19 February 2021, the date on which the Meeting of the Company's Board of Directors had a resolution to appoint such common director.

⁽³⁾ The Company has had one common director with this entity since 29 June 2021, the date on which the Meeting of the Board of Directors of Muang Thai Life Assurance Plc had a resolution to appoint such common director.

27.2 Significant related party transactions

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

(Unit: Thousand Baht)

Financial statements in which the equity method is applied and Separate financial statements			
For the years ended 31 December			
	2021	2020	Pricing policy
<u>Transaction with associates</u>			
Revenues			
Service revenues ⁽¹⁾	355	5,222	Mutually agreed rates
Reinsurance premium written	752	-	According to terms of reinsurance contracts
Expenses			
Claim expenses	125	-	According to the ratios as specified in the reinsurance contracts
Commission expenses	149	-	According to terms of reinsurance contracts
<u>Transactions with related parties</u>			
Revenues			
Reinsurance premium written	1,377,754	557,656	According to terms of reinsurance contracts
Commission income	141	541	According to terms of reinsurance contracts
Claims refundable	218	926	According to the ratios as specified in the reinsurance contracts
Expenses			
Reinsurance premium ceded	578	2,240	According to terms of reinsurance contracts
Claim expenses	824,151	324,495	According to the ratios as specified in the reinsurance contracts
Commission expenses	323,998	155,854	According to terms of reinsurance contracts
Service fee expenses ⁽²⁾	7,286	7,946	Mutually agreed rates
Owner's equity			
Dividend paid	10,244	9,654	As declared

⁽¹⁾ Included in "Other income" in statements of income

⁽²⁾ Included in "Operating expenses" in statements of income

27.3 Outstanding balances

As at 31 December 2021 and 2020, the Company had the outstanding balances with its related parties as follows:

	(Unit: Thousand Baht)	
	Financial statements	
	in which the equity method is applied	
	and Separate financial statements	
	31 December 2021	31 December 2020
Associate		
Other receivables ⁽¹⁾	-	7,122
Amounts due from reinsurers ⁽³⁾	19	-
Deferred commissions expenses	31	-
Loss reserves ⁽⁴⁾	45	-
Related parties		
Insurance reserves refundable from reinsurers ⁽²⁾	200	-
Amounts due from reinsurers ⁽³⁾	43,534	744
Amounts deposited on reinsurance ⁽³⁾	56,346	32,728
Deferred commissions expenses	75,654	30,740
Loss reserves ⁽⁴⁾	116,781	12,513
Amounts due to reinsurers ⁽⁵⁾	36,546	6,069
Deferred commissions income	3	-

⁽¹⁾ Included in "Other assets" in statements of financial position

⁽²⁾ Included in "Reinsurance assets" in statements of financial position

⁽³⁾ Included in "Reinsurance receivables" in statements of financial position

⁽⁴⁾ Included in "Insurance contract liabilities" in statements of financial position

⁽⁵⁾ Included in "Due to reinsurers" in statements of financial position

27.4 Directors' and key management's remuneration

During the years ended 31 December 2021 and 2020, the Company had salaries, bonuses, meeting allowances and post-employment benefits incurred in respect of its directors and key management personnel as follows:

	(Unit: Thousand Baht)	
	Financial statements	
	in which the equity method is applied	
	and Separate financial statements	
	For the years ended 31 December	
	2021	2020
Short-term benefits	45,370	38,597
Post employment benefits	4,497	3,017
Total	49,867	41,614

28. Assets subject to restrictions

As at 31 December 2021 and 2020, the Company had the following assets placed reserved with the Registrar of the Office of Insurance Commission in accordance with the Life Insurance Act.

