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

Financial Statements

Year ended December 31, 2017

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, 2017, 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, 2017, 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>Revenue recognition - Gross written premium</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 gross written premium are occurrence and have been completely and accurately recognized 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"> • Understand the revenue recognition - gross written premium process and related internal control procedures. • Review the design and implementation of internal control procedures related to gross written premium recognition. • Perform the operating effectiveness testing over the internal control procedures around revenue recognition process including related information and technology system. • Perform substantive testing as follows: <ul style="list-style-type: none"> - Examine 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 policy holders whether it has been recognized accurately and completely. - Examine documents that are made through the General Journal Entries (Journal Entries), especially in relation to the recognition of gross written premium. - Perform substantive analytical procedures relating to the gross written premium.

Key Audit Matters	Key Audit Procedures
<p>Reserve for long-term insurance contracts</p> <p>The Group had reserves for long-term insurance contracts of Baht 256,595 million, representing 95.05% 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 shortfall is recognized as additional expense in the statements of 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. Changes to assumptions could significantly affect the reserves for long-term insurance contracts.</p> <p>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, 20.1 and 20.5.1 to the financial statements, respectively.</p>	<p>Our key audit procedures were as follows:</p> <ul style="list-style-type: none"> • Understand the reserve for long-term insurance contract process and related internal control procedures. • Review the design and implementation of internal control procedures related to recognition of reserve for long-term insurance contracts. • Perform the operating effectiveness testing over the internal control procedures around long-term insurance contract process including related information and technology system. • Perform substantive testing as follows: <ul style="list-style-type: none"> - 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. - Examine the documents that are made through the General Journal Entries (Journal Entries), especially in relation to the reserve for long-term insurance contracts. - Perform substantive analytical procedures relating to the reserve for long-term insurance contracts.

Other Matter

The consolidated financial statements of Bangkok Life Assurance Public Company Limited and its subsidiaries and the separate financial statements of Bangkok Life Assurance Public Company Limited as at December 31, 2016, presented herein as comparative information, were audited by another auditor, whose report thereon dated February 23, 2017 expressed an unmodified opinion with emphasis of matters regarding the reclassified transactions in accordance with the new format of financial statements as specified in the Notification of the Office of Insurance Commission dated March 4, 2016 which effective on January 1, 2016 onward and the adoption of the revised and new financial reporting standards issued by the Federation of Accounting Professions.

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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 23, 2018

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BANGKOK LIFE ASSURANCE PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

(UNIT : THOUSAND BAHT)

	Notes	Consolidated		Separate	
		2017	2016	2017	2016
ASSETS					
Cash and cash equivalents	6	3,975,792	13,109,072	3,877,092	13,020,689
Premium receivables	7	1,910,413	2,199,553	1,910,413	2,199,553
Accrued investment income		2,457,620	2,053,258	2,457,620	2,053,258
Reinsurance assets	8, 20	404,713	374,219	404,713	374,219
Amount due from reinsurance	9	928,466	649,427	928,466	649,427
Derivative assets	10	349,447	21,849	349,447	21,849
Investment assets					
Investments in securities					
Held-for-trading investments	11	87,957	155,100	87,957	155,100
Available-for-sale investments	11	77,121,935	65,314,232	77,121,935	65,314,232
Held-to-maturity investments	11, 34, 35	208,373,406	185,817,494	208,373,406	185,817,494
General investments	11	29,588	29,588	29,588	29,588
Investments in subsidiaries	12	-	-	151,117	132,530
Loans	13	9,404,604	7,912,166	9,404,604	7,912,166
Investment property	14	18,817	19,882	18,817	19,882
Premises and equipment	15	1,314,554	1,157,564	1,311,776	1,153,523
Goodwill	16	4,955	4,955	-	-
Intangible assets	17	11,252	19,557	10,880	18,950
Deferred tax assets	18	1,511,620	2,818,598	1,511,620	2,818,598
Other assets	19	824,049	699,638	779,458	667,651
TOTAL ASSETS		308,729,188	282,356,152	308,728,909	282,358,709

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, 2017

(UNIT : THOUSAND BAHT)

	Notes	Consolidated		Separate	
		2017	2016	2017	2016
LIABILITIES AND EQUITY					
LIABILITIES					
Insurance contract liabilities	20	265,978,194	243,098,663	265,978,189	243,098,663
Amount due to reinsurance	21	1,003,195	592,515	1,003,195	592,515
Derivative liabilities	10	765,613	2,775,409	765,613	2,775,409
Income tax payable		-	403,632	-	403,632
Employee benefit obligations	22	228,827	201,806	227,097	200,415
Other liabilities	23	1,988,600	1,955,052	1,968,515	1,947,235
Total liabilities		<u>269,964,429</u>	<u>249,027,077</u>	<u>269,942,609</u>	<u>249,017,869</u>
Equity					
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					
1,707,566,000 ordinary shares of Baht 1 each, fully paid-up	24	1,707,566	-	1,707,566	-
1,705,953,060 ordinary shares of Baht 1 each, fully paid-up		-	1,705,953	-	1,705,953
Premium on share capital	24	3,360,993	3,309,857	3,360,993	3,309,857
Capital reserve on share-based payments	24	-	11,323	-	11,323
Subscriptions received in advance from exercise of warrants	25	-	20,300	-	20,300
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		23,841,906	21,482,015	23,872,300	21,502,219
Other component of owners' equity					
Revaluation surplus on available-for-sale investments - net of income taxes		9,274,641	6,220,388	9,274,641	6,220,388
Foreign exchange differences on translation of financial statements in foreign currency		(4,441)	299	-	-
Equity attributable to equity holders of the Company		<u>38,751,465</u>	<u>33,320,935</u>	<u>38,786,300</u>	<u>33,340,840</u>
Non-controlling interests of the subsidiary		13,294	8,140	-	-
Total equity		<u>38,764,759</u>	<u>33,329,075</u>	<u>38,786,300</u>	<u>33,340,840</u>
TOTAL LIABILITIES AND EQUITY		<u>308,729,188</u>	<u>282,356,152</u>	<u>308,728,909</u>	<u>282,358,709</u>

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, 2017

(UNIT : THOUSAND BAHT)

	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Revenues					
Gross written premium	27, 33	44,039,347	43,332,857	44,039,210	43,332,919
<u>Less</u> Premium ceded to reinsurers	27	(1,096,809)	(978,436)	(1,096,809)	(978,436)
Net premium written		42,942,538	42,354,421	42,942,401	42,354,483
<u>Less</u> Unearned premium reserves increased form prior year	27	(27,578)	(72,966)	(27,578)	(72,966)
Net earned premium		42,914,960	42,281,455	42,914,823	42,281,517
Fee and commission income	27	268,146	248,903	268,146	248,903
Net investment income	33	11,602,975	10,631,995	11,602,934	10,631,995
Gain on investment	11	1,361,743	2,319,895	1,361,743	2,319,895
Gain (loss) on revaluation	31	101,404	(79,940)	101,404	(79,940)
Other income	33	131,642	92,324	116,213	80,066
Total revenues		<u>56,380,870</u>	<u>55,494,632</u>	<u>56,365,263</u>	<u>55,482,436</u>
Expenses					
Life policy reserves increased from prior year	27	23,182,760	26,104,086	23,182,754	26,104,086
Benefit payments under life policies and claims	27, 33	23,504,750	18,538,599	23,504,750	18,538,599
<u>Less</u> Benefit payments under life policies and claims refundable from reinsurance	27	(680,401)	(766,262)	(680,401)	(766,262)
Commissions and brokerages expenses	27, 33	3,507,630	3,164,919	3,498,850	3,158,821
Other underwriting expenses	27	986,213	625,927	982,443	625,171
Operating expenses	28	1,737,238	1,751,179	1,715,887	1,723,850
Total expenses		<u>52,238,190</u>	<u>49,418,448</u>	<u>52,204,283</u>	<u>49,384,265</u>
Profits before income tax expense		<u>4,142,680</u>	<u>6,076,184</u>	<u>4,160,980</u>	<u>6,098,171</u>
Income tax expense	18	(515,739)	(975,806)	(515,739)	(975,806)
Profit for the years		<u>3,626,941</u>	<u>5,100,378</u>	<u>3,645,241</u>	<u>5,122,365</u>
Profit for the years attributable to					
Equity holders of the Company		3,635,388	5,110,300	3,645,241	5,122,365
Non-controlling interests of the subsidiaries		(8,447)	(9,922)		
		<u>3,626,941</u>	<u>5,100,378</u>		

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 (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

(UNIT : THOUSAND BAHT)

	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Profit for the years		<u>3,626,941</u>	<u>5,100,378</u>	<u>3,645,241</u>	<u>5,122,365</u>
Other comprehensive income					
Other comprehensive income to reclassified to profit or loss in subsequent periods					
Gain (losses) on remeasuring available-for-sale investments	32	4,971,167	(773,987)	4,971,167	(773,987)
Reversal of (gain) losses realised on the disposal of available-for-sale investments	32	(1,153,351)	342,661	(1,153,351)	342,661
Gain on reclassify investment		-	3,224,354	-	3,224,354
Foreign exchange differences on translation of financial statements in foreign currency	32	(9,115)	577	-	-
Income taxes relating to other comprehensive income	18, 32	<u>(763,563)</u>	<u>(558,606)</u>	<u>(763,563)</u>	<u>(558,606)</u>
Total other comprehensive income to reclassified to be profit or loss in subsequent periods - net of income taxes		<u>3,045,138</u>	<u>2,234,999</u>	<u>3,054,253</u>	<u>2,234,422</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Actuarial gain (loss)	32	(2,447)	298	(2,110)	328
Income taxes relating to other comprehensive income	18, 32	<u>422</u>	<u>(66)</u>	<u>422</u>	<u>(66)</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		<u>(2,025)</u>	<u>232</u>	<u>(1,688)</u>	<u>262</u>
Other comprehensive income for the years - net of income taxes		<u>3,043,113</u>	<u>2,235,231</u>	<u>3,052,565</u>	<u>2,234,684</u>
Total comprehensive income for the years		<u>6,670,054</u>	<u>7,335,609</u>	<u>6,697,806</u>	<u>7,357,049</u>
Total comprehensive income for the periods attributable to					
Equity holders of the Company		<u>6,682,876</u>	<u>7,345,253</u>	<u>6,697,806</u>	<u>7,357,049</u>
Non-controlling interests of the subsidiaries		<u>(12,822)</u>	<u>(9,644)</u>		
		<u>6,670,054</u>	<u>7,335,609</u>		
					(UNIT : BAHT)
Earnings per share					
Basic earnings per share	37				
Profits for the years		<u>2.13</u>	<u>3.00</u>	<u>2.14</u>	<u>3.00</u>
Diluted earnings per share					
Profits for the years		<u>2.13</u>	<u>3.00</u>	<u>2.14</u>	<u>3.00</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, 2017

(UNIT : THOUSAND BAHT)

Consolidated financial statement													
Equity attributable to equity holders of the Company													
	Notes	Issued and paid-up share capital	Premium on share capital	Capital reserve for share-based payment transactions	Subscriptions received in advance from exercise of warrants	Retained earnings		Unappropriated General reserve	Surplus 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
						Appropriated	General reserve						
Balance as at January 1, 2016		1,703,811	3,219,926	38,834	10,626	170,800	400,000	17,460,248	3,985,966	-	26,990,211	158	26,990,369
Share-based payments	24, 25	-	-	11,005	-	-	-	-	-	-	11,005	-	11,005
Increase in share capital as a result of warrant exercise	24	2,142	51,415	-	(10,626)	-	-	-	-	-	42,931	-	42,931
Transfer of capital reserve for share-based payment transactions to premium on share capital as a result of warrant No.2 exercise	24	-	38,516	(38,516)	-	-	-	-	-	-	-	-	-
Subscriptions received in advance from exercises of warrants	25	-	-	-	20,300	-	-	-	-	-	20,300	-	20,300
Dividend paid	38	-	-	-	-	-	(1,088,765)	(1,088,765)	-	-	(1,088,765)	-	(1,088,765)
Acquisition of non-controlling interests without a change in control		-	-	-	-	-	-	-	-	-	-	17,626	17,626
Profits (loss) for the year		-	-	-	-	-	-	5,110,300	-	-	5,110,300	(9,922)	5,100,378
Other comprehensive income		-	-	-	-	-	-	-	2,234,422	-	2,234,422	-	2,234,422
Gains on remeasuring of available-for-sale investments - net of income taxes		-	-	-	-	-	-	232	-	-	232	-	232
Actuarial gain - net of income taxes		-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange differences on translation of financial statements in foreign currency		-	-	-	-	-	-	-	-	299	299	278	577
Total comprehensive income (loss) for the year		-	-	-	-	-	-	5,110,532	2,234,422	299	7,345,253	(9,644)	7,335,609
Balance as at December 31, 2016		1,705,953	3,309,857	11,323	20,300	170,800	400,000	21,482,015	6,220,388	299	33,320,935	8,140	33,329,075

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, 2017

(UNIT : THOUSAND BAHT)

