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***BANGKOK LIFE ASSURANCE PUBLIC  
COMPANY LIMITED AND SUBSIDIARIES***

***Financial Statements***

***Year ended December 31, 2019***



บริษัท ดีลอยท์ ทูเช่ โทมัทสึ ไทยแลนด์  
สอบบัญชี จำกัด  
เอไอเอ สาทร์ ทาวเวอร์ ชั้น 23-27  
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## REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

### TO THE SHAREHOLDERS AND BOARD OF DIRECTORS BANGKOK LIFE ASSURANCE PUBLIC COMPANY LIMITED

#### Opinion

We have audited the consolidated financial statements of Bangkok Life Assurance Public Company Limited and its subsidiaries (the “Group”) and the separate financial statements of Bangkok Life Assurance Public Company Limited (the “Company”), which comprise the consolidated and separate statements of financial position as at December 31, 2019, and the related consolidated and separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of Bangkok Life Assurance Public Company Limited and its subsidiaries and of Bangkok Life Assurance Public Company Limited as at December 31, 2019, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

#### Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and separate Financial Statements section of our report. We are independent of the Group in accordance with the Federation of Accounting Professions’ Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to the audit of the consolidated and separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

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

Key Audit Matters	Key Audit Procedures
<p><b>Revenue recognition - Gross written premium</b></p> <p>The Group offers life insurance service to a large number of policyholders through various type, number of policies and channels. The Group recognizes premiums as revenue since the effective date of the policies. The Group has underwriting process which the date of policy approval may different from the date of policy effective.</p> <p>Key audit matters is whether the recognition of gross written premium is accurately recognized in the correct accounting period in accordance with Thai Financial Reporting Standards.</p> <p>The accounting policies of revenue recognition and detail of revenue from written premium were disclosed in Notes 4.2 and 27 to the financial statements, respectively.</p>	<p>Our key audit procedures were as follows:</p> <ul style="list-style-type: none"> <li>• Understanding the revenue recognition - gross written premium process and related internal control procedures.</li> <li>• Performing the design and implementation of internal control procedures related to gross written premium recognition.</li> <li>• Performing the operating effectiveness testing over the internal control procedures around revenue recognition process including related information and technology system.</li> <li>• Performing the substantive testing as follows:                             <ul style="list-style-type: none"> <li>- Examining the supporting documents for the gross written premium including the gross written premium before and after the reporting period with the policy effective date in the policies issued to policyholders whether it has been recognized in an appropriate accounting period.</li> <li>- Examining the documents that are made through the General Journal Entries (Journal Entries), especially in relation to the recognition of gross written premium.</li> <li>- Performing analytical procedures on financial information relating to gross written premium.</li> </ul> </li> </ul>

Key Audit Matters	Key Audit Procedures
<p><b>Reserve for long-term insurance contracts</b></p> <p>As at December 31, 2019, the Group had reserves for long-term insurance contracts of Baht 277,489 million, representing 95.79% of its total liabilities. These reserves are accumulated for policies in force, from the inception of insurance policies to the end of the reporting period. They are calculated based on the net level premium valuation (NPV), which is an actuarial method using locked-in assumptions, plus 4% of NPV to buffer the risk of actual assumptions being different from actual circumstances. In addition, the Group conducts a liability adequacy test (LAT) on the reserve at the end of every reporting period, and if the liability reserve is not sufficient, the Company recognized the shortfall as additional expense in the statements of income and the statement of comprehensive income. The liability adequacy test (LAT) on the reserve is performed based on the Gross Premium Valuation (GPV), which uses the current best estimate assumption of the contractual obligations. The assumptions include mortality rate, discount rate, lapse or surrender rates and rate of selling and administration expenses, etc.</p> <p>Changes to assumptions could significantly affect the reserves for long-term insurance contracts. Key audit matters is whether the measurement of reserve for long-term insurance contracts is in accordance with the Thai Financial Reporting Standards.</p> <p>The accounting policies of reserve for long-term insurance contract, detail of reserve for long-term insurance contract and key assumptions used in the measurement of insurance reserve for long-term insurance contract were disclosed in Notes 4.14.1, 21.1 and 21.5.1 to the financial statements, respectively.</p>	<p>Our key audit procedures were as follows:</p> <ul style="list-style-type: none"> <li>• Understanding the reserve for long-term insurance contract process and related internal control procedures.</li> <li>• Performing the design and implementation of internal control procedures related to recognition of reserve for long-term insurance contracts.</li> <li>• Performing the operating effectiveness testing over the internal control procedures around long-term insurance contract process including related information and technology system.</li> <li>• Performing the substantive testing as follows:             <ul style="list-style-type: none"> <li>- The auditor's actuary expert assessed key data and assumptions and financial models using the Gross Premium Valuation method (GPV), which was applied by the management for the liability adequacy test by testing the data used in estimating the reserve for long-term insurance contracts against its sources, evaluating assumptions underlying the selected financial models and methods used for reserve for long-term insurance contracts estimation by performing analytical procedures on the Company's application of the experience analysis method, the methods used in determining past assumptions, and benchmarking of the management's assumptions to the data on the life insurance industry overall. For economic assumptions, performing analytical procedures on the assumptions with the financial and economic data, testing the selected financial models and assessing whether the method used in the reserve for long-term insurance contracts calculation was consistent with an actuarial approach and in accordance with the notification of the Office of Insurance Commission. In addition, analyzing and reviewing reserve for long-term insurance contracts movements.</li> <li>- Examining the documents that are made through the General Journal Entries (Journal Entries), especially in relation to the reserve for long-term insurance contracts.</li> <li>- Performing analytical procedures on financial information relating to reserve for long-term insurance contracts.</li> </ul> </li> </ul>

### **Other Information**

Management is responsible for the other information. The other information comprises information in the annual report, we have received such other information in the annual report that has been prepared for issuance before the date of this auditors' report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When have read other information that has been prepared for issuance, we did not find any material inconsistency therein which we have to report.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements**

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and 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 Group or to cease operations, or has no realistic alternative but to do so.

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

## **Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs 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 consolidated and separate financial statements.

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate 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 our 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 Group'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 Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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 we identify during our audit.

We also provide those charged with governance with a statement that we 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 our independence, and where applicable, related safeguards.

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



Chavala Tienpasertkij  
Certified Public Accountant (Thailand)  
Registration No.4301

**BANGKOK**  
February 26, 2020

**DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.**

BANGKOK LIFE ASSURANCE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

(UNIT : THOUSAND BAHT)

	Notes	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>ASSETS</b>					
Cash and cash equivalents	6	13,441,883	9,825,592	13,367,366	9,745,784
Premium receivables	7	1,800,658	1,910,397	1,800,658	1,910,397
Accrued investment income		2,679,747	2,690,939	2,679,747	2,690,939
Reinsurance assets	8, 21	549,701	539,180	549,701	539,180
Amount due from reinsurance	9	1,044,316	703,965	1,044,316	703,965
Derivative assets	10	998,121	274,887	998,121	274,887
Investment assets					
Investments in securities					
Held-for-trading investments	11	20,856	33,497	20,856	33,497
Available-for-sale investments	11	80,104,389	75,171,941	80,104,389	75,171,941
Held-to-maturity investments	11, 34, 35	219,980,163	217,424,076	219,980,163	217,424,076
General investments	11	31,338	30,302	31,338	30,302
Investments in subsidiaries	12	-	-	56,409	98,437
Loans	14	10,226,054	11,561,541	10,226,054	11,561,541
Investment property	15	16,686	17,752	16,686	17,752
Premises and equipment	16	1,425,696	1,333,668	1,425,472	1,331,795
Goodwill	17	4,955	4,955	-	-
Intangible assets	18	3,932	3,745	3,932	3,615
Deferred tax assets	19	920,739	2,154,027	920,739	2,154,027
Other assets	20	430,840	897,385	395,501	861,097
<b>TOTAL ASSETS</b>		<b>333,680,074</b>	<b>324,577,849</b>	<b>333,621,448</b>	<b>324,553,232</b>

Notes to the financial statements form an integral part of these statements



BANGKOK LIFE ASSURANCE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2019

(UNIT : THOUSAND BAHT)

	Notes	Consolidated		Separate	
		2019	2018	2019	2018
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
Insurance contract liabilities	21	286,641,828	283,281,023	286,641,817	283,280,931
Amount due to reinsurance	22	1,128,743	585,436	1,128,743	585,436
Derivative liabilities	10	118,273	644,294	118,273	644,294
Income tax payable		90,826	7,537	90,826	7,537
Employee benefit obligations	23	213,860	178,637	211,877	177,112
Other liabilities	24	1,226,094	1,372,766	1,215,357	1,362,192
<b>Total liabilities</b>		<b>289,419,624</b>	<b>286,069,693</b>	<b>289,406,893</b>	<b>286,057,502</b>
<b>Equity</b>					
Share capital					
Authorized share capital					
1,708,000,000 ordinary shares of					
Baht 1 each					
		<u>1,708,000</u>	<u>1,708,000</u>	<u>1,708,000</u>	<u>1,708,000</u>
Issued and paid-up shares capital					
	25				
1,707,566,000 ordinary shares of					
Baht 1 each, fully paid-up					
		1,707,566	1,707,566	1,707,566	1,707,566
Premium on share capital	25	3,360,993	3,360,993	3,360,993	3,360,993
Retained earnings					
Appropriated					
Statutory reserve					
	26	170,800	170,800	170,800	170,800
General reserve					
		400,000	400,000	400,000	400,000
Unappropriated					
		31,055,142	27,908,092	31,039,624	27,894,514
Other component of owners' equity					
Revaluation surplus on available-for-sale					
investments - net of income taxes					
	11	7,535,572	4,961,857	7,535,572	4,961,857
Foreign exchange differences on					
translation of financial statements in					
foreign currency					
		(4,781)	(4,700)	-	-
Equity attributable to equity holders of					
the Company					
		44,225,292	38,504,608	44,214,555	38,495,730
Non-controlling interests of the subsidiary					
		35,158	3,548	-	-
<b>Total equity</b>		<b>44,260,450</b>	<b>38,508,156</b>	<b>44,214,555</b>	<b>38,495,730</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>333,680,074</b>	<b>324,577,849</b>	<b>333,621,448</b>	<b>324,553,232</b>

Notes to the financial statements form an integral part of these statements

**BANGKOK LIFE ASSURANCE PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

(UNIT : THOUSAND BAHT)

	Notes	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Continuing operations</b>					
<b>Revenues</b>					
Gross written premium	27, 33	35,692,324	40,891,995	35,692,429	40,892,094
<u>Less</u> Premium ceded to reinsurers	27, 33	<u>(1,343,318)</u>	<u>(1,303,543)</u>	<u>(1,343,318)</u>	<u>(1,303,543)</u>
Net premium written		34,349,006	39,588,452	34,349,111	39,588,551
<u>Less</u> Unearned premium reserves increased form prior year	27	<u>(41,246)</u>	<u>(34,237)</u>	<u>(41,246)</u>	<u>(34,237)</u>
Net earned premium		34,307,760	39,554,215	34,307,865	39,554,314
Fee and commission income	27	351,358	374,928	351,358	374,928
Net investment income	33	12,631,630	12,255,040	12,631,630	12,202,360
Gain on investment	11	1,072,055	1,486,223	1,072,055	1,486,223
Gain on revaluation	31	347,194	61,976	347,194	61,976
Other income	33	192,055	137,944	170,669	120,029
<b>Total revenues</b>		<u>48,902,052</u>	<u>53,870,326</u>	<u>48,880,771</u>	<u>53,799,830</u>
<b>Expenses</b>					
Life policy reserves increased from prior year	27	3,580,422	17,313,055	3,580,422	17,313,055
Benefit payments under life policies and claims	27, 33	35,505,321	25,562,448	35,505,321	25,562,448
<u>Less</u> Benefit payments under life policies and claims refundable from reinsurance	27	<u>(740,827)</u>	<u>(891,203)</u>	<u>(740,827)</u>	<u>(891,203)</u>
Commissions and brokerages expenses	27, 33	3,004,479	3,465,084	2,993,711	3,455,234
Other underwriting expenses	27	610,307	857,176	610,199	857,157
Operating expenses	28	1,636,429	1,770,547	1,629,994	1,763,969
<b>Total expenses</b>		<u>43,596,131</u>	<u>48,077,107</u>	<u>43,578,820</u>	<u>48,060,660</u>
<b>Profits before income tax expense</b>		<u>5,305,921</u>	<u>5,793,219</u>	<u>5,301,951</u>	<u>5,739,170</u>
Income tax expense	19	<u>(918,025)</u>	<u>(813,149)</u>	<u>(918,025)</u>	<u>(813,149)</u>
<b>Profit for the years from continuing operations</b>		<u>4,387,896</u>	<u>4,980,070</u>	<u>4,383,926</u>	<u>4,926,021</u>
<b>Discontinued operation</b>					
Loss for the years from discontinued operation - net of tax income	13	<u>(3,597)</u>	<u>(19,840)</u>	-	-
<b>Profit for the years</b>		<u>4,384,299</u>	<u>4,960,230</u>	<u>4,383,926</u>	<u>4,926,021</u>
<b>Profit for the years attributable to</b>					
<b>Equity holders of the Company</b>					
From continuing operations		4,387,856	4,980,056	4,383,926	4,926,021
From discontinued operation		<u>(1,870)</u>	<u>(10,317)</u>		
		<u>4,385,986</u>	<u>4,969,739</u>		
<b>Non-controlling interests of subsidiaries</b>					
From continuing operations		40	14		
From discontinued operation		<u>(1,727)</u>	<u>(9,523)</u>		
		<u>(1,687)</u>	<u>(9,509)</u>		
		<u>4,384,299</u>	<u>4,960,230</u>		

BANGKOK LIFE ASSURANCE PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2019

(UNIT : THOUSAND BAHT)

	Notes	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Profit for the years</b>		<u>4,384,299</u>	<u>4,960,230</u>	<u>4,383,926</u>	<u>4,926,021</u>
<b>Other comprehensive income</b>					
Other comprehensive income to reclassified to profit or loss in subsequent periods					
Gains (losses) on remeasuring available-for-sale investments	11, 32	3,643,438	(3,871,715)	3,643,438	(3,871,715)
Reversal of gain realised on the disposal of available-for-sale investments	11, 32	(426,294)	(1,519,265)	(426,294)	(1,519,265)
Foreign exchange differences on translation of financial statements in foreign currency	32	(155)	(496)	-	-
Income taxes relating to other comprehensive income	19, 32	<u>(643,429)</u>	<u>1,078,196</u>	<u>(643,429)</u>	<u>1,078,196</u>
Total other comprehensive income to reclassified to be profit or loss in subsequent periods - net of income taxes		<u>2,573,560</u>	<u>(4,313,280)</u>	<u>2,573,715</u>	<u>(4,312,784)</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Actuarial gain (loss)	32	(14,726)	21,187	(14,606)	20,933
Income taxes relating to other comprehensive income	19, 32	<u>2,921</u>	<u>(4,187)</u>	<u>2,921</u>	<u>(4,187)</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		<u>(11,805)</u>	<u>17,000</u>	<u>(11,685)</u>	<u>16,746</u>
<b>Other comprehensive income (loss) for the years - net of income taxes</b>		<u>2,561,755</u>	<u>(4,296,280)</u>	<u>2,562,030</u>	<u>(4,296,038)</u>
<b>Total comprehensive income for the years</b>		<u>6,946,054</u>	<u>663,950</u>	<u>6,945,956</u>	<u>629,983</u>
<b>Total comprehensive income for the periods attributable to</b>					
Equity holders of the Company		6,947,816	673,696	<u>6,945,956</u>	<u>629,983</u>
Non-controlling interests of subsidiaries		<u>(1,762)</u>	<u>(9,746)</u>		
		<u>6,946,054</u>	<u>663,950</u>		
<b>Earnings (losses) per share</b>	37				
Basic earnings (losses) per share					
From continuing operations		2.570	2.916		
From discontinued operation	13	<u>(0.001)</u>	<u>(0.006)</u>		
Profit for the years		<u>2.569</u>	<u>2.910</u>	<u>2.567</u>	<u>2.885</u>

Notes to the financial statements form an integral part of these statements

**BANGKOK LIFE ASSURANCE PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

(UNIT : THOUSAND BAHT)

	Consolidated financial statement									
	Equity attributable to equity holders of the Company					Other component of equity				
	Note	Issued and paid-up share capital	Premium on share capital	Retained earnings		on remeasuring available-for-sale investments - net of income taxes	Exchange differences on translation of financial statements in foreign currency	Total equity attributable to equity holders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total
				Statutory reserve	Unappropriated					
Balance as at January 1, 2018	1,707,566	3,360,993	170,800	400,000	23,841,906	9,274,641	(4,441)	38,751,465	13,294	38,764,759
Dividend paid	-	-	-	-	(920,553)	-	(920,553)	-	-	(920,553)
Profits (losses) for the year	-	-	-	-	4,969,739	-	-	4,969,739	(9,509)	4,960,230
Other comprehensive income	-	-	-	-	-	(4,312,784)	-	(4,312,784)	-	(4,312,784)
Losses on remeasuring of available-for-sale investments - net of income taxes	-	-	-	-	17,000	-	-	17,000	-	17,000
Actuarial gain - net of income taxes	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of financial statements in foreign currency	-	-	-	-	-	-	(259)	(259)	(237)	(496)
Total comprehensive income (loss) for the year	-	-	-	-	4,986,739	(4,312,784)	(259)	673,696	(9,746)	663,950
Balance as at December 31, 2018	1,707,566	3,360,993	170,800	400,000	27,908,092	4,961,857	(4,700)	38,504,608	3,548	38,508,156

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Notes to the financial statements form an integral part of these statements

**BANGKOK LIFE ASSURANCE PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

(UNIT : THOUSAND BAHT)

