

Bangkok Life Assurance Public Company Limited  
Report and financial statements  
31 December 2016

## **Independent Auditor's Report**

To the Shareholders of Bangkok Life Assurance Public Company Limited

### **Opinion**

I have audited the accompanying consolidated financial statements of Bangkok Life Assurance Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Bangkok Life Assurance Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bangkok Life Assurance Public Company Limited and its subsidiaries and of Bangkok Life Assurance Public Company Limited as at 31 December 2016, their financial performances and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Opinion**

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

### **Emphasis of Matters**

I draw attention to Notes 2 and 3 to the financial statements. During the year, the Company reclassified transactions in accordance with the new format of financial statements as specified in the Notification of the Office of Insurance Commission dated 4 March 2016 which effective on 1 January 2016 onward. The Company adopted these revised and new financial reporting standards issued by the Federation of Accounting professions. My opinion is not qualified in respect of this matter.

### **Key Audit Matters**

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

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

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

### **Assumptions for liability adequacy test**

As described in Note 20 to the financial statements, as at 31 December 2016, the Company had reserves for long-term insurance contracts of Baht 233,412 million, representing 94% of its total liabilities. These reserves are accumulated for policies in force, from the inception of the 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 Company conducts a liability adequacy test (LAT) on the reserve at the end of every reporting period, and if the liability is not sufficient, the shortfall is recognised as additional expense in the statements of income. The liability adequacy test (LAT) is performed based on the gross premium valuation (GPV), which uses the current best estimate assumptions of the contractual obligations. The assumptions include mortality, discount rate, lapse or surrender rates and rate of selling and administration expenses etc. As changes to assumptions could significantly affect the reserves for long-term insurance contracts. The Company's management has to exercise judgment in determining appropriate assumptions and regularly reviews the applied assumptions based on the best estimates, in order to avoid the risk of inadequate recognition of these reserves, which may resulting in liabilities being understated.

I 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. I also checked the data used in estimating the gross premium reserve against its sources, evaluated the assumptions underlying the selected financial models and the methods used for premium reserve 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, I performed analytical procedures on the assumptions and the financial and economic data, reviewed the selected financial models and assessed whether the method used in the reserve calculation was consistent with an actuarial approach and in accordance with the notification of the Insurance Commission. In addition, I analysed and reviewed reserve movements and assessed the Company's disclosures of its accounting policies and key information relating to reserve for long-term insurance contracts.

## **Revenue recognition**

As the Company offers life insurance services to a large number of policyholders through various channels across the country, revenue from life insurance business recognised in each period is significant. The Company recognises premiums as revenue from the effective date of the policies. However, the Company's underwriting process may result in insurance policies being issued and premium being recognised after the effective date or period to the due date. As a result, there is a risk of revenue being recognised before or after the effective date.

I assessed and tested the Company's information systems and internal controls relevant to insurance underwriting, and tested the internal controls that respond to the timing of revenue recognition. On a sampling basis, I checks policies and supporting documents in order to examine policy data stored in the information systems. I also examined the Company's premium revenue transactions occurring near and after the period-end and performed analytical procedures on premium revenue based on the effective dates, by month and by product type. In addition, I performed an analytical review on disaggregated data to detect possible irregularities in premium transactions throughout the accounting period, especially accounting transactions made through journal vouchers.

## **Product classification**

As described in Note 3.1 to the financial statements, the Company has adopted Thai Financial Reporting Standard No. 4 (Revised 2015) Insurance Contract for the first time. This standard requires the Company to consider the nature of insurance contracts, which is that the significant risk is transferred from the insured to the insurer. However, the standard does not specify an approach for classification of insurance contracts. Therefore, the management is required to exercise judgment in determining an appropriate method for classification of insurance contracts.

I made enquiry of the management and assessed the approaches used by the management for insurance contract classification, the conditions and basis for determining that contracts transfer the significant risk of insurance and reinsurance, and the level of significance of the insurance risk. In addition, on a sampling basis, I examined the insurance contract information used as a basis for determining whether insurance risk is transferred, and also reviewed the disclosure made in the financial statements.

## **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

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

In preparing the financial statements, management is responsible for assessing the Group'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 Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mrs. Nonglak Pumnoi

Nonglak Pumnoi

Certified Public Accountant (Thailand) No. 4172

EY Office Limited

Bangkok: 23 February 2017



**Bangkok Life Assurance Public Company Limited**  
**Statements of financial position**  
**As at 31 December 2016, 2015 and 1 January 2015**

(Unit: Thousand Baht)

	Note	Consolidated financial statements			Separate financial statements		
		31 December 2016	31 December 2015 (Restated)	1 January 2015	31 December 2016	31 December 2015 (Restated)	1 January 2015
<b>Assets</b>							
Cash and cash equivalents	6, 33	13,109,072	7,101,758	5,707,564	13,020,689	7,087,584	5,703,472
Premium receivables	7	2,199,553	1,717,113	1,725,233	2,199,553	1,717,113	1,725,233
Accrued investment income - net		2,053,258	2,627,978	2,344,008	2,053,258	2,627,978	2,344,008
Reinsurance assets	8, 20	374,219	372,054	318,471	374,219	372,054	318,471
Reinsurance receivables	9	649,427	527,122	445,314	649,427	527,122	445,314
Derivative assets	10	21,849	231	24,963	21,849	231	24,963
<b>Investment assets</b>							
<b>Investments in securities</b>							
Trading investments	11	155,100	116,220	17,070	155,100	116,220	17,070
Available-for-sale investments	11	65,314,232	25,988,922	22,012,881	65,314,232	25,988,922	22,012,881
Held-to-maturity investments	11, 34, 35	185,817,494	201,411,262	176,161,023	185,817,494	201,411,262	176,161,023
General investments	11	29,588	46,662	46,662	29,588	46,662	46,662
Investments in subsidiaries	12	-	-	-	132,530	23,760	3,960
Loans - net	13, 33	7,912,166	6,138,902	4,735,057	7,912,166	6,138,902	4,735,057
Investment property	14	19,882	20,947	-	19,882	20,947	-
Premises and equipment	15	1,157,564	547,210	389,243	1,153,523	546,986	389,200
Goodwill	16	4,955	4,955	4,955	-	-	-
Intangible assets	17	19,557	24,113	12,819	18,950	24,037	12,819
Deferred tax assets - net	18	2,818,598	2,382,919	1,482,422	2,818,598	2,382,919	1,482,422
Other assets	19	699,638	547,241	161,905	667,651	544,567	165,539
<b>Total assets</b>		<b>282,356,152</b>	<b>249,575,609</b>	<b>215,589,590</b>	<b>282,358,709</b>	<b>249,577,266</b>	<b>215,588,094</b>