		Consolidated financial statement												
		Equity attributable to equity holders of the Company						Other component of equity						
		Capital reserve		Subscriptions received in advance from exercise of warrants		Retained earnings		Surplus			Exchange differences on translation of financial statements in foreign currency		Equity attributable to non-controlling interests of the subsidiaries	
		Issued and paid-up share capital	Premium on share capital	for share-based payment transactions	from exercise of warrants	Appropriated	General reserve	Unappropriated	on remeasuring available-for-sale investments - net of income taxes	in foreign currency	Total equity attributable to equity holders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total	
	Balance as at January 1, 2017	1,705,953	3,309,857	11,323	20,300	170,800	400,000	21,482,015	6,220,388	299	33,320,935	8,140	33,329,075	
	Share-based payments	-	-	1,103	-	-	-	-	-	-	1,103	-	1,103	
	Increase in share capital as a result of warrant exercise	-	38,710	-	(20,300)	-	-	-	-	-	20,023	-	20,023	
	Transfer of capital reserve for share-based payment transactions to premium on share capital as a result of warrant No.2 exercise	-	12,426	(12,426)	-	-	-	-	-	-	-	-	-	
	Dividend paid	-	-	-	-	-	-	(1,273,472)	-	-	(1,273,472)	-	(1,273,472)	
	Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	-	-	-	-	17,976	17,976	
	Profits (loss) for the year	-	-	-	-	-	-	3,635,388	-	-	3,635,388	(8,447)	3,626,941	
	Other comprehensive income	-	-	-	-	-	-	-	3,054,253	-	3,054,253	-	3,054,253	
	Gains on remeasuring of available-for-sale investments - net of income taxes	-	-	-	-	-	-	(2,025)	-	-	(2,025)	-	(2,025)	
	Actuarial gain - net of income taxes	-	-	-	-	-	-	-	-	-	-	-	-	
	Exchange differences on translation of financial statements in foreign currency	-	-	-	-	-	-	-	-	(4,740)	(4,740)	(4,375)	(9,115)	
	Total comprehensive income (loss) for the year	-	-	-	-	-	-	3,633,363	3,054,253	(4,740)	6,682,876	(12,822)	6,670,054	
	Balance as at December 31, 2017	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	

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, 2017

(UNIT : THOUSAND BAHT)

	Notes	Separate financial statement						Total		
		Issued and paid-up share capital	Premium on share capital	Capital reserve for share-based payment transactions	Subscriptions received in advance from exercise of warrants	Retained earnings			Other component of equity - Surplus on remeasuring of available-for-sale investments - net of income taxes	
						Statutory reserve	Appropriated General reserve			Unappropriated
Balance as at January 1, 2016		1,703,811	3,219,926	38,834	10,626	170,800	400,000	17,468,357	3,985,966	26,998,320
Share-based payments	24, 25	-	-	11,005	-	-	-	-	-	11,005
Increase in share capital as a result of warrant exercise	24	2,142	51,415	-	(10,626)	-	-	-	-	42,931
Transfer of capital reserve for share-based payment transactions to premium on share capital as a result of warrant No.2 exercise	24	-	38,516	(38,516)	-	-	-	-	-	-
Subscriptions received in advance from exercises of warrants	25	-	-	-	20,300	-	-	-	-	20,300
Dividend paid	38	-	-	-	-	-	-	(1,088,765)	-	(1,088,765)
Profits for the years		-	-	-	-	-	-	5,122,365	-	5,122,365
Other comprehensive income		-	-	-	-	-	-	-	-	-
Gain on remeasuring of available-for-sale investments - net of income taxes		-	-	-	-	-	-	-	2,234,422	2,234,422
Actuarial loss - net of income taxes		-	-	-	-	-	-	262	-	262
Total comprehensive income for the year		-	-	-	-	-	-	5,122,627	2,234,422	7,357,049
Balance as at December 31, 2016		1,705,953	3,309,857	11,323	20,300	170,800	400,000	21,502,219	6,220,388	33,340,840

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, 2017

(UNIT : THOUSAND BAHT)

		Separate financial statement							
Notes	Issued and paid-up share capital	Premium on share capital	Capital reserve for share-based payment transactions	Subscriptions received in advance from exercise of warrants	Retained earnings		Unappropriated	Other component of equity - Surplus on remeasuring of available-for-sale investments - net of income taxes	Total
					Appropriated	General reserve			
	1,705,953	3,309,857	11,323	20,300	170,800	400,000	21,502,219	6,220,388	33,340,840
24, 25	-	-	1,103	-	-	-	-	-	1,103
24	1,613	38,710	-	(20,300)	-	-	-	-	20,023
	-	-	(12,426)	-	-	-	-	-	-
38	-	-	-	-	-	-	(1,273,472)	-	(1,273,472)
	-	-	-	-	-	-	3,645,241	-	3,645,241
	-	-	-	-	-	-	-	3,054,253	3,054,253
	-	-	-	-	-	-	(1,688)	-	(1,688)
	1,707,566	3,360,993	-	-	170,800	400,000	23,872,300	9,274,641	38,786,300

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, 2017

(UNIT : THOUSAND BAHT)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Cash flows provided by (used in) operating activities					
Gross premium		43,815,785	42,695,024	43,815,648	42,695,024
Cash payments from reinsurance		(425,734)	(636,236)	(425,734)	(636,236)
Interest income		9,611,451	9,736,216	9,611,410	9,736,216
Dividend income		1,599,719	1,453,325	1,599,719	1,453,325
Gain on investment		1,817,252	2,171,747	1,817,252	2,171,747
Other income		139,434	78,760	124,005	78,760
Benefit payments under life policies and loss incurred on direct insurance		(23,272,230)	(17,814,756)	(23,272,230)	(17,814,756)
Commissions and brokerages on direct insurance		(3,436,488)	(2,945,240)	(3,429,084)	(2,945,240)
Other underwriting expenses		(691,318)	(487,048)	(691,318)	(487,048)
Operating expenses		(1,663,020)	(1,566,294)	(1,654,873)	(1,640,503)
Corporate income taxes		(511,742)	(2,108,930)	(511,742)	(2,108,930)
Investments in securities		(32,975,901)	(30,305,054)	(32,994,487)	(30,305,054)
Loans		(1,336,557)	(1,535,246)	(1,336,557)	(1,535,246)
Other investments		(278,345)	9,074,609	(278,344)	9,074,609
Net cash provided by (used in) operating activities		(7,607,694)	7,810,877	(7,626,335)	7,736,668
Cash flows used in investing activities					
Net cash flows for purchases and disposals of premises and equipment		(246,329)	(680,265)	(246,329)	(680,265)
Cash paid for purchase of investment in subsidiary		(18,587)	(108,770)	(18,587)	(108,770)
Net cash used in investing activities		(264,916)	(789,035)	(264,916)	(789,035)
Cash flows provided by (used in) financing activities					
Proceeds from share capital increase as a result of warrant exercise		21,125	53,936	21,125	53,936
Subscriptions received from exercise of warrants		-	20,300	-	20,300
Dividend paid		(1,273,471)	(1,088,764)	(1,273,471)	(1,088,764)
Net cash used in financing activities		(1,252,346)	(1,014,528)	(1,252,346)	(1,014,528)
Exchange differences on translation of financial statements in foreign currency		(8,324)	-	-	-
Net increased (decreased) in cash and cash equivalents		(9,133,280)	6,007,314	(9,143,597)	5,933,105
Cash and cash equivalents at beginning of years		13,109,072	7,101,758	13,020,689	7,087,584
Cash and cash equivalents at end of years	6	3,975,792	13,109,072	3,877,092	13,020,689

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, 2017**

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 CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis for preparation and presentation of financial statements

The Group and the Company 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 and the Company's financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2016) “Presentation of Financial Statements”, which was effective for financial periods beginning on or after January 1, 2017 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 4 March 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 on a historical cost basis except where otherwise disclosed the financial statements.

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,	
			2017	2016
			%	%
BLA Insurance Broker Company Limited	Insurance broker	Thailand	99	99
Bangkok Life Assurance (Cambodia) Public Limited Company	Life Insurance	Cambodia	52	52

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 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 the 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 year financial statements

During the year, the Group and the Company has adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2017. 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 significant impact on the Group and the Company financial statements. Financial reporting standards with significant changes that are directly relevant to the Group and the Company are as follows:

TAS 27 (revised 2016) “Separate Financial Statements”

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (Revised 2016) “Investments in Associates and Joint Ventures.” However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

However, there was method the Group and the Company has been using; therefore, it had no impact on the Group and the Company shareholders’ equity or profit.

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

The Federation of Accounting Professions has issued the Notification regarding 56 Thai Financial Reporting Standards (TFRSs) that will be effective for the financial statements for the period beginning on or after January 1, 2018 onwards, which has been announced in the Royal Gazette on September 26, 2017. 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 Group’s and the Company’s management will adopt such TFRSs in the preparation of the Group’s and the Company’s financial statements when it becomes effective. The Group’s and 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 significant impact on the financial statements of the Group and 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 expense when the insurance risk is transferred to another reinsurer.

(3) 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.

(4) 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.

(4) Gains (losses) on investments

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

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 expended when incurred.

(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 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 claims.

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 and its subsidiaries 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 trading dates.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in 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 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 the solution from the working team that support and study the effect of low market interest rate as follows:

Discount rate under bottom-up approach = Risk-free rate + illiquidity premium

- 1) The risk-free rate is determined in accordance with the criteria for the calculation of liabilities under insurance contracts under the risk-based capital framework, whereby it is calculated based on the weighted average yield of risk-free government bonds over the preceding eight quarters, weighting the yield rate of the latest quarter at 51 percent, and the rates of the other seven quarters at 7 percent each.
- 2) The illiquidity premium is a rate added to the risk-free rate to reflect the nature of liabilities under insurance contracts that have low liquidity. It is calculated at 40 percent of the spread of corporate bonds with a credit rating of A.

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

Share-based payment transactions

The scheme to issue warrants to employee of the Group and the Company will be recognised since the grant date based on the fair value of the issued securities as at the grant date. The Group and the Company will recognise them as expenses in profit or loss over the vesting period with a corresponding increase in "Capital reserve on share-based payments" in owners' equity. The Group and the Company will transfer "Capital reserve on share-based payments" to be recognised as "Share premium" proportionately based on the number of warrants exercised when there is an exercise of warrant.

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, using the tax rates enacted at the end of the reporting periods.

The Group and the Company recognise 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.

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, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. CASH AND CASH EQUIVALENTS

As at December 31, 2017 and 2016, the Group and the Company have cash and cash equivalent as follows:

	Consolidated		(Unit : Thousand Baht)	
	financial statements		Separate	
	December 31,	December 31,	December 31,	December 31,
	2017	2016	2017	2016
Cash on hand	5,687	4,137	5,686	4,136
Deposits at banks with no fixed maturity date	1,701,448	1,577,932	1,602,748	1,489,550
Short-term investments in promissory notes	2,268,657	11,527,003	2,268,658	11,527,003
Cash and cash equivalents	<u>3,975,792</u>	<u>13,109,072</u>	<u>3,877,092</u>	<u>13,020,689</u>

As at December 31, 2017, interest rates on saving accounts, fixed deposits and promissory notes are in the range of 0.38% - 1.50% per annum (as at December 31, 2016: 0.38% - 1.50% per annum).

7. PREMIUM RECEIVABLES

As at December 31, 2017 and 2016, 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	
	December 31, 2017	December 31, 2016
Not yet due	1,893,022	2,170,440
Not over 30 days	10,471	15,522
Over 30 days to 60 days	3,122	8,580
Over 60 days to 90 days	1,577	3,663
Over 90 days	2,221	1,348
Total premium receivables	<u>1,910,413</u>	<u>2,199,553</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. REINURANCE ASSETS

As at December 31, 2017 and 2016, reinsurance assets consisted of the following:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	December 31, 2017	December 31, 2016
Reserves recordable from reinsurances		
Claim reserves	127,385	115,188
Premium reserves		
Unearned premium reserves	277,328	259,031
Total reinsurance assets	<u>404,713</u>	<u>374,219</u>

9. AMOUNT DUE FROM REINSURANCE

As at December 31, 2017 and 2016, amount due from reinsurance receivables consisted of the following:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	December 31, 2017	December 31, 2016
Amounts due from reinsurers	928,466	649,427
Total amounts due from reinsurance	<u>928,466</u>	<u>649,427</u>

As at December 31, 2017 and 2016, 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, 2017	December 31, 2016
Not yet due	928,466	649,427
Total amounts due from reinsurance	<u>928,466</u>	<u>649,427</u>

10. DERIVATIVE ASSETS AND LIABILITIES

As at December 31, 2017 and 2016, derivatives classified by objective are as follows:

	(Unit : Thousand Baht)			
	Consolidated and separate financial statements			
	December 31, 2017		December 31, 2016	
	Fair value		Fair value	
	Assets	Liabilities	Assets	Liabilities
Derivatives for hedging risks				
Cash flow hedge	701,820	132,206	23,340	2,118,939
Hedge of net investment in foreign entities	36,670	937	37,020	4,577
Total derivatives	<u>738,490</u>	<u>133,143</u>	<u>60,360</u>	<u>2,123,516</u>

As at December 31, 2017 and 2016, derivatives assets and liabilities consisted of the following:

	Consolidated and separate financial statements		
	December 31, 2017		
	Notional amount (Thousand Unit)	Assets (Thousand Baht)	Liabilities (Thousand Baht)
Cross currency swap contracts			
US dollar	670,190	341,168	738,011
Forward exchange contracts			
Yen	1,240,910	5,250	401
US dollar	36,353	1,587	9,031
Singapore dollar	38,711	38	11,980
Euro	23,820	1,404	6,190
Total derivatives	<u>2,009,984</u>	<u>349,447</u>	<u>765,613</u>

	Consolidated and separate financial statements		
	December 31, 2016		
	Notional amount (Thousand Unit)	Assets (Thousand Baht)	Liabilities (Thousand Baht)
Cross currency swap contracts			
US dollar	722,490	1,487	2,764,931
Forward exchange contracts			
Yen	1,112,910	2,548	2,338
US dollar	10,250	-	8,018
Singapore dollar	19,039	11,009	122
Euro	9,210	6,805	-
Total derivatives	<u>1,873,899</u>	<u>21,849</u>	<u>2,775,409</u>

11. INVESTMENTS IN SECURITIES

11.1 Held-for-trading investments

As at December 31, 2017 and 2016, held-for-trading investments consisted of following:

	(Unit : Thousand Baht)			
	Consolidated and separate financial statements			
	December 31, 2017		December 31, 2016	
	Cost	Fair value	Cost	Fair value
Held-for-trading investments				
Equity securities	93,945	87,957	135,389	155,100
Total	93,945	87,957	135,389	155,100
<u>Add</u> Unrealised gains (losses)	(5,988)	-	19,711	-
Total held-for-trading investments	<u>87,957</u>	<u>87,957</u>	<u>155,100</u>	<u>155,100</u>

11.2 Available-for-sale investments

As at December 31, 2017 and 2016, available-for-sale investments consisted of following:

	(Unit : Thousand Baht)			
	Consolidated and separate financial statements			
	December 31, 2017		December 31, 2016	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Available-for-sale investments				
Government and state enterprise securities	4,535,380	5,474,506	4,290,449	4,900,370
Private enterprises debt securities	24,317,183	26,159,147	25,728,246	27,001,075
Equity securities	27,271,423	35,035,436	20,288,559	26,013,807
Foreign debt securities	2,736,998	2,533,144	2,740,950	2,730,273
Foreign equity securities	6,726,696	7,919,702	4,287,148	4,668,707
Total	65,587,680	77,121,935	57,335,352	65,314,232
<u>Add</u> Unrealised gains	11,534,255	-	7,978,880	-
Total available-for-sale investments	<u>77,121,935</u>	<u>77,121,935</u>	<u>65,314,232</u>	<u>65,314,232</u>

11.3 Held-to-maturity investments

As at December 31, 2017 and 2016, held-to-maturity investments consisted of the following:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	December 31, 2017 Cost/Amortised cost	December 31, 2016 Cost/Amortised cost
Held-to-maturity investments		
Government and state enterprise securities	142,116,574	123,749,086
Private enterprises debt securities	56,171,062	41,664,521
Foreign debt securities	6,275,770	7,613,887
Deposits at financial institutions with an original maturity of longer than 3 months	3,810,000	12,790,000
Total held-to-maturity investments	<u>208,373,406</u>	<u>185,817,494</u>

As at March 31, 2016, the Company reclassified the held-to-maturity debt securities to available for sale securities. The amortised cost of the securities is Baht 19,534 million with fair value of Baht 22,758 million at the date of reclassification for the purpose of supporting the interest rate fluctuation.

11.4 General investments

As at December 31, 2017 and 2016, general investments consisted of the following:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	December 31, 2017 Cost	December 31, 2016 Cost
General investments		
Equity securities	29,588	29,588
Total general investments	<u>29,588</u>	<u>29,588</u>

11.5 Remaining periods to maturity of debt securities

	(Unit : Thousand Baht)			
	Consolidated and separate financial statements			
	December 31, 2017			
	Period to maturity			
	Within 1 year	1 - 5 years	Over 5 years	Total
Available-for-sale investment				
Government and state enterprise securities	-	621,158	2,950,000	3,571,158
Private enterprises securities	521,936	5,359,856	18,435,391	24,317,183
Foreign investments	105,883	-	2,631,115	2,736,998
<u>Add Unrealised gains (losses)</u>	<u>(16,235)</u>	<u>443,081</u>	<u>1,642,549</u>	<u>2,069,395</u>
Total available-for-sale investments	<u>611,584</u>	<u>6,424,095</u>	<u>25,659,055</u>	<u>32,694,734</u>
Held-to-maturity investment				
Government and state enterprise securities	13,178,297	10,596,497	118,341,780	142,116,574
Private enterprises securities	1,521,932	16,486,983	38,162,147	56,171,062
Foreign investments	455,914	1,410,000	4,409,856	6,275,770
Deposit at financial institutions with maturity period of longer than 3 months	<u>2,410,000</u>	<u>1,400,000</u>	<u>-</u>	<u>3,810,000</u>
Total held-to-maturity investments	<u>17,566,143</u>	<u>29,893,480</u>	<u>160,913,783</u>	<u>208,373,406</u>

(Unit : Thousand Baht)

Consolidated and separate financial statements

December 31, 2016

Period to maturity

	Within 1 year	1 - 5 years	Over 5 years	Total
Available-for-sale investment				
Government and state enterprise securities	-	621,941	3,144,920	3,766,861
Private enterprises securities	625,000	5,100,670	20,002,576	25,728,246
Foreign investments	-	107,465	2,633,485	2,740,950
<u>Add Unrealised gains</u>	<u>135</u>	<u>349,146</u>	<u>1,222,551</u>	<u>1,571,832</u>
Total available-for-sale investments	<u>625,135</u>	<u>6,179,222</u>	<u>27,003,532</u>	<u>33,807,889</u>
Held-to-maturity investment				
Government and state enterprise securities	4,712,517	11,328,417	107,708,152	123,749,086
Private enterprises securities	1,119,086	5,458,737	35,086,698	41,664,521
Foreign investments	1,067,006	2,926,580	3,620,301	7,613,887
Deposit at financial institutions with maturity period of longer than 3 months	<u>9,390,000</u>	<u>3,400,000</u>	<u>-</u>	<u>12,790,000</u>
Total held-to-maturity investments	<u>16,288,609</u>	<u>23,113,734</u>	<u>146,415,151</u>	<u>185,817,494</u>

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, 2017 and 2016, 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 2 - 11 years and 3 - 12 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, 2017 and 2016, the Company has investments of Baht 2,600 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 2 - 5 years and 3 - 6 years, respectively, and bearing interest rate referring to the yield rate government bond (CMT Index).

- (c) As at December 31, 2017 and 2016, the Company has investments of Baht 3,438 million and Baht 3,356 million, respectively, in promissory notes and bills of exchange, which were issued by branches of foreign commercial banks, having remaining lives of 2 - 11 years and 3 - 12 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, 2017 and 2016, the Company has investments of Baht 886 million and Baht 841 million, respectively, in promissory notes and bills of exchange, which were issued by branches of foreign commercial banks, having remaining maturity periods of 16 years and 17 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, 2017 and 2016, the Company has investments of Baht 430 million and Baht 413 million, respectively, in bills of exchange, which were issued by branches of foreign commercial banks, having remaining maturity periods of 14 years and 15 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, 2017 and 2016, the Company has investments of Baht 1,589 million and Baht 676 million, respectively, in bills of exchange, which were issued by branches of foreign commercial banks, having remaining maturity periods of 8 - 9 years and 10 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, 2017 and 2016, the Group and the Company has placed government and state enterprise bonds with cost or amortised cost of Baht 58,124 million and Baht 49,032 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, 2017 and 2016 consisted of the following:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	for the years ended December 31,	
	2017	2016
Gains on sales of held-for-trading investments	6,867	25,936
Gains on sales of available-for-sale investments	1,318,002	2,085,064
Gains on sales of held-to-maturity investments	36,874	208,895
Total gains on investments	1,361,743	2,319,895

11.9 Revaluation surplus on available-for-sale investments

Revaluation surplus on available for sale investment for the years ended December 31, 2017 and 2016 consisted of the following:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	For the years ended December 31,	
	2017	2016
Revaluation surplus on available-for-sale investments - beginning of the years	7,775,486	4,982,458
Gains (losses) on revaluation of available-for-sale investments	4,971,167	(773,987)
Gains (losses) on sales of available-for-sale investments during the years transferred to be recognised in profit or loss	(1,153,351)	342,661
Gain on reclassify investment	-	3,224,354
Revaluation surplus on available-for-sale investments - end of the years	11,593,302	7,775,486
<u>Less</u> Income taxes	(2,318,661)	(1,555,097)
Revaluation surplus on available-for-sale investments - net of taxes	<u>9,274,641</u>	<u>6,220,389</u>

For the year ended December 31, 2016, the Company had reclassified the disclosures of gains on revaluation of available-for-sale investments and gains on sales of available-for-sale investments during the year transferred to be recognized in profit or loss in order to comply with the presentation in the statement of profit or loss and other comprehensive income.

12. INVESTMENTS IN SUBSIDIARIES

As at December 31, 2017 and 2016, detail of investments in subsidiaries, as presented in the separate financial statements, is as follows:

Company's name	Type of business	Country of incorporation	Issued and paid-up capital		Shareholding percentage		(Unit : Thousand Baht)	
			December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016	Cost	
					%	%	December 31, 2017	December 31, 2016
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 ⁽²⁾	124,950	52 ⁽¹⁾	52 ⁽¹⁾	127,357	108,770
Total investments in subsidiaries			<u>177,598</u>	<u>148,950</u>			<u>151,117</u>	<u>132,530</u>

⁽¹⁾ As state in "Memorandum and Article of Company"

⁽²⁾ USD Exchange rate currency as at December 31, 2017

13. LOANS AND ACCRUED INTEREST RECEIVABLES

As at December 31, 2017 and 2016, 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, 2017									
Overdue periods	Policy loans		Mortgage loans		Other loans		Total		Total
	Principal	Accrued	Principal	Accrued	Principal	Accrued	Principal	Accrued	
		Interest ⁽¹⁾		Interest ⁽¹⁾		Interest ⁽¹⁾		Interest ⁽¹⁾	
Not yet due	7,104,797	710,107	2,249,943	1,720	6,911	8	9,361,651	711,835	10,073,486
Overdue:									
Less than 3 months	-	-	29,107	208	-	-	29,107	208	29,315
3 - 6 months	-	-	2,948	59	-	-	2,948	59	3,007
6 - 12 months	-	-	-	-	-	-	-	-	-
Over 12 months	-	-	15,477	545	53	2	15,530	547	16,077
Total	7,104,797	710,107	2,297,475	2,532	6,964	10	9,409,236	712,649	10,121,885
<u>Less</u> Allowance for doubtful accounts	-	-	(4,632)	(507)	-	-	(4,632)	(507)	(5,139)
Loans and accrued interest receivables - net	<u>7,104,797</u>	<u>710,107</u>	<u>2,292,843</u>	<u>2,025</u>	<u>6,964</u>	<u>10</u>	<u>9,404,604</u>	<u>712,142</u>	<u>10,116,746</u>

⁽¹⁾ 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, 2016									
Overdue periods	Policy loans		Mortgage loans		Other loans		Total		Total
	Principal	Accrued	Principal	Accrued	Principal	Accrued	Principal	Accrued	
		Interest ⁽¹⁾		Interest ⁽¹⁾		Interest ⁽¹⁾		Interest ⁽¹⁾	
Not yet due	6,291,190	569,387	1,537,174	868	15,816	-	7,844,180	570,255	8,414,435
Overdue:									
Less than 3 months	-	-	37,312	76	-	-	37,312	76	37,388
3 - 6 months	-	-	15,301	63	-	-	15,301	63	15,364
6 - 12 months	-	-	11,113	139	-	-	11,113	139	11,252
Over 12 months	-	-	4,690	305	130	2	4,820	307	5,127
Total	6,291,190	569,387	1,605,590	1,451	15,946	2	7,912,726	570,840	8,483,566
<u>Less</u> Allowance for doubtful accounts	-	-	(560)	(79)	-	-	(560)	(79)	(639)
Loans and accrued interest receivables - net	<u>6,291,190</u>	<u>569,387</u>	<u>1,605,030</u>	<u>1,372</u>	<u>15,946</u>	<u>2</u>	<u>7,912,166</u>	<u>570,761</u>	<u>8,482,927</u>

⁽¹⁾ 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 0.1 million for personal guarantee loans. The interest rate charged is at the rates of 6.00% per annum. As at December 31, 2017 and 2016, loans to employees amounted to Baht 7 million and Baht 16 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, 2017 and 2016, loans to employees under the mortgage loans amounted to Baht 44 million and Baht 50 million, respectively.

14. INVESTMENT PROPERTY

The net carrying value of investment property as at December 31, 2017 and 2016 are as follows:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	December 31, 2017	December 31, 2016
Office building for rent		
Cost	21,303	21,303
<u>Less</u> Accumulated depreciation	<u>(2,486)</u>	<u>(1,421)</u>
Net carrying value	<u>18,817</u>	<u>19,882</u>

A reconciliation of the net carrying value of investment property for the years ended December 31, 2017 and 2016 is presented below:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	For the years ended December 31, 2017	2016
Net carrying value - beginning of years	19,882	20,947
Depreciation for years	<u>(1,065)</u>	<u>(1,065)</u>
Net carrying value - end of years	<u>18,817</u>	<u>19,882</u>

The fair value of the investment property as at December 31, 2017 and 2016 stated below:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	December 31, 2017	December 31, 2016
Office building for rent	<u>22,660</u>	<u>17,137</u>

The fair value of the above investment property has been determined based on valuation performed by an independent value. 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, 2017, the Group and the Company has revenue from rental of investment property amounted to Baht 0.78 million (2016: Baht 1.29 million).