	Consolidated financial statement									
	Equity attributable to equity holders of the Company					Other component of equity				
	Issued and paid-up share capital	Premium on share capital	Retained earnings	Unappropriated	Surplus	Exchange differences on translation of financial statements in foreign currency	Total equity attributable to equity holders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total	
38	1,707,566	3,360,993	170,800	27,908,092	4,961,857	(4,700)	38,504,608	3,548	38,508,156	
Balance as at January 1, 2019	-	-	-	(1,227,131)	-	-	(1,227,131)	-	(1,227,131)	
Dividend paid	-	-	-	-	-	-	-	-	-	
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	
Profits (losses) for the year	-	-	-	4,385,986	-	-	4,385,986	(1,687)	4,384,299	
Other comprehensive income	-	-	-	-	2,573,715	-	2,573,715	-	2,573,715	
Gains on remeasuring of available-for-sale investments - net of income taxes	-	-	-	(11,805)	-	-	(11,805)	-	(11,805)	
Actuarial loss - net of income taxes	-	-	-	-	-	-	-	-	-	
Exchange differences on translation of financial statements in foreign currency	-	-	-	-	-	(81)	(81)	(74)	(155)	
Total comprehensive income (loss) for the year	1,707,566	3,360,993	170,800	4,374,181	2,573,715	(81)	6,947,815	(1,761)	6,946,054	
Balance as at December 31, 2019	-	-	400,000	31,055,142	7,535,572	(4,781)	44,225,292	35,158	44,260,450	

Notes to the financial statements form an integral part of these statements

**BANGKOK LIFE ASSURANCE PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

(UNIT : THOUSAND BAHT)

	Separate financial statement							Total	
	Note	Issued and paid-up share capital	Premium on share capital	Retained earnings			Unappropriated		Other component of equity - Surplus on remeasuring of available-for-sale investments - net of income taxes
				Statutory reserve	Appropriated	General reserve			
<b>Balance as at January 1, 2018</b>		1,707,566	3,360,993	170,800	400,000	23,872,300	9,274,641	38,786,300	
Dividend paid	38	-	-	-	-	(920,553)	-	(920,553)	
Profits for the years		-	-	-	-	4,926,021	-	4,926,021	
Other comprehensive income		-	-	-	-	-	(4,312,784)	(4,312,784)	
Loss on remeasuring of available-for-sale investments		-	-	-	-	-	-	-	
- net of income taxes		-	-	-	-	16,746	-	16,746	
Actuarial gain - net of income taxes		-	-	-	-	-	(4,312,784)	(4,312,784)	
Total comprehensive income for the year		-	-	-	-	4,942,767	(4,312,784)	629,983	
<b>Balance as at December 31, 2018</b>		<b>1,707,566</b>	<b>3,360,993</b>	<b>170,800</b>	<b>400,000</b>	<b>27,894,514</b>	<b>4,961,857</b>	<b>38,495,730</b>	

Notes to the financial statements form an integral part of these statements

**BANGKOK LIFE ASSURANCE PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

(UNIT : THOUSAND BAHT)

	Separate financial statement							Total
	Note	Issued and paid-up share capital	Premium on share capital	Retained earnings		Unappropriated	Other component of equity - Surplus on re-measuring of available-for-sale investments - net of income taxes	
				Statutory reserve	Appropriated			
<b>Balance as at January 1, 2019</b>		1,707,566	3,360,993	170,800	400,000	27,894,514	4,961,857	38,495,730
Dividend paid	38	-	-	-	-	(1,227,131)	-	(1,227,131)
Profits for the years		-	-	-	-	4,383,926	-	4,383,926
Other comprehensive income		-	-	-	-	-	2,573,715	2,573,715
Gains on re-measuring of available-for-sale investments		-	-	-	-	-	-	-
- net of income taxes		-	-	-	-	(11,685)	-	(11,685)
Actuarial loss - net of income taxes		-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	4,372,241	2,573,715	6,945,956
<b>Balance as at December 31, 2019</b>		<b>1,707,566</b>	<b>3,360,993</b>	<b>170,800</b>	<b>400,000</b>	<b>31,039,624</b>	<b>7,535,572</b>	<b>44,214,555</b>

Notes to the financial statements form an integral part of these statements

BANGKOK LIFE ASSURANCE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

(UNIT : THOUSAND BAHT)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Cash flows provided by operating activities</b>					
Gross premium		35,595,501	40,667,069	35,595,607	40,667,132
Cash payments from reinsurance		(547,659)	(1,239,061)	(547,659)	(1,239,061)
Interest income		10,780,312	10,027,840	10,780,301	9,975,117
Dividend income		1,870,943	2,003,420	1,870,943	2,003,420
Gain on investment		1,528,950	1,421,096	1,528,950	1,421,096
Other income		170,984	137,614	150,479	119,695
Benefit payments under life policies and loss incurred on direct insurance		(35,150,351)	(24,729,712)	(35,150,351)	(24,729,712)
Commissions and brokerages on direct insurance		(3,129,801)	(3,569,327)	(3,119,340)	(3,567,121)
Other underwriting expenses		(572,964)	(674,592)	(572,856)	(674,592)
Operating expenses		(1,523,896)	(2,176,623)	(1,519,207)	(2,152,037)
Corporate income taxes		(244,877)	(369,823)	(244,877)	(369,823)
Investments in securities		(1,102,688)	(17,911,763)	(1,098,761)	(17,859,083)
Loans		1,362,807	(2,053,350)	1,362,807	(2,053,350)
Other investments		(4,067,140)	5,356,272	(4,067,140)	5,356,272
<b>Net cash provided by operating activities</b>		<b>4,970,121</b>	<b>6,889,060</b>	<b>4,968,896</b>	<b>6,897,953</b>
<b>Cash flows used in investing activities</b>					
Net cash flows for purchases and disposals of premises and equipment		(158,274)	(108,708)	(158,284)	(108,708)
Cash received from return of investment in a subsidiary		-	-	38,101	-
<b>Net cash used in investing activities</b>		<b>(158,274)</b>	<b>(108,708)</b>	<b>(120,183)</b>	<b>(108,708)</b>
<b>Cash flows used in financing activities</b>					
Dividend paid		(1,227,131)	(920,553)	(1,227,131)	(920,553)
<b>Net cash used in financing activities</b>		<b>(1,227,131)</b>	<b>(920,553)</b>	<b>(1,227,131)</b>	<b>(920,553)</b>
Non-controlling interests of subsidiaries		31,606	-	-	-
Exchange differences on translation of financial statements in foreign currency		(31)	(9,999)	-	-
<b>Net increase in cash and cash equivalents</b>		<b>3,616,291</b>	<b>5,849,800</b>	<b>3,621,582</b>	<b>5,868,692</b>
Cash and cash equivalents at beginning of years		9,825,592	3,975,792	9,745,784	3,877,092
<b>Cash and cash equivalents at end of years</b>	6	<b>13,441,883</b>	<b>9,825,592</b>	<b>13,367,366</b>	<b>9,745,784</b>

Notes to the financial statements form an integral part of these statements



**BANGKOK LIFE ASSURANCE PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**1. GENERAL INFORMATION AND THE COMPANY'S OPERATIONS**

Bangkok Life Assurance Public Company Limited (the "Company") is a public company incorporated and domiciled in Thailand. Its major shareholder is Nippon Life Insurance Company, which was incorporated in Japan. The Company is principally engaged provision of life insurance services. The registered office of the Company is at No. 23/115-121, Soi Sun Wichai, Rama 9 Road, Bangkapi Sub-district, Huaykwang District, Bangkok.

**2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS**

**2.1 Basis for preparation of financial statements**

The Group maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.

The Group's financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2018) "Presentation of Financial Statements", which was effective for financial periods beginning on or after January 1, 2019 onward 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 OIC regarding criteria, procedures, terms and conditions for preparation and submission of financial statements and operating performance reports of life insurance companies dated March 4, 2016, which has been effective since January 1, 2016 onwards.

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 the Thai language financial statements.

The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies.

## 2.2 Basis for preparation of consolidated financial statement

The consolidated financial statements include the financial statements of Bangkok Life Assurance Public Company Limited and the following subsidiaries:

Company's name	Nature of business	Country of incorporation	Percentage of shareholding as at December 31,	
			2019	2018
			%	%
BLA Insurance Broker Company Limited	Insurance broker	Thailand	99	99
Bangkok Life Assurance (Cambodia) Public Limited Company <sup>(1)</sup>	Life Insurance	Cambodia	52	52

<sup>1)</sup> On June 15, 2018, the Extraordinary Meeting of Shareholder of Bangkok Life Assurance (Cambodia) Public Limited Company which is a subsidiary of the Company has passed a resolution to cease its operation and proceed with the voluntary liquidation (see Note 13).

The Company is deemed to have control over an investee or subsidiary if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the significant amount of its returns.

Subsidiaries are fully consolidated, being the date on the Company obtains control, and continued to be consolidated until the date when such control ceases.

The financial statements of subsidiaries are prepared using the same significant accounting policies as the Company.

Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statements of financial position.

## 2.3 Separate financial statements

The separate financial statements present investments in subsidiaries under the cost method.

## 2.4 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the year, the Company has adopted the revised and new financial reporting standards and guidelines on accounting issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any material impact on the Company's financial statements.

Thai Financial Reporting Standard No. 4 (Revised 2018) “Insurance Contracts”

This revised financial reporting standard determines the option for insurance industry to temporarily apply accounting guidelines for financial instruments and disclosures on insurance business instead of applying Thai Financial Reporting Standard No. 9 “Financial Instruments” and Thai Financial Reporting Standard No. 7 “Financial Instruments: Disclosures” for the annual periods beginning before January 1, 2023 or before Thai Financial Reporting Standard No. 17 “Insurance Contracts” is effective.

**3. THAI FINANCIAL REPORTING STANDARDS ANNOUNCED IN THE ROYAL GAZETTE BUT NOT YET EFFECTIVE**

The Federation of Accounting Professions has issued the Notification regarding Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretation and Thai Financial Reporting Standard Interpretation, which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The Company’s management has assessed the impact of these TFRSs and considered that the adoption of these financial reporting standards does not have any material impact on the financial statements of the Company in the period of initial application.

Group of Financial Instruments Standards

**Thai Accounting Standards (“TAS”)**

TAS 32                                      Financial Instruments: Presentation

**Thai Financial Reporting Standards (“TFRS”)**

TFRS 7                                      Financial Instruments: Disclosures

TFRS 9                                      Financial Instruments

**Thai Financial Reporting Standard Interpretations (“TFRIC”)**

TFRIC 16                                   Hedges of a Net Investment in a Foreign Operation

TFRIC 19                                   Extinguishing Financial Liabilities with Equity Instruments

These group of Standards make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost; taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model, the calculation of impairment using the expected credit loss method, and the concept of hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. These Standards will supersede the Standards and Interpretations relating to the financial instruments upon its effective date.

The Company's management is in the process to assess the impact of these Financial Instruments Standards on the financial statements of the Company in the period of initial application.

#### Thai Financial Reporting Standards No. 16 "Leases"

This TFRS provides a comprehensive model for the identification if lease arrangements and their treatment in the financial statements of both lessees and lessors.

This TFRS will supersede the following lease Standards and Interpretations upon its effective date, which are Thai Accounting Standard No. 17 "Leases", Thai Accounting Standard Interpretation No. 15 "Operating Lease - Incentives", Thai Accounting Standard Interpretation No. 27 "Evaluating the Substance of Transactions involving the Legal Form of a Lease" and Thai Financial Reporting Standard Interpretation No. 4 "Determining whether on Arrangement contains a Lease".

For lessee accounting, there are significant changes to lease accounting in this TFRS by removing the distinction between operating and finance leases under TAS 17 and requiring a lessee to recognize a right-of-use asset and a lease liability at commencement for all leases, except for short-term- leases and leases of low value assets. However, the lessor accounting treatment continues to require a lessor to classify a lease either as an operating lease or a finance lease, using the same concept as TAS 17.

The Company's management has assessed the impact of this TFRS and believed that it will not have any material impact on the financial statements of the Company in the period of initial application.

#### Thai Financial Reporting Standard No. 4 "Insurance Contracts"

The Federation of Accounting Professions issued Thai Financial Reporting Standard No. 4 "Insurance Contracts", which has been announced in the Royal Gazette on September 24, 2019 and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards. This revised financial reporting standard determines the option for insurance industry to temporary exempt from applying Thai Financial Reporting Standard No. 9 "Financial Instruments" and Thai Financial Reporting Standard No. 7 "Financial Instruments: Disclosures" if an entity meets the criteria required by such revised Thai Financial Reporting Standard. An entity can elect to apply the accounting guidelines for financial instruments and disclosures on insurance business for the financial statements for the period beginning on or after January 1, 2020 until the period beginning on or after January 1, 2023 or before Thai Financial Reporting Standard No. 17 "Insurance Contracts" becomes effective. If an entity elects to adopt this exemption, the entity is required to disclose how the entity meets criteria for such temporary exemption and provide comparison information of the entity that applies temporary exemption with those that apply Thai Financial Reporting Standard No. 9 and Thai Financial Reporting Standard No. 7.

The Company's management has assessed eligibility to apply such temporary exemption and concluded that the Company is eligible to apply such temporary exemption. Therefore, the Company's management elects to apply the accounting guidelines for financial instruments and disclosures on insurance business. As a result, the Company's management has not yet apply Thai Financial Reporting Standard No. 9 "Financial Instruments" and Thai Financial Reporting Standard No. 7 "Financial Instruments: Disclosures" for the period beginning on January 1, 2020.

The accounting guidelines for financial instruments and disclosures on insurance business

The Federation of Accounting Professions issued the accounting guidelines for financial instruments and disclosures on insurance business, which has been announced in the Royal Gazette on March 11, 2019 and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards, which allowed the adoption on this accounting guideline prior to the effective date for the financial statements beginning on or after January 1, 2019 onwards only. If an entity adopts this accounting guideline prior to the effective date, the entity is required to disclose such adoption. However, the Company's management has considered not to adopt such accounting guideline for financial instruments and disclosures on insurance business prior to the effective date.

The Company's management is in the process to assess the impact of the accounting guidelines for financial instruments and disclosures on insurance business on the financial statements of the Company in the period of initial application.

#### **4. SIGNIFICANT ACCOUNTING POLICIES**

##### **4.1 Product classification**

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

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

Insurance and investment contracts are further classified as being either with or without a discretionary participation feature (“DPF”). DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are likely to be a significant portion of the total contractual benefits, the amount or timing of which is contractually at the discretion of the insurance contract issuer, with the benefits based on the performance of a specified pool of contracts or a specified type of contract, or realised and/or unrealised investment returns on a specified pool of assets held by the issuer, or the profit or loss of the company, fund or other entity that issues the contract.

The Group and the Company classifies and measures insurance risk by comparing death benefits with surrender value in each year and set significant insurance risk level at least 5%.

#### 4.2 Revenue recognition

##### (1) Premium income

For the first year policies, premium written after net of premium ceded and refund, is recognised as revenue on the effective date of the insurance policies. For renewal policies, it is recognised as revenue when due and only on the policy that is still inforce at the end of reporting period.

##### (2) Ceded premium

Ceded premium is recognised as a deduction from premium income when the insurance risk is transferred to another reinsurer.

##### (3) Commission and brokerage fee income

Commission and brokerage fee income from ceded premium are based on contractual.

condition as specified in the arrangements and recognized as income when the service has been provided.

##### (4) Investment income

Interest and dividend income on investments

Interest income is recognised as revenue on an accrual basis based on the effective interest rate. Dividends are recognised as revenue when the right to receive the dividend is established.

##### (5) Interest income on loans

Interest income is recognised as revenue over the term of the loans based on the amount of principal outstanding, except for interest income portion that has been past due over six months, it is recognised on a cash basis.

(6) Gains (losses) on investments

Gains (losses) on investments are recognised as revenues or expenses when incurred.

(7) Other income

Other income is recognized on an accrual basis.

4.3 Expenses recognition

(1) Benefit payments under life policies and claims

Benefit payments under life policies

Benefit payments under life policies are recorded when notices of claims have been received or when benefits are due as conditions in policies.

Claims and losses adjustment expenses

Claims and losses adjustment expenses consist of claims and losses adjustment expenses of insurance, and include the amounts of the claims, related expenses, and loss adjustments of the current and prior period incurred during the year, and less claims refundable from reinsurers.

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

(2) Commissions and brokerages

Commission and brokerage fees are recognized on accrual basis.

(3) Other underwriting and operating expenses

Other underwriting and operating expenses are recognised in profit or loss as expenses on an accrual basis.

4.4 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

#### 4.5 Premium receivables and allowance for doubtful accounts

Premium receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of premium receivables. The allowance is generally based on collection experiences and a review of current status of the premium receivables as at the end of reporting period.

For individual policies whose cash value is greater than the amount of premium receivable and that is overdue longer than the grace period granted by the Company, the premium receivables will be settled by granting automatic premium loans.

#### 4.6 Reinsurance assets

Reinsurance assets are stated at the outstanding balance of insurance reserves refundable from reinsurers, which are estimated, based on the related reinsurance contracts, on unearned premium reserve, loss reserve and outstanding claims in accordance with the law regarding insurance reserves calculations.

The Group and the Company set up an allowance for doubtful amount when it has clear evidence as a result of events occurring after the initial recognition of reinsurance assets and the Group and the Company may not be paid. This amount can be measured reliably. Increase (decrease) in allowance for doubtful accounts is recognised as expenses in profit or loss.

#### 4.7 Reinsurance receivables and payables

- (1) Reinsurance receivables are stated at the outstanding balance of amounts due from reinsurers.

Amounts due from reinsurers consist of accrued commission and brokerage income, claims and various other items receivable from reinsurers, excluding reinsurance premium receivables, less allowance for doubtful accounts. The Group and the Company records allowance for doubtful accounts for the estimated losses that may be incurred due to inability to make collection, taking into account collection experience and the status of receivables from reinsurers as at the end of the reporting period.