	(Unit: Million Baht)			
	Financial statements in which the equity method is applied			
	and Separate financial statements			
	31 December 2021		31 December 2020	
	Cost	Fair value	Cost	Fair value
Assets placed				
Government bonds	21.0	22.4	21.0	21.9
Assets reserved as insurance reserves				
Government and state enterprise bonds	235.0	241.5	217.0	228.7
Private enterprise debt securities	54.0	56.0	54.0	56.2
Deposits at financial institutions	30.0	30.0	-	-

29. Commitments

29.1 Capital Commitments

As at 31 December 2021, the Company had no capital commitments (As at 31 December 2020, the Company had capital commitments in relation to installation of computer software amounting to Baht 3.0 million.).

29.2 Service commitments

As at 31 December 2021 and 2020, the Company had outstanding service commitments and future minimum service fees amounting to Baht 5.9 million and Baht 6.0 million, respectively.

30. Risks and risk management policy

30.1 Life insurance risk

Life Insurance risks arising from the conduct of reinsurance activities are managed as follows:

a. Product design and development and pricing

The Company has established a Product Development Committee to consider significant issues that would affect the Company's financial position. Furthermore, after new products are launched the Company monitors underwriting results, such as deviations between premium pricing assumptions and actual experience, so that they can be used to improve the products.

b. Underwriting of reinsurance

The Company modifies its underwriting guidelines to keep them up to date, based on technical knowledge and statistical information. Moreover, training is conducted to engender staff's application of knowledge and discipline when making underwriting decisions and reviews of whether underwriting practices correspond to the guidelines are performed to ensure that the risk retention is consistent with the Company's identified risk limits.

c. Claim management

The Company has established a standardised claims management process and claims management guidelines are consistently updated, with due consideration given to risk management. Moreover, the Company arranges training to impart knowledge to staff, and working practices are reviewed to ensure they are in accordance with the guidelines.

d. Retrocession

An excess of loss retrocession program has been implemented as a risk management tool. The Company buys retrocession coverage for excess of loss in order to limit the maximum loss per event and regularly performs adequacy tests of reinsurance protection in the event of major loss events. In addition, the Company has a policy to retrocede its business only to retrocessionaires that have credit ratings of at least "A-."

e. Reserve estimates

The Company's loss reserves are examined and certified by independent actuarial fellows. Moreover, the Company periodically analyses and monitors deviations between the reserve calculation assumptions and actual experience to ensure reserves adequately cover the Company's obligations.

f. Reinsurance concentration risk

Reinsurance concentration risk is the risk arising from a concentration of business written within a particular type of contracts. Reinsurance contracts can be divided into short-term and long-term, which have different obligations. Long-term reinsurance contract obliges the Company to provide ongoing coverage without changing premiums or benefits or canceling the contract and the present value of the obligation will be fluctuated due to change in interest rate whereas short-term contract obliges the Company on a yearly basis and enables the Company to adjust reinsurance conditions when renewal is made and there are no discounted over time required.

Hence, in order to prevent any volatility to the Company's financial position, the Company has the policy to balance the portfolio mix of long-term and short-term contracts. The proportion of reinsurance premium written under short-term and long-term agreements for the years ended 31 December 2021 and 2020 was as follows;

	(Unit: Percent)	
	For the years ended 31 December	
	2021	2020
Long-term contracts	30	40
Short-term contracts	70	60
Total	100	100

As at 31 December 2021 and 2020, the proportion of insurance contract liabilities under short-term and long-term agreements was as follows;

	(Unit: Percent)	
	31 December 2021	31 December 2020
Long-term contracts	45	59
Short-term contracts	55	41
Total	100	100

g. Sensitivity analysis

Sensitivity analysis is performed to analyse the risk that insurance contract liabilities will increase or decrease as a result of changes in the assumptions used in calculating, gross and net reserves, profits before taxes, and owner's equity. The risk may occur because the frequency of claims, value of claims, or loss adjustment expenses may not be as expected.