15. PROPERTY, PLANT AND EQUIPMENT

Movement of property, plant and equipment for the years ended December 31, 2017 and 2016 are as follows:

(Unit : Thousand Baht)

	Consolidated financial statements						Total
	Land	Buildings and buildings improvements and leasehold building	Condominium	Office furniture, fixture and equipment	Motor vehicles	Construction in progress	
Cost:							
January 1, 2016	250,227	437,856	36,633	546,333	27,116	33,169	1,331,334
Additions	544,022	7,505	-	44,066	836	89,890	686,319
Disposals	-	-	-	(15,196)	(4,450)	-	(19,646)
Transfer in (out)	-	2,640	-	2,420	-	(5,060)	-
December 31, 2016	<u>794,249</u>	<u>448,001</u>	<u>36,633</u>	<u>577,623</u>	<u>23,502</u>	<u>117,999</u>	<u>1,998,007</u>
Additions	-	11,999	-	36,865	-	199,002	247,866
Disposals	-	-	-	(10,808)	(3,594)	-	(14,402)
Adjust	(3)	-	-	-	-	(9,200)	(9,203)
Exchange differences on translation of financial statements in foreign currency	-	(342)	-	(54)	-	-	(396)
Transfer in (out)	-	251,418	-	46,575	-	(297,993)	-
December 31, 2017	<u>794,246</u>	<u>711,076</u>	<u>36,633</u>	<u>650,201</u>	<u>19,908</u>	<u>9,808</u>	<u>2,221,872</u>
Accumulated depreciation:							
January 1, 2016	-	299,079	22,286	447,091	15,668	-	784,124
Depreciation on disposals	-	-	-	(14,837)	(4,450)	-	(19,287)
Depreciation for the year	-	28,150	1,832	41,771	3,853	-	75,606
December 31, 2016	-	<u>327,229</u>	<u>24,118</u>	<u>474,025</u>	<u>15,071</u>	-	<u>840,443</u>
Depreciation on disposals	-	-	-	(10,700)	(3,594)	-	(14,294)
Depreciation for the year	-	30,675	1,832	44,715	3,947	-	81,169
December 31, 2017	-	<u>357,904</u>	<u>25,950</u>	<u>508,040</u>	<u>15,424</u>	-	<u>907,318</u>
Net carrying value:							
December 31, 2016	<u>794,249</u>	<u>120,772</u>	<u>12,515</u>	<u>103,598</u>	<u>8,431</u>	<u>117,999</u>	<u>1,157,564</u>
December 31, 2017	<u>794,246</u>	<u>353,172</u>	<u>10,683</u>	<u>142,161</u>	<u>4,484</u>	<u>9,808</u>	<u>1,314,554</u>
Depreciation for the years ended December 31,							
2016						Thousand Baht	<u>75,606</u>
2017						Thousand Baht	<u>81,170</u>

(Unit : Thousand Baht)

	Separate financial statements						Total
	Land	Buildings and buildings improvements and leasehold building	Condominium	Office furniture, fixture and equipment	Motor vehicles	Construction in progress	
Cost:							
January 1, 2016	250,227	437,702	36,633	546,147	27,116	33,169	1,330,994
Additions	544,022	4,595	-	42,588	836	89,890	681,931
Disposals	-	-	-	(15,196)	(4,450)	-	(19,646)
Transfer in (out)	-	2,640	-	2,420	-	(5,060)	-
December 31, 2016	<u>794,249</u>	<u>444,937</u>	<u>36,633</u>	<u>575,959</u>	<u>23,502</u>	<u>117,999</u>	<u>1,993,279</u>
Additions	-	11,999	-	36,847	-	199,002	247,848
Disposals	-	-	-	(10,808)	(3,594)	-	(14,402)
Adjust	(3)	-	-	-	-	(9,200)	(9,203)
Transfer in (out)	-	251,418	-	46,575	-	(297,993)	-
December 31, 2017	<u>794,246</u>	<u>708,354</u>	<u>36,633</u>	<u>648,573</u>	<u>19,908</u>	<u>9,808</u>	<u>2,217,522</u>
Accumulated depreciation:							
January 1, 2016	-	299,056	22,286	446,998	15,668	-	784,008
Depreciation on disposals	-	-	-	(14,836)	(4,450)	-	(19,286)
Depreciation for the year	-	27,856	1,832	41,493	3,853	-	75,034
December 31, 2016	-	<u>326,912</u>	<u>24,118</u>	<u>473,655</u>	<u>15,071</u>	-	<u>839,756</u>
Depreciation on disposals	-	-	-	(10,700)	(3,594)	-	(14,294)
Depreciation for the year	-	30,021	1,832	44,484	3,947	-	80,284
December 31, 2017	-	<u>356,933</u>	<u>25,950</u>	<u>507,439</u>	<u>15,424</u>	-	<u>905,746</u>
Net carrying value:							
December 31, 2016	<u>794,249</u>	<u>118,025</u>	<u>12,515</u>	<u>102,304</u>	<u>8,431</u>	<u>117,999</u>	<u>1,153,523</u>
December 31, 2017	<u>794,246</u>	<u>351,421</u>	<u>10,683</u>	<u>141,134</u>	<u>4,484</u>	<u>9,808</u>	<u>1,311,776</u>

Depreciation for the years ended December 31,

2016	Thousand Baht	<u>75,034</u>
2017	Thousand Baht	<u>80,284</u>

As at December 31, 2017 and 2016, certain items of buildings and equipment of 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 551 million and Baht 529 million, respectively. (The separate financial statements only: Baht 551 million and Baht 529 million, respectively).

As at December 31, 2017 and 2016, 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)	
	December 31, 2017	December 31, 2016
Land	580	-
Building	1,928	-
Building improvement	9,931	6,579
Office equipment	3,883	1,740
Computer	332	132
Total	<u>16,654</u>	<u>8,451</u>

16. GOODWILL

On July 7, 2014, the Company obtained control of BLA Insurance Broker Company Limited (“Subsidiary”), a non-life insurance broker by acquiring of the shares and voting interests in the Company.

As at December 31, 2017 and 2016, the consolidated financial statements have goodwill amounted to Baht 5 million and Baht 5 million, respectively.

17. INTANGIBLE ASSETS

The net carrying value of intangible assets as at December 31, 2017 and 2016 are as follows:

	(Unit : Thousand Baht)		
	Consolidated financial statements		
	Computer software	Computer Software under development	Total
Cost:			
January 1, 2016	102,429	436	102,865
Increase	7,703	218	7,921
Transfer in (out)	654	(654)	-
December 31, 2016	110,786	-	110,786
Increase	2,486	65	2,551
Exchange differences on translation of financial statements in foreign currency	(60)	-	(60)
December 31, 2017	113,212	65	113,277
Accumulated amortisation:			
January 1, 2016	78,752	-	78,752
Amortisation for the year	12,477	-	12,477
December 31, 2016	91,229	-	91,229
Amortisation for the year	10,796	-	10,796
December 31, 2017	102,025	-	102,025
Net carrying value:			
December 31, 2016	19,557	-	19,557
December 31, 2017	11,187	65	11,252
Amortization for the years ended December 31,			
2016		Thousand Baht	12,477
2017		Thousand Baht	10,796

(Unit : Thousand Baht)

	Separate financial statements		
	Computer software	Computer Software under development	Total
Cost:			
January 1, 2016	102,349	436	102,865
Increase	7,035	218	7,253
Transfer in (out)	654	(654)	-
December 31, 2016	110,038	-	110,038
Increase	2,428	65	2,493
December 31, 2017	112,466	65	112,531
Accumulated amortisation:			
January 1, 2016	78,748	-	78,748
Amortisation for the year	12,340	-	12,340
December 31, 2016	91,088	-	91,088
Amortisation for the year	10,563	-	10,563
December 31, 2017	101,651	-	101,651
Net carrying value			
December 31, 2016	18,950	-	18,950
December 31, 2017	10,815	65	10,880
Amortisation for the years ended December 31,			
2016		Thousand Baht	12,340
2017		Thousand Baht	10,563

As at December 31, 2017 and 2016, 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 separate financial statements amounted to approximately Baht 71 million and Baht 65 million, respectively. (The Company only: Baht 71 million and Baht 65 million, respectively.)

18. DEFERRED TAX ASETS/LIABILITIES AND INCOME TAX EXPENSE

18.1 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, 2017	December 31, 2016	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Deferred tax assets						
Reserves for long-term insurance contracts	3,051,790	3,323,959	(272,169)	(9,572)	-	-
Claim reserves and outstanding claims	18,273	11,896	6,377	(1,439)	-	-
Provisions for long-term employee benefits	45,419	40,083	4,914	4,438	422	(66)
Others	1,554	644	910	291	-	-
Total deferred tax assets	<u>3,117,036</u>	<u>3,376,582</u>	<u>(259,968)</u>	<u>(6,282)</u>	422	(66)
Deferred tax liabilities						
Available-for-sale investments	1,602,880	553,337	285,979	(1,001,760)	763,563	558,606
Others	2,536	4,647	(2,110)	1,128	-	-
Total deferred tax liabilities	<u>1,605,416</u>	<u>557,984</u>	<u>283,869</u>	<u>(1,000,632)</u>	763,563	558,606
Deferred tax assets/liabilities - net	<u>1,511,620</u>	<u>2,818,598</u>	<u>(543,837)</u>	<u>994,350</u>	<u>(763,141)</u>	<u>(558,672)</u>

18.2 Income tax expenses

Income tax expenses for the years ended December 31, 2017 and 2016 are made up as follows:

(Unit : Thousand Baht)

	Consolidated and separate financial statements	
	For the years ended December 31, 2017	2016
Current income tax:		
Corporate income tax charge	(33,587)	1,962,818
Adjustment in respect of income tax of previous year	5,489	7,338
Deferred tax:		
Relating to origination and reversal of temporary differences	543,837	(994,350)
Income tax expenses reported in profits or losses	<u>515,739</u>	<u>975,806</u>

Reconciliation between accounting profits and income tax expense for the years ended December 31, 2017 and 2016 are as follows:

	Consolidated financial statements For the years ended December 31,		(Unit : Thousand Baht) Separate financial statements For the years ended December 31,	
	2017	2016	2017	2016
Accounting profit before income tax expenses	4,142,680	6,076,184	4,160,980	6,098,171
Corporate income tax rates	15%, 20%	15%, 20%	20%	20%
Income tax expenses at the applicable tax rates	832,196	1,215,237	832,196	1,219,634
Adjustment in respect of income tax of previous year	5,489	7,338	5,489	7,338
Net tax effect on income or expenses that are not taxable or not deductible in determining taxable profits	(321,946)	(246,769)	(321,946)	(251,166)
Income tax expenses recognised in profits or losses	515,739	975,806	515,739	975,806

The amounts of income taxes relating to each component of other comprehensive income (loss) for the years ended December 31, 2017 and 2016 are as follows:

	(Unit : Thousand Baht) Consolidated and separate financial statements For the years ended December 31,	
	2017	2016
Income taxes relating to:		
(Gains) on revaluation of available-for-sale investments	(994,233)	(490,074)
(Gains) losses on sales of available-for-sale investment transferred to be recognised in profit or loss	230,670	(68,532)
Actuarial (gain) loss	422	(66)
Income taxes (revenues) expenses as reported in statements of comprehensive income	(763,141)	(558,672)

19. OTHER ASSETS

As at December 31, 2017 and 2016, other assets consisted of the follows:

	Consolidated		(Unit : Thousand Baht)	
	financial statements		Separate	
	For the years ended		financial statements	
	December 31,		For the years ended	
	2017	2016	2017	2016
Derivative collateral	45,000	264,500	45,000	264,500
Prepaid income tax	135,785	-	135,785	-
Prepaid rental expenses	34,411	46,204	34,411	46,204
Deposits	45,130	45,909	21,776	20,037
Receivable from sales of investments	473,018	286,497	473,018	286,497
Prepaid expenses	11,621	14,142	11,443	14,142
Others	79,084	42,386	58,025	36,271
Total other assets	<u>824,049</u>	<u>699,638</u>	<u>779,458</u>	<u>667,651</u>

20. INSURANCE CONTRACT LIABILITIES

As at December 31, 2017 and 2016, insurance contract liabilities consisted of the follows:

	(Unit : Thousand Baht)					
	Consolidated financial statements					
	December 31, 2017			December 31, 2016		
	Insurance contract liabilities	Reinsurance of liabilities	Net	Insurance contract liabilities	Reinsurance of liabilities	Net
Reserves for long-term insurance contracts	256,595,053	-	256,595,053	233,412,294	-	233,412,294
Claim reserves						
Reserves for reported claims	276,597	(127,385)	149,212	174,258	(115,188)	59,070
Reserves for claims incurred but not yet reported	91,365	-	91,365	59,482	-	59,482
Premium reserves						
Unearned premium reserves	1,180,093	(277,328)	902,765	1,134,217	(259,031)	875,186
Unpaid policy benefits	168,390	-	168,390	137,008	-	137,008
Other insurance liabilities	7,666,696	-	7,666,696	8,181,404	-	8,181,404
Total insurance contract liabilities	<u>265,978,194</u>	<u>(404,713)</u>	<u>265,573,481</u>	<u>243,098,663</u>	<u>(374,219)</u>	<u>242,724,444</u>

	(Unit : Thousand Baht)					
	Separate financial statements					
	December 31, 2017			December 31, 2016		
	Insurance contract liabilities	Reinsurance of liabilities	Net	Insurance contract liabilities	Reinsurance of liabilities	Net
Reserves for long-term insurance contracts	256,595,048	-	256,595,048	233,412,294	-	233,412,294
Claims reserves						
Reserves for reported claims	276,597	(127,385)	149,212	174,258	(115,188)	59,070
Reserves for claims incurred but not yet reported	91,365	-	91,365	59,482	-	59,482
Premium reserves						
Unearned premium reserves	1,180,093	(277,328)	902,765	1,134,217	(259,031)	875,186
Unpaid policy benefits	168,390	-	168,390	137,008	-	137,008
Other insurance liabilities	7,666,696	-	7,666,696	8,181,404	-	8,181,404
Total insurance contract liabilities	<u>265,978,189</u>	<u>(404,713)</u>	<u>265,573,476</u>	<u>243,098,663</u>	<u>(374,219)</u>	<u>242,724,444</u>

During the years 2017 and 2016, the Group and the Company management has entered into reinsurance contracts in order to manage insurance risk. Although the management manages this risk by considering obligations on net losses insurance, but the managements also discloses the liabilities under insurance contracts, both in terms of gross insurance and net insurance.