- (2) Reinsurance payables are stated at the amount payable to reinsurers.

The amount payables to reinsurers consist of reinsurance premiums and other items payable to reinsurers, excluding claim reserves for claims incurred but not yet reported.



The Group and the Company presents net of reinsurance to the same entity (reinsurance assets or amounts due to reinsurers) when the following criteria for offsetting are met.

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

#### 4.8 Derivatives

##### Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrealized gains and losses from the translation are included in profit or loss. Premium or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

##### Cross currency swap contracts

Payables and receivables arising from cross currency swap contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrealized gains and losses from the translation are recognised in profit or loss.

#### 4.9 Investments assets

##### 4.9.1 Investments in securities

The Group and the Company measures investments in securities according to classification of investments as follows:

- (1) Held-for-trading investments are stated at fair value. Changes in the fair value of these investments are recorded in profit or loss.
- (2) Available-for-sale investments are stated at fair value. Changes in the fair value of these investments are recorded in other comprehensive income, and will be transferred to be recognised in profit or loss when investments are sold.
- (3) Investments in held-to-maturity debt securities are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income. The investments in debt securities are classified as held-to-maturity debt securities when the Company has the positive intention and ability to hold them to maturity.

- (4) Investments in non-marketable equity securities are classified as general investments, and are stated at cost net of allowance for impairment (if any).
- (5) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The fair value of marketable security 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 instrument is determined based on the yield rate quoted by the Thai Bond Market Association. The fair value of unit trust is determined from its net asset value.

Purchases and sales of investments are recorded on the transaction dates for equity instruments, and recorded on the settlement date for debt instruments.

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 the statement 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 investment is recognised as revenue or expense in profit or loss. The weighted average and first-in first-out method is used for computation of the cost of investments.

#### 4.9.2 Loans and allowance for doubtful accounts

Loans are stated at net realisable value. The Group and the Company set up an allowance for doubtful accounts based on the estimated loss that may be incurred in collection of receivables, on the basis of collection experiences, analysis of debt aging and the appraisal value of the collateral of each debt. Increase (decrease) in allowance for doubtful accounts is recognised as expenses in profit or loss.

#### 4.9.3 Investment property

Investment property is initially recorded at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and allowance for impairment (if any).

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of 20 years. Depreciation of the investment property is charged as expense to profit or loss.

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

#### 4.10 Premises and equipment and depreciation

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

Depreciation of buildings and equipment are calculated by reference to their costs on a straight-line basis over the following estimated useful lives, or the period of the lease as follows:

Buildings	20 years
Condominium units	20 years
Building improvements	5 years
Leasehold improvements	Period of lease
Furniture and fixtures and office equipment	3 years and 5 years
Motor vehicles	5 years

Depreciation is included in profit or loss.

No depreciation is provided for 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 profit or loss when the asset is derecognised.

#### 4.11 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated for impairment losses. Goodwill is tested for impairment annually or when circumstances indicate that the carrying value may be impaired.

An impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

#### 4.12 Intangible assets and amortisation

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

Intangible assets with finite lives are amortised on a systematic basis over their economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation amount is charged as expenses to profit or loss.

The useful lives of intangible assets with finite useful lives which are computer software are expected to generate economic benefit within 3 years, 5 years and 10 years.

#### 4.13 Impairment of assets

At the end of each reporting period, the Group and the Company perform impairment reviews in respect of property, buildings and equipment 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.

An impairment loss is recognised in profit or loss.

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 Group and the Company estimate 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 unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

#### 4.14 Insurance contract liabilities

##### 4.14.1 Reserves for long-term insurance contracts

Reserves for long-term insurance contracts represent the accumulated total liabilities for policies in force as at the end of the reporting period. Such reserves are set aside for estimated future claims and benefits payment under all life insurance policies in force. The Group and the Company calculates reserve under long-term policies with reference to net level premium reserve ("NPV"), which is an actuarial method, plus Provision for Adverse Deviation (PAD), which is 4% of NPV. The main assumptions used relating to mortality rate, morbidity rate adjusted by the management's experience, longevity and discount rates.

At the end of each reporting period, The Company perform liabilities adequacy test by gross premium valuation method Group and the (GPV). The significant assumptions are mortality rate adjusted by the management's experience, lapse or surrender rate, selling and administration expenses rate, which are the best estimate assumptions, and discount rate, which is comply with risk-free rate that is determined in accordance with the criteria for the calculation of liabilities under insurance contracts under the risk-based capital framework, plus illiquidity premium which is a rate added to the risk-free rate to reflect the nature of liabilities under insurance contracts that have low liquidity.

In case of insurance contract liabilities under liabilities adequacy test are higher than the amount presented in financial statement, the differences are recognised in profit and loss.

#### 4.14.2 Loss reserves and outstanding claims

Outstanding claims are recorded for the estimated cost of all claims notified but not settled at end of the reporting period, using the information available at the time. In addition, a loss reserve is also made for the cost of claims incurred but not reported (IBNR) as at end of the reporting period, which is based on actuarial estimates. The maximum value of claims estimated is not, however, to exceed the sum-insured under the relevant policy.

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

#### 4.14.3 Premium reserves

Premium reserves consist of unearned premium reserves and unexpired risks reserves.

##### (a) Unearned premium reserves

At the end of the reporting period, the Group and the Company records unearned premium reserves for short-term riders and group insurance, based on the amount calculated on net premium written for the year, using the monthly average basis (the one-twenty fourth basis).

##### (b) Unexpired risk reserves

Unexpired risk reserves are the amounts set aside for claims, which may occur in the future, of the in-force policies. Unexpired risk reserves are determined using an actuarial method. The reserves are determined using the best estimates of the claims, which are expected to occur during the remaining coverage period, with reference to its historical claim data.

As at the end of reporting period, the Group and the Company compares the amount of unexpired risk reserve with unearned premium reserve, and if unexpired risk reserve is higher than unearned premium reserve, the difference is recognised as unexpired risk reserve in the financial statements.

#### 4.14.4 Unpaid policy benefits

Unpaid policy benefits are recorded when notices of the claims are received or when conditions in the policy are met.

#### 4.15 Employee benefits

##### Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits and other long-term employee benefits.

##### Defined contribution plans

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

##### Defined benefit plans and other long-term employee benefits

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law and other employee benefit plans. The Group and the Company treat these severance payment obligations as a defined benefit plan. In addition, the Company and its subsidiaries provide also other long-term employee benefit plans, namely long service awards.

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

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit or loss.

#### 4.16 Provisions

Provisions are recognised when the Group and the Company have 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.

#### 4.17 Long-term leases

Leases of property, buildings or equipment, which transfer substantially all the risks and rewards of ownership to lessees are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The asset acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### 4.18 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each company included in the consolidated financial statements are measured using the functional currency of that Company.

##### *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of the Group and the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Foreign currency differences are generally recognised in profit or loss.

##### *Foreign operations*

The asset and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve until sales of investment, except to extent that the translation difference is allocated to non-controlling interests.

#### 4.19 Income tax

##### Income tax expenses

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

##### 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.

## 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, based on tax rates that have been enacted or substantively enacted on the end of the reporting period.

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

At each reporting date, the Group and the Company review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group and the Company record deferred income taxes directly to owners' equity if the taxes relate to items that are recorded directly to owners' equity.

### 4.20 Fair value measurement

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

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

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



At the end of each reporting period, the Group and the Company determine 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.

#### 4.21 Related party transactions

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

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

4.22 The consolidated and separate financial statements have been prepared based on the basis, accounting policies and method of computation consistent with those used in the financial statements for the year ended December 31, 2018 except for the accounting policy for discontinued operation which the Company classifies profit or loss, net of tax from discontinued operation in the separate line in the statements of profit or loss and other comprehensive income.

### 5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with financial reporting standards requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

#### 5.1 Leases

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

#### 5.2 Allowance for doubtful accounts on receivables/loans/premium receivables

In determining an allowance for doubtful accounts on receivables, loans and premium receivables, the management judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

### 5.3 Fair value of financial instruments

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

### 5.4 Impairment of investments in equity securities

The Group and the Company treat available-for-sale investment and general investment as impaired when impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment of the management.

### 5.5 Premises and equipment and depreciation

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

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

### 5.6 Deferred tax assets

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

### 5.7 Reserves for long-term insurance contracts

Reserves for long-term insurance contracts are calculated using the actuarial method, based on the current assumptions or on assumptions established at inception of the contract which reflect the best estimate at the time increased with a margin for risk and adverse deviation. The main assumptions used relate to mortality, morbidity, longevity, and discount rates.

Estimating the reserve requires the management to exercise judgment, with reference to the best estimates available at the time.

### 5.8 Loss reserves and outstanding claims

At the end of each reporting period, the Group and 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.

### 5.9 Unexpired risk reserves

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

### 5.10 Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligations under the defined benefit plan and other long-term employee benefit plan are determined based on actuarial techniques. Such determination is made based on various assumptions, such as discount rate, future salary increase rate, mortality rate and staff turnover rate etc.

## 6. CASH AND CASH EQUIVALENTS

As at December 31, 2019 and 2018, the Group and the Company have cash and cash equivalent as follows:

	Consolidated		(Unit : Thousand Baht)	
	financial statements		Separate	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Cash on hand	7,169	11,044	7,168	11,043
Deposits at banks with no fixed maturity date	2,152,644	2,599,619	2,078,128	2,519,812
Short-term investments in promissory notes	11,282,070	7,214,929	11,282,070	7,214,929
Cash and cash equivalents	<u>13,441,883</u>	<u>9,825,592</u>	<u>13,367,366</u>	<u>9,745,784</u>

As at December 31, 2019, interest rates on saving accounts, fixed deposits and promissory notes are in the range of 0.38% - 1.38% per annum (as at December 31, 2018: 0.38% - 1.63% per annum).

**7. PREMIUM RECEIVABLES**

As at December 31, 2019 and 2018, the outstanding balances of premium receivables, classified by overdue period, counted from the due dates are as follows:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Not yet due	1,740,698	1,864,857
Not over 30 days	24,275	22,305
Over 30 days to 60 days	33,611	18,701
Over 60 days to 90 days	830	2,347
Over 90 days	1,244	2,187
Total premium receivables	<u>1,800,658</u>	<u>1,910,397</u>

For premium receivables due from agents and brokers, the Group and the Company has determined criteria in collections from those debtors. For overdue premium receivables, the Group and the Company has taken legal process with agents and brokers on a case by case basis.

For individual policies which have cash value and premium receivables over the grace period, the premium receivables will be settled by granting an automatic premium loan where the policy has a cash surrender value.

**8. REINSURANCE ASSETS**

As at December 31, 2019 and 2018, reinsurance assets consisted of the following:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Reserves recordable from reinsurances		
Claim reserves	76,315	153,422
Premium reserves		
Unearned premium reserves	473,386	385,758
Total reinsurance assets	<u>549,701</u>	<u>539,180</u>

## 9. AMOUNT DUE FROM REINSURANCE

As at December 31, 2019 and 2018, amount due from reinsurance receivables consisted of the following:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	December 31, 2019	December 31, 2018
Amounts due from reinsurers	1,044,316	703,965
Total amounts due from reinsurance	1,044,316	703,965

As at December 31, 2019 and 2018, the outstanding balances of amounts due from reinsurance, classified by overdue period, are as follows:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	December 31, 2019	December 31, 2018
Not yet due	1,044,316	703,965
Total amounts due from reinsurance	1,044,316	703,965

## 10. DERIVATIVE ASSETS AND LIABILITIES

As at December 31, 2019 and 2018, derivatives classified by objective are as follows:

	(Unit : Thousand Baht)			
	Consolidated and separate financial statements			
	December 31, 2019		December 31, 2018	
	Fair value		Fair value	
	Assets	Liabilities	Assets	Liabilities
Derivatives for hedging risks				
Cash flow hedge	1,598,446	8,827	551,362	143,304
Hedge of net investment in foreign entities	145,718	-	125,015	713
Total derivatives	1,744,164	8,827	676,377	144,017

As at December 31, 2019 and 2018, derivatives assets and liabilities consisted of the following:

	Consolidated and separate financial statements		
	December 31, 2019		
	Notional amount (Thousand Unit)	Contract value	
		Assets (Thousand Baht)	Liabilities (Thousand Baht)
Cross currency swap contracts			
US dollar	516,800	886,013	78,799
Euro	10,000	41,854	-
Forward exchange contracts			
Yen	1,327,910	5,649	-
US dollar	71,020	8,053	3,747
Singapore dollar	112,852	560	35,727
Euro	33,010	55,992	-
Total derivatives	2,071,592	998,121	118,273

	Consolidated and separate financial statements		
	December 31, 2018		
	Notional amount (Thousand Unit)	Contract value	
Assets (Thousand Baht)		Liabilities (Thousand Baht)	
Cross currency swap contracts			
US dollar	593,800	223,363	630,372
Euro	10,000	7,816	-
Forward exchange contracts			
Yen	1,340,910	1,140	2,980
US dollar	92,200	6,948	1,362
Singapore dollar	83,256	4,682	9,580
Euro	29,110	30,938	-
Total derivatives	<u>2,149,276</u>	<u>274,887</u>	<u>644,294</u>

The Company makes use of cross currency swap contracts and forward exchange contracts to manage the exchange rate risk arising from investment.

## 11. INVESTMENTS IN SECURITIES

### 11.1 Held-for-trading investments

As at December 31, 2019 and 2018, held-for-trading investments consisted of following:

	(Unit : Thousand Baht)			
	Consolidated and separate financial statements			
	December 31, 2019		December 31, 2018	
	Cost	Fair value	Cost	Fair value
<b>Held-for-trading investments</b>				
Equity securities	33,349	20,856	63,593	33,497
Total	33,349	20,856	63,593	33,497
Less Unrealised losses	(12,493)	-	(30,096)	-
Total held-for-trading investments	<u>20,856</u>	<u>20,856</u>	<u>33,497</u>	<u>33,497</u>

### 11.2 Available-for-sale investments

As at December 31, 2019 and 2018, available-for-sale investments consisted of following:

	(Unit : Thousand Baht)			
	Consolidated and separate financial statements			
	December 31, 2019		December 31, 2018	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<b>Available-for-sale investments</b>				
Government and state enterprise securities	1,962,740	2,168,147	2,000,869	2,298,545
Private enterprises debt securities	25,787,235	28,299,445	25,591,351	27,181,186
Equity securities	32,294,227	38,304,837	31,143,932	35,841,798
Foreign debt securities	1,400,266	1,211,495	1,403,323	1,251,495
Foreign equity securities	9,285,118	10,120,465	8,777,100	8,598,917
Total	70,729,586	80,104,389	68,916,575	75,171,941
Add Unrealised gains	9,374,803	-	6,255,366	-
Total available-for-sale investments	<u>80,104,389</u>	<u>80,104,389</u>	<u>75,171,941</u>	<u>75,171,941</u>

### 11.3 Held-to-maturity investments

As at December 31, 2019 and 2018, held-to-maturity investments consisted of the following:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	December 31, 2019	December 31, 2018
	Cost/Amortised cost	Cost/Amortised cost
<b>Held-to-maturity investments</b>		
Government and state enterprise securities	140,407,255	139,536,444
Private enterprises debt securities	73,022,083	67,767,742
Foreign debt securities	6,550,825	6,719,890
Deposits at financial institutions with an original maturity of longer than 3 months	-	3,400,000
<b>Total held-to-maturity investments</b>	<u>219,980,163</u>	<u>217,424,076</u>

### 11.4 General investments

As at December 31, 2019 and 2018, general investments consisted of the following:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	December 31, 2019	December 31, 2018
	Cost	Cost
<b>General investments</b>		
Equity securities	31,338	30,302
<b>Total general investments</b>	<u>31,338</u>	<u>30,302</u>

### 11.5 Remaining periods to maturity of debt securities

	(Unit : Thousand Baht)			
	Consolidated and separate financial statements			
	December 31, 2019			
	Period to maturity			
	Within 1 year	1 - 5 years	Over 5 years	Total
<b>Available-for-sale investment</b>				
Government and state enterprise securities	-	450,000	-	450,000
Private enterprises securities	661,602	13,305,000	11,820,633	25,787,235
Foreign investments	-	1,400,266	-	1,400,266
<u>Add</u> Unrealised gains	18,623	921,814	1,438,864	2,379,301
<b>Total available-for-sale investments</b>	<u>680,225</u>	<u>16,077,080</u>	<u>13,259,497</u>	<u>30,016,802</u>
<b>Held-to-maturity investment</b>				
Government and state enterprise securities	1,598,869	21,428,900	117,379,486	140,407,255
Private enterprises securities	4,896,533	26,295,662	41,829,888	73,022,083
Foreign investments	400,000	2,405,164	3,745,661	6,550,825
<b>Total held-to-maturity investments</b>	<u>6,895,402</u>	<u>50,129,726</u>	<u>162,955,035</u>	<u>219,980,163</u>

(Unit : Thousand Baht)

**Consolidated and separate financial statements**

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	Period to maturity			Total
	Within 1 year	1 - 5 years	Over 5 years	
<b>Available-for-sale investment</b>				
Government and state enterprise securities	620,332	-	450,000	1,070,332
Private enterprises securities	300,000	6,288,272	19,003,079	25,591,351
Foreign investments	-	1,403,323	-	1,403,323
Add Unrealised gains	6,954	100,773	1,382,109	1,489,836
<b>Total available-for-sale investments</b>	<b>927,286</b>	<b>7,792,368</b>	<b>20,835,188</b>	<b>29,554,842</b>
<b>Held-to-maturity investment</b>				
Government and state enterprise securities	7,239,925	16,298,787	115,997,732	139,536,444
Private enterprises securities	1,550,000	26,861,549	39,356,193	67,767,742
Foreign investments	160,000	1,816,803	4,743,087	6,719,890
Deposit at financial institutions with maturity period of longer than 3 months	3,400,000	-	-	3,400,000
<b>Total held-to-maturity investments</b>	<b>12,349,925</b>	<b>44,977,139</b>	<b>160,097,012</b>	<b>217,424,076</b>

#### 11.6 Investments in structured notes

Investments in structured notes, which are classified as held-to-maturity investments, consisted of the following:

- (a) As at December 31, 2019 and 2018, the Company has investments of Baht 600 million and Baht 600 million, respectively, in promissory notes and bills of exchange, which were issued by local banks and branches of foreign commercial banks, having remaining lives of 1 - 9 years and 2 - 10 years, respectively, and contain conditions whereby the issuer has call option or has rights to call for additional deposits and bearing interest rate referring to the yield rate on government bond (CMT Index).
- (b) As at December 31, 2019 and 2018, the Company has investments of Baht 600 million and Baht 2,600 million, respectively, in promissory notes and bills of exchange, which were issued by branches of foreign commercial banks, having remaining lives of 1 years and 2 - 4 years, respectively, and bearing interest rate referring to the yield rate government bond (CMT Index).
- (c) As at December 31, 2019 and 2018, the Company has investments of Baht 3,614 million and Baht 3,524 million, respectively, in promissory notes and bills of exchange, which were issued by branches of foreign commercial banks, having remaining lives of 1 - 9 years and 2 - 10 years, respectively, and the notes and the bills contain conditions whereby the notes redemption of the notes and the bills is based on the credit event of the notes and the reference assets.