(1) Sensitivity analysis on long-term insurance policy reserves

As at 31 December 2021 and 2020, impacts from changes in assumptions on long-term insurance policy reserves were shown below:

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

Change in assumption ⁽¹⁾	31 December 2021				
	Increase		Increase		Increase (decrease) in profits before income taxes
	(decrease) in long-term policy	reserves before retrocession	(decrease) in long-term policy	reserves after retrocession	
%	Baht	Baht	Baht	Baht	Baht
Mortality rate	+5.0	27,199,090	27,199,090	(27,199,090)	(21,759,272)
Mortality rate	-5.0	(27,585,023)	(27,585,023)	27,585,023	22,068,018
Lapse rate	+5.0	3,162,772	3,162,772	(3,162,772)	(2,530,218)
Lapse rate	-5.0	(3,227,873)	(3,227,873)	3,227,873	2,582,298
Discount rate	+5.0	(5,134,625)	(5,134,625)	5,134,625	4,107,700
Discount rate	-5.0	5,220,986	5,220,986	(5,220,986)	(4,176,789)

⁽¹⁾ % of each assumed rate.

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

Change in assumption ⁽¹⁾	31 December 2020				
	Increase		Increase		Increase (decrease) in profits before income taxes
	(decrease) in long-term policy	reserves before retrocession	(decrease) in long-term policy	reserves after retrocession	
%	Baht	Baht	Baht	Baht	Baht
Mortality rate	+5.0	29,120,714	29,120,714	(29,120,714)	(23,296,571)
Mortality rate	-5.0	(29,537,589)	(29,537,589)	29,537,589	23,630,071
Lapse rate	+5.0	3,190,530	3,190,530	(3,190,530)	(2,552,424)
Lapse rate	-5.0	(3,255,349)	(3,255,349)	3,255,349	2,604,279
Discount rate	+5.0	(5,202,006)	(5,202,006)	5,202,006	4,161,605
Discount rate	-5.0	5,281,029	5,281,029	(5,281,029)	(4,224,823)

⁽¹⁾ % of each assumed rate.

(2) Sensitivity analysis on short-term insurance policy reserves

As at 31 December 2021 and 2020, impacts from changes in assumptions on loss reserves were shown below:

Financial statements in which the equity method is applied and Separate financial statements				
31 December 2021				
Change in assumption	Increase (decrease) in loss reserves before retrocession %	Increase (decrease) in loss reserves after retrocession Baht	Increase (decrease) in profits before income taxes Baht	Increase (decrease) in owner's equity Baht
	%	Baht	Baht	Baht
Ultimate loss ratio	+5.0	74,214,828	74,214,828	(74,214,828) (59,371,863)
Ultimate loss ratio	-5.0	(43,417,484)	(43,417,484)	43,417,484 34,733,987

Financial statements in which the equity method is applied and Separate financial statements				
31 December 2020				
Change in assumption	Increase (decrease) in loss reserves before retrocession %	Increase (decrease) in loss reserves after retrocession Baht	Increase (decrease) in profits before income taxes Baht	Increase (decrease) in owner's equity Baht
	%	Baht	Baht	Baht
Ultimate loss ratio	+5.0	83,318,239	83,318,239	(83,318,239) (66,654,591)
Ultimate loss ratio	-5.0	(15,363,417)	(15,363,417)	15,363,417 12,290,734

30.2 Financial risks

a. Credit risk

The Company is exposed to credit risk primarily with respect to reinsurance receivables and investments in debt securities. The Company manages the risk by regularly evaluating credit quality of its retrocessionaires and issuers of securities and assessing their ability to pay, considering their credit rating and monitoring of their financial positions. The Company has a policy to retrocede its business to foreign retrocessionaires and buy securities from issuers that have credit ratings of at least A- and therefore it is not expected to incur material financial losses from credit risk. The maximum exposure to credit risk is limited to the carrying amount of reinsurance receivables and investments in debt securities as presented in the statement of financial position.