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

**Bangkok Life Assurance Public Company Limited**  
**Statements of financial position (Continued)**  
**As at 31 December 2016, 2015 and 1 January 2015**

(Unit: Thousand Baht)

Note	Consolidated financial statements			Separate financial statements			
	31 December 2016	31 December 2015 (Restated)	1 January 2015	31 December 2016	31 December 2015 (Restated)	1 January 2015	
<b>Liabilities and owners' equity</b>							
<b>Liabilities</b>							
Insurance contract liabilities	20	243,098,663	216,851,032	186,659,641	243,098,663	216,851,032	186,659,641
Reinsurance payables	21	592,515	459,315	379,722	592,515	459,315	379,722
Derivative liabilities	10	2,775,409	2,912,292	1,024,799	2,775,409	2,912,292	1,024,799
Income tax payable		403,632	542,471	499,592	403,632	542,471	499,592
Employee benefit obligations	22	201,806	179,646	168,620	200,415	178,550	167,734
Other liabilities	23	1,955,052	1,640,484	1,280,941	1,947,235	1,635,286	1,277,378
<b>Total liabilities</b>		<b>249,027,077</b>	<b>222,585,240</b>	<b>190,013,315</b>	<b>249,017,869</b>	<b>222,578,946</b>	<b>190,008,866</b>
<b>Owners' equity</b>							
Share capital							
Registered							
1,708,000,000 ordinary shares of Baht 1 each		1,708,000	1,708,000	1,708,000	1,708,000	1,708,000	1,708,000
Issued and fully paid-up							
1,705,953,060 ordinary shares of Baht 1 each (31 December 2015: 1,703,810,780 ordinary shares of Baht 1 each and 1 January 2015: 1,697,850,000 ordinary shares of Baht 1 each)	24	1,705,953	1,703,811	1,697,850	1,705,953	1,703,811	1,697,850
Premium on share capital	24	3,309,857	3,219,926	2,987,540	3,309,857	3,219,926	2,987,540
Capital reserve on share-based payments	24	11,323	38,834	103,822	11,323	38,834	103,822
Subscriptions received in advance from exercise of warrants	25	20,300	10,626	-	20,300	10,626	-
Retained earnings							
Appropriated							
Statutory reserve		170,800	170,800	170,800	170,800	170,800	170,800
General reserve		400,000	400,000	400,000	400,000	400,000	400,000
Unappropriated		21,482,015	17,460,248	14,677,675	21,502,219	17,468,357	14,680,638
Other component of owners' equity							
Revaluation surplus on available-for-sale investments - net of income taxes		6,220,388	3,985,966	5,538,578	6,220,388	3,985,966	5,538,578
Exchange differences on translation of financial statements in foreign currency		299	-	-	-	-	-
Equity attributable to equity holders of the Company		33,320,935	26,990,211	25,576,265	33,340,840	26,998,320	25,579,228
Non-controlling interests of the subsidiary		8,140	158	10	-	-	-
<b>Total owners' equity</b>		<b>33,329,075</b>	<b>26,990,369</b>	<b>25,576,275</b>	<b>33,340,840</b>	<b>26,998,320</b>	<b>25,579,228</b>
<b>Total liabilities and owners' equity</b>		<b>282,356,152</b>	<b>249,575,609</b>	<b>215,589,590</b>	<b>282,358,709</b>	<b>249,577,266</b>	<b>215,588,094</b>
		-	-	-	-	-	-

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

Directors

**Bangkok Life Assurance Public Company Limited**

**Statements of income**

**For the years ended 31 December 2016 and 2015**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015 (Restated)	2016	2015 (Restated)
<b>Revenues</b>					
Gross premium written	27, 33	43,332,857	44,840,215	43,332,919	44,840,215
Less: Premium ceded to reinsurers	27	(978,436)	(922,668)	(978,436)	(922,668)
Net premium written		42,354,421	43,917,547	42,354,483	43,917,547
Add (less): Unearned premium reserves decreased (increased) form prior year	27	(72,966)	12,344	(72,966)	12,344
Net earned premium		42,281,455	43,929,891	42,281,517	43,929,891
Fee and commission income	27	248,903	245,094	248,903	245,094
Net investment income	33	10,631,995	9,913,190	10,631,995	9,913,190
Gain on investment	11	2,319,895	1,163,126	2,319,895	1,163,126
Gain (loss) on revaluation	31	(79,940)	79,886	(79,940)	79,886
Other income	33	92,324	64,242	80,066	58,121
<b>Total income</b>		<b>55,494,632</b>	<b>55,395,429</b>	<b>55,482,436</b>	<b>55,389,308</b>
<b>Expenses</b>					
Life policy reserves increased from prior year	27	26,104,086	29,873,537	26,104,086	29,873,537
Benefit payments under life policies and claims	27, 33	18,538,599	15,964,555	18,538,599	15,964,555
Less: Benefit payments under life policies and claims refundable from reinsurance	27	(766,262)	(574,369)	(766,262)	(574,369)
Commissions and brokerages expenses	27, 33	3,164,919	2,855,005	3,158,821	2,849,847
Other underwriting expenses	27	599,071	594,251	598,315	594,043
Operating expenses	28	1,778,035	1,795,651	1,750,706	1,789,729
<b>Total expenses</b>		<b>49,418,448</b>	<b>50,508,630</b>	<b>49,384,265</b>	<b>50,497,342</b>
<b>Profits before income tax expense</b>		<b>6,076,184</b>	<b>4,886,799</b>	<b>6,098,171</b>	<b>4,891,966</b>
Income tax expense	18	(975,806)	(778,648)	(975,806)	(778,648)
<b>Profits for the years</b>		<b>5,100,378</b>	<b>4,108,151</b>	<b>5,122,365</b>	<b>4,113,318</b>
<b>Profits for the years attributable to:</b>					
Equity holders of the Company		5,110,300	4,108,203	5,122,365	4,113,318
Non-controlling interests of the subsidiaries		(9,922)	(52)		
		<b>5,100,378</b>	<b>4,108,151</b>		