- (d) As at December 31, 2019 and 2018, the Company has investments of Baht 983 million and Baht 933 million, respectively, in promissory notes and bills of exchange, which were issued by branches of foreign commercial banks, having remaining maturity periods of 14 years and 15 years, respectively. The bank has placed government bonds equivalent to 70% - 80% of the face values of the issued promissory notes and bills of exchange as collateral and such notes and bills contain conditions whereby the redemption of the notes and bills is based on the credit event of the reference assets.
- (e) As at December 31, 2019 and 2018, the Company has investments of Baht 466 million and Baht 448 million, respectively, in bills of exchange, which were issued by branches of foreign commercial banks, having remaining maturity periods of 12 years and 13 years, respectively. The bills contain conditions whereby the redemption of the bills is based on the credit event of the reference assets.
- (f) As at December 31, 2019 and 2018, the Company has investments of Baht 1,464 million and Baht 1,577 million, respectively, in bills of exchange, which were issued by branches of foreign commercial banks, having remaining maturity periods of 6 - 7 years and 7 - 8 years, respectively. The bills contain conditions whereby the redemption of the bills is based on the credit event of the reference assets.

#### 11.7 Investments subject to restriction

As at December 31, 2019 and 2018, the Group and the Company has placed government and state enterprise bonds with cost or amortised cost of Baht 64,127 million and Baht 63,357 million, respectively, with the Registrar as securities and reserves as described in Notes 34 and 35.

#### 11.8 Gains on investments

Gains on investments for the years ended December 31, 2019 and 2018 consisted of the following:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	for the years ended December 31,	
	2019	2018
Losses on sales of held-for-trading investments	(2,973)	(6,907)
Gains on sales of available-for-sale investments	952,425	1,493,159
Gains (losses) on sales of held-to-maturity investments	122,603	(29)
Total gains on investments	<u>1,072,055</u>	<u>1,486,223</u>

## 11.9 Revaluation surplus on available-for-sale investments

Revaluation surplus on available for sale investment for the years ended December 31, 2019 and 2018 consisted of the following:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	For the years ended December 31,	
	2019	2018
Revaluation surplus on available-for-sale investments - beginning of the years	6,202,322	11,593,302
Gains (losses) on revaluation of available-for-sale Investments	3,643,438	(3,871,715)
Gains on sales of available-for-sale investments during the years transferred to be recognised in profit or loss	(426,294)	(1,519,265)
Revaluation surplus on available-for-sale investments - end of the years	9,419,466	6,202,322
<u>Less</u> Income taxes	(1,883,894)	(1,240,465)
Revaluation surplus on available-for-sale investments - net of taxes	7,535,572	4,961,857

## 12. INVESTMENTS IN SUBSIDIARIES

As at December 31, 2019 and 2018, detail of investments in subsidiaries, as presented in the separate financial statements, is as follows:

Company's name	Type of business	Country of incorporation	(Unit : Thousand Baht)					
			Issued and paid-up capital		Shareholding percentage		Cost	
			December 31, 2019	December 31, 2018	December 31, 2019 %	December 31, 2018 %	December 31, 2019	December 31, 2018
BLA Insurance Broker Company Limited	Insurance broker	Thailand	24,000	24,000	99	99	23,760	23,760
Bangkok Life Assurance (Cambodia) Public Limited Company	Life insurance	Cambodia	153,598	153,598	52 <sup>(2)</sup>	52 <sup>(2)</sup>	85,329	127,357
<u>Less</u> Allowance for doubtful accounts <sup>(1)</sup>			-	-			(52,680)	(52,680)
Total investments in subsidiaries			177,598	177,598			56,409	98,437

<sup>(1)</sup> On June 15, 2018, the Extraordinary Meeting of Shareholder of Bangkok Life Assurance (Cambodia) Public Limited Company which is a subsidiary of the Company has passed a resolution to cease its operation and proceed with the voluntary liquidation (see Note 13).

<sup>(2)</sup> As stated in "Memorandum and Article of Company"

### 13. DISCONTINUED OPERATION

On June 15, 2018, the Extraordinary Meeting of Shareholder of Bangkok Life Assurance (Cambodia) Public Limited Company which is a subsidiary of the Company has passed a resolution to cease its operation and proceed with the voluntary liquidation. The Company classified net loss from Bangkok Life Assurance (Cambodia) Public Limited Company as net loss from discontinued operation.

The consolidated statement of financial position as at December 31, 2019 and 2018 includes assets from discontinued operation in total amount of Baht 84 million and Baht 97 million, respectively, in which most of balances are cash and cash equivalents and deposit.

The consolidated statements of profit or loss and other comprehensive income for the years ended December 31, 2019 and 2018 for discontinued operations are as follows:

	<b>(Unit : Thousand Baht)</b>	
	<b>Consolidated</b>	
	<b>financial statements</b>	
	<b>2019</b>	<b>2018</b>
<b>For years ended December 31,</b>		
<b>Discontinued operation</b>		
Revenue	28	81
Expenses	<u>(3,625)</u>	<u>(19,921)</u>
<b>Loss before income tax expense</b>	<u>(3,597)</u>	<u>(19,840)</u>
Income tax expense	-	-
<b>Loss for the years from discontinued operation, net of income tax</b>	<u>(3,597)</u>	<u>(19,840)</u>
<b>Losses per share*</b>		
Basic losses per share (Baht)	<u>(0.001)</u>	<u>(0.006)</u>

\* Losses per share from discontinued operation for equity holders of the Company

#### 14. LOANS AND ACCRUED INTEREST RECEIVABLES

As at December 31, 2019 and 2018, the balances of loans and accrued interest receivables, classified by overdue periods, are as follows:

(Unit : Thousand Baht)

Consolidated and separate financial statements									
December 31, 2019									
Loans									
Overdue periods	Policy loans		Mortgage loans		Other loans		Total		Total
	Principal	Accrued Interest <sup>(1)</sup>	Principal	Accrued Interest <sup>(1)</sup>	Principal	Accrued Interest <sup>(1)</sup>	Principal	Accrued Interest <sup>(1)</sup>	
Not yet due	8,477,915	993,315	1,640,607	886	153	-	10,118,675	994,201	11,112,876
Overdue:									
Less than 3 months	-	-	37,315	451	-	-	37,315	451	37,766
3 - 6 months	-	-	42,698	919	-	-	42,698	919	43,617
6 - 12 months	-	-	9,057	339	-	-	9,057	339	9,396
Over 12 months	-	-	34,104	1,931	53	2	34,157	1,933	36,090
Total	8,477,915	993,315	1,763,781	4,526	206	2	10,241,902	997,843	11,239,745
Less Allowance for doubtful accounts	-	-	(15,848)	(2,229)	-	-	(15,848)	(2,229)	(18,077)
Loans and accrued interest receivables - net	8,477,915	993,315	1,747,933	2,297	206	2	10,226,054	995,614	11,221,668

<sup>(1)</sup> This amount included as a part of "Accrued investment income" in the statements of financial position.

(Unit : Thousand Baht)

Consolidated and separate financial statements									
December 31, 2018									
Loans									
Overdue periods	Policy loans		Mortgage loans		Other loans		Total		Total
	Principal	Accrued Interest <sup>(1)</sup>	Principal	Accrued Interest <sup>(1)</sup>	Principal	Accrued Interest <sup>(1)</sup>	Principal	Accrued Interest <sup>(1)</sup>	
Not yet due	7,798,115	856,740	3,666,960	4,938	1,425	1	11,466,500	861,679	12,328,179
Overdue:									
Less than 3 months	-	-	56,496	342	-	-	56,496	342	56,838
3 - 6 months	-	-	21,850	224	-	-	21,850	224	22,074
6 - 12 months	-	-	5,792	296	-	-	5,792	296	6,088
Over 12 months	-	-	19,290	713	53	2	19,343	715	20,058
Total	7,798,115	856,740	3,770,388	6,513	1,478	3	11,569,981	863,256	12,433,237
Less Allowance for doubtful accounts	-	-	(8,440)	(1,071)	-	-	(8,440)	(1,071)	(9,511)
Loans and accrued interest receivables - net	7,798,115	856,740	3,761,948	5,442	1,478	3	11,561,541	862,185	12,423,726

<sup>(1)</sup> This amount included as a part of "Accrued investment income" in the statements of financial position.

Policy loans represent loans granted to the policyholders in an amount not exceeding the cash value of the policy. The loans carry interest at 4.00% - 8.00% per annum, as approved by the Office of Insurance Commission.

Loans to employees under the employee welfare scheme are set for credit limit of Baht 0.10 million for personal guarantee loans. The interest rate charged is at the rates of 6.00% per annum. As at December 31, 2019 and 2018, loans to employees amounted to Baht 0.21 million and Baht 1.48 million, respectively.

Loans to employees under the mortgage loans are not to exceed 50 times the employee's monthly salary to each employee for secured loans. The loans carry interest of 5.00% - 6.00% per annum. As at December 31, 2019 and 2018, loans to employees under the mortgage loans amounted to Baht 18 million and Baht 27 million, respectively.

## 15. INVESTMENT PROPERTY

The net carrying value of investment property as at December 31, 2019 and 2018 are as follows:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Office building for rent		
Cost	21,303	21,303
<u>Less</u> Accumulated depreciation	<u>(4,617)</u>	<u>(3,551)</u>
Net carrying value	<u>16,686</u>	<u>17,752</u>

A reconciliation of the net carrying value of investment property for the years ended December 31, 2019 and 2018 is presented below:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Net carrying value - beginning of years	17,752	18,817
Depreciation for years	<u>(1,066)</u>	<u>(1,065)</u>
Net carrying value - end of years	<u>16,686</u>	<u>17,752</u>

The fair value of the investment property as at December 31, 2019 and 2018 stated below:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Office building for rent	<u>22,646</u>	<u>23,127</u>

The fair value of the above investment property has been determined based on valuation performed by an independent appraiser. The fair value of the office building held for rent has been determined using the cost approach. The approach was estimated current replacement cost less accumulated depreciation and add with fair value of land.

For the year ended December 31, 2019, the Group and the Company has revenue from rental of investment property amounted to Baht 0.90 million (2018: Baht 0.83 million).

## 16. PROPERTY, PLANT AND EQUIPMENT

Movement of property, plant and equipment for the years ended December 31, 2019 and 2018 are as follows:

(Unit : Thousand Baht)

Consolidated financial statements							
	Land	Buildings and buildings improvements and leasehold building	Condominium	Office furniture, fixture and equipment	Motor vehicles	Construction in progress	Total
<b>Cost:</b>							
January 1, 2018	794,246	711,076	36,633	650,201	19,908	9,808	2,221,872
Additions	-	697	-	21,543	20,955	66,351	109,546
Disposals	-	(220)	-	(18,649)	-	-	(18,869)
Adjust	-	-	-	-	-	(406)	(406)
Exchange differences on translation of financial statements in foreign currency	-	(15)	-	4	-	-	(11)
Transfer in (out)	-	44,795	-	8,962	-	(53,757)	-
December 31, 2018	<u>794,246</u>	<u>756,333</u>	<u>36,633</u>	<u>662,061</u>	<u>40,863</u>	<u>21,996</u>	<u>2,312,132</u>
Additions	-	516	-	27,108	6,750	147,024	181,398
Disposals/Write-off	(2,900)	(8,610)	-	(6,440)	-	-	(17,950)
Exchange differences on translation of financial statements in foreign currency	-	(31)	-	(27)	-	-	(58)
Transfer in (out)	-	200	-	-	-	(200)	-
December 31, 2019	<u>791,346</u>	<u>748,408</u>	<u>36,633</u>	<u>682,702</u>	<u>47,613</u>	<u>168,820</u>	<u>2,475,522</u>
<b>Accumulated depreciation:</b>							
January 1, 2018	-	357,797	25,950	508,147	15,424	-	907,318
Depreciation on disposals	-	(220)	-	(18,562)	-	-	(18,782)
Adjust	-	1	-	(1)	-	-	-
Depreciation for the year	-	32,186	1,831	51,448	4,463	-	89,928
December 31, 2018	-	<u>389,764</u>	<u>27,781</u>	<u>541,032</u>	<u>19,887</u>	<u>-</u>	<u>978,464</u>
Depreciation on disposals/write-off	-	(7,323)	-	(6,362)	-	-	(13,685)
Depreciation for the year	-	30,221	1,833	46,687	6,306	-	85,047
December 31, 2019	-	<u>412,662</u>	<u>29,614</u>	<u>581,357</u>	<u>26,193</u>	<u>-</u>	<u>1,049,826</u>
<b>Net carrying value:</b>							
December 31, 2018	<u>794,246</u>	<u>366,569</u>	<u>8,852</u>	<u>121,029</u>	<u>20,976</u>	<u>21,996</u>	<u>1,333,668</u>
December 31, 2019	<u>791,346</u>	<u>335,746</u>	<u>7,019</u>	<u>101,345</u>	<u>21,420</u>	<u>168,820</u>	<u>1,425,696</u>

Depreciation for the years ended December 31,

2018

Thousand Baht 89,928

2019

Thousand Baht 85,047

(Unit : Thousand Baht)

Separate financial statements

	Land	Buildings and buildings improvements and leasehold building	Condominium	Office furniture, fixture and equipment	Motor vehicles	Construction in progress	Total
<b>Cost:</b>							
January 1, 2018	794,246	708,354	36,633	648,573	19,908	9,808	2,217,522
Additions	-	697	-	21,534	20,955	66,351	109,537
Disposals	-	(220)	-	(18,649)	-	-	(18,869)
Adjust	-	-	-	-	-	(406)	(406)
Transfer in (out)	-	44,795	-	8,962	-	(53,757)	-
December 31, 2018	794,246	753,626	36,633	660,420	40,863	21,996	2,307,784
Additions	-	516	-	27,108	6,750	147,024	181,398
Disposals	(2,900)	(6,032)	-	(6,245)	-	-	(15,177)
Transfer in (out)	-	200	-	-	-	(200)	-
December 31, 2019	791,346	748,310	36,633	681,283	47,613	168,820	2,474,005
<b>Accumulated depreciation:</b>							
January 1, 2018	-	356,933	25,950	507,439	15,424	-	905,746
Depreciation on disposals	-	(220)	-	(18,562)	-	-	(18,782)
Adjust	-	1	-	(1)	-	-	-
Depreciation for the year	-	31,658	1,833	51,070	4,464	-	89,025
December 31, 2018	-	388,372	27,783	539,946	19,888	-	975,989
Depreciation on disposals	-	(6,032)	-	(6,221)	-	-	(12,253)
Depreciation for the year	-	30,221	1,833	46,437	6,306	-	84,797
December 31, 2019	-	412,561	29,616	580,162	26,194	-	1,048,533
<b>Net carrying value:</b>							
December 31, 2018	794,246	365,254	8,850	120,474	20,975	21,996	1,331,795
December 31, 2019	791,346	335,749	7,017	101,121	21,419	168,820	1,425,472

Depreciation for the years ended December 31,

2018

Thousand Baht 89,025

2019

Thousand Baht 84,797

As at December 31, 2019 and 2018, certain items of buildings and equipment of the Group and the Company have been fully depreciated but are still in use. The cost before deducting accumulated depreciation of those assets in the consolidated financial statements amounted to Baht 632 million and Baht 598 million, respectively (The separate financial statements: Baht 631 million and Baht 598 million, respectively).

As at December 31, 2019 and 2018, the Company has land and building that did not use and was not in condition properties foreclosed, cost before deducting accumulated depreciation as follows:

(Unit : Thousand Baht)

Consolidated and separate financial statements

	December 31, 2019	December 31, 2018
Land	580	580
Building	1,928	1,928
Building improvement	10,426	10,426
Office equipment	2,203	2,203
Computer	89	111
Office furniture ,fixture and equipment	5,347	5,347
Total	20,573	20,595

## 17. GOODWILL

On July 7, 2014, the Company obtained control of BLA Insurance Broker Company Limited (“Subsidiary”), by acquiring of the shares and voting interests in the Subsidiary and net assets from business combination was lower than consideration part resulting in goodwill from purchase of business.

As at December 31, 2019 and 2018, the consolidated financial statements have goodwill amounted to Baht 5.0 million and Baht 5.0 million, respectively.