The Company has policy to manage expected credit losses (ECL) related to debt instruments by determining If there has been a significant increase in credit risk of the securities since the first day of investment and considering credit quality of financial assets under the following criteria.

- (1) Financial asset without a significant increase in credit risk or low credit risk considering that the issuer's credit rating is rated as "Investment Grade" and there are no changes in related factor that significantly impact to issuer's cashflow. This stage of financial assets is subject to the 12-month ECL and interest income is calculated by applying the effective interest rate to the amortised cost before allowance for expected credit losses.
- (2) Financial asset with a significant increase in credit risk or higher credit risk considering that the issuer's credit rating is rated as "Non-investment Grade" and there are changes in related factors that significantly impact the issuer's cashflows. This stage of financial assets is subject to the life-time ECL and interest income is calculated by applying the effective interest rate to the amortised cost before allowance for expected credit losses.
- (3) Financial asset with credit-impaired or there is objective and apparently evidences of impairment considering that there is 1 day past due on its contractual payment, including default on other loan or debt of the same issuers. As a result, the issuer credit rating is rated as "Default Grade". This stage of financial assets is subject to the life-time ECL and interest income is calculated by applying the effective interest rate to the amortised cost after allowance for expected credit losses.

In respect of loans and interest receivable, This type of loans is provided to employees in accordance with the Company's employee welfare plan. The Company has considered the risk of employee loan default to be very low since the loaning are considered subject to a period of employment and the approval of the supervisor. Moreover, the loans payments can be made through automatic payroll deductions, the possibility of default is therefore estimated to zero.

The following table showed the credit quality of financial assets exposed to credit risk. The amounts presented for financial assets were net carrying value after deducting allowance for expected credit losses, which were also considered to be the maximum exposure of financial assets before both the effect of mitigation through the use of master netting and collateral arrangements.

(Unit: Baht)

Financial statements in which the equity method is applied and Separate financial statements				
31 December 2021				
	Financial assets			
	Financial assets	with significant		
	without significant	increase in credit risk	Financial assets with credit-impaired	
	increase in credit risk	(Lifetime ECL - not credit impaired)	(Lifetime ECL - credit impaired)	
	(12-mth ECL)	(12-mth ECL impaired)	(12-mth ECL credit impaired)	Total
Cash and cash equivalents				
Investment grade	155,900,308	-	-	155,900,308
Less: Allowance for expected credit loss	(105,523)	-	-	(105,523)
Net carrying value	<u>155,794,785</u>	<u>-</u>	<u>-</u>	<u>155,794,785</u>
Held-to-maturity investments measured at amortised cost				
Investment grade	1,175,435,082	-	-	1,175,435,082
Less: Allowance for expected credit loss	(583,666)	-	-	(583,666)
Net carrying value	<u>1,174,851,416</u>	<u>-</u>	<u>-</u>	<u>1,174,851,416</u>
Loans and interest receivable				
Not yet due	162,491	-	-	162,491
Less: Allowance for expected credit loss	-	-	-	-
Net carrying value	<u>162,491</u>	<u>-</u>	<u>-</u>	<u>162,491</u>

(Unit: Baht)

Financial statements in which the equity method is applied and

Separate financial statements

31 December 2020

Financial assets				
Financial assets	with significant	Financial assets	with credit-	
without	increase in	credit risk	impaired	
significant	(Lifetime ECL -			
increase in				
credit risk	not credit	(Lifetime ECL -		
(12-mth ECL)	impaired)	credit impaired)		Total
Cash and cash equivalents				
Investment grade	41,176,718	-	-	41,176,718
Less: Allowance for expected credit loss	(41,852)	-	-	(41,852)
Net carrying value	<u>41,134,866</u>	<u>-</u>	<u>-</u>	<u>41,134,866</u>
Held-to-maturity investments measured at				
amortised cost				
Investment grade	963,202,677	-	-	963,202,677
Less: Allowance for expected credit loss	(425,299)	-	-	(425,299)
Net carrying value	<u>962,777,378</u>	<u>-</u>	<u>-</u>	<u>962,777,378</u>
Loans and interest receivable				
Not yet due	633,103	-	-	633,103
Less: Allowance for expected credit loss	-	-	-	-
Net carrying value	<u>633,103</u>	<u>-</u>	<u>-</u>	<u>633,103</u>

The following table showed the movement of the allowance for expected credit losses for the year ended 31 December 2021.