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

**Bangkok Life Assurance Public Company Limited**

**Statements of comprehensive income**

**For the years ended 31 December 2016 and 2015**

(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements	
	2016	2015 (Restated)	2016	2015 (Restated)
<b>Profits for the years</b>	5,100,378	4,108,151	5,122,365	4,113,318
<b>Other comprehensive income</b>				
Other comprehensive income to reclassified to profit or loss in subsequent periods				
Gains (losses) on valuation of available-for-sale investments	32 2,793,028	(1,940,765)	2,793,028	(1,940,765)
Exchange differences on translation of financial statements in foreign currency	575	-	-	-
Add (less): Income taxes	32 (558,606)	388,153	(558,606)	388,153
Total other comprehensive income to reclassified to profit or loss in subsequent periods - net of income taxes	2,234,997	(1,552,612)	2,234,422	(1,552,612)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Actuarial gain (loss)	32 298	(1,186)	328	(1,155)
Add (less): Income taxes	32 (66)	231	(66)	231
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax	232	(955)	262	(924)
<b>Other comprehensive gain (loss) for the periods - net of income taxes</b>	2,235,229	(1,553,567)	2,234,684	(1,553,536)
<b>Total comprehensive income for the periods</b>	<u>7,335,607</u>	<u>2,554,584</u>	<u>7,357,049</u>	<u>2,559,782</u>
<b>Total comprehensive income for the periods attributable to:</b>				
Equity holders of the Company	7,345,251	2,554,636	7,357,049	2,559,782
Non-controlling interests of the subsidiaries	(9,644)	(52)		
	<u>7,335,607</u>	<u>2,554,584</u>		

(Unit: Baht)

**Earnings per share**

Basic earnings per share	37			
Profits for the years		3.00	2.41	3.00
Diluted earnings per share				
Profits for the years		3.00	2.41	3.00

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

**Bangkok Life Assurance Public Company Limited**

**Statements of cash flows**

**For the years ended 31 December 2016 and 2015**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015 (Restated)	2016	2015 (Restated)
<b>Cash flows from operating activities</b>				
Gross premium	42,695,024	44,548,875	42,695,024	44,548,875
Cash payments from reinsurance	(636,236)	(648,677)	(636,236)	(648,677)
Interest income	9,736,216	8,772,718	9,736,216	8,772,718
Dividend income	1,453,325	1,114,362	1,453,325	1,114,362
Other investment income	2,171,747	2,986,792	2,171,747	2,986,792
Other income	78,760	55,369	78,760	55,369
Benefit payments under life policies and loss incurred on direct insurance	(17,814,756)	(15,023,218)	(17,814,756)	(15,023,218)
Commissions and brokerages on direct insurance	(2,945,240)	(2,842,199)	(2,945,240)	(2,842,199)
Other underwriting expenses	(487,048)	(498,144)	(487,048)	(498,144)
Operating expenses	(1,566,294)	(2,251,935)	(1,640,503)	(2,262,017)
Corporate income taxes	(2,108,930)	(1,247,881)	(2,108,930)	(1,247,881)
Investments in securities	(30,305,054)	(22,915,416)	(30,305,054)	(22,915,416)
Loans	(1,535,246)	(1,033,312)	(1,535,246)	(1,033,312)
Other investments	9,074,609	(8,216,556)	9,074,609	(8,216,556)
<b>Net cash provided by operating activities</b>	<b>7,810,877</b>	<b>2,800,778</b>	<b>7,736,668</b>	<b>2,790,696</b>
<b>Cash flows from investing activities</b>				
Net cash flows for purchases and disposals of premises and equipment	(680,265)	(241,555)	(680,265)	(241,555)
Cash paid for purchase of investment in subsidiary	(108,770)	-	(108,770)	-
<b>Net cash used in investing activities</b>	<b>(789,035)</b>	<b>(241,555)</b>	<b>(789,035)</b>	<b>(241,555)</b>
<b>Cash flows from financing activities</b>				
Proceeds from share capital increase as a result of warrant exercise	53,936	159,646	53,936	159,646
Subscriptions received from exercise of warrants	20,300	-	20,300	-
Dividend paid	(1,088,764)	(1,324,675)	(1,088,764)	(1,324,675)
<b>Net cash used in financing activities</b>	<b>(1,014,528)</b>	<b>(1,165,029)</b>	<b>(1,014,528)</b>	<b>(1,165,029)</b>
<b>Net increased in cash and cash equivalents</b>	<b>6,007,314</b>	<b>1,394,194</b>	<b>5,933,105</b>	<b>1,384,112</b>
Cash and cash equivalents at beginning of years	7,101,758	5,707,564	7,087,584	5,703,472
<b>Cash and cash equivalents at end of years</b>	<b>13,109,072</b>	<b>7,101,758</b>	<b>13,020,689</b>	<b>7,087,584</b>
	-	-	-	-