20.1 Reserves for long-term insurance contracts

As at December 31, 2017 and 2016, reserves for long-term insurance contracts of the follows:

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,		For the years ended December 31,	
	2017	2016	2017	2016
Balances - beginning of the year	233,412,294	207,308,208	233,412,294	207,308,208
Reserved increased for new businesses and inforce policies	30,075,220	33,339,745	30,075,215	33,339,745
Reserve decreased for death, maturities, benefits, claims, lapses and surrender	(7,552,113)	(6,890,629)	(7,552,113)	(6,890,629)
Reserve decreased (increase) for testing the adequacy of liabilities	659,652	(345,030)	659,652	(345,030)
Balances - end of the year	<u>256,595,053</u>	<u>233,412,294</u>	<u>256,595,048</u>	<u>233,412,294</u>

20.2 Claim reserves

As at December 31, 2017 and 2016, claim reserves consisted of the following:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	For the years ended December 31, 2017	2016
Balances - beginning of the year	233,740	320,356
Claims incurred in the current year	2,080,116	1,911,247
Claims paid during the year	(1,945,894)	(1,997,863)
Balances - end of the year	<u>367,962</u>	<u>233,740</u>

20.3 Unearned premium reserves

As at December 31, 2017 and 2016, claim reserves consisted of the following:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	For the years ended December 31, 2017	2016
Balances - beginning of the year	1,134,217	1,074,854
Premium written for the year	3,331,744	3,124,596
Premium earned for the year	(3,285,868)	(3,065,233)
Balances - end of the year	<u>1,180,093</u>	<u>1,134,217</u>

20.4 Claims development table

20.4.1 Claims development table - gross of reinsurance

As at December 31, 2017

Accident year	Consolidated and separate financial statements						(Unit : Thousand Baht)	
	Before 2012	2012	2013	2014	2015	2016	2017	Total
Estimate of Claims incurred:								
At end of accident year	1,663,757	1,649,630	1,550,013	1,609,003	1,662,384	1,782,947	1,943,380	-
One year later	1,773,694	1,744,596	1,647,789	1,659,839	1,737,766	1,849,582	-	-
Two year later	1,774,857	1,745,957	1,651,663	1,662,355	1,738,526	-	-	-
Three year later	1,774,857	1,745,957	1,651,663	1,662,355	-	-	-	-
Four year later	1,774,857	1,745,957	1,651,663	-	-	-	-	-
Five year later	1,774,857	1,745,957	-	-	-	-	-	-
Estimate of cumulative claims incurred	1,774,857	1,745,957	1,651,663	1,662,355	1,738,526	1,852,048	2,032,279	12,457,685
Cumulative payments to date	(1,758,221)	(1,745,013)	(1,650,560)	(1,659,892)	(1,735,648)	(1,847,667)	(1,692,722)	(12,089,723)
Total claims provision - gross of reinsurance	16,636	944	1,103	2,463	2,878	4,381	339,557	367,962

As at December 31, 2016

Accident year	Consolidated and separate financial statements						(Unit : Thousand Baht)	
	Before 2011	2011	2012	2013	2014	2015	2016	Total
Estimate of Claims incurred:								
At end of accident year	-	1,661,423	1,646,403	1,544,546	1,605,847	1,659,465	1,701,661	-
One year later	-	1,770,080	1,741,024	1,642,038	1,656,306	1,734,315	-	-
Two year later	-	1,711,240	1,742,385	1,645,912	1,658,823	-	-	-
Three year later	-	1,711,240	1,742,385	1,645,912	-	-	-	-
Four year later	-	1,711,240	1,742,385	-	-	-	-	-
Five year later	-	1,711,240	-	-	-	-	-	-
Estimate of cumulative claims incurred	-	1,771,240	1,742,385	1,645,912	1,658,823	1,737,272	1,758,186	10,313,818
Cumulative payments to date	-	(1,749,489)	(1,741,269)	(1,643,985)	(1,653,808)	(1,720,642)	(1,570,885)	(10,080,078)
Total claims provision - gross of reinsurance	-	21,751	1,116	1,927	5,015	16,630	187,301	233,740

20.4.2 Claims development table - net of reinsurance

As at December 31, 2017

Accident year	Consolidated and separate financial statements						(Unit : Thousand Baht)	
	Before 2012	2012	2013	2014	2015	2016	2017	Total
Estimate of Claims incurred:								
At end of accident year	1,663,757	1,649,630	1,550,013	1,609,003	1,662,384	1,782,947	1,943,380	-
One year later	1,773,694	1,744,596	1,647,789	1,659,839	1,737,766	1,849,582	-	-
Two year later	1,774,857	1,745,957	1,651,663	1,662,355	1,738,526	-	-	-
Three year later	1,774,857	1,745,957	1,651,663	1,662,355	-	-	-	-
Four year later	1,774,857	1,745,957	1,651,663	-	-	-	-	-
Five year later	1,774,857	1,745,957	-	-	-	-	-	-
Estimate of cumulative claims incurred	1,774,884	1,745,980	1,651,634	1,662,113	1,737,411	1,850,863	1,907,415	12,330,300
Cumulative payments to date	(1,758,221)	(1,745,013)	(1,650,560)	(1,659,892)	(1,735,648)	(1,847,667)	(1,692,722)	(12,089,723)
Total claims provision - gross of reinsurance	16,663	967	1,074	2,221	1,763	3,196	214,693	240,577

As at December 31, 2016

(Unit : Thousand Baht)

Accident year	Consolidated and separate financial statements						2016	Total
	Before 2011	2011	2012	2013	2014	2015		
Estimate of Claims incurred:								
At end of accident year	-	1,661,423	1,646,403	1,544,546	1,605,847	1,659,465	1,701,661	-
One year later	-	1,770,080	1,741,024	1,642,038	1,656,306	1,734,315	-	-
Two year later	-	1,711,240	1,742,386	1,645,912	1,658,823	-	-	-
Three year later	-	1,711,240	1,742,386	1,645,912	-	-	-	-
Four year later	-	1,711,240	1,742,386	-	-	-	-	-
Five year later	-	1,711,240	-	-	-	-	-	-
Estimate of cumulative claims incurred	17,833	1,771,240	1,742,385	1,645,912	1,658,823	1,729,468	1,650,802	10,198,630
Cumulative payments to date	-	(1,749,489)	(1,741,269)	(1,643,985)	(1,653,808)	(1,720,642)	(1,570,885)	(10,080,078)
Total claims provision - gross								
Of reinsurance	17,833	21,751	1,116	1,927	5,015	8,826	79,917	118,552

20.5 Key assumptions

20.5.1 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 Group and 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.

20.5.2 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 of The Group and the Company actuary.

20.6 Unpaid policy benefits

As at December 31, 2017 and 2016, unpaid policy benefits consisted of the following:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	December 31, 2017	December 31, 2016
Death benefit	125,662	100,209
Maturity payment	34,819	29,110
Benefit payment under policies	5,625	4,856
Surrender	2,284	2,833
Total unpaid policy benefits	<u>168,390</u>	<u>137,008</u>

20.7 Other insurance liabilities

As at December 31, 2017 and 2016, other insurance liabilities consisted of the following:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	December 31, 2017	December 31, 2016
Deposit from insurance contracts	7,126,814	7,456,815
Premiums received in advance	462,377	634,337
Payable to policyholders on exempted premiums	77,505	90,252
Total other insurance liabilities	<u>7,666,696</u>	<u>8,181,404</u>

21. AMOUNT DUE TO REINSURANCE

As at December 31, 2017 and 2016, amount due to reinsurance consisted of the following:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	December 31, 2017	December 31, 2016
Amount due to reinsurances	<u>1,003,195</u>	<u>592,515</u>
Total amount due to reinsurance	<u>1,003,195</u>	<u>592,515</u>

22. EMPLOYEE BENEFIT OBLIGATIONS

As at December 31, 2017 and 2016, employee benefit obligations consisted of the following:

	Consolidated financial statements		(Unit : Thousand Baht) Separate financial statements	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Post-employment benefit obligations for severance pay (see Note 22.1)	193,385	168,955	191,781	167,700
Other employment benefit obligation for long service awards (see Note 22.2)	35,442	32,851	35,316	32,715
Total employee benefit obligations	<u>228,827</u>	<u>201,806</u>	<u>227,097</u>	<u>200,415</u>

22.1 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 financial statements		(Unit : Thousand Baht) Separate financial statements	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Beginning balance as at January 1	168,955	151,643	167,700	150,584
Increases during the year	24,430	17,312	24,081	17,116
Ending balance as at December 31	<u>193,385</u>	<u>168,955</u>	<u>191,781</u>	<u>167,700</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.

22.2 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 financial statements		(Unit : Thousand Baht) Separate financial statements	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Beginning balance as at January 1	32,851	28,074	32,715	27,966
Increases during the year	2,591	4,777	2,601	4,749
Ending balance as at December 31	<u>35,442</u>	<u>32,851</u>	<u>35,316</u>	<u>32,715</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, 2017 and 2016 were as follows:

	Consolidated financial statements For the years ended December 31,		(Unit : Thousand Baht) Separate financial statements For the years ended December 31,	
	2017	2016	2017	2016
Provision for long-term employee benefits at beginning of years	201,806	179,646	200,415	178,550
Included in profit or loss:				
Current service cost	26,925	19,431	26,652	19,217
Interest cost	7,063	6,294	7,014	6,256
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	4,617	-	4,585	-
Financial assumptions changes	3,089	8,522	3,062	8,477
Experience adjustments	(4,998)	(4,985)	(4,996)	(4,983)
Benefits paid during the year	(9,675)	(7,102)	(9,635)	(7,102)
Provision for long-term employee benefits at end of years	228,827	201,806	227,097	200,415

The Group and the Company expect to pay Baht 16 million of long-term employee benefits during the next year (The Company only: Baht 16 million) (2016: Baht 9.0 million, the Company only : Baht 9.0 million).

As at December 31, 2017 and 2016, the weighted average duration of the liabilities for long-term employee benefit of the Group and the Company are 21 years and 20 years, respectively. (The Company only: 21 years and 20 years, respectively.)

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		(Unit : Thousand Baht) Separate financial statements	
	2017 (% per annum)	2016 (% per annum)	2017 (% per annum)	2016 (% per annum)
Discount rate for defined benefit plans	3.25%	3.50%	3.25%	3.50%
Discount rate for other long-term employee benefits	3.25%	3.50%	3.25%	3.50%
Inflation rate for gold price	5.00%	5.00%	5.00%	5.00%
Salary increase rate	6.00%	6.00%	6.00%	6.00%
Turnover rate (depending on age of employee)	3.20%, 9.30%	3.20%, 9.30%	3.20%, 9.30%	3.20%, 9.30%
Gold per weight of Baht 1 (Baht)	20,500	21,000	20,500	21,000

* The mortality rate is based on the mortality table of 2017 which has not been included in the allowance. As at December 31, 2017.

As at December 31, 2016 refer to TMD 2008 Thai Mortality Ordinary Table of 2008.

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at December 31, 2017 are summarised below:

	Assumptions increase (decrease) % per annum	(Unit : Thousand Baht)	
		Consolidated financial statements	Separate financial statements
		Amount increase (decrease)	Amount increase (decrease)
Discount rate	0.25%	(5,704)	(5,670)
Discount rate	(0.25%)	5,929	5,894
Inflation rate of gold price	1.00%	2,828	2,821
Inflation rate of gold price	(1.00%)	(2,549)	(2,543)
Salary increase rate	0.25%	5,078	5,045
Salary increase rate	(0.25%)	(4,906)	(4,874)
Turnover rate	10.00%	(8,120)	(8,072)
Turnover rate	(10.00%)	8,554	8,504
Gold per weight of 1 Baht	10.00%	3,544	3,532
Gold per weight of 1 Baht	(10.00%)	(3,544)	(3,532)

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.