(Unit: Baht)

Financial statements in which the equity method is applied and Separate financial statements				
31 December 2021				
Financial assets				
Financial assets	with significant without significant increase in credit risk (12-mth ECL)	increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets with credit- impaired (Lifetime ECL - credit impaired)	Total
Cash and cash equivalents				
Beginning balance	41,852	-	-	41,852
Change due to remeasurement of allowance for expected credit losses	63,671	-	-	63,671
Ending balance	<u>105,523</u>	<u>-</u>	<u>-</u>	<u>105,523</u>
Held-to-maturity investments measured at amortised cost				
Beginning balance	425,299	-	-	425,299
Newly purchased or acquired financial assets	323,626	-	-	323,626
Change due to remeasurement of allowance for expected credit losses	(165,259)	-	-	(165,259)
Ending balance	<u>583,666</u>	<u>-</u>	<u>-</u>	<u>583,666</u>

(Unit: Baht)

Financial statements in which the equity method is applied and Separate financial statements				
31 December 2020				
Financial assets				
Financial assets	with significant without significant increase in credit risk (12-mth ECL)	increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets with credit- impaired (Lifetime ECL - credit impaired)	Total
Cash and cash equivalents				
Beginning balance	-	-	-	-
Newly purchased or acquired financial assets	28,930	-	-	28,930
Change due to remeasurement of allowance for expected credit losses	12,922	-	-	12,922
Ending balance	<u>41,852</u>	<u>-</u>	<u>-</u>	<u>41,852</u>
Held-to-maturity investments measured at amortised cost				
Beginning balance	-	-	-	-
Newly purchased or acquired financial assets	327,558	-	-	327,558
Change due to remeasurement of allowance for expected credit losses	97,741	-	-	97,741
Ending balance	<u>425,299</u>	<u>-</u>	<u>-</u>	<u>425,299</u>

b. Market risk

Market risk is the risk that change in interest rates, foreign exchange rates and securities prices may have an effect on the Company's financial position. The Company had no significant financial assets denominated in foreign currencies; market risk is therefore confined only to interest rate risk and equity position risk.

(1) Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks and investments in debt securities.

The Company has managed interest rate risk by closely monitoring interest rate movement and incorporating it into investment allocation decision making.

Significant assets and liabilities classified by type of interest rate were summarised in the table below, with those assets and liabilities that carried fixed interest rates further classified based on the maturity date, or the repricing date if this occurred before the maturity date.

(Unit: Thousand Baht)

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

	31 December 2021						
	Fixed interest rates			Non-			
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	interest bearing	Total	Effective interest rate (% per annum)
Financial assets							
Cash and cash equivalents	-	-	-	155,790	5	155,795	0.05 - 0.65
Accrued investment income	-	-	-	-	16,939	16,939	-
Investments in securities							
Government and state enterprise							
securities	262,931	254,909	124,750	-	-	642,590	0.82
Private enterprise debt securities	207,280	111,951	153,090	-	-	472,321	1.70
Equity securities	-	-	-	-	1,015,141	1,015,141	-
Deposits at financial institutions	59,940	-	-	-	-	59,940	0.60
Loans and interest receivables	-	-	-	162	-	162	2.25
Financial liabilities							
Lease liabilities	766	-	-	-	-	766	6.20
Assets under insurance contracts							
Reinsurance assets							
- Long-term insurance policy							
reserves	-	-	-	-	2,991	2,991	-
- Loss reserves	-	-	-	-	4,342	4,342	-
Reinsurance receivables	-	-	-	-	135,046	135,046	-
Liabilities under insurance contracts							
Insurance contract liabilities							
- Long-term insurance policy							
reserves	-	-	-	-	502,690	502,690	-
- Loss reserves	-	-	-	-	141,978	141,978	-
Due to reinsurers	-	-	-	-	146,020	146,020	-