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

(Unaudited but reviewed)

**Bangkok Life Assurance Public Company Limited**  
**Statements of changes in owners' equity**  
**For the years ended 31 December 2016 and 2015**

(Unit: Thousand Baht)

Consolidated financial statements												
Equity attributable to equity holders of the Company												
	Note	Equity attributable to equity holders of the Company						Other component of owners'		Total equity attributable to equity holders of the Company	Equity attributable to non-controlling interests of the subsidiaries	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			equity - revaluation surplus on available-for-sale investments - net of income taxes			
						Statutory reserve	General reserve	Unappropriated				
<b>Balance as at 1 January 2015</b>		1,697,850	2,987,540	103,822	-	170,800	400,000	14,677,675	5,538,578	25,576,265	10	25,576,275
Share-based payments	24, 25	-	-	24,339	-	-	-	-	-	24,339	-	24,339
Increase in share capital as a result of warrant exercise	24	5,961	143,059	-	-	-	-	-	-	149,020	-	149,020
Transfer of capital reserve for share-based payment transactions to premium on share capital as a result of warrant No.2 exercise	24	-	89,327	(89,327)	-	-	-	-	-	-	-	-
Subscriptions received in advance from exercises of warrants	25	-	-	-	10,626	-	-	-	-	10,626	-	10,626
Dividend paid	38	-	-	-	-	-	-	(1,324,675)	-	(1,324,675)	-	(1,324,675)
Acquisition of non-controlling interests without a change in control		-	-	-	-	-	-	-	-	-	200	200
Profits (losses) for the year		-	-	-	-	-	-	4,108,203	-	4,108,203	(52)	4,108,151
Other comprehensive income												
Losses on valuation of available-for-sale investments - net of income taxes		-	-	-	-	-	-	-	(1,552,612)	(1,552,612)	-	(1,552,612)
Actuarial loss - net of income taxes		-	-	-	-	-	-	(955)	-	(955)	-	(955)
Total comprehensive income (loss) for the year		-	-	-	-	-	-	4,107,248	(1,552,612)	2,554,636	(52)	2,554,584
<b>Balance as at 31 December 2015</b>		<b>1,703,811</b>	<b>3,219,926</b>	<b>38,834</b>	<b>10,626</b>	<b>170,800</b>	<b>400,000</b>	<b>17,460,248</b>	<b>3,985,966</b>	<b>26,990,211</b>	<b>158</b>	<b>26,990,369</b>

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

(Unaudited but reviewed)

**Bangkok Life Assurance Public Company Limited**  
**Statements of changes in owners' equity (Continued)**  
**For the years ended 31 December 2016 and 2015**

(Unit: Thousand Baht)

Consolidated financial statements													
Equity attributable to equity holders of the Company													
	Note	Equity attributable to equity holders of the Company							Other component of owners' equity		Total equity attributable to equity holders of the Company	Equity attributable to non-controlling interests of the subsidiaries	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			Revaluation surplus on available-for-sale investments - net of income taxes	Exchange differences on translation of financial statements in foreign currency			
						Statutory reserve	General reserve	Unappropriated					
<b>Balance as at 1 January 2016</b>		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)
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													
Gains on valuation of available-for-sale investments - net of income taxes		-	-	-	-	-	-	-	2,234,422	-	2,234,422	-	2,234,422
Actuarial gain - net of income taxes		-	-	-	-	-	-	232	-	-	232	-	232
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
<b>Balance as at 31 December 2016</b>		<b>1,705,953</b>	<b>3,309,857</b>	<b>11,323</b>	<b>20,300</b>	<b>170,800</b>	<b>400,000</b>	<b>21,482,015</b>	<b>6,220,388</b>	<b>299</b>	<b>33,320,935</b>	<b>8,140</b>	<b>33,329,075</b>

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

(Unaudited but reviewed)

**Bangkok Life Assurance Public Company Limited**  
**Statements of changes in owners' equity (Continued)**  
**For the years ended 31 December 2016 and 2015**

(Unit: Thousand Baht)

Separate financial statements										
	Note	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 owners' equity - revaluation surplus on of available-for-sale investments - net of income taxes	Total
						Appropriated		Unappropriated		
						Statutory reserve	General reserve			
<b>Balance as at 1 January 2015</b>		1,697,850	2,987,540	103,822	-	170,800	400,000	14,680,638	5,538,578	25,579,228
Share-based payments	24, 25	-	-	24,339	-	-	-	-	-	24,339
Increase in share capital as a result of warrant exercise	24	5,961	143,059	-	-	-	-	-	-	149,020
Transfer of capital reserve for share-based payment transactions to premium on share capital as a result of warrant No.2 exercise	24	-	89,327	(89,327)	-	-	-	-	-	-
Subscriptions received in advance from exercises of warrants	25	-	-	-	10,626	-	-	-	-	10,626
Dividend paid	38	-	-	-	-	-	-	(1,324,675)	-	(1,324,675)
Profits for the years		-	-	-	-	-	-	4,113,318	-	4,113,318
Other comprehensive income										
Losses on valuation of available-for-sale investments - net of income taxes		-	-	-	-	-	-	-	(1,552,612)	(1,552,612)
Actuarial loss - net of income taxes		-	-	-	-	-	-	(924)	-	(924)
Total comprehensive income (loss) for the year		-	-	-	-	-	-	4,112,394	(1,552,612)	2,559,782
<b>Balance as at 31 December 2015</b>		<b>1,703,811</b>	<b>3,219,926</b>	<b>38,834</b>	<b>10,626</b>	<b>170,800</b>	<b>400,000</b>	<b>17,468,357</b>	<b>3,985,966</b>	<b>26,998,320</b>