## 18. INTANGIBLE ASSETS

The net carrying value of intangible assets as at December 31, 2019 and 2018 are as follows:

	(Unit : Thousand Baht)		
	Consolidated financial statements		
	Computer software	Computer Software under development	Total
<b>Cost:</b>			
January 1, 2018	113,212	65	113,277
Increase	1,227	-	1,227
Exchange differences on translation of financial statements in foreign currency	(2)	-	(2)
Transfer in (out)	65	(65)	-
December 31, 2018	114,502	-	114,502
Increase	1,113	1,787	2,900
Disposals	(663)	-	(663)
December 31, 2019	114,952	1,787	116,739
<b>Accumulated amortisation:</b>			
January 1, 2018	102,025	-	102,025
Amortisation for the year	8,732	-	8,732
December 31, 2018	110,757	-	110,757
Amortisation for the year	2,050	-	2,050
December 31, 2019	112,807	-	112,807
<b>Net carrying value:</b>			
December 31, 2018	3,745	-	3,745
December 31, 2019	2,145	1,787	3,932
<b>Amortisation for the years ended December 31,</b>			
2018		Thousand Baht	8,732
2019		Thousand Baht	2,050



(Unit : Thousand Baht)  
Separate financial statements

	Computer software	Computer Software under development	Total
<b>Cost:</b>			
January 1, 2018	112,466	65	112,531
Increase	1,227	-	1,227
Transfer in (out)	65	(65)	-
December 31, 2018	113,758	-	113,758
Increase	1,113	1,787	2,900
December 31, 2019	114,871	1,787	116,658
<b>Accumulated amortisation:</b>			
January 1, 2018	101,651	-	101,651
Amortisation for the year	8,492	-	8,492
December 31, 2018	110,143	-	110,143
Amortisation for the year	2,583	-	2,583
December 31, 2019	112,726	-	112,726
<b>Net carrying value</b>			
December 31, 2018	3,615	-	3,615
December 31, 2019	2,145	1,787	3,932
<b>Amortisation for the years ended December 31,</b>			
2018		<b>Thousand Baht</b>	8,492
2019		<b>Thousand Baht</b>	2,583

As at December 31, 2019 and 2018, certain computer software items were fully amortised but are still in use. The original costs, before deducting accumulated amortisation, of those assets in the consolidated financial statements amounted to approximately Baht 99 million and Baht 91 million, respectively.

## 19. DEFERRED TAX ASSETS/LIABILITIES AND INCOME TAX EXPENSE

### 19.1 Deferred tax assets/liabilities

Deferred tax assets and liabilities consisted of tax effects as shown below.

	(Unit : Thousand Baht)					
	Consolidated and separate financial statements					
			Change in deferred tax assets/liabilities reported profit or loss in the for the year ended		Change in deferred tax assets/liabilities reported in the statements of comprehensive income for the year ended	
	December 31, 2019	December 31, 2018	December 31, 2019		December 31, 2018	
<b>Deferred tax assets</b>						
Reserves for long-term insurance contracts	2,421,923	2,757,470	(335,547)	(294,320)	-	-
Claim reserves and outstanding claims	16,577	18,633	(2,056)	360	-	-
Provisions for long-term employee benefits	41,019	28,224	9,874	(13,008)	2,921	(4,187)
Others	14,151	15,853	(1,702)	14,299	-	-
<b>Total deferred tax assets</b>	<u>2,493,670</u>	<u>2,820,180</u>	<u>(329,431)</u>	<u>(292,669)</u>	<u>2,921</u>	<u>(4,187)</u>
<b>Deferred tax liabilities</b>						
Available-for-sale investments	1,572,931	666,153	263,349	141,469	643,429	(1,078,196)
Others	-	-	-	(2,536)	-	-
<b>Total deferred tax liabilities</b>	<u>1,572,931</u>	<u>666,153</u>	<u>263,349</u>	<u>138,933</u>	<u>643,429</u>	<u>(1,078,196)</u>
<b>Deferred tax assets/liabilities - net</b>	<u>920,739</u>	<u>2,154,027</u>	<u>(592,780)</u>	<u>(431,602)</u>	<u>(640,508)</u>	<u>1,074,009</u>

### 19.2 Income tax expenses

Income tax expenses for the years ended December 31, 2019 and 2018 are made up as follows:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	For the years ended December 31,	
	2019	2018
<b>Current income tax:</b>		
Corporate income tax charge	228,754	380,089
Adjustment in respect of income tax of previous year	96,491	1,458
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	592,780	431,602
Income tax expenses reported in profits or losses	<u>918,025</u>	<u>813,149</u>

Reconciliation between accounting profits and income tax expense for the years ended December 31, 2019 and 2018 are as follows:

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,		For the years ended December 31,	
	2019	2018	2019	2018
Accounting profit before income tax expenses	5,305,921	5,793,219	5,301,951	5,739,170
Corporate income tax rates	20%	20%	20%	20%
Income tax expenses at the applicable tax rates	1,061,184	1,147,834	1,061,184	1,147,834
Adjustment in respect of income tax of previous year	96,491	1,458	96,491	1,458
Net tax effect on income or expenses that are not taxable or not deductible in determining taxable profits	(239,650)	(336,143)	(239,650)	(336,143)
Income tax expenses recognised in profits or losses	918,025	813,149	918,025	813,149

The amounts of income taxes relating to each component of other comprehensive income (loss) for the years ended December 31, 2019 and 2018 are as follows:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	For the years ended December 31,	
	2019	2018
Income taxes relating to:		
(Gains) losses on revaluation of available-for-sale investments	(728,687)	774,343
Gains on sales of available-for-sale investment transferred to be recognised in profit or loss	85,258	303,853
Actuarial (gain) loss	2,921	(4,187)
Income taxes (revenues) expenses as reported in statements of comprehensive income	(640,508)	1,074,009

## 20. OTHER ASSETS

As at December 31, 2019 and 2018, other assets consisted of the follows:

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,		For the years ended December 31,	
	2019	2018	2019	2018
Derivative collateral	-	49,500	-	49,500
Prepaid income tax	100,917	100,917	100,917	100,917
Prepaid rental expenses	10,824	22,617	10,824	22,617
Deposits	98,054	51,099	77,194	27,822
Receivable from sales of investments	81,250	555,220	81,250	555,220
Less Allowance for doubtful accounts - receivable from sales of investments	-	(17,074)	-	(17,074)
Prepaid expenses	14,716	18,585	14,716	18,503
Others	125,079	116,521	110,600	103,592
Total other assets	430,840	897,385	395,501	861,097

## 21. INSURANCE CONTRACT LIABILITIES

As at December 31, 2019 and 2018, insurance contract liabilities consisted of the follows:

	(Unit : Thousand Baht)					
	Consolidated financial statements					
	December 31, 2019			December 31, 2018		
	Insurance contract liabilities	Reinsurance of liabilities	Net	Insurance contract liabilities	Reinsurance of liabilities	Net
Reserves for long-term insurance contracts	277,488,536	-	277,488,536	273,908,194	-	273,908,194
Claim reserves						
Reserves for reported claims	151,578	(76,314)	75,264	172,489	(153,422)	19,067
Reserves for claims incurred but not yet reported	82,884	-	82,884	93,163	-	93,163
Premium reserves						
Unearned premium reserves	1,451,634	(473,387)	978,247	1,322,760	(385,758)	937,002
Unpaid policy benefits	191,174	-	191,174	231,318	-	231,318
Other insurance liabilities	7,276,022	-	7,276,022	7,553,099	-	7,553,099
Total insurance contract liabilities	286,641,828	(549,701)	286,092,127	283,281,023	(539,180)	282,741,843

  

	(Unit : Thousand Baht)					
	Separate financial statements					
	December 31, 2019			December 31, 2018		
	Insurance contract liabilities	Reinsurance of liabilities	Net	Insurance contract liabilities	Reinsurance of liabilities	Net
Reserves for long-term insurance contracts	277,488,525	-	277,488,525	273,908,102	-	273,908,102
Claims reserves						
Reserves for reported claims	151,578	(76,314)	75,264	172,489	(153,422)	19,067
Reserves for claims incurred but not yet reported	82,884	-	82,884	93,163	-	93,163
Premium reserves						
Unearned premium reserves	1,451,634	(473,387)	978,247	1,322,760	(385,758)	937,002
Unpaid policy benefits	191,174	-	191,174	231,318	-	231,318
Other insurance liabilities	7,276,022	-	7,276,022	7,553,099	-	7,553,099
Total insurance contract liabilities	286,641,817	(549,701)	286,092,116	283,280,931	(539,180)	282,741,751

During the years 2019 and 2018, the Group and the Company management has entered into reinsurance contracts in order to manage insurance risk. The management manages this risk by considering obligations on net losses insurance, and disclosing the liabilities under insurance contracts, both in terms of gross insurance and net insurance.

### 21.1 Reserves for long-term insurance contracts

As at December 31, 2019 and 2018, reserves for long-term insurance contracts of the follows:

	<b>Consolidated</b>		<b>(Unit : Thousand Baht)</b>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>For the years ended</b>		<b>financial statements</b>	
	<b>December 31,</b>		<b>For the years ended</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Balances - beginning of the year	273,908,194	256,595,053	273,908,102	256,595,048
Reserved increased for new businesses and inforce policies	29,754,084	34,307,093	29,754,165	34,307,006
Reserve decreased for death, maturities, benefits, claims, lapses and surrender	(26,173,742)	(16,334,300)	(26,173,742)	(16,334,300)
Reserve increased (decreased) for testing the adequacy of liabilities	-	(659,652)	-	(659,652)
Balances - end of the year	<u>277,488,536</u>	<u>273,908,194</u>	<u>277,488,525</u>	<u>273,908,102</u>

### 21.2 Claim reserves

As at December 31, 2019 and 2018, claim reserves consisted of the following:

	<b>(Unit : Thousand Baht)</b>	
	<b>Consolidated and separate</b>	
	<b>financial statements</b>	
	<b>For the years ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
Balances - beginning of the year	265,652	367,962
Claims incurred in the current year	2,244,800	2,061,319
Claims paid during the year	(2,275,990)	(2,163,629)
Balances - end of the year	<u>234,462</u>	<u>265,652</u>

### 21.3 Unearned premium reserves

As at December 31, 2019 and 2018, unearned premium reserves consisted of the following:

	<b>(Unit : Thousand Baht)</b>	
	<b>Consolidated and separate</b>	
	<b>financial statements</b>	
	<b>For the years ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
Balances - beginning of the year	1,322,760	1,180,093
Premium written for the year	3,834,755	3,592,546
Premium earned for the year	(3,705,881)	(3,449,879)
Balances - end of the year	<u>1,451,634</u>	<u>1,322,760</u>

## 21.4 Claims development table

### 21.4.1 Claims development table - gross of reinsurance

As at December 31, 2019

(Unit : Thousand Baht)

Accident year	Consolidated and separate financial statements							Total
	Before 2014	2014	2015	2016	2017	2018	2019	
Estimate of Claims incurred:								
At end of accident year	1,550,013	1,609,003	1,662,369	1,786,230	1,787,490	2,071,233	2,069,141	-
One year later	1,647,789	1,659,839	1,737,751	1,853,353	1,870,819	2,141,194	-	-
Two year later	1,651,663	1,662,355	1,738,510	1,857,917	1,872,145	-	-	-
Three year later	1,651,663	1,662,355	1,738,510	1,857,917	-	-	-	-
Four year later	1,651,663	1,662,355	1,738,510	-	-	-	-	-
Five year later	1,651,663	1,662,355	-	-	-	-	-	-
Estimate of cumulative claims incurred	1,651,663	1,662,355	1,738,510	1,857,917	1,872,145	2,143,935	2,149,283	13,075,808
Cumulative payments to date	(1,649,319)	(1,661,350)	(1,737,009)	(1,857,197)	(1,872,070)	(2,140,585)	(1,923,816)	(12,841,346)
Total claims provision - gross of reinsurance	2,344	1,005	1,501	720	75	3,350	225,467	234,462

As at December 31, 2018

(Unit : Thousand Baht)

Accident year	Consolidated and separate financial statements							Total
	Before 2013	2013	2014	2015	2016	2017	2018	
Estimate of Claims incurred:								
At end of accident year	1,649,630	1,550,013	1,609,003	1,662,369	1,786,230	1,788,556	1,968,053	-
One year later	1,744,596	1,647,789	1,659,839	1,737,751	1,853,353	1,871,946	-	-
Two year later	1,745,957	1,651,663	1,662,355	1,738,510	1,857,917	-	-	-
Three year later	1,745,957	1,651,663	1,662,355	1,738,510	-	-	-	-
Four year later	1,745,957	1,651,663	1,662,355	-	-	-	-	-
Five year later	1,745,957	1,651,663	-	-	-	-	-	-
Estimate of cumulative claims incurred	1,745,957	1,651,663	1,662,355	1,738,510	1,857,917	1,875,618	2,057,545	12,589,565
Cumulative payments to date	(1,730,441)	(1,650,860)	(1,660,975)	(1,736,598)	(1,857,095)	(1,871,379)	(1,816,565)	(12,323,913)
Total claims provision - gross of reinsurance	15,516	803	1,380	1,912	822	4,239	240,980	265,652

### 21.4.2 Claims development table - net of reinsurance

As at December 31, 2019

(Unit : Thousand Baht)

Accident year	Consolidated and separate financial statements							Total
	Before 2014	2014	2015	2016	2017	2018	2019	
Estimate of Claims incurred:								
At end of accident year	1,550,013	1,609,003	1,662,369	1,786,230	1,787,490	2,071,233	2,069,141	-
One year later	1,647,789	1,659,839	1,737,751	1,853,353	1,870,819	-	-	-
Two year later	1,651,663	1,662,355	1,738,510	1,857,917	-	-	-	-
Three year later	1,651,663	1,662,355	1,738,510	-	-	-	-	-
Four year later	1,651,663	1,662,355	-	-	-	-	-	-
Five year later	1,651,663	-	-	-	-	-	-	-
Estimate of cumulative claims incurred	1,651,563	1,662,355	1,738,510	1,857,917	1,872,145	2,141,970	2,075,034	12,999,494
Cumulative payments to date	(1,649,319)	(1,661,350)	(1,737,009)	(1,857,197)	(1,872,070)	(2,140,585)	(1,923,816)	(12,841,346)
Total claims provision - gross of reinsurance	2,244	1,005	1,501	720	75	1,385	151,218	158,148

As at December 31, 2018

(Unit : Thousand Baht)

Accident year	Consolidated and separate financial statements							
	Before 2013	2013	2014	2015	2016	2017	2018	Total
Estimate of Claims incurred:								
At end of accident year	1,649,630	1,550,013	1,609,003	1,662,369	1,786,230	1,788,556	1,968,053	-
One year later	1,744,596	1,647,789	1,659,839	1,737,751	1,853,353	1,871,946	-	-
Two year later	1,745,957	1,651,663	1,662,355	1,738,510	1,857,917	-	-	-
Three year later	1,745,957	1,651,663	1,662,355	1,738,510	-	-	-	-
Four year later	1,745,957	1,651,663	1,662,355	-	-	-	-	-
Five year later	1,745,957	1,651,663	-	-	-	-	-	-
Estimate of cumulative claims								
incurred	1,745,882	1,651,538	1,662,248	1,738,455	1,857,866	1,875,604	1,904,550	12,436,143
Cumulative payments to date	(1,730,441)	(1,650,860)	(1,660,975)	(1,736,598)	(1,857,095)	(1,871,379)	(1,816,565)	(12,323,913)
Total claims provision - gross of reinsurance	15,441	678	1,273	1,857	771	4,225	87,985	112,230

## 21.5 Key assumptions

### 21.5.1 Assumptions used in the measurement of insurance reserves for long-term insurance contracts.

The Group and the Company measures insurance contract with Net Premium Valuation method by using cash flows estimation from premiums and benefits payment. The Company estimates premiums by actuarial methods and use assumptions such as discount rate, mortality rate, and disability rate by plus margin for administration expenses. This method excludes persistency rate.

The key assumptions in the actuarial method was summarised as follows:

#### (A) Mortality rates, morbidity rates and longevity rates

According to Thailand mortality tables on industry type and Thailand pensions table that were announced by the OIC

#### (B) Discount rate

The discount rate in calculating the reserve was not higher than the interest rate that determine premium rates and not more than 6 percent per year.

### 21.5.2 Assumptions used in claims incurred but not reported

The Group and the Company estimated claims for short-term contracts by considering their claims incurred but not reported. The assumptions used in the calculation as at the date of the latest report, which estimated from data collected in the past and judgment actuary.

## 21.6 Unpaid policy benefits

As at December 31, 2019 and 2018, unpaid policy benefits consisted of the following:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	December 31, 2019	December 31, 2018
Death benefit	64,284	136,552
Maturity payment	103,384	70,633
Benefit payment	21,735	22,171
Surrender	1,771	1,962
Total unpaid policy benefits	<u>191,174</u>	<u>231,318</u>

## 21.7 Other insurance liabilities

As at December 31, 2019 and 2018, other insurance liabilities consisted of the following:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	December 31, 2019	December 31, 2018
Deposit from insurance contracts	6,903,089	7,053,376
Premiums received in advance	293,294	421,000
Payable to policyholders on exempted premiums	79,639	78,723
Total other insurance liabilities	<u>7,276,022</u>	<u>7,553,099</u>

## 22. AMOUNT DUE TO REINSURANCE

As at December 31, 2019 and 2018, amount due to reinsurance consisted of the following:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	December 31, 2019	December 31, 2018
Amount due to reinsurances	<u>1,128,743</u>	<u>585,436</u>
Total amount due to reinsurance	<u>1,128,743</u>	<u>585,436</u>



## 23. EMPLOYEE BENEFIT OBLIGATIONS

As at December 31, 2019 and 2018, employee benefit obligations consisted of the following:

	Consolidated		(Unit : Thousand Baht)	
	financial statements		Separate	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Post-employment benefit obligations for severance pay (see Note 23.1)	185,863	155,259	183,925	153,803
Other employment benefit obligation for long service awards (see Note 23.2)	27,997	23,378	27,952	23,309
Total employee benefit obligations	<u>213,860</u>	<u>178,637</u>	<u>211,877</u>	<u>177,112</u>

### 23.1 Post-employment benefit obligations for severance pay

Movement in post-employment benefit obligations for severance pay during the years ended December 31, consist of the following:

	Consolidated		(Unit : Thousand Baht)	
	financial statements		Separate	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Beginning balance as at January 1,	155,259	193,385	153,803	191,781
Increases (decreases) during the year	<u>30,604</u>	<u>(38,126)</u>	<u>30,122</u>	<u>(37,978)</u>
Ending balance as at December 31,	<u>185,863</u>	<u>155,259</u>	<u>183,925</u>	<u>153,803</u>

Under the Labor Protection Act and the Company's employment policy, all employees are entitled to receive the severance pay in accordance with the terms of labor laws, in the event that the employee reaches the retirement age of 60.