(Unit: Thousand Baht)

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

	31 December 2020						
	Fixed interest rates			Non-			
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	interest bearing	Total	Effective interest rate (% per annum)
Financial assets							
Cash and cash equivalents	21,971	-	-	19,160	4	41,135	0.05 - 0.50
Accrued investment income	-	-	-	-	14,386	14,386	-
Investments in securities							
Government and state enterprise							
securities	228,024	119,919	127,699	-	-	475,642	0.64
Private enterprise debt securities	65,355	144,289	77,743	-	-	287,387	1.86
Equity securities	-	-	-	-	962,044	962,044	-
Deposits at financial institutions	199,747	-	-	-	-	199,747	0.55
Loans and interest receivables	-	-	-	633	-	633	2.25
Financial liabilities							
Lease liabilities	720	766	-	-	-	1,486	6.20
Assets under insurance contracts							
Reinsurance assets							
- Long-term insurance policy							
reserves	-	-	-	-	2,822	2,822	-
Reinsurance receivables	-	-	-	-	433,896	433,896	-
Liabilities under insurance contracts							
Insurance contract liabilities							
- Long-term insurance policy							
reserves	-	-	-	-	508,605	508,605	-
- Loss reserves	-	-	-	-	28,979	28,979	-
Due to reinsurers	-	-	-	-	346,731	346,731	-

(2) Securities price risk

Securities price risk is the risk that change in the market prices of securities will result in fluctuations in revenues and in the value of assets.

The Company manages the price risk by continually analysing and monitoring changes in any factors that might lead to adverse movement in the market price of the invested securities. The Company has adopted a prudent investment policy and avoids speculative investments that would jeopardise its capital. The Company invests in high quality securities that are expected to generate reasonable and consistent returns.

As at 31 December 2021 and 2020, the Company had risk from holding securities, the price of which would change following market conditions.

c. 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 manages its liquidity position through prudent investment decisions, cash flow matching of assets and liabilities, and diversification of assets and liabilities to ensure that adequate cash is available when needed. Moreover, the Company sets its liquidity position at a higher than that required by the Office of Insurance Commission.

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

(Unit: Thousand Baht)

Financial statements in which the equity method is applied and Separate financial statements						
	31 December 2021					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets						
Cash and cash equivalents	155,790	-	-	-	5	155,795
Accrued investment income	-	6,007	10,932	-	-	16,939
Investments in securities	1,013,704	530,151	366,860	277,840	1,437	2,189,992
Loans and interest						
receivable	-	162	-	-	-	162
Financial liabilities						
Lease liabilities	-	792	-	-	-	792
Assets under insurance						
contracts						
Reinsurance receivables	-	135,046	-	-	-	135,046
Liabilities under						
insurance contracts						
Due to reinsurers	-	146,020	-	-	-	146,020

(Unit: Thousand Baht)

Financial statements in which the equity method is applied and Separate financial statements						
	31 December 2020					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets						
Cash and cash equivalents	19,160	21,971	-	-	4	41,135
Accrued investment						
income	-	4,770	9,616	-	-	14,386
Investments in securities	959,694	493,127	264,208	205,443	2,350	1,924,822
Loans and interest						
receivable	-	471	162	-	-	633
Financial liabilities						
Lease liabilities	-	792	792	-	-	1,584
Assets under insurance						
contracts						
Reinsurance receivables	-	433,896	-	-	-	433,896
Liabilities under						
insurance contracts						
Due to reinsurers	-	346,731	-	-	-	346,731