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



(Unaudited but reviewed)

**Bangkok Life Assurance Public Company Limited**  
**Statements of changes in owners' equity (Continued)**  
**For the years ended 31 December 2016 and 2015**

(Unit: Thousand Baht)

Separate financial statements										
	Note	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 owners' equity - revaluation surplus on of available- for-sale investments - net of income taxes	Total
						Appropriated		Unappropriated		
						Statutory reserve	General reserve			
<b>Balance as at 1 January 2016</b>		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										
Gains on valuation of available-for-sale investments - net of income taxes		-	-	-	-	-	-	-	2,234,422	2,234,422
Actuarial gain - net of income taxes		-	-	-	-	-	-	262	-	262
Total comprehensive income for the year		-	-	-	-	-	-	5,122,627	2,234,422	7,357,049
<b>Balance as at 31 December 2016</b>		<u>1,705,953</u>	<u>3,309,857</u>	<u>11,323</u>	<u>20,300</u>	<u>170,800</u>	<u>400,000</u>	<u>21,502,219</u>	<u>6,220,388</u>	<u>33,340,840</u>
		-	-	-	-	-	-	-	-	-

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

# **Bangkok Life Assurance Public Company Limited**

## **Notes to financial statements**

**For the year ended 31 December 2016**

### **1. Corporate information**

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 of preparation of financial statements**

#### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547, and in accordance with Thai accounting practices related to insurance and the accounting and reporting guidelines prescribed by the Office of Insurance Commission (“OIC”), and in accordance with the format of financial statements specified in the Notification of the 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 1 January 2016 onwards. Such format of financial statements has been changed from that specified in the former Notification and as a result, reclassification of certain line items in the prior year’s statements of financial position, income, comprehensive income, and cash flows, presented as comparative information, is required to conform to the current period’s classifications and the statement of financial position as at 1 January 2015 is also presented as comparative information.

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 in Note 5 to the financial statements regarding a summary of significant accounting policies.

## 2.2 Basis for consolidation

- (a) The consolidated financial statements include the financial statements of Bangkok Life Assurance Public Company Limited and the following subsidiary:

Company's name	Nature of business	Country of incorporation	Percentage of shareholding as at 31 December	
			2016	2015
			%	%
BLA Insurance Broker Company Limited	Insurance broker	Thailand	99	99
Bangkok Life Assurance (Cambodia) Public Limited Company	Life Insurance	Cambodia	52	-

- (b) 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.
- (c) Subsidiaries are fully consolidated, being the date on the Company obtains control, and continued to be consolidated until the date when such control ceases.
- (d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- (e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- (f) 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.

### **3. New financial reporting standards**

#### **3.1 Financial reporting standards that became effective in the current year**

During the year, the Company and its subsidiaries adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions, which became effective for fiscal years beginning on or after 1 January 2016. 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 Company and its subsidiaries' financial statements. Financial reporting standards with significant changes that are directly relevant to the Company are as follows:

##### **TFRS 4 (revised 2015) Insurance Contracts**

The objective of Thai Financial Reporting Standard No. 4 (TFRS 4) is to specify the financial reporting for insurance contracts (including reinsurance contracts) issued by any entity and the reinsurance contracts held by an entity, and to provide limited amendments to accounting for insurance contracts until the second phase of the project on the financial reporting standard regarding insurance contracts is completed. In particular, this standard requires disclosure that identifies and explains the amounts in an insurer's financial statements arising from insurance contracts and prohibits provisions for possible claims under contracts that are not in existence at the end of the reporting period. It also requires insurers to test for the adequacy of recognised insurance contract liabilities and perform an impairment test for reinsurance assets, including requirement for the insurers to maintain insurance contract liabilities in their financial statements until their obligations under insurance contracts are discharged, cancelled, or expire, and to present insurance contract liabilities without offsetting them against related reinsurance assets. Moreover, this standard temporarily exempts insurers from some requirements of other standards, including the requirement to consider the framework in selecting accounting policies for insurance contracts.

In addition to stipulating the treatment of insurance contracts, this standard covers consideration of the characteristics of insurance contracts and also requires the disclosure of additional information regarding insurance contracts related to the assets, liabilities, revenues and expenses recognised in the financial statements and the nature and extent of the insurance risk arising from insurance contracts.

The first time adoption of this standard has no significant impact on the Company's financial statements since the Company's management has already considered and reviewed the classification of insurance contracts (including reinsurance contracts) and reinsurance contracts held by the Company and concluded that all of its insurance contracts meet the definition of insurance contracts under this standard. Furthermore, the recognition of loss reserves, the liability adequacy test for recognised insurance contract liabilities, the impairment test for reinsurance assets and the recognition of insurance contract liabilities have no impact on the Company's financial statements since the Company already applied a similar treatment before this standard became effective.

### **3.2 Financial reporting standards that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) which is effective for fiscal years beginning on or after 1 January 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 management of the Company and its subsidiaries believe that the revised and new financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

#### **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.

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when it is adapted.

## **4. Significant accounting policies**

### **4.1 Product classification**

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 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 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 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

### (a) 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 in force at the end of reporting period.

### (b) 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.

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.

### (c) Gains (losses) on investments

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

## 4.3 Expenses recognition

### (a) Ceded premium

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

### (b) 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.

### (c) Commissions and brokerages

Commission and brokerage fees are expended when incurred.

### (d) 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 Company set up a provision for impairment when it has clear evidence as a result of events occurring after the initial recognition of reinsurance assets and the company may not 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**

- (a) 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 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.