### 23.2 Other employment benefit obligations for long service awards

Movement in other employment benefit obligations for long service awards during the years ended December 31, consist of the following:

	Consolidated		(Unit : Thousand Baht)	
	financial statements		Separate	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Beginning balance as at January 1,	23,378	35,442	23,309	35,316
Increases (decreases) during the year	<u>4,619</u>	<u>(12,064)</u>	<u>4,643</u>	<u>(12,007)</u>
Ending balance as at December 31,	<u>27,997</u>	<u>23,378</u>	<u>27,952</u>	<u>23,309</u>

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, and other long-term benefits for the years ended December 31, 2019 and 2018 were as follows:

	Consolidated		(Unit : Thousand Baht)	
	financial statements		Separate	
	For the years ended December 31,		For the years ended December 31,	
	2019	2018	2019	2018
<b>Provision for long-term employee benefits at beginning of years</b>	178,637	228,827	177,112	227,097
Included in profit or loss:				
Current service cost	26,031	28,904	25,714	28,996
Interest cost	6,288	7,437	6,234	7,381
Past service cost	-	35,749	-	35,585
Actuarial (gain) loss arising from				
Demographic assumptions changes	-	(3,499)	-	(3,492)
Financial assumptions changes	3,672	(6,923)	3,664	(6,908)
Experience adjustments	(1,599)	(4,402)	(1,566)	(4,386)
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	-	(35,790)	-	(35,604)
Financial assumptions changes	26,019	(4,939)	25,887	(4,915)
Experience adjustments	(11,293)	19,542	(11,281)	19,586
Benefits paid during the year	(13,895)	(86,269)	(13,887)	(86,228)
<b>Provision for long-term employee benefits at end of years</b>	<b>213,860</b>	<b>178,637</b>	<b>211,877</b>	<b>177,112</b>

The Group and the Company expect to pay Baht 7 million of long-term employee benefits during the next year (The Company only: Baht 7 million) (2018: Baht 9 million, the Company only : Baht 8 million).

As at December 31, 2019 and 2018, the weighted average duration of the liabilities for long-term employee benefit of the Group and the Company are 21 years and 22 years, respectively (The Company only: 21 years and 22 years, respectively).

Significant actuarial assumptions are summarised below:

	Consolidated		(Unit : Thousand Baht)	
	financial statements		Separate	
	2019	2018	2019	2018
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate for defined benefit plans	2.13%	3.52%	2.13%	3.52%
Discount rate for other long-term employee benefits	2.13%	3.52%	2.13%	3.52%
Inflation rate for gold price	3.00%	3.00%	3.00%	3.00%
Salary increase rate	6.00%	6.00%	6.00%	6.00%
Turnover rate (depending on age of employee)	5.40%, 10.70%	5.40%, 10.70%	5.40%, 10.70%	5.40%, 10.70%
Gold per weight of Baht 1 (Baht)	22,050	20,200	22,050	20,200

\* The mortality rate is based on the mortality table of 2017 which has not been included in the allowance.

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at December 31, 2019 are summarised below:

	Assumptions increase (decrease) % per annum	(Unit : Thousand Baht)	
		Consolidated financial statements Amount increase (decrease)	Separate financial statements Amount increase (decrease)
Discount rate	0.25%	(5,516)	(5,489)
Discount rate	(0.25%)	5,740	5,712
Inflation rate of gold price	1.00%	2,017	2,011
Inflation rate of gold price	(1.00%)	(1,836)	(1,831)
Salary increase rate	0.25%	5,017	4,992
Salary increase rate	(0.25%)	(4,847)	(4,823)
Turnover rate	10.00%	(12,830)	(12,767)
Turnover rate	(10.00%)	13,945	13,878
Gold per weight of 1 Baht	10.00%	2,800	2,795
Gold per weight of 1 Baht	(10.00%)	(2,800)	(2,795)

The sensitivity analysis presented above may not be representative of the actual change in employee benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

#### 24. OTHER LIABILITIES

As at December 31, 2019 and 2018, other liabilities consisted of the following:

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Accrued commission expenses	515,501	640,822	514,031	639,660
Accrued expenses	284,318	234,006	283,912	233,148
Premium received for policies not yet approved	46,867	93,021	46,867	93,021
Amounts received awaiting transfer	68,047	74,345	68,047	74,345
Specific Business Tax payable	148,716	140,295	148,716	140,295
Payable from purchases of investments	32,721	40,702	32,721	40,702
Withholding tax payable	38,557	63,673	38,472	63,559
Short-term employee benefit payables	25,231	61,753	25,231	61,753
Collateral under derivatives agreements	35,500	-	35,500	-
Others	30,636	24,149	21,860	15,709
<b>Total other liabilities</b>	<b>1,226,094</b>	<b>1,372,766</b>	<b>1,215,357</b>	<b>1,362,192</b>

## 25. ISSUED AND PAID-UP SHARE CAPITAL AND PREMIUM ON SHARE CAPITAL

Reconciliation for the years ended December 31, 2019 and 2018 is as follows:

	Consolidated and separate financial statements		
	December 31, 2019		
	Issued and paid-up share capital		Premium on share capital
	Number of shares (Thousand shares)	Thousand Baht	Thousand Baht
Balances - beginning of the period	1,707,566	1,707,566	3,360,993
Balances - end of the period	1,707,566	1,707,566	3,360,993
	Consolidated and separate financial statements		
	December 31, 2018		
	Issued and paid-up share capital		Premium on share capital
	Number of shares (Thousand shares)	Thousand Baht	Thousand Baht
Balances - beginning of the period	1,707,566	1,707,566	3,360,993
Balances - end of the period	1,707,566	1,707,566	3,360,993

## 26. STATUTORY RESERVE

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

## 27. OPERATING SEGMENT

The Group and the Company presented operating segment information in the same manner as that reported to the Office of Insurance Commission (“OIC”) on the report of underwriting information reported by insurance categories since the management considered that The Group and the Company is operating its core business in a single segment (i.e. life insurance business) and in a single geographic area that is Thailand with Operation in Cambodia which is insignificant. Hence, all items as presented in this segment information are consistent to The Group and the Company internal reports that are regularly reviewed by the chief operating decision maker in order to make decision about allocation of resources to the segment and evaluate its performance. The chief operating decision maker has been identified as the Chief Executive Officer.

Underwriting information classified by insurance categories for the years ended December 31, 2019 and 2018 is as follows:

(Unit : Thousand Baht)

Consolidated financial statements					
For the year ended December 31, 2019					
	Traditional products - no participating dividend	Life annuity products - no participating dividend	Personal accident	Others	Total
<b>Underwriting income</b>					
Premium written	34,815,759	831,480	45,085	-	35,692,324
Less Premium ceded	(1,343,318)	-	-	-	(1,343,318)
Net premium written	33,472,441	831,480	45,085	-	34,349,006
Less Unearned premium reserve increased from prior year	(39,515)	-	(1,731)	-	(41,246)
Net earned premium	33,432,926	831,480	43,354	-	34,307,760
Fee and commission income	351,358	-	-	-	351,358
<b>Total underwriting income</b>	<b>33,784,284</b>	<b>831,480</b>	<b>43,354</b>	<b>-</b>	<b>34,659,118</b>
<b>Underwriting expenses</b>					
Life policy reserves increased from prior years	2,898,905	681,517	-	-	3,580,422
Benefit payments under life policies and claims net refundable from reinsurance	34,686,638	72,641	5,215	-	34,764,494
Commissions and brokerage expenses	2,927,672	64,650	1,389	10,768	3,004,479
Other underwriting expenses	597,855	11,732	612	108	610,307
<b>Total underwriting expenses</b>	<b>41,111,070</b>	<b>830,540</b>	<b>7,216</b>	<b>10,876</b>	<b>41,959,702</b>

(Unit : Thousand Baht)

Consolidated financial statements					
For the year ended December 31, 2018					
	Traditional products - no participating dividend	Life annuity products - no participating dividend	Personal accident	Others	Total
<b>Underwriting income</b>					
Premium written	39,812,506	1,038,184	41,305	-	40,891,995
Less Premium ceded	(1,303,543)	-	-	-	(1,303,543)
Net premium written	38,508,963	1,038,184	41,305	-	39,588,452
Less Unearned premium reserve increased from prior years	(33,780)	-	(457)	-	(34,237)
Net earned premium	38,475,183	1,038,184	40,848	-	39,554,215
Fee and commission income	374,928	-	-	-	374,928
<b>Total underwriting income</b>	<b>38,850,111</b>	<b>1,038,184</b>	<b>40,848</b>	<b>-</b>	<b>39,929,143</b>
<b>Underwriting expenses</b>					
Life policy reserves increased from prior years	16,631,705	681,350	-	-	17,313,055
Benefit payments under life policies and claims net refundable from reinsurance	24,496,828	167,563	6,854	-	24,671,245
Commissions and brokerage expenses	3,342,867	111,575	792	9,850	3,465,084
Other underwriting expenses	839,443	17,043	671	19	857,176
<b>Total underwriting expenses</b>	<b>45,310,843</b>	<b>977,531</b>	<b>8,317</b>	<b>9,869</b>	<b>46,306,560</b>

## 28. OPERATING EXPENSES

For the years ended December 31, 2019 and 2018, operating expenses consisted of the following:

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended December 31,		For the years ended December 31,	
	2019	2018	2019	2018
Personnel expenses	820,241	1,048,121	814,267	1,042,617
Premises and equipment expenses	169,085	177,927	168,664	177,478
Taxes and duties	4,958	5,320	4,958	5,320
Other operating expenses	642,145	539,179	642,105	538,554
<b>Total operating expenses</b>	<b>1,636,429</b>	<b>1,770,547</b>	<b>1,629,994</b>	<b>1,763,969</b>

## 29. EXPENSES BY NATURE

For the years ended December 31, 2019 and 2018, expenses by nature consisted of the following:

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended December 31,		For the years ended December 31,	
	2019	2018	2019	2018
<b>Employee related expenses</b>				
Included in benefit payments under life policies and claims	34,403	35,989	34,403	35,989
Included in other underwriting expenses	22,296	23,526	22,296	23,526
Included in operating expenses	820,241	1,048,121	814,267	1,042,617
<b>Total</b>	<b>876,940</b>	<b>1,107,636</b>	<b>870,966</b>	<b>1,102,132</b>
<b>Premises and equipment expenses</b>				
Included in operating expenses	169,085	177,927	168,664	177,478
<b>Total</b>	<b>169,085</b>	<b>177,927</b>	<b>168,664</b>	<b>177,478</b>

## 30. PROVIDENT FUND

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contribute to the fund monthly at the rate of 5 percent to 15 percent of basic salary. The fund, which is managed by a license fund manager, will be paid to employees upon termination in accordance with the fund rules. During the years 2019 and 2018, the Group and the Company contributed to the fund by Baht 37 million and Baht 40 million, respectively (The Company only: Baht 37 million and Baht 40 million, respectively).

### 31. GAINS ON REVALUATION

For the years ended December 31, 2019 and 2018, gains on revaluation consisted of the following:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	For the years ended December 31,	
	2019	2018
Unrealised losses from held-for-trading investments	(12,493)	(15,580)
Unrealised gains on foreign exchange contracts	401,993	59,522
Gains (losses) on exchange rate	(42,306)	18,034
Total fair value gains	347,194	61,976

### 32. EFFECTED TAX OF OTHER COMPREHENSIVE INCOME

For the years ended December 31, 2019 and 2018, effected tax of other comprehensive income consisted of the following:

	(Unit : Thousand Baht)					
	Consolidated financial statements					
	For the years ended December 31,					
	2019			2018		
	Amount before taxes	Income (expense) taxes	Amount after taxes	Amount before taxes	Income (expense) taxes	Amount after taxes
Gains (losses) on remeasuring available-for-sale investments	3,643,438	(728,687)	2,914,751	(3,871,715)	774,343	(3,097,372)
Reversal of gain realised on the disposal of available-for-sale investments	(426,294)	85,258	(341,036)	(1,519,265)	303,853	(1,215,412)
Foreign exchange differences on translation of financial statements in foreign currency	(155)	-	(155)	(496)	-	(496)
Actuarial gain (loss)	(14,726)	2,921	(11,805)	21,187	(4,187)	17,000
Total	3,202,263	(640,508)	2,561,755	(5,370,289)	1,074,009	(4,296,280)

	(Unit : Thousand Baht)					
	Separate financial statements					
	For the years ended December 31,					
	2019			2018		
	Amount before taxes	Income (expense) taxes	Amount after taxes	Amount before taxes	Income (expense) taxes	Amount after taxes
Gains (losses) on remeasuring available-for-sale investments	3,643,438	(728,687)	2,914,751	(3,871,715)	774,343	(3,097,372)
Reversal of (gain) losses realised on the disposal of available-for-sale investments	(426,294)	85,258	(341,036)	(1,519,265)	303,853	(1,215,412)
Actuarial gain (loss)	(14,606)	2,921	(11,685)	20,933	(4,187)	16,746
Total	3,202,538	(640,508)	2,562,030	(5,370,047)	1,074,009	(4,296,038)

### 33. RELATED PARTY TRANSACTIONS

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

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

Name of related parties	Type of business	Relationship with the Company
Bangkok Bank Pcl.	Banking	Related by way of common shareholders
Bangkok Insurance Pcl.	Insurance	Shareholding and related by way of common directors
Sorachai Vivatn Co., Ltd.	Property development	Related by way of common shareholders
Thaire Life Assurance Pcl.	Life assurance	Related by way of common directors
Bumrungrad Hospital Pcl.	Health care services	Related by way of common shareholders
Rajburi Sugar Co., Ltd.	Industry	Related by way of common directors
Narai Ruamphiphat Co., Ltd.	Property development	Shareholding by an individual related to the major shareholder of the Company
Bangkok Business Building (1987) Co., Ltd.	Rental of assets	Related by way of common shareholders
Tris Corporation Ltd.	Services	Related by way of common directors
Union Textile Industries Pcl.	Industry	Related by way of common shareholders
Indorama Ventures Public Company Limited	Petrochemical	Related by way of common directors
Asia warehouse Co., Ltd.	Rental of assets	Shareholding by the major shareholder of the Company
Ek-Chai Distribution System Co., Ltd.	Commercial	Related by way of common directors
BBL Asset Management Co., Ltd. <sup>(1)</sup>	Asset management	Shareholding and related by way of common directors
Bualuang Securities Pcl.	Securities	Subsidiary of the major shareholder of the Company
BLA Insurance Broker Co., Ltd	Insurance broker	Subsidiary
Bangkok Mitsubishi UFJ Lease Co., Ltd.	Services	Related by way of common shareholders
Samitivij Pcl. <sup>(2)</sup>	Health care service	Related by way of common directors
I-Direct Insurance Broker Co., Ltd.	Life Insurance broker	Related by way of common shareholders
Bangkok Life Assurance (Cambodia) Public Limited Company	Life insurance	Subsidiary

<sup>(1)</sup> The Company and its subsidiaries have common directors with BBL Asset Management Co., Ltd. and had been considered a related party until May 5, 2018 because the Company and its subsidiaries have no common directors with BBL Asset Management Co., Ltd. since then. However, since November 2, 2018, the Company and its subsidiaries have common directors once again with BBL Asset Management Co., Ltd.

<sup>(2)</sup> It had been considered a related party unit May 1, 2018 because the Company and its subsidiaries have no common directors with Samitivij Pcl. since then.