23. OTHER LIABILITIES

As at December 31, 2017 and 2016, other liabilities consisted of the following:

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Accrued commission expenses	753,494	682,353	751,547	681,780
Accrued expenses	409,977	396,966	409,497	397,133
Premium received for policies not yet approved	159,514	304,632	159,514	304,632
Amounts received awaiting transfer	89,083	116,079	89,083	116,079
Specific Business Tax payable	130,798	118,241	130,798	118,241
Payable from purchases of investments	171,926	88,082	171,926	88,082
Withholding tax payable	59,730	40,920	59,550	40,801
Short-term employee benefit payables	141,699	157,857	140,566	156,924
Others	72,379	49,922	56,034	43,563
Total other liabilities	<u>1,988,600</u>	<u>1,955,052</u>	<u>1,968,515</u>	<u>1,947,235</u>

24. ISSUED AND PAID-UP SHARE CAPITAL AND PREMIUM ON SHARE CAPITAL

Reconciliation for the years ended December 31, 2017 and 2016 is as follows:

	Consolidated and separate financial statements					Capital
	Registered		Issued and paid-up		Share	reserve on
	Number of shares (Thousand shares)	Thousand Baht	Number of shares (Thousand shares)	Thousand Baht	premium Thousand Baht	share-based payments Thousand Baht
Balances as at January 1, 2016	1,708,000	1,708,000	1,703,811	1,703,811	3,219,926	38,834
Expenses in respect of share-based payments (Note 25)	-	-	2,142	2,142	51,415	11,005
Transfer capital reserve for share-based payment transactions to premium on share capital as a result of warrant No. 2 exercise	-	-	-	-	38,516	(38,516)
Balances as at December 31, 2016	1,708,000	1,708,000	1,705,953	1,705,953	3,309,857	11,323
Expenses in respect of share-based payments (Note 25)	-	-	1,613	1,613	38,710	1,103
Transfer capital reserve for share-based payment transactions to premium on share capital as a result of warrant No. 2 exercise	-	-	-	-	12,426	(12,426)
Balances as at December 31, 2017	1,708,000	1,708,000	1,707,566	1,707,566	3,360,993	-

25. SHARE-BASED PAYMENT - WARRANTS

On November 23, 2007, the Extraordinary General Meeting No. 2 of the Company's shareholders passed a resolution approving the issuance of 20 million units of registered and non-transferrable warrants (Warrant No. 1) to be allotted to employees. The Company already allocated 12.85 million units of Warrant No. 1 to employees, leaving 7.15 million units unallocated. On April 26, 2011, the Annual General Meeting of shareholders of the Company passed a resolution approving the cancellation of the unallocated 7.15 million units of Warrant No. 1 and the issuance of 7.15 million units of registered and non-transferrable warrants (Warrant No. 2) in place of the cancelled Warrant No. 1, which were already allocated to employee and/or managements and the grant date is stipulated to be April 1, 2012.

The allocations of warrants to employees can be summarised as follows:

Approved by the Executive Board of Directors of the Company	(Unit : Thousand Baht)		
	Number of units of warrants		
	Warrant No. 1	Warrant No. 2	Total
on May 29, 2008	11,500	-	11,500
on August 11, 2009	1,350	-	1,350
on February 22, 2012	-	7,150	7,150
Total	12,850	7,150	20,000

These warrants expire the earlier of 5 years from the issue date and the termination date of employment. The exercise ratio is 1 unit of warrant to 1 new ordinary share and the exercise price is equal to Baht 13.50 per share for Warrant No. 1 and Baht 35.00 per share for Warrant No. 2. The first exercise date is 3 years from the grant date.

The Company's Board of Director's meeting No. 5/2014, held on August 8, 2014, passed a resolution to revise the exercise ratios of the warrants allotted to employees, as a result of the grant of a stock dividend. The exercise ratios were revised from 1 unit of warrant to 1 new ordinary share to 1 unit of warrant to 1.40 new ordinary shares and the exercise prices were adjusted from Baht 13.50 per share and Baht 35.00 per share to Baht 9.6429 per share and Baht 25.00 per share, for Warrant No. 1 and Warrant No. 2, respectively.

The issue of Warrant No. 2 was approved by the Annual General Meeting of shareholders held after January 1, 2011, during which Thai Financial Reporting Standard No. 2 "Share-Based Payment" (TFRS 2) became effective. The Company therefore calculated the average fair value of the warrants at the grant date, which is Baht 20.45 per unit, in order to record expenses in respect of share-based payments in accordance with such accounting standard.

The following information is used to determine fair value of the warrants.

Expected dividend yield	- 1.5%
Expected stock price volatility	- 39.9% (estimated with reference to historical price information of the Company)
Risk-free interest rate	- 3.51% - 3.64%
Expected life of warrants	- Not more than 5 years from the date of issuance or upon termination of an employee
Model used	- Black Schole - continuous model

Employee expenses in respect of share-based payments (Warrant No. 2) recognised for the years ended December 31, 2017 and 2016, amounting to Baht 1.1 million and Baht 11.0 million, respectively.

Movements of warrants during the year ended December 31, 2017 are summarised below:

	(Unit : Thousand units) For the year ended December 31, 2017 Warrant No. 2
Number of unexercised warrants as at January 1, 2017	612
Exercised during the period	(572)
Warrants expire	(40)
Number of unexercised warrants as at December 31, 2017	<u><u>-</u></u>

During the year ended December 31, 2016, the Warrant No. 2 holders exercised rights 1.8 million units of warrants at an exercise price of Baht 25.00 each, or for a total of Baht 63.2 million.

During the year ended December 31, 2017, the Company transferred subscriptions received in advance from the eighth exercise of warrants No. 2 amounting to Baht 20.30 million to issued and paid-up share capital and share premium. In addition, the holders of warrant No. 2 exercised the ninth right of 0.57 million units of warrants at an exercise price of Baht 25.00 each, amounting to Baht 20.02 million. Details of movement are summarised as follows:

(Unit : Thousand Baht)

	Consolidated and separate financial statements For the year ended December 31, 2017						Share capital increase registration date	Listing date
	Units of warrants (Thousand units)	Exercise price per share (Baht)	Proceeds from exercise (Thousand Baht)	Issued and paid-up share capital (Thousand Baht)	Share premium (Thousand Baht)	Subscriptions received in advance from exercises of warrants (Thousand Baht)		
Warrant No. 2								
Beginning balance the eighth	580	25.00	20,300	-	-	20,300		
Transactions during the period								
The eighth								
Transfer during the period	-	-	-	812	19,488	(20,300)	January 19, 2017	January 26, 2017
The ninth								
Exercise and transfer during the period	572	25.00	20,023	801	19,222	-	April 24, 2017	April 10, 2017
Total				<u>1,613</u>	<u>38,710</u>	<u>-</u>		

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, 2017 and 2016 is as follows:

(Unit : Thousand Baht)

Consolidated financial statements					
For the year ended December 31, 2017					
	Traditional products - no participating dividend	Life annuity products - no participating dividend	Personal accident	Others	Total
Underwriting income					
Premium written	42,804,261	1,194,363	40,723	-	44,039,347
Less Premium ceded	(1,096,809)	-	-	-	(1,096,809)
Net premium written	41,707,452	1,194,363	40,723	-	42,942,538
Less Unearned premium reserve increased from prior year	(26,712)	-	(866)	-	(27,578)
Net earned premium	41,680,740	1,194,363	39,857	-	42,914,960
Fee and commission income	268,146	-	-	-	268,146
Total underwriting income	41,948,886	1,194,363	39,857	-	43,183,106
Underwriting expenses					
Life policy reserves increased from prior years	22,483,742	699,018	-	-	23,182,760
Benefit payments under life policies and claims net refundable from reinsurance	22,727,313	91,934	5,102	-	22,824,349
Commissions and brokerage expenses	3,378,733	119,352	803	8,742	3,507,630
Other underwriting expenses	963,490	21,908	731	84	986,213
Total underwriting expenses	49,553,278	932,212	6,636	8,826	50,500,952

(Unit : Thousand Baht)

Consolidated financial statements					
For the year ended December 31, 2016					
	Traditional products - no participating dividend	Life annuity products - no participating dividend	Personal accident	Others	Total
Underwriting income					
Premium written	42,456,154	838,512	38,191	-	43,332,857
Less Premium ceded	(978,436)	-	-	-	(978,436)
Net premium written	41,477,718	838,512	38,191	-	42,354,421
Less Unearned premium reserve increased from prior years	(71,683)	-	(1,283)	-	(72,966)
Net earned premium	41,406,035	838,512	36,908	-	42,281,455
Fee and commission income	248,903	-	-	-	248,903
Total underwriting income	41,654,938	838,512	36,908	-	42,530,358
Underwriting expenses					
Life policy reserves increased from prior years	25,330,372	773,714	-	-	26,104,086
Benefit payments under life policies and claims net refundable from reinsurance	17,705,886	60,658	5,793	-	17,772,337
Commissions and brokerage expenses	2,979,088	178,860	873	6,098	3,164,919
Other underwriting expenses	612,864	11,789	519	755	625,927
Total underwriting expenses	46,628,210	1,025,021	7,185	6,853	47,667,269

28. OPERATING EXPENSES

For the years ended December 31, 2017 and 2016, operating expenses consisted of the following:

	Consolidated		(Unit : Thousand Baht)	
	financial statements		Separate	
	For the years ended		financial statements	
	December 31,		For the years ended	
	2017	2016	2017	2016
Personnel expenses	929,666	918,798	916,734	910,754
Premises and equipment expenses	174,807	179,528	170,121	174,630
Taxes and duties	6,418	8,498	5,895	6,123
Other operating expenses	626,347	644,355	623,137	632,343
Total operating expenses	<u>1,737,238</u>	<u>1,751,179</u>	<u>1,715,887</u>	<u>1,723,850</u>

29. EXPENSES BY NATURE

	Consolidated		(Unit : Thousand Baht)	
	financial statements		Separate	
	For the years ended		financial statements	
	December 31,		For the years ended	
	2017	2016	2017	2016
Employee related expenses				
Included in benefit payments under life policies and claims	33,707	33,915	33,707	33,915
Included in other underwriting expenses	19,487	19,769	19,487	19,769
Included in operating expenses	929,666	918,798	916,734	910,754
Total	<u>982,860</u>	<u>972,482</u>	<u>969,928</u>	<u>964,438</u>
Premises and equipment expenses				
Included in operating expenses	174,807	179,528	170,121	174,630
Total	<u>174,807</u>	<u>179,528</u>	<u>170,121</u>	<u>174,630</u>

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 2017 and 2016, The Group and the Company contributed Baht 40 million and Baht 39 million, respectively (The Group and the Company only: Baht 40 million and Baht 39 million, respectively) to the fund.

31. GAINS (LOSSES) ON REVALUATION

For the years ended December 31, 2017 and 2016, gains (losses) on revaluation consisted of the following:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	For the years ended December 31,	
	2017	2016
Unrealised gains (losses) from held-for-trading investments	(15,272)	8,560
Unrealised gains on foreign exchange contracts	53,830	11,081
Gains (losses) on exchange	62,846	(99,581)
Total fair value gains (losses)	<u>101,404</u>	<u>(79,940)</u>

32. EFFECTED TAX OF OTHER COMPREHENSIVE INCOME

For the years ended December 31, 2017 and 2016, effected tax of other comprehensive income consisted of the following:

	(Unit : Thousand Baht)					
	Consolidated financial statements					
	For the years ended December 31,					
	2017			2016		
	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	4,971,167	(994,223)	3,976,934	(773,987)	154,797	(619,190)
Reversal of (gain) losses realised on the disposal of available-for-sale investments	(1,153,351)	230,670	(922,681)	342,661	(68,532)	274,129
Gain on reclassification of investment	-	-	-	3,224,354	(644,871)	2,579,483
Foreign exchange differences on translation of financial statements in foreign currency	(9,115)	-	(9,115)	577	-	577
Actuarial gain (loss)	(2,447)	422	(2,025)	298	(66)	232
Total	<u>3,806,254</u>	<u>(763,140)</u>	<u>3,043,113</u>	<u>2,793,903</u>	<u>(558,672)</u>	<u>2,235,231</u>

(Unit : Thousand Baht)

Separate financial statements						
For the years ended December 31,						
2017			2016			
	Income			Income		
Amount	(expense)	Amount	Amount	(expense)	Amount	
before taxes	taxes	after taxes	before taxes	taxes	after taxes	
Gains (losses) on remeasuring available-for-sale investments	4,971,167	(994,223)	3,976,934	(773,987)	154,797	(619,190)
Reversal of (gain) losses realised on the disposal of available-for-sale investments	(1,153,351)	230,670	(922,681)	342,661	(68,532)	274,129
Gain on reclassification of investment	-	-	-	3,224,354	(644,871)	2,579,483
Actuarial gain (loss)	(2,110)	422	(1,688)	328	(66)	262
Total	3,815,706	763,141	3,052,565	2,793,356	(558,672)	2,234,684

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	Share holding 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
Charoen Pokphand Foods Pcl. ⁽²⁾	Agriculture	Related by way of common directors
TICON Industrial Connection Pcl.	Property development	Holding by an individual related to the major shareholder of the Company
Indorama Ventures Public Company Limited.	Petrochemical	Related by way of common directors
Asia warehouse Co., Ltd.	Rental of assets	Share holding 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. ⁽¹⁾	Asset management	Shareholding and related by way of common directors
Bualuang Securities Pcl.	Securities	Subsidiary of the major shareholder of the Company
Asia Insurance Company Limited ⁽¹⁾	Insurance	Related by way of common directors
BLA Insurance Broker Co., Ltd	Insurance broker	Subsidiary
Bangpain Golf Co., Ltd	Services	Related by way of common shareholders
Bangkok Mitsubishi UFJ Lease Co., Ltd.	Services	Related by way of common shareholders
Samitivij Pcl.	Health care service	Related by way of common directors
TM Design Co., Ltd.	Services	Holding by an individual related to the major shareholder of the Company
Bangkok Life Assurance (Cambodia) Public Limited Company	Life insurance	Subsidiary

⁽¹⁾ It had been considered a related party until November 29, 2016 because The Group and the Company have on common directors with BBL Asset Management Co., Ltd. and Asia Insurance Company Limited since then and have common directors once again with BBL Asset Management Co., Ltd since March 23, 2017. since then.