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

## **4.8 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. Unrecognised 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. Unrecognised gains and losses from the translation are recognised in profit or loss

## **4.9 Investments assets**

### **4.9.1 Investments in securities**

The Company and its subsidiaries measures investments in securities according to classification of investments as follows:

- (a) Trading investments are stated at fair value. Changes in the fair value of these investments are recorded in profit or loss.
- (b) 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.
- (c) 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.
- (e) Investments in non-marketable equity securities are classified as general investments, and are stated at cost net of allowance for loss on impairment (if any).
- (d) 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 statements of income or recorded as revaluation surplus or deficit on available-for-sale investment in other components of owners' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the cost of the 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 Company and its subsidiaries 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 loss on 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 loss on 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.

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 and 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 Company and its subsidiaries 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 Company and its subsidiaries 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 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, longevity and discount rates.

At the end of each reporting period, The Company perform liabilities adequacy test by gross premium valuation method (GPV). The significant assumptions are mortality rate, lapse or surrender rate, selling and administration expenses, 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 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 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 Company and its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the contributions of the Company and its subsidiaries 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 Company and its subsidiaries 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 Company will be recognised since the grant date based on the fair value of the issued securities as at the grant date. 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 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 Company and its subsidiaries 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 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 entity included in the consolidated financial statements are measured using the functional currency of that entity.

##### *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of 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, 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 Company and its subsidiaries 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 Company and its subsidiaries 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 Company and its subsidiaries 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 Company and its subsidiaries 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 Company and its subsidiaries 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 Company and its subsidiaries 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 Company and its subsidiaries, whether directly or indirectly, or which are under common control with the Company and its subsidiaries.

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

### **5. Significant accounting judgments and estimates**

The preparation of financial statements in conformity with financial reporting standards at times 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 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 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 Company and its subsidiaries 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/Depreciation**

In determining depreciation of buildings and equipment, the management 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 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 judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

## **5.6 Goodwill and intangible assets**

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset and to choose a suitable discount rate in order to calculate the present value of those cash flows.

## **5.7 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 judgement 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.

## **5.8 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.

## **5.9 Loss reserves and outstanding claims**

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

## **5.10 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.

## **5.11 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.

## 5.12 Litigation

The Company and its subsidiaries have contingent liabilities as a result of litigation. The management of the Company and its subsidiaries has used judgment to assess of the results of the litigation and believes that losses incurred will not exceed the recorded amounts as at the end of reporting period.

## 5.13 Cost of share-based payment transactions

Estimating the cost of share-based payment transactions requires the determination of the fair value of the options granted under the transactions which involves appropriate assumptions, including but not limited to the expected life of the share options, share price volatility, dividend yield, etc.

## 6. Cash and cash equivalents

As at 31 December 2016 and 2015, the Company and its subsidiaries have cash and cash equivalent as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
Cash on hand	4,137	6,007	4,136	6,006
Deposits at banks with no fixed maturity date	1,577,932	953,358	1,489,550	939,185
Deposits at banks with fixed maturity date and certificate of deposits	-	200,000	-	200,000
Short-term investments	11,527,003	5,942,393	11,527,003	5,942,393
Cash and cash equivalents	<u>13,109,072</u>	<u>7,101,758</u>	<u>13,020,689</u>	<u>7,087,584</u>

As at 31 December 2016, interest rates on saving accounts, fixed deposits and promissory notes are in the range of 0.38% - 1.50% per annum (31 December 2015: 0.38% - 1.75% per annum).

## 7. Premium receivables

As at 31 December 2016 and 2015, the outstanding balances of premium receivables, classified by overdue period, counted from the due dates under the stipulated credit terms, are as follows:

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	Due from direct insurance	
	31 December 2016	31 December 2015
Not yet due	2,170,440	1,675,683
Not over 30 days	15,522	9,132
Over 30 days to 60 days	8,580	18,356
Over 60 days to 90 days	3,663	6,083
Over 90 days	1,348	7,859
Total premium receivables	<u>2,199,553</u>	<u>1,717,113</u>

For premium receivables due from agents and brokers, the Company has determined criteria in collections from those debtors in order to be in compliance with the stipulated credit terms. For overdue premium receivables, the Company has taken legal process with agents and brokers on a case by case basis.

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

## 8. Reinsurance assets

As at 31 December 2016 and 2015, reinsurance assets consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	31 December 2016	31 December 2015
		(Restated)
Reinsurance recoverable		
Loss reserves	115,188	99,422
Premium reserves		
Unearned premium reserves	259,031	272,632
Total reinsurance assets	<u>374,219</u>	<u>372,054</u>

## 9. Reinsurance receivables

As at 31 December 2016 and 2015, reinsurance receivables consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	31 December 2016	31 December 2015
		(Restated)
Amounts due from reinsurers	649,427	527,122
Total reinsurance receivables	<u>649,427</u>	<u>527,122</u>

As at 31 December 2016 and 2015, the outstanding balances of amounts due from reinsurers, classified by overdue period, are as follows:

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	31 December 2016	31 December 2015
		(Restated)
Not yet due	649,427	527,122
Total amounts due from reinsurers	<u>649,427</u>	<u>527,122</u>

## 10. Derivatives

As at 31 December 2016 and 2015, derivatives classified by objective are as follows:

	(Unit: Thousand Baht)			
	Consolidated and separate financial statements			
	31 December 2016		31 December 2015	
	Fair value		Fair value	
	Assets	Liabilities	Assets	Liabilities
Derivatives for hedging risks				
Cash flow hedge	11,221	2,106,821	10,335	2,349,217
Hedge of net investment in foreign entities	33,938	1,494	-	2,699
Total derivatives	<u>45,159</u>	<u>2,108,315</u>	<u>10,335</u>	<u>2,351,916</u>



As at 31 December 2016 and 2015, derivatives classified by contract type are as follows:

Contract type	Consolidated and separate financial statements		
	31 December 2016		
	Notional amount	Assets	Liabilities
	(Thousand units)	(Thousand Baht)	(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 derivative	1,873,899	21,849	2,775,409

Contract type	Consolidated and separate financial statements		
	31 December 2015		
	Notional amount	Assets	Liabilities
	(Thousand units)	(Thousand Baht)	(Thousand Baht)
Cross currency swap contracts			
US dollar	617,790	231	2,901,914
Forward exchange contracts			
Yen	999,910	-	4,483
US dollar	4,730	-	2,676
Euro	1,600	-	3,219
Total derivative	1,624,030	231	2,912,292

## 11. Investments in securities

### 11.1 Trading investments

(Unite: Thousand Baht)

	Consolidated and separate financial statements			
	31 December 2016		31 December 2015	
	Cost	Fair value	Cost	Fair value
<b>Trading investments</b>				
Equity securities	135,389	155,100	99,771	116,220
Total	135,389	155,100	99,771	116,220
Add: Unrealised gains	19,711	-	16,449	-
Total trading investments	155,100	155,100	116,220	116,220

## 11.2 Available-for-sale investments

(Unite: Thousand Baht)

	Consolidated and separate financial statements			
	31 December 2016		31 December 2015	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<b>Available-for-sale investments</b>				
Government and state enterprise securities	4,290,449	4,900,370	478,370	516,266
Private enterprises debt securities	25,728,246	27,001,075	-	-
Equity securities	20,288,559	26,013,807	18,373,035	22,982,106
Foreign debt securities	2,740,950	2,730,273	-	-
Foreign equity securities	4,287,148	4,668,707	1,911,660	2,490,550
Total	57,335,352	65,314,232	20,763,065	25,988,922
Add: Unrealised gains	7,978,880	-	5,225,857	-
Total available-for-sale investments	65,314,232	65,314,232	25,988,922	25,988,922

During the first quarter of 2016, the Company reclassified the held-to-maturity debt securities to available for sale securities. The amortised cost of the securities is Baht 19,564 million with fair value of Baht 22,758 million at the date of reclassification for the purpose of supporting the interest rate fluctuation.

## 11.3 Held-to-maturity investments

(Unite: Thousand Baht)

	Consolidated and separate financial statements	
	31 December 2016	31 December 2015
	Cost/Amortised cost	Cost/Amortised cost
<b>Held-to-maturity investments</b>		
Government and state enterprise securities	123,749,086	124,053,286
Private enterprises debt securities	41,664,521	54,026,210
Foreign debt securities	7,613,887	7,051,766
Deposits at financial institutions with an original maturity of longer than 3 months	12,790,000	16,280,000
Total held-to-maturity investments	185,817,494	201,411,262

## 11.4 General investments

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	31 December 2016	31 December 2015
	Cost	Cost
<b>General investments</b>		
Equity securities	29,588	29,588
Foreign equity securities	-	17,074
<b>Total general investments</b>	<b>29,588</b>	<b>46,662</b>

## 11.5 Remaining periods to maturity of debt securities

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	31 December 2016			
	Period to maturity			Total
	Within 1 year	1 - 5 years	Over 5 years	
<b>Available-for-sale investment</b>				
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
Add: Unrealised gains	135	349,146	1,222,551	1,571,832
<b>Total available-for-sale investments</b>	<b>625,135</b>	<b>6,179,222</b>	<b>27,003,532</b>	<b>33,807,889</b>
<b>Held-to-maturity investment</b>				
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	9,390,000	3,400,000	-	12,790,000
<b>Total held-to-maturity investments</b>	<b>16,288,609</b>	<b>23,113,734</b>	<b>146,415,151</b>	<b>185,817,494</b>

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	31 December 2015			
	Period to maturity			Total
	Within 1 year	1 - 5 years	Over 5 years	
<b>Available-for-sale investment</b>				
Government and state enterprise securities	-	323,399	154,971	478,370
Add: Unrealised gains	-	24,233	13,663	37,896
<b>Total available-for-sale investments</b>	-	<b>347,632</b>	<b>168,634</b>	<b>516,266</b>
<b>Held-to-maturity investment</b>				
Government and state enterprise securities	119,712	9,593,476	114,340,098	124,053,286
Private enterprises securities	3,586,479	6,300,183	44,139,548	54,026,210
Foreign investments	568,187	1,740,801	4,742,778	7,051,766
Deposit at financial institutions with maturity period of longer than 3 months	8,580,000	7,700,000	-	16,280,000
<b>Total held-to-maturity investments</b>	<b>12,854,378</b>	<b>25,334,460</b>	<b>163,222,424</b>	<b>201,411,262</b>

## 11.6 Investments in structured notes

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

- (a) As at 31 December 2016 and 2015, 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, have remaining lives of 3 - 12 years and 4 - 13 years, respectively, and contain conditions whereby the issuer has call option or has rights to call for additional deposits.
- (b) As at 31 December 2016 and 2015, the Company has investments of Baht 2,600 million and Baht 3,600 million, respectively, in promissory notes and bills of exchange, which were issued by branches of foreign commercial banks, have remaining lives of 3 - 6 years and 4 - 7 years, respectively, and contain conditions whereby the issuer has a call option and additional amounts can be deposited on a monthly basis and settlement of principal and interest is to be received on the maturity date per the agreement.
- (c) As at 31 December 2016 and 2015, the Company has investments of Baht 3,356 million and Baht 2,879 million, respectively, in promissory notes and bills of exchange, which were issued by branches of foreign commercial banks, have remaining lives of 3 - 12 years and 4 - 13 years, respectively, and bear interest that is reference to the yield rate on government bond (CMT Index).