During the years ended December 31, 2019 and 2018, the Group and the Company had significant business transactions with its related parties. Such transactions, which have been concluded on commercial terms and bases agreed upon in the ordinary course business between the Group and the Company and those parties are as follows:

(Unit : Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Pricing policy</b>
	<b>For the years ended December 31,</b>		
	<b>2019</b>	<b>2018</b>	
<b>Related parties</b>			
Premium written	9,473	7,089	Normal commercial terms for underwriting
Premium ceded to reinsurers	530,236	430,167	Normal commercial terms for underwriting
Fee and commission income	138,695	116,143	Normal commercial terms for underwriting
Interest income - deposits at banks, promissory notes and debentures	415,381	426,266	Same rates as those offered by financial institutions and related companies to general customers
Interest income - mortgage loans	4,782	3,954	Same rates as the Company charged to general borrowers who mortgage assets as collateral
Dividend income	413,655	288,319	The declared amount
Rental and service income	13,603	11,838	Rate on agreements those charged by rental and service fees per square meter per month
Brokerage income from securities trading	73,021	38,166	Normal commercial terms for securities brokerage
Gain (loss) on forward and swap foreign exchange contracts	288,352	91,137	Normal commercial terms on contracts
Commission and brokerage	1,251,458	1,704,705	At a mutually agreed percentage of premium written
Claim refundable from reinsurance	297,248	297,030	Normal commercial terms for underwriting
Claim payment and diagnose charge	19,669	19,433	Normal commercial terms for underwriting
Bank charges	175,382	157,059	Same rates as those charged by financial institutions and related companies to general customers
Insurance premium	4,217	2,499	Normal commercial terms for underwriting
Building space rental and services	72,422	71,847	Head office building: Rental fee of approximately Baht 90 per square meter per month and service fee of Baht 29 per square meter per month for long-term agreement and approximately Baht 44, Baht 138 per square meter per month and service fees approximately Baht 91 and Baht 307 per square meter per month. Branch office buildings: Rental fees of approximately Baht 100, Baht 150, Baht 188 and Baht 315 per square meter per month and service fees of approximately Baht 342 and Baht 200 per square meter per month.
Other services	9,252	12,582	Normal commercial terms for services

(Unit : Thousand Baht)

	<b>Separate financial statements</b>		<b>Pricing policy</b>
	<b>For the years ended</b>		
	<b>December 31,</b>		
	<b>2019</b>	<b>2018</b>	
<b>Transactions with related companies</b>			
<b>Subsidiaries</b>			
Written Premium	106	-	Normal commercial terms for underwriting
Rental and service income	569	569	Rate on agreements as those charged by rental and service fees per square meter per month
<b>Related parties</b>			
Written Premium	9,473	7,089	Normal commercial terms for underwriting
Premium ceded to reinsurers	530,236	430,167	Normal commercial terms for underwriting
Fee and commission income	138,695	116,143	Normal commercial terms for underwriting
Interest income - deposits at banks, promissory notes and debentures	415,359	426,245	Same rates as those offered by financial institutions and related companies to general customers
Interest income - mortgage loans	4,782	3,954	Same rates as the Company charged to general borrowers who mortgage assets as collateral
Dividend income	413,655	288,319	The declared amount
Brokerage income from securities trading	73,021	38,166	Normal commercial terms for securities brokerage
Gain (loss) on forward and swap foreign exchange contracts	288,352	91,137	Normal commercial terms on contracts
Commission and brokerage	1,251,458	1,704,705	At a mutually agreed percentage of premium written
Claim refundable from reinsurance	297,248	297,030	Normal commercial terms for underwriting
Claim payment and diagnose charge	19,669	19,433	Normal commercial terms for underwriting
Bank charges	175,297	156,969	Same rates as those charged by financial institutions and related companies to general customers
Insurance premium	4,209	2,493	Normal commercial terms for underwriting
Building space rental and services	72,422	71,847	Head office building: Rental fee of approximately Baht 90 per square meter per month and service fee of Baht 29 per square meter per month for long-term agreement and approximately Baht 44, Baht 138 per square meter per month and service fees approximately Baht 91 and Baht 307 per square meter per month. Branch office buildings: Rental fees of approximately Baht 100, Baht 150, Baht 188 and Baht 315 per square meter per month and service fees of approximately Baht 342 and Baht 200 per square meter per month.
Other services	1,252	6,277	Normal commercial terms for services

For the years ended December 31, 2019 and 2018, premium written from the Bancassurance distribution channel represented approximately 55.97% and 61.46% of total net premium written, respectively.

As at December 31, 2019 and 2018, the balance of the accounts between the Company and those related companies are as follows:

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
<b>Subsidiaries</b>				
Other liabilities				
Deposits income	-	-	66	66
Total other liabilities	-	-	66	66
<b>Related parties</b>				
Deposit at financial institution (included in cash and cash equivalents)	1,187,103	578,555	1,175,978	570,847
Investments assets				
Available-for-sale investments - cost				
Domestic equity securities	3,075,507	2,185,247	3,075,507	2,185,247
Domestic units trust	3,473,723	3,462,177	3,473,723	3,462,177
Total available-for-sale investment - cost	6,549,230	5,647,424	6,549,230	5,647,424
Add Unrealised gains	1,931,899	2,007,586	1,931,899	2,007,586
Total available-for-sale investments				
- fair value	8,481,129	7,655,010	8,481,129	7,655,010
Held-to-maturity investments				
- cost/amortised cost				
Private enterprise debt securities	2,945,000	2,945,000	2,945,000	2,945,000
Foreign debt securities	5,869,412	5,729,391	5,869,412	5,729,391
Total held-to-maturity investment				
- cost/amortised cost	8,814,412	8,674,391	8,814,412	8,674,391
General investments - foreign equity securities	11,167	11,167	11,167	11,167
Loans	72,996	47,614	72,996	47,614
Total investments assets	17,379,704	16,388,182	17,379,704	16,388,182
Amount due from reinsurance	305,912	222,375	305,912	222,375
Forward and swap foreign exchange contract receivables	7,399,499	8,139,953	7,399,499	8,139,953
Other assets				
Deposits	9,631	11,161	9,631	11,161
Accrued income	6,659	5,867	-	-
Prepaid rental expenses	10,824	22,617	10,824	22,617
Prepaid expense	47	15	47	15
Total other assets	27,161	39,660	20,502	33,793
Amount due to reinsurance	326,522	145,082	326,522	145,082
Outstanding claims	1,386	1,626	1,386	1,626
Forward and swap foreign exchange contract payables	7,341,284	8,155,733	7,341,284	8,155,733
Other liabilities				
Accrued commission	157,807	268,975	157,807	268,975
Accrued Premium	8,740	8,439	-	-
Accrued rental and service expense	8	60	8	60
Total other liabilities	166,555	277,474	157,815	269,035

### Directors and key management's benefits

During the years ended December 31, 2019 and 2018, the Group and the Company had employee benefit expenses payable to their directors and key management as below:

	Consolidated		(Unit : Thousand Baht)	
	financial statements		Separate	
	For the years ended December 31,		financial statements For the years ended December 31,	
	2019	2018	2019	2018
Short-term employee benefits	82,183	71,439	82,183	71,439
Long-term employee benefits	3,270	2,688	3,270	2,688
Total directors and management's benefits	85,453	74,127	85,453	74,127

### 34. ASSETS PLACED WITH THE REGISTRAR

As at December 31, 2019 and 2018, the following assets have been placed as securities with the Registrar in accordance with the Life Insurance Act.

	(Unit : Thousand Baht)			
	Consolidated and separate financial statements			
	December 31, 2019		December 31, 2018	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
State enterprise bonds	23,051	30,319	23,127	24,881

### 35. ASSETS RESERVED WITH THE REGISTRAR

As at December 31, 2019 and 2018, the following securities have been placed as reserves with the Registrar in accordance with the Life Insurance Act.

	(Unit : Thousand Baht)			
	Consolidated and separate financial statements			
	December 31, 2019		December 31, 2018	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Government bonds	59,503,696	79,720,334	58,433,626	65,717,481
State enterprise bonds	4,599,986	5,097,301	4,899,967	5,359,018
Total	64,103,682	84,817,635	63,333,593	71,076,499

### 36. CONTRIBUTION TO LIFE INSURANCE FUND

For the years ended December 31, 2019 and 2018, contribution to life insurance fund consisted of the following:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	For the years ended December 31,	
	2019	2018
Life insurance fund at the beginning of the years	384,720	343,828
Contribution during the years	35,692	40,892
Life insurance fund at the end of the years	420,412	384,720

### 37. EARNINGS PER SHARE

Basic earnings per share for the years ended December 31, 2019 and 2018 are as follows:

	Consolidated financial statement					
	For the years ended December 31,					
	Continuing operations		Discontinued operations		Total	
	2019	2018	2019	2018	2019	2018
Net profits (losses) (Thousand Baht)	4,387,856	4,980,056	(1,870)	(10,317)	4,385,986	4,969,739
Number of share capital (Thousand shares)	1,707,566	1,707,566	1,707,566	1,707,566	1,707,566	1,707,566
Basic earnings (losses) per share (Baht)	2.570	2.916	(0.001)	(0.006)	2.569	2.910

	Separate financial statement	
	For the years ended December 31,	
	2019	2018
Net profits (Thousand Baht)	4,383,926	4,926,021
Number of share capital (Thousand shares)	1,707,566	1,707,566
Basic earnings per share (Baht)	2.567	2.885

### 38. DIVIDENDS PAID

Dividends declared during the years ended December 31, 2019 and 2018 consisted of the following:

	<u>Approved by</u>	<u>Total dividend (Million Baht)</u>	<u>Dividend per share (Baht)</u>
Annual dividend for 2018	Annual General Meeting of the Shareholders on April 26, 2019 and the OIC on April 18, 2019	682	0.40
Interim dividend from operations for six-month period ended June 30, 2019	Meeting of Board of Directors on August 13, 2019 and the OIC on September 10, 2019	545	0.32
<b>Total dividend for the year 2019</b>		<u>1,227</u>	<u>0.72</u>
Annual dividend for 2017	Annual General Meeting of the Shareholders on April 27, 2018 and the OIC on April 18, 2018	375	0.22
Interim dividend from operations for six-month period ended June 30, 2018	Meeting of Board of Directors on August 9, 2018 and the OIC on September 5, 2018	546	0.32
<b>Total dividend for the year 2018</b>		<u>921</u>	<u>0.54</u>

### 39. COMMITMENTS

39.1 As at December 31, 2019 and 2018, the Company entered into construction building agreement with local companies totaling of Baht 458.20 million and Baht 55.47 million, respectively. The Company had commitment according to the agreements amounting to Baht 336.32 million and Baht 34.40 million, respectively.

39.2 The Group and the Company have entered into several lease agreements in respect of the lease of office building space, motor vehicles and equipment. The terms of the agreements are generally between 1 and 5 years for leases of building space and are generally between 1 and 5 years for leases of motor vehicles and equipment. Such agreements are non-cancellable.

As at December 31, 2019 and 2018, future minimum lease payments required under these non-cancellable operating lease contracts were as follows:

	(Unit : Million Baht)		
	Consolidated financial statement		
	December 31, 2019		
	Pay within		
	1 year	1 - 5 years	Total
Operating lease agreements			
- Related parties	10.63	1.24	11.87
Operating lease agreements			
- Other parties	15.59	11.10	26.69
Service agreements	7.65	-	7.65
<b>Total</b>	<b>33.87</b>	<b>12.34</b>	<b>46.21</b>

	(Unit : Million Baht)		
	Consolidated financial statement		
	December 31, 2018		
	Pay within		
	1 year	1 - 5 years	Total
Operating lease agreements			
- Related parties	20.40	9.69	30.09
Operating lease agreements			
- Other parties	17.67	15.02	32.69
Service agreements	6.75	0.02	6.77
<b>Total</b>	<b>44.82</b>	<b>24.73</b>	<b>69.55</b>

	(Unit : Million Baht)		
	Separate financial statement		
	December 31, 2019		
	Pay within		
	1 year	1 - 5 years	Total
Operating lease agreements			
- Related parties	10.63	1.24	11.87
Operating lease agreements			
- Other parties	15.53	11.10	26.63
Service agreements	7.65	-	7.65
<b>Total</b>	<b>33.81</b>	<b>12.34</b>	<b>46.15</b>

	(Unit : Million Baht)		
	Separate financial statement		
	December 31, 2018		
	Pay within		
	1 year	1 - 5 years	Total
Operating lease agreements			
- Related parties	20.40	9.69	30.09
Operating lease agreements			
- Other parties	17.52	14.96	32.48
Service agreements	6.73	-	6.73
<b>Total</b>	<b>44.65</b>	<b>24.65</b>	<b>69.30</b>

The Group and the Company recognized rental expense derived from the operating leases for the year ended December 31, 2019 amounting to Baht 40.70 million (December 31, 2018 amounting to Baht 51.04 million).

39.3 As at December 31, 2019 and 2018, the Group and the Company may need to deposit additional amounts in the future under the investment conditions as described in Note 11.6 (a) to the interim financial statements, as summarised below.

Payable within	(Unit : Thousand Baht)	
	<u>Consolidated and separate financial statements</u> <u>December 31, 2019</u>	<u>December 31, 2018</u>
1 year	900,000	1,200,000

39.4 As at December 31, 2019 and 2018, the Company had bank guarantee issued by banks Baht 2.0 million and Baht 2.2 million, respectively.

#### 40. LITIGATION

As at December 31, 2019 and 2018, the Group and the Company has been sued in litigation cases of compensation of claims totaling approximately Baht 8 million and Baht 12 million, respectively, for being the insurer and the cases have yet been finalised. The Company has yet provided for any provision for loss on such cases since there are still uncertainty with respect to the outcome of the cases.

#### 41. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group and the Company use the market approach to measure their assets that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

##### **Fair value hierarchy**

In applying the above-mentioned valuation techniques, the Company and its subsidiaries endeavor to use relevant observable inputs as much as possible.

TFRS 13 “Fair Value Measurement” establishes a fair value hierarchy categorising such inputs into three levels as follows:

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

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

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



As at December 31, 2019 and 2018, the Group and the Company had the following assets that were measured at fair value using different levels of inputs as follows:

(Unit : Thousand Baht)			
Consolidated and separated financial statements			
December 31, 2019			
Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>			
Held-for-trading investments			
Equity instruments	20,856	-	20,856
Available-for-sale investments			
Equity instruments	44,026,206	6,061,380	50,087,586
Debt instruments	-	30,016,803	30,016,803
<b>Assets for which fair value are disclosed</b>			
Held-to-maturity investments			
Debt instruments	-	247,775,543	260,293,865
Investment property	-	22,646	22,646
Derivatives			
Cross currency swap contracts	-	1,598,446	1,598,446
Forward exchange contracts	-	145,718	145,718
Loans			
Policy loans	-	10,020,927	10,020,927
Mortgage loans	-	1,747,785	1,747,785
<b>Liabilities for which fair value are disclosed</b>			
Derivatives			
Cross currency swap contracts	-	8,827	8,827

(Unit : Thousand Baht)			
Consolidated and separated financial statements			
December 31, 2018			
Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>			
Held-for-trading investments			
Equity instruments	33,497	-	33,497
Available-for-sale investments			
Equity instruments	39,533,401	6,083,698	45,617,099
Debt instruments	-	29,554,842	29,554,842
<b>Assets for which fair value are disclosed</b>			
Held-to-maturity investments			
Debt instruments	-	220,003,790	233,569,083
Investment property	-	23,127	23,127
Derivatives			
Cross currency swap contracts	-	551,362	551,362
Forward exchange contracts	-	125,015	125,015
Loans			
Policy loans	-	8,588,670	8,588,670
Mortgage loans	-	3,767,208	3,767,208
<b>Liabilities for which fair value are disclosed</b>			
Derivatives			
Cross currency swap contracts	-	143,304	143,304
Forward exchange contracts	-	713	713

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

#### 42. LIFE INSURANCE COMPANY RISK

The Group and the Company recognises the importance of risk management across the entity. To comply with the Group and the Company risk management policy, which requires the Group and the Company to identify risks area and risk management to minimise the impact this may have happened in terms of the financial position and the Group and the Company reputation.

##### **Insurance risk**

Insurance risk may cause from mortality risk, mobility rate, persistency rate or actual expenses ratio which may differ from estimated expenses ratio which may cause negative impact to the Group and the Company operating results. Insurance risk management start from product development stage which the Group and the Company set up product development team to create idea and develop product to meet target group's desirable and support the Group and the Company operating strategy under the Group and the Company risk management policy.

Moreover, the Group and the Company set up clear underwriting policy standard for each product plan, age and sex. Underwriting process consider the mortality risk, persistency rate or premium payment ability of the policyholder. After issued policy, the Group and the Company need to evaluate the adequacy of insurance contract liabilities and capital adequacy ratio (CAR) to meet and greater than the minimum level required by regulation to ensure that the Group and the Company is able to support the risks that may arise in the future.

The Group and the Company usually reviews assumptions used in product development, liabilities adequacy test and capital adequacy ratio (CAR) to ensure that the assumptions are up to date. The Group and the Company main insurance risks consist of

(a) Interest rate

Interest rate risk is the fluctuations in interest rates. The Group and the Company manages this risk by establishing Risk Committee to monitor and report Key Risk Indicators (KRI) closely and also performing Asset and Liability Management (ALM) by duration matching to reduce the effect of volatility of interest rates both assets and liabilities sides. The Company performs stress test under current and future scenario for proper Asset and Liability Management on consistent basis.

(b) Product development risk

Product development risk is the risk from error in product development process. Bancassurance channel was the Group and the Company main channel. Therefore, the Group and the Company manage this risk by develop product to expand other channel i.e. agent, group, telemarketing and new channel, new channel, online channel together with product development and applying technology to support customer's requirement, along with a review of the pricing factors and new product design and other factors of new product, improving product before getting approvals from product design working team.

## **The sensitivity of insurance risk**

### Reserves for long-term insurance contracts

The Group and the Company calculates reserves for long-term insurance contracts using a net level premium valuation (“NPV”) method with lock-in assumptions, meaning that reserves for long-term insurance contracts are not affected by changes in mortality rates, morbidity rates and discount rates. However, liabilities adequacy tests are performed at the end of each reporting period by comparing the NPV reserve with the reserve calculated using the gross premiums valuation (“GPV”) method, using current assumptions and since most of the Group and the Company products are benefit guaranteed products, the factor that has the greatest impact on the calculation of reserves for long-term insurance contracts under GPV method is the discount rate, which is the risk-free rate plus an illiquidity premium. An increase in the risk-free rate will therefore cause the GPV reserve to decrease and to be lower than the NPV reserve, and the Group and the Company does not need to recognize the additional expense in the statement of profit and loss. On the contrary, a decrease in the risk-free rate will cause the GPV reserve to increase and in the event that the GPV reserve exceeds the NPV reserve, the Group and the Company has to recognize the difference as an additional expense in profit and loss due to liabilities adequacy test. As at December 31, 2018, the Group and the Company has no additional LAT reserve because the Group and the Company reserves for long-term insurance contracts prepared under the NPV method are adequate, and in the event of 0.25% decrease of in the interest rate the Group and the Company would have no additional obligations.

As at December 31, 2019, the Company has no additional LAT reserve because the Group and the Company reserves for long-term insurance contracts prepared under the NPV method are adequate. In the event of 0.25% decrease of in interest rate, the Group and the Company would have additional LAT reserve Baht 418 million.