⁽²⁾ It had been considered a related party until April 25, 2017 because the Company and its subsidiaries have no common directors with Charoen Pokphand Foods Pcl. since then.

During the years ended December 31, 2017 and 2016, 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)

	Consolidated financial statements For the years ended December 31,		Pricing policy
	2017	2016	
Related parties			
Premium written	5,769	6,322	Normal commercial terms for underwriting
Premium ceded to reinsurers	279,148	78,528	Normal commercial terms for underwriting
Interest income - deposits at banks, promissory notes and debentures	456,515	574,484	Same rates as those offered by financial institutions and related companies to general customers
Interest income - mortgage loans	5,591	7,106	Same rates as the Company charged to general borrowers who mortgage assets as collateral
Dividend income	450,450	417,347	The declared amount
Rental and service income	33,183	11,772	Rate on agreements those charged by rental and service fees per square meter per month
Brokerage income from securities trading	72,323	34,405	Normal commercial terms for securities brokerage
Loss on forward and swap foreign exchange contracts	267,709	66,402	Normal commercial terms on contracts
Commission and brokerage	1,836,480	1,332,848	At a mutually agreed percentage of premium written
Claim refundable from reinsurance	231,957	124,856	Normal commercial terms for underwriting
Claim payment and diagnose charge	75,144	50,719	Normal commercial terms for underwriting
Bank charges	156,283	119,981	Same rates as those charged by financial institutions and related companies to general customers
Insurance premium	1,966	2,362	Normal commercial terms for underwriting
Building space rental and services	68,550	69,743	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	17,499	2,742	Normal commercial terms for services

(Unit : Thousand Baht)

	Separate financial statements For the years ended December 31,		Pricing policy
	2017	2016	
Transactions with related companies			
Subsidiaries			
Written premium	-	62	Normal commercial terms for underwriting
Rental and service income	616	505	Rate on agreements as those charged by rental and service fees per square meter per month
Related parties			
Written premium	5,769	6,322	Normal commercial terms for underwriting
Premium ceded to reinsurers	279,148	78,528	Normal commercial terms for underwriting
Interest income - deposits at banks, promissory notes and debentures	456,489	574,444	Same rates as those offered by financial institutions and related companies to general customers
Interest income - mortgage loans	5,591	7,106	Same rates as the Company charged to general borrowers who mortgage assets as collateral
Dividend income	450,450	417,347	The declared amount
Brokerage income from securities trading	72,323	34,405	Normal commercial terms for securities brokerage
Loss on forward and swap foreign exchange contracts	267,709	66,402	Normal commercial terms on contracts
Commission and brokerage	1,836,480	1,332,848	At a mutually agreed percentage of premium written
Claim refundable from reinsurance	231,957	124,856	Normal commercial terms for underwriting
Claim payment and diagnose charge	75,144	50,719	Normal commercial terms for underwriting
Bank charges	156,166	119,886	Same rates as those charged by financial institutions and related companies to general customers
Insurance premium	1,960	2,360	Normal commercial terms for underwriting
Building space rental and services	68,550	69,743	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	17,499	2,742	Normal commercial terms for services

Net premium written of an ancassurance distribution channel represented approximately 64.15% and 62.03% of total net premium written, respectively.

As at December 31, 2017 and 2016, the balance of the accounts between the Company and those related companies are as follows:

	Consolidated		(Unit : Thousand Baht)	
	financial statements		Separate	
	December 31,	December 31,	December 31,	December 31,
	2017	2016	2017	2016
Subsidiaries				
Other liabilities				
Accrued expense	-	-	-	659
Deposits income	-	-	66	66
Total other liabilities	-	-	66	725
Related parties				
Deposit at financial institution				
(included in cash and cash equivalents)	1,051,281	1,930,536	1,043,223	1,919,132
Investments assets				
Available-for-sale investments - cost				
Domestic equity securities	2,221,635	2,024,654	2,221,635	2,024,654
Domestic units trust	3,337,446	3,558,734	3,337,446	3,558,734
Total available-for-sale investment - cost	5,559,081	5,583,388	5,559,081	5,583,388
Add Unrealised gains	2,030,324	1,710,711	2,030,324	1,710,711
Total available-for-sale investments				
- fair value	7,589,405	7,294,099	7,589,405	7,294,099
Held-to-maturity investments				
- cost/amortised cost				
Private enterprise debt securities	2,745,000	3,955,000	2,745,000	3,955,000
Foreign debt securities	6,316,261	6,327,666	6,316,261	6,327,666
Total held-to-maturity investment				
- cost/amortised cost	9,061,261	10,282,666	9,061,261	10,282,666
General investments - foreign equity securities				
	11,167	1,167	11,167	1,167
Loans	73,060	96,868	73,060	96,868
Total investments assets	16,734,893	17,674,800	16,734,893	17,674,800

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	December 31,	December 31,	December 31,	December 31,
	2017	2016	2017	2016
Related parties (Continued)				
Amount due from reinsurance	230,784	175,965	230,784	175,965
Forward and swap foreign exchange contract receivables	5,585,475	4,585,297	5,585,475	4,585,297
Other assets				
Accrued income	6,641	3,176	-	-
Prepaid rental expenses	34,411	46,204	34,411	46,205
Prepaid expense	208	201	208	200
Total other assets	<u>41,260</u>	<u>49,581</u>	<u>34,619</u>	<u>46,405</u>
Amount due to reinsurance	187,294	123,055	187,294	123,055
Outstanding claims	10,468	1,873	10,468	1,873
Forward and swap foreign exchange contract payables	5,622,022	4,899,075	5,622,022	4,899,075
Other liabilities				
Accrued commission	366,786	279,202	366,786	279,202
Accrued Premium	16,410	6,360	-	-
Accrued rental and service expense	128	1,766	128	1,766
Total other liabilities	<u>383,324</u>	<u>287,328</u>	<u>366,914</u>	<u>280,968</u>

Directors and key management's benefits

During the years ended December 31, 2017 and 2016, the Group and the Company had employee benefit expenses payable to their directors and key management as below:

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	December 31,		December 31,	
	2017	2016	2017	2016
Short-term employee benefits	55,481	45,353	55,481	45,353
Long-term employee benefits	1,842	356	1,842	274
Share-based payment transactions (Note 25)	360	3,489	360	3,489
Total directors and management's benefits	<u>57,683</u>	<u>49,198</u>	<u>57,683</u>	<u>49,116</u>

The details of the warrants which allocated to the Company's employees are presented in Note 25 to the financial statements.

34. ASSETS PLACED WITH THE REGISTRAR

As at December 31, 2017 and 2016, 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, 2017		December 31, 2016	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
State enterprise bonds	23,200	25,605	20,000	24,434

35. ASSETS RESERVED WITH THE REGISTRAR

As at December 31, 2017 and 2016, 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, 2017		December 31, 2016	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Government bonds	52,400,828	61,274,166	42,811,914	48,139,566
State enterprise bonds	5,699,921	6,375,488	6,199,704	6,902,127
Total	58,100,749	67,649,654	49,011,618	55,041,693

36. CONTRIBUTION TO LIFE INSURANCE FUND

For the year ended December 31, 2017 and 2016, contribution to life insurance fund consisted of the following:

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	For the years ended December 31, 2017	2016
Life insurance fund at the beginning of the years	299,789	256,456
Contribution during the years	44,039	43,333
Life insurance fund at the end of the years	343,828	299,789

37. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued.

Basic and diluted earnings per share for the years ended December 31, 2017 and 2016 are as follows:

	Consolidated financial statements					
	Profits for the years (Thousand Baht)		Weighted average number of shares (Thousand shares)		Earnings per share (Baht)	
	2017	2016	2017	2016	2017	2016
Basic earnings per share						
Profits attributable to ordinary shareholders of the Company	3,635,388	5,110,300	1,707,566	1,704,992	<u>2.13</u>	<u>3.00</u>
Effect of dilutive potential ordinary shares						
Warrant No. 2	-	-	-	691		
Diluted earnings per share						
Profits of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>3,635,388</u>	<u>5,110,300</u>	<u>1,707,566</u>	<u>1,705,683</u>	<u>2.13</u>	<u>3.00</u>
	Separate financial statements					
	Profits for the years (Thousand Baht)		Weighted average number of shares (Thousand shares)		Earnings per share (Baht)	
	2017	2016	2017	2016	2017	2016
Basic earnings per share						
Profits attributable to ordinary shareholders of the Company	3,645,241	5,122,365	1,707,566	1,704,992	<u>2.14</u>	<u>3.00</u>
Effect of dilutive potential ordinary shares						
Warrant No. 2	-	-	-	691		
Diluted earnings per share						
Profits of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>3,645,241</u>	<u>5,122,365</u>	<u>1,707,566</u>	<u>1,705,683</u>	<u>2.14</u>	<u>3.00</u>

38. DIVIDENDS PAID

Dividends declared during the years ended December 31, 2017 and 2016 consisted of the following:

	<u>Approved by</u>	<u>Total dividend (Million Baht)</u>	<u>Dividend per share (Baht)</u>
Annual dividend for 2016	Annual General Meeting of the Shareholders on April 27, 2017 and the OIC on May 8, 2017	730	0.43
Interim dividend from operations for six-month period ended June 30, 2017	Meeting of Board of Directors on August 10, 2017 and the OIC on September 13, 2017	543	0.32
Total dividend for the year 2017		<u>1,273</u>	<u>0.75</u>
Annual dividend for 2015	Annual General Meeting of the Shareholders on April 26, 2016 and the OIC on April 29, 2016	544	0.32
Interim dividend from operations for six-month period ended June 30, 2016	Meeting of Board of Directors on August 9, 2015 and the OIC on September 30, 2015	545	0.32
Total dividend for the year 2016		<u>1,089</u>	<u>0.64</u>

39. COMMITMENTS

39.1 As at December 31, 2017 and 2016, the Company entered into construction building agreement with local companies totaling of Baht 228.06 million and Baht 176.20 million, respectively. The Company had commitment according to the agreements amounting to Baht 44.73 million and Baht 80.77 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, 2017 and 2016, future minimum lease payments required under these non-cancellable operating lease contracts were as follows:

	(Unit : Million Baht)		
	Consolidated financial statement		
	December 31, 2017		
	Pay within		
	1 year	1 - 5 years	Total
Operating lease agreements	49.69	47.17	96.86
Service agreements	0.23	0.03	0.26
Total	<u>49.92</u>	<u>47.20</u>	<u>97.12</u>

(Unit : Million Baht)

Consolidated financial statement
December 31, 2016

	Pay within		Total
	1 year	1 - 5 years	
Operating lease agreements	65.07	63.15	128.22
Service agreements	13.36	0.05	13.41
Total	78.43	63.20	141.63

(Unit : Million Baht)

Separate financial statement
December 31, 2017

	Pay within		Total
	1 year	1 - 5 years	
Operating lease agreements	49.53	46.95	96.48
Service agreements	0.21	-	0.21
Total	49.74	46.95	96.69

(Unit : Million Baht)

Separate financial statement
December 31, 2017

	Pay within		Total
	1 year	1 - 5 years	
Operating lease agreements	64.91	62.77	127.68
Service agreements	13.34	-	13.34
Total	78.25	62.77	141.02

The Group and the Company recognized rental expense derived from the operating leases for the year ended December 31, 2017 amounting to Baht 35.1 million. (December 31, 2016 amounting to Baht 35.4 million)

- 39.3 As at December 31, 2017 and 2016, 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.