The Company's reinsurance contracts generated an annual reinsurance premium, net of underwriting expenses throughout term of contracts whereby remaining periods to maturity of insurance contract liabilities, counted from the statement of financial position as at 31 December 2021 and 2020, were presented as a percentage to total insurance contract liabilities as below:

Remaining periods to maturity	(Unit: Percent)	
	31 December 2021	31 December 2020
1 year	26.6	18.7
1 year to 5 years	32.7	37.6
Over 5 years	40.7	43.7
Total	100.0	100.0

31. Fair value of financial instruments

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

(Unit: Baht)						
Financial statements in which the equity method is applied and separate financial statements						
31 December 2021						
Fair value						
	Level 1	Level 2	Level 3	Total	Carrying value	
Financial assets measured at fair value						
Available-for-sale investments						
measured at fair value through other comprehensive income	685,993,570	327,711,033	1,436,101	1,015,140,704	1,015,140,704	
Financial assets for which fair values were disclosed						
Cash and cash equivalents	155,900,308	-	-	155,900,308	155,794,785	
Held-to-maturity investments						
Government and state enterprise securities	-	659,610,838	-	659,610,838	642,589,733	
Private enterprise debt securities	-	476,044,270	-	476,044,270	472,321,449	
Deposits at financial institution	60,000,000	-	-	60,000,000	59,940,234	
Loan and interest receivables	-	-	162,491	162,491	162,491	
Liabilities for which fair values were disclosed						
Lease liabilities	-	-	766,238	766,238	766,238	

(Unit: Baht)

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

	31 December 2020				
	Fair value				
	Level 1	Level 2	Level 3	Total	Carrying value
Financial assets measured at fair value					
Trading investments measured at fair value through profit or loss					
	-	79,068,935		-	79,068,935
Available-for-sale investments measured at fair value through other comprehensive income					
	600,510,519	280,114,859	2,349,983	882,975,361	882,975,361
Financial assets for which fair values were disclosed					
Cash and cash equivalents	41,176,718			-	41,176,718
Held-to-maturity investments measured at amortised cost					
Government and state enterprise securities	-	486,337,634		-	486,337,634
Private enterprise debt securities	-	291,939,521		-	291,939,521
Deposits at financial institutions	200,000,000		-	-	200,000,000
Loans and interest receivables	-		-	633,103	633,103
Liabilities for which fair values were disclosed					
Lease liabilities	-		-	1,486,503	1,486,503

The fair value hierarchy of financial assets was presented according to Note 4.19 to financial statements. The methods and assumptions used by the Company in estimating the fair value of financial instruments were as follows:

- Financial assets and liabilities having short-term maturity periods as cash and cash equivalents, and deposits at banks with an original maturity period of within 1 year were presented at fair values, which approximate their carrying amounts in the statement of financial position.
- Investments in listed equity securities and investment units were presented at fair values using market price.
- Investments in debts securities were presented at fair values, determined using the yield curves as announced by the Thai Bond Market Association.

- (d) Investments in non-listed equity securities were presented at fair values, determined using the discounted cash flow method. Investments in non-listed investment units were presented at fair values, using the net asset value per unit as announced by the fund managers.
- (e) Loans and interest receivables are presented at fair value, which is estimated by discounting expected future cash flow by the current market interest rate.

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

32. Capital management for life insurance companies

The primary objectives of the Company's capital management are to ensure that it has ability to continue its business as a going concern and to maintain risk-based capital in accordance with the requirements of the Office of the insurance Commission.

33. Event after the reporting period

On 21 February 2022, the Meeting of the Company's Board of Directors passed a resolution approving the proposal to the Annual General Meeting of the Company's shareholders to be held in April 2022 for an approval of dividend payment from the 2021 operating results at Baht 0.12 per share or a total of Baht 72 million.

34. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 21 February 2022.