### Loss reserves

Loss reserve is set aside for the costs of claims incurred but not reported (IBNR) as at end of the reporting period, based on an actuarial method. The key assumption affecting this reserve is the expected inflation rate of future healthcare services, which may cause estimated losses to be lower than the estimated loss in the future. However, comparison of the loss reserve to the life policy reserve shows its proportion lower than 1%. Changes in the loss reserve assumptions will not materially affect profit or loss. The Company therefore did not perform sensitivity testing for the risk associated with the loss reserve.

## Concentration risk

Concentration risk is the risk that the Group and the Company may be affected significantly by any single event. The Group and the Company manages concentration risk by distributing its life insurance products among a wide range of customer groups throughout Thailand. Events that may affect the Group and the Company due to concentration of its products include:

1. Changes in the mortality rate trend of the population as modern medical technology increases the lifespan of the population, resulting in higher benefit payments for pension products.
2. Changes in financial market factors, such as a significant decrease in interest rates may negatively affect products that offer guaranteed benefits.

The following table shows the concentration of insurance contract liabilities by types of contracts.

(Unit : Thousand Baht)

		Consolidated financial statements							
		Insurance contract liabilities - Gross of reinsurance							
		December 31, 2019				December 31, 2018			
		Traditional products - no participating dividend	Life annuity products - no participating dividend	Group insurance and riders	Total	Traditional products - no participating dividend	Life annuity products - no participating dividend	Group insurance and riders	Total
Reserves for long-term insurance contracts		273,286,090	4,202,446	-	277,488,536	270,387,265	3,520,929	-	273,908,194
Claim reserves		-	-	234,462	234,462	-	-	265,652	265,652
<b>Total</b>		<b>273,286,090</b>	<b>4,202,446</b>	<b>234,462</b>	<b>277,722,998</b>	<b>270,387,265</b>	<b>3,520,929</b>	<b>265,652</b>	<b>274,173,846</b>

(Unit : Thousand Baht)

		Consolidated financial statements							
		Insurance contract liabilities - Net of reinsurance							
		December 31, 2019				December 31, 2018			
		Traditional products - no participating dividend	Life annuity products - no participating dividend	Group insurance and riders	Total	Traditional products - no participating dividend	Life annuity products - no participating dividend	Group insurance and riders	Total
Reserves for long-term insurance contracts		273,286,090	4,202,446	-	277,488,536	270,387,265	3,520,929	-	273,908,194
Claim reserves		-	-	158,148	158,148	-	-	112,230	112,230
<b>Total</b>		<b>273,286,090</b>	<b>4,202,446</b>	<b>158,148</b>	<b>277,646,684</b>	<b>270,387,265</b>	<b>3,520,929</b>	<b>112,230</b>	<b>274,020,424</b>

(Unit : Thousand Baht)

		Separate financial statements							
		Insurance contract liabilities - Gross of reinsurance							
		December 31, 2019				December 31, 2018			
		Traditional products - no participating dividend	Life annuity products - no participating dividend	Group insurance and riders	Total	Traditional products - no participating dividend	Life annuity products - no participating dividend	Group insurance and riders	Total
Reserves for long-term insurance contracts		273,286,079	4,202,446	-	277,488,525	270,387,173	3,520,929	-	273,908,102
Claim reserves		-	-	234,462	234,462	-	-	265,652	265,652
<b>Total</b>		<b>273,286,079</b>	<b>4,202,446</b>	<b>234,462</b>	<b>277,722,987</b>	<b>270,387,173</b>	<b>3,520,929</b>	<b>265,652</b>	<b>274,173,754</b>

(Unit : Thousand Baht)

	Separate financial statements							
	Insurance contract liabilities - Net of reinsurance							
	December 31, 2019				December 31, 2018			
	Traditional products - no participating dividend	Life annuity products - no participating dividend	Group insurance and riders	Total	Traditional products - no participating dividend	Life annuity products - no participating dividend	Group insurance and riders	Total
Reserves for long-term insurance contracts	273,286,079	4,202,446	-	277,488,525	270,387,173	3,520,929	-	273,908,102
Claim reserves	-	-	158,148	158,148	-	-	112,230	112,230
Total	273,286,079	4,202,446	158,148	277,646,673	270,387,173	3,520,929	112,230	274,020,332

## Liquidity risk

Liquidity risk is the risk of loss as a result of the Group and the Company inability to liquidate financial assets and/or procure sufficient funds to discharge its obligations in a timely manner. The Group and the Company manage liquidity risk by maintaining sufficient levels of cash and cash equivalents to fund their operations.

	(Unit : Thousand Baht)			
	Consolidated and separate financial statements			
	December 31, 2019			
	0 - 5 years	5 - 10 years	Over 10 years	Total
<b>Assets</b>				
Reinsurance assets	549,701	-	-	549,701
Investment in securities <sup>(1)</sup>	156,349,284	90,148,697	134,554,930	381,052,911
Total assets	156,898,985	90,148,697	134,554,930	381,602,612
<b>Liabilities</b>				
Reserves for long-term insurance contracts <sup>(2)</sup>	115,193,227	98,643,657	194,726,222	408,563,106
Claim reserves	234,462	-	-	234,462
Total liabilities	115,427,689	98,643,657	194,726,222	408,797,568

(1) Total principal amount and interest

(2) Amount before discount

	(Unit : Thousand Baht)			
	Consolidated and separate financial statements			
	December 31, 2018			
	0 - 5 years	5 - 10 years	Over 10 years	Total
<b>Assets</b>				
Reinsurance assets	539,180	-	-	539,180
Investment in securities <sup>(1)</sup>	148,629,756	92,617,315	138,984,706	380,231,777
Total assets	149,168,936	92,617,315	138,984,706	380,770,957
<b>Liabilities</b>				
Reserves for long-term insurance contracts <sup>(2)</sup>	97,495,121	125,294,167	165,041,664	387,830,952
Claim reserves	265,652	-	-	265,652
Total liabilities	97,760,773	125,294,167	165,041,664	388,096,604

(1) Total principal amount and interest

(2) Amount before discount

## 43. FINANCIAL INSTRUMENTS

### 43.1 Financial risk management

The Group and the Company financial instruments, as defined under Thai Accounting Standard No.107 “Financial Instruments: Disclosure and Presentations”, principally comprise cash and cash equivalents, premiums receivable, reinsurance assets/ liabilities, loans, and investments. The financial risks associated with these financial instruments and how they are managed is described below.

#### **Credit risk**

Concentrations of the credit risk with respect to loans and premium receivables are expected to be low due to the large number of customers and borrowers and their dispersion across different industries and geographic regions in Thailand. The maximum exposure to credit risk is the carrying value of such assets as presented in statement of financial position.

There is insignificant risk from policy loans since the sum that the Company has lent to insured parties is less than cash value of their policies with the Group and the Company. The maximum value of the risk arising from mortgage loans is the amount of the loan less the value which the Group and the Company is able to derive from the assets placed as collateral.

#### **Market risk**

Market risk is the risk that change in interest rates, foreign exchange rates and securities prices may have an effect on the Group and the Company financial position.

#### **Interest rate risk**

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates.

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

As at December 31, 2019 and 2018, financial assets classified by type of interest rate are summarised in the table below:

(Unit : Thousand Baht)			
Consolidated financial statements			
December 31, 2019			
	No interest	Floating interest rate	Fixed interest rate
Cash equivalents	1,007,820	1,151,993	11,282,070
Investments in securities			
Government and state enterprise securities	-	-	140,913,117
Private enterprise debt securities	-	600,000	100,721,528
Foreign debt securities	-	-	7,762,320
Deposit at financial institutions with maturity period of longer than 3 months	-	-	-
Loans			
Policy loans	-	-	8,477,915
Mortgage loans	-	-	1,747,933
Other loans	-	-	206
<b>Total</b>	<b>1,007,820</b>	<b>1,751,993</b>	<b>270,905,089</b>

  

(Unit : Thousand Baht)			
Consolidated financial statements			
December 31, 2018			
	No interest	Floating interest rate	Fixed interest rate
Cash equivalents	858,148	1,752,515	7,214,929
Investments in securities			
Government and state enterprise securities	-	-	140,658,605
Private enterprise debt securities	-	2,600,000	92,348,928
Foreign debt securities	-	-	7,971,385
Deposit at financial institutions with maturity period of longer than 3 months	-	-	3,400,000
Loans			
Policy loans	-	-	7,798,115
Mortgage loans	-	-	3,761,948
Other loans	-	-	1,478
<b>Total</b>	<b>858,148</b>	<b>4,352,515</b>	<b>263,155,388</b>

(Unit : Thousand Baht)

**Separate financial statements**

**December 31, 2019**

	<b>No interest</b>	<b>Floating interest rate</b>	<b>Fixed interest rate</b>
Cash equivalents	937,510	1,147,786	11,282,070
Investments in securities			
Government and state enterprise securities	-	-	140,913,117
Private enterprise debt securities	-	600,000	100,721,528
Foreign debt securities	-	-	7,762,320
Deposit at financial institutions with maturity period of longer than 3 months			
Loans			
Policy loans	-	-	8,477,915
Mortgage loans	-	-	1,747,933
Other loans	-	-	206
<b>Total</b>	<b>937,510</b>	<b>1,747,786</b>	<b>270,905,089</b>

(Unit : Thousand Baht)

**Separate financial statements**

**December 31, 2018**

	<b>No interest</b>	<b>Floating interest rate</b>	<b>Fixed interest rate</b>
Cash equivalents	781,406	1,749,449	7,214,929
Investments in securities			
Government and state enterprise securities	-	-	140,658,605
Private enterprise debt securities	-	2,600,000	92,348,928
Foreign debt securities	-	-	7,971,385
Deposit at financial institutions with maturity period of longer than 3 months	-	-	3,400,000
Loans			
Policy loans	-	-	7,798,115
Mortgage loans	-	-	3,761,948
Other loans	-	-	1,478
<b>Total</b>	<b>781,406</b>	<b>4,349,449</b>	<b>263,155,388</b>



As at December 31, 2019 and 2018, the financial assets that carry fixed interest rates further classified based on the maturity date, or the repricing date (if this occurs before the maturity date) as follows:

(Unit : Thousand Baht)

Consolidated and separate financial statements					
December 31, 2019					
	Within 1 year	1 - 5 years	Over 5 years	Total	Average interest rate (% p.a.)
Cash equivalents	11,282,070	-	-	11,282,070	1.19
Investments in securities					
Government and state enterprise securities	1,598,869	21,934,762	117,379,486	140,913,117	3.97
Private enterprises debt securities	5,576,758	40,055,385	55,089,385	100,721,528	3.84
Foreign debt securities	400,000	3,616,659	3,745,661	7,762,320	3.85
Loans					
Mortgage loans	374,242	1,231,595	142,096	1,747,933	6.29
Other loans	153	-	53	206	6.00
<b>Total</b>	<b>19,232,092</b>	<b>66,838,401</b>	<b>176,356,681</b>	<b>262,427,174</b>	

(Unit : Thousand Baht)

Consolidated and separate financial statements					
December 31, 2018					
	Within 1 year	1 - 5 years	Over 5 years	Total	Average interest rate (% p.a.)
Cash equivalents	7,214,929	-	-	7,214,929	1.47
Investments in securities					
Government and state enterprise securities	7,868,911	16,298,787	116,490,907	140,658,605	4.02
Private enterprises debt securities	1,848,300	30,802,422	59,698,206	92,348,928	4.26
Foreign debt securities	160,000	3,068,298	4,743,087	7,971,385	4.45
Deposit at financial institutions which amounts maturing in over 3 months	3,400,000	-	-	3,400,000	2.82
Loans					
Mortgage loans	945,654	1,217,542	1,598,752	3,761,948	5.73
Other loans	1,425	-	53	1,478	6.00
<b>Total</b>	<b>21,439,219</b>	<b>51,387,049</b>	<b>182,531,005</b>	<b>255,357,273</b>	

### Foreign currency risk

The Group and the Company significant exposure to foreign currency risk is in respect of its investments in bonds and unit trusts which are denominated in foreign currencies. The Group and the Company utilises forward exchange and cross currency swap contracts to manage the risk.

As at December 31, 2019 and 2018, the balances of financial assets denominated in foreign currencies are summarised below:

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at December 31,		as at December 31,		as at December 31,	
	2019	2018	2019	2018	2019	2018
	(Million units)		(Million units)		(Baht per 1 foreign currency unit)	
US dollar	678.3	739.1	587.8	686.0	31.05	32.31
Yen	300.0	475.3	1,327.9	1,340.9	0.28	0.29
Euro	48.7	47.7	43.0	39.1	34.75	38.15
LAK	40,824.0	40,824.0	-	-	0.0036	0.0038
Singapore	91.7	89.6	112.9	83.3	22.77	23.96

As at December 31, 2019 and 2018 foreign exchange contracts and forward contracts outstanding are summarised below.

Foreign currency	Long position		Contractual		Maturity date	
	as at December 31,		exchange rates			
	2019	2018	2019	2018	2019	2018
	(Million units)		(Baht per 1 foreign currency unit)			
US dollar	587.8	686.0	29.25 - 36.30	29.25 - 36.30	Feb. 2020 - Oct. 2026	Jan. 2019 - Oct. 2026
Yen	1,327.9	1,340.9	0.2811 - 0.2955	0.2909 - 0.3062	Jan. 2020 - Dec. 2020	Jan. 2019 - Dec. 2019
Euro	43.0	39.1	34.71 - 38.27	37.518 - 39.92	Feb. 2020 - Jun. 2028	Jan. 2019 - Sep. 2028
Singapore	112.9	83.3	22.093 - 22.744	23.57 - 24.47	Jan. 2020 - Aug 2020	Jan. 2019 - Jun 2019

## 43.2 Fair value of financial instruments

The estimated fair value of significant financial instruments, in comparison with the related amounts carried in the statement of financial position, is as follows:

	(Unit : Thousand Baht)			
	Consolidated financial statements			
	As at December 31, 2019		As at December 31, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets at fair value</b>				
Cash and cash equivalents	13,441,883	13,441,883	9,825,592	9,825,592
Investments in securities				
Held-for-trading investments	20,856	20,856	33,497	33,497
Available-for-sale investments	80,104,389	80,104,389	75,171,941	75,171,941
<b>Assets for which fair value are disclosed</b>				
Investments in securities				
Held-to-maturity investments	219,980,163	260,293,865	217,424,076	233,569,083
Derivative				
Cross currency swap contracts	927,867	1,598,446	231,179	551,362
Forward exchange contracts	70,254	145,718	43,708	125,015
Loans				
Policy loans	8,477,915	10,020,927	7,798,115	8,588,670
Mortgage loans	1,747,933	1,747,785	3,761,948	3,767,208
Investment property	16,686	22,646	17,752	23,127
<b>Liabilities for which fair value are disclosed</b>				
Derivative				
Cross currency swap contracts	78,799	8,827	630,372	143,304
Forward exchange contracts	39,474	-	13,922	713

	(Unit : Thousand Baht)			
	Separate financial statements			
	As at December 31, 2019		As at December 31, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets at fair value</b>				
Cash and cash equivalents	13,367,366	13,367,366	9,745,784	9,745,784
Investments in securities				
Held-for-trading investments	20,856	20,856	33,497	33,497
Available-for-sale investments	80,104,389	80,104,389	75,171,941	75,171,941
<b>Assets for which fair value are disclosed</b>				
Investments in securities				
Held-to-maturity investments	219,980,163	260,293,865	217,424,076	233,569,083
Derivative				
Cross currency swap contracts	927,867	1,598,446	231,179	551,362
Forward exchange contracts	70,254	145,718	43,708	125,015
Loans				
Policy loans	8,477,915	10,020,927	7,798,115	8,588,670
Mortgage loans	1,747,933	1,747,785	3,761,948	3,767,208
Investment property	16,686	22,646	17,752	23,127
<b>Liabilities for which fair value are disclosed</b>				
Derivative				
Cross currency swap contracts	78,799	8,827	630,372	143,304
Forward exchange contracts	39,474	-	13,922	713

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

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, their carrying amounts in the statement of financial position approximate their fair value.
- b) For debts securities, their fair values are generally derived from quoted market prices or determined by using the yield curve as announced by the Thai Bond Market Association or by other relevant bodies.
- c) For equity securities, their fair values are generally derived from quoted market prices.
- d) For policy loans, their fair values are estimated by discounting expected future cash flow by the interest-free bonds.
- e) For mortgage loans, their fair values are estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions. Thus, carrying value presented in the financial statements is closely to fair value.
- f) For derivatives, their fair values have been determined by using fair values obtained from its counterparties, who are banks.

#### **44. CAPITAL MANAGEMENT**

The primary objective of the Company's capital management are to ensure that it has an appropriate financial structure, to preserves the Company's ability to continue its business as a going concern and to maintain risk-based capital in accordance with Declarations of the OIC.

#### **45. EVENT AFTER THE REPORTING PERIOD**

At the Company's Board of Directors' meeting held on February 26, 2020, the Board of Directors passed a resolution to approve a dividend payment of Baht 0.33 per share. However, the payment of dividend must be approved by the resolution of the Annual General Meeting of shareholders of the Company and the Office of Insurance Commission.

**46. RECLASSIFICATIONS**

Reclassification has been made to the consolidated and separate statement of profit or loss and other comprehensive income for the year ended December 31, 2018 to conform to the classification used in the consolidated and separate statement of profit or loss and other comprehensive income for the year ended December 31, 2019 as follows:

<b>Items</b>	<b>Previous presentation</b>	<b>Current presentation</b>	<b>Consolidated Financial Statements (Thousand Baht)</b>	<b>Separate Financial Statements (Thousand Baht)</b>
<b>Statement of financial position as at December 31, 2018</b>				
Unpaid policy benefits	Other liabilities	Insurance contract liabilities	43,256	43,256

The consolidated and separate statements of cash flows for the year ended December 31, 2018 have been reclassified to conform to the above reclassifications.

**47. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements were authorised for issue by the Board of Directors on February 26, 2020.