(Unit : Thousand Baht)

Consolidated and separate financial statements

Payable within	December 31, 2017	December 31, 2016
	1 year	1,200,000
2 - 5 years	300,000	600,000

40. LITIGATION

As at December 31, 2017 and 2016, the Group and the Company has been sued in litigation cases of compensation of claims totaling approximately Baht 18 million and Baht 60 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, 2017 and 2016, 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, 2017			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held-to-trading investments				
Equity instruments	87,957	-	-	87,957
Available-for-sale investments				
Equity instruments	38,200,799	6,226,402	-	44,427,201
Debt instruments	-	32,694,734	-	32,694,734
Assets for which fair value are disclosed				
Held-to-maturity investments				
Debt instruments	-	215,456,259	13,636,723	229,092,982
Investment property	-	-	22,660	22,660
Derivatives				
Cross currency swap contracts	-	701,820	-	701,820
Forward exchange contracts	-	36,670	-	36,670
Loans				
Policy loans	-	-	7,865,321	7,865,321
Liabilities for which fair value are disclosed				
Derivatives				
Cross currency swap contracts	-	132,206	-	132,206
Forward exchange contracts	-	937	-	937

	(Unit : Thousand Baht)			
	Consolidated and separated financial statements			
	December 31, 2016			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held-to-trading investments				
Equity instruments	155,100	-	-	155,100
Available-for-sale investments				
Equity instruments	27,654,841	3,851,501	-	31,506,342
Debt instruments	-	33,807,890	-	33,807,890
Assets for which fair value are disclosed				
Held-to-maturity investments				
Debt instruments	-	189,095,985	11,956,873	201,052,858
Investment property	-	-	17,137	17,137
Derivatives				
Cross currency swap contracts	-	23,340	-	23,340
Forward exchange contracts	-	37,020	-	37,020
Loans				
Policy loans	-	-	6,933,470	6,933,470
Liabilities for which fair value are disclosed				
Derivatives				
Cross currency swap contracts	-	2,118,939	-	2,118,939
Forward exchange contracts	-	4,577	-	4,577

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, 2016, 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 a 0.25% decrease in the interest rate the Group and the Company would have no additional obligations.

As at December 31, 2017, the Company has additional LAT reserve of Baht 660 million because the long-term insurance contracts prepared under the NPV method are under GPV. In the event of 0.25% decrease of in interest rate, the Group and the Company would have additional LAT reserve Baht 4,213 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 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, 2017				December 31, 2016				
	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	253,755,474	2,839,579	-	256,595,053	231,271,732	2,140,562	-	233,412,294
Claim reserves	-	-	367,962	367,962	-	-	233,740	233,740
Total	253,755,474	2,839,579	367,962	256,963,015	231,271,732	2,140,562	233,740	233,646,034

(Unit : Thousand Baht)

Consolidated financial statements								
Insurance contract liabilities - Net of reinsurance								
December 31, 2017				December 31, 2016				
	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	253,755,474	2,839,579	-	256,595,053	231,271,732	2,140,562	-	233,412,294
Claim reserves	-	-	240,577	240,577	-	-	118,552	118,552
Total	253,755,474	2,839,579	240,577	256,835,630	231,271,732	2,140,562	118,552	233,530,846

(Unit : Thousand Baht)

		Separate financial statements							
		Insurance contract liabilities – Gross of reinsurance							
		December 31, 2017				December 31, 2016			
		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		253,755,469	2,839,579	-	256,595,048	231,271,732	2,140,562	-	233,412,294
Claim reserves		-	-	367,962	367,962	-	-	233,740	233,740
Total		253,755,469	2,839,579	367,962	256,963,010	231,271,732	2,140,562	233,740	233,646,034

(Unit : Thousand Baht)

		Separate financial statements							
		Insurance contract liabilities – Net of reinsurance							
		December 31, 2017				December 31, 2016			
		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		253,755,469	2,839,579	-	256,595,048	231,271,732	2,140,562	-	233,412,294
Claim reserves		-	-	240,577	240,577	-	-	118,552	118,552
Total		253,755,469	2,839,579	240,577	256,835,625	231,271,732	2,140,562	118,552	233,530,846

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, 2017

	Over			
	0 - 5 years	5 - 10 years	10 years	Total
Assets				
Reinsurance assets	404,713	-	-	404,713
Investment in securities ⁽¹⁾	122,321,790	105,530,260	140,644,040	368,496,090
Total assets	122,726,503	105,530,260	140,644,040	368,900,803
Liabilities				
Reserves for long-term insurance contracts ⁽²⁾	72,787,715	147,730,220	143,156,710	363,674,645
Claim reserves	367,962	-	-	367,962
Total liabilities	73,155,677	147,730,220	143,156,710	364,042,607

(1) Total principal amount and interest

(2) Amount before discount

(Unit : Thousand Baht)				
Consolidated and separate financial statements				
December 31, 2016				
	Over			
	0 - 5 years	5 - 10 years	10 years	Total
Assets				
Reinsurance assets	374,219	-	-	374,219
Investment in securities ⁽¹⁾	113,202,313	99,199,417	135,513,459	347,915,189
Total assets	<u>113,576,532</u>	<u>99,199,417</u>	<u>135,513,459</u>	<u>348,289,408</u>
Liabilities				
Reserves for long-term insurance contracts ⁽²⁾	55,662,637	152,777,001	125,469,658	333,909,296
Claim reserves	233,740	-	-	233,740
Total liabilities	<u>55,896,377</u>	<u>152,777,001</u>	<u>125,469,658</u>	<u>334,143,036</u>

(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 secured 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, 2017 and 2016, financial assets classified by type of interest rate are summarised in the table below:

	(Unit : Thousand Baht)		
	Consolidated financial statements		
	December 31, 2017		
	No interest	Floating interest rate	Fixed interest rate
Cash equivalents	985,007	722,127	2,268,658
Investments in securities			
Government and state enterprise securities	-	-	146,119,017
Private enterprise debt securities	-	2,600,000	79,730,209
Foreign debt securities	-	-	8,808,914
Deposit at financial institutions with maturity period of longer than 3 months	-	-	3,810,000
Loans			
Policy loans	-	-	7,104,797
Mortgage loans	-	-	2,292,843
Other loans	-	-	6,964
Total	985,007	3,322,127	250,141,402

	(Unit : Thousand Baht)		
	Consolidated financial statements		
	December 31, 2016		
	No interest	Floating interest rate	Fixed interest rate
Cash equivalents	739,491	842,578	11,527,003
Investments in securities			
Government and state enterprise securities	-	-	127,825,628
Private enterprise debt securities	-	2,600,000	66,065,596
Foreign debt securities	-	-	10,344,160
Deposit at financial institutions with maturity period of longer than 3 months	-	-	12,790,000
Loans			
Policy loans	-	-	6,291,190
Mortgage loans	-	-	1,656,030
Other loans	-	-	15,946
Total	739,491	3,442,578	236,515,553

(Unit : Thousand Baht)

Separate financial statements

December 31, 2017

	No interest	Floating interest rate	Fixed interest rate
Cash equivalents	890,593	717,841	2,268,658
Investments in securities			
Government and state enterprise securities	-	-	146,119,017
Private enterprise debt securities	-	2,600,000	79,730,209
Foreign debt securities	-	-	8,808,914
Deposit at financial institutions with maturity period of longer than 3 months	-	-	3,810,000
Loans			
Policy loans	-	-	7,104,797
Mortgage loans	-	-	2,292,843
Other loans	-	-	6,964
Total	890,593	3,317,841	250,141,402

(Unit : Thousand Baht)

Separate financial statements

December 31, 2016

	No interest	Floating interest rate	Fixed interest rate
Cash equivalents	659,258	834,428	11,527,003
Investments in securities			
Government and state enterprise securities	-	-	127,825,628
Private enterprise debt securities	-	2,600,000	66,065,596
Foreign debt securities	-	-	10,344,160
Deposit at financial institutions with maturity period of longer than 3 months	-	-	12,790,000
Loans			
Policy loans	-	-	6,291,190
Mortgage loans	-	-	1,605,030
Other loans	-	-	15,946
Total	659,258	3,434,428	236,464,553

As at December 31, 2017 and 2016, 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, 2017					
	Within 1 year	1 - 5 years	Over 5 years	Total	Average interest rat (% p.a.)
Investments in securities					
Government and state enterprise securities	13,178,297	11,251,329	121,689,391	146,119,017	3.96
Private enterprises debt securities	2,036,029	19,656,246	58,037,934	79,730,209	4.35
Foreign debt securities	553,402	1,410,000	6,845,512	8,808,914	4.46
Deposit at financial institutions which amounts maturing in over 3 months	2,410,000	1,400,000	-	3,810,000	2.67
Loans					
Mortgage loans	143,502	1,343,913	804,428	2,292,843	6.44
Other loans	6,910	-	54	6,964	6.00
Total	18,328,140	35,061,488	187,377,319	240,767,947	

(Unit : Thousand Baht)

Consolidated and separate financial statements					
December 31, 2016					
	Within 1 year	1 - 5 years	Over 5 years	Total	Average interest rat (% p.a.)
Investments in securities					
Government and state enterprise securities	4,712,518	12,000,869	111,112,241	127,825,628	4.29
Private enterprises debt securities	1,744,221	10,257,314	54,064,061	66,065,596	4.56
Foreign debt securities	1,067,005	3,034,773	6,242,382	10,344,160	4.70
Deposit at financial institutions which amounts maturing in over 3 months	9,390,000	3,400,000	-	12,790,000	2.81
Loans					
Mortgage loans	45,380	1,215,711	343,939	1,605,030	6.36
Other loans	15,816	130	-	15,946	6.00
Total	16,974,940	29,908,797	171,762,623	218,646,360	

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, 2017 and 2016, the balances of financial assets denominated in foreign currencies are summarised below:

Foreign currency	Financial assets as at December 31,		Financial liabilities as at December 31,		Average exchange rate as at December 31,	
	2017	2016	2017	2016	2017	2016
	(Million units)		(Million units)		(Baht per 1 foreign currency unit)	
US dollar	801.0	809.6	706.5	732.7	33.94	35.42
Yen	350.0	350.0	1,240.9	1,112.9	0.30	0.31
Euro	30.4	13.0	23.8	9.2	38.28	37.52
LAK	40,824.0	36,977.4	-	-	0.0041	0.0044
Singapore	38.6	20.0	38.7	19.0	24.58	24.75

As at December 31, 2017 and 2016 foreign exchange contracts outstanding are summarised below.

Foreign currency	Long position as at December 31,		Contractual exchange rates		Maturity date	
	2017	2016	2017	2016	2017	2016
	(Million units)		(Baht per 1 foreign currency unit)		(Baht per 1 foreign currency unit)	
US dollar	706.5	732.7	29.25 - 36.30	29.25 - 36.30	Jan. 2018 - Oct. 2026	Jan. 2017 - Oct. 2026
Yen	1,240.9	1,112.9	0.2914 - 0.3142	0.3057 - 0.3405	Jan. 2018 - Dec. 2018	Jan. 2017 - Dec. 2017
Euro	23.8	9.2	38.50 - 39.85	37.65 - 39.10	Jan. 2018 - Sep. 2018	Feb. 2017 - Dec. 2017
Singapore	38.7	19.0	24.145 - 24.80	24.88 - 26.24	Jan. 2018 - Oct. 2018	Jan. 2017 - Nov. 2027

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, 2017		As at December 31, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at fair value				
Cash and cash equivalents	3,975,792	3,975,792	13,109,072	13,109,072
Investments in securities				
Held-to-trading investments	87,957	87,957	155,100	155,100
Available-for-sale investments	77,121,935	77,121,935	65,314,232	65,314,232
Assets for which fair value are disclosed				
Investments in securities				
Held-to-maturity investments	208,373,406	229,092,982	185,817,494	201,052,858
Derivative				
Cross currency swap contracts	341,168	701,820	1,487	23,340
Forward exchange contracts	8,279	36,670	20,362	37,020
Loans				
Policy loans	7,104,797	7,844,452	6,291,190	6,933,470
Investment property	18,817	22,660	19,882	17,137
Liabilities for which fair value are disclosed				
Derivative				
Cross currency swap contracts	738,011	132,206	2,764,931	2,118,939
Forward exchange contracts	27,602	937	10,478	4,577

(Unit : Thousand Baht)

	Separate financial statements			
	As at December 31, 2017		As at December 31, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at fair value				
Cash and cash equivalents	3,877,092	3,877,092	13,020,689	13,020,689
Investments in securities				
Held-to-trading investments	87,957	87,957	155,100	155,100
Available-for-sale investments	77,121,935	77,121,935	65,314,232	65,314,232
Assets for which fair value are disclosed				
Investments in securities				
Held-to-maturity investments	208,373,406	229,092,982	185,817,494	201,052,858
Derivative				
Cross currency swap contracts	341,168	701,820	1,487	23,340
Forward exchange contracts	8,279	36,670	20,362	37,020
Loans				
Policy loans	7,104,797	7,844,452	6,291,190	6,933,470
Investment property	18,817	22,660	19,882	17,137
Liabilities for which fair value are disclosed				
Derivative				
Cross currency swap contracts	738,011	132,206	2,764,931	2,118,939
Forward exchange contracts	27,602	937	10,478	4,577

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 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.
- g) For general investments, their fair values have been determined by using price to book value ratio.

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 23, 2018, the Board of Directors passed a resolution to approve a dividend payment of Baht 0.22 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. RECLASSIFICATION

Reclassification has been made to the consolidated and separate statement of profit or loss and other comprehensive income for the year ended December 31, 2016 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, 2017 as follows:

				(Unit: Thousand Baht)
Consolidated and separate financial statements				
Transactions	Amount	Previous presentation	Current presentation	
Other underwriting expenses	26,856	Operating expenses	Other underwriting expenses	

47. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors on February 23, 2018.