- (d) As at 31 December 2016 and 2015, the Company has investments of Baht 841 million and Baht 798 million, respectively, in promissory notes and bills of exchange, which were issued by branches of foreign commercial banks, have remaining maturity periods of 17 years and 18 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 issues contain conditions whereby the redemption of the notes and bills is based on the credit event of the reference assets.
- (e) As at 31 December 2016, the Company has investments of Baht 413 million in bills of exchange, which were issued by branches of foreign commercial banks, have remaining maturity periods of 15 years. The issues contain conditions whereby the redemption of the bills is based on the credit event of the reference assets.
- (f) As at 31 December 2016, the Company has investments of Baht 676 million in bills of exchange, which were issued by branches of foreign commercial banks, have remaining maturity periods of 10 years. The issues 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 31 December 2016 and 2015, the Company has placed government and state enterprise bonds with cost or amortised cost of Baht 49,032 million and Baht 48,190 million, respectively, with the Registrar as securities and reserves as described in Notes 34 and 35 to the financial statements.

#### 11.8 Gains on investments

Gains on investments for the year ended 31 December 2016 and 2015 consisted of:

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	For the years ended 31 December	
	2016	2015
Gains on sales of investments		
Trading investments	25,936	4,131
Available-for-sale investments	2,085,064	999,946
Held-to-maturity investments	208,895	159,049
Total Gains on investments	<u>2,319,895</u>	<u>1,163,126</u>

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

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	For the years ended 31 December	
	2016	2015
Revaluation surplus on available-for-sale investments - beginning of the years	4,982,457	6,923,223
Gains (losses) on revaluation of available-for-sale investments	5,290,593	(1,047,192)
Losses on sales of available-for-sale investments during the years transferred to be recognised in profit or loss	(2,497,564)	(893,574)
Revaluation surplus on available-for-sale investments - end of the years	7,775,486	4,982,457
Less: Income taxes	(1,555,098)	(996,491)
Revaluation surplus on available-for-sale investments - net of taxes	6,220,388	3,985,966

## 12. Investments in subsidiaries

As at 31 December 2016 and 2015, detail of investments in subsidiaries, as presented in the separate financial statements, is as follows:

(Unit: Thousand Baht)

Company's name	Type of business	Country of incorporation	Issued and paid-up capital		Shareholding percentage		Cost	
			31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015
					%	%		
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	124,950	-	52 <sup>(1)</sup>	-	108,770	-
Total investments in subsidiaries			148,950	24,000			132,530	23,760

<sup>(1)</sup> As state in "Memorandum and Article of Company"

### 13. Loans and accrued interest receivables

As at 31 December 2016 and 2015, the balances of loans and accrued interest receivables, classified by overdue periods, are as follows:

(Unit: Thousand Baht)

Consolidated and separate financial statements									
31 December 2016									
Loans									
Overdue periods	Policy loans		Mortgage loans		Other loans		Total		Total
	Principal	Accrued Interest <sup>(1)</sup>	Principal	Accrued Interest <sup>(1)</sup>	Principal	Accrued Interest <sup>(1)</sup>	Principal	Accrued Interest <sup>(1)</sup>	
Not yet due	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
Less: Allowance for doubtful accounts	-	-	(560)	(79)	-	-	(560)	(79)	(639)
Loans and accrued interest receivables - net	6,291,190	569,387	1,605,030	1,372	15,946	2	7,912,166	570,761	8,482,927

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

(Unit: Thousand Baht)

Consolidated and separate financial statements									
31 December 2015									
Loans									
Overdue periods	Policy loans		Mortgage loans		Other loans		Total		Total
	Principal	Accrued Interest <sup>(1)</sup>	Principal	Accrued Interest <sup>(1)</sup>	Principal	Accrued Interest <sup>(1)</sup>	Principal	Accrued Interest <sup>(1)</sup>	
Not yet due	5,480,866	424,031	618,924	945	16,044	-	6,115,834	424,976	6,540,810
Overdue:									
3 - 6 months	-	-	22,336	107	61	-	22,397	107	22,504
Over 12 months	-	-	1,101	79	130	2	1,231	81	1,312
Total	5,480,866	424,031	642,361	1,131	16,235	2	6,139,462	425,164	6,564,626
Less: Allowance for doubtful accounts	-	-	(560)	(79)	-	-	(560)	(79)	(639)
Loans and accrued interest receivables - net	5,480,866	424,031	641,801	1,052	16,235	2	6,138,902	425,085	6,563,987

<sup>(1)</sup> This amount included as a part of "Accrued investment income - net" in 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 not more than 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 rates charged are at the rates of 6.00% per annum. As at 31 December 2016 and 2015, loans to employees amounted to Baht 16 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 31 December 2016 and 2015, loans to employees under the mortgage loans amounted to Baht 50 million and Baht 54 million, respectively.

#### 14. Investment property

The net book value of investment property as at 31 December 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	31 December 2016	31 December 2015
	Office building for rent	Office building for rent
Cost	21,303	21,303
Less: Accumulated depreciation	(1,421)	(356)
Net book value	<u>19,882</u>	<u>20,947</u>

A reconciliation of the net book value of investment property for the year ended 31 December 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	For the years ended 31 December	
	2016	2015
Net book value at beginning of years	20,947	-
Acquisition of assets	-	21,303
Depreciation charged	(1,065)	(356)
Net book value at end of years	<u>19,882</u>	<u>20,947</u>

The fair value of the investment property as at 31 December 2016 and 2015 stated below:

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	31 December 2016	31 December 2015
	Office building for rent	<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 31 December 2016, the Company has revenue from rental of investment property amounted to Baht 1.29 million. (2015: The Company has no revenue form rental of investment property.)



## 15. Premises and equipment

Movement of premises and equipment for the years ended 31 December 2016 and 2015 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements							Total
	Land	Buildings and buildings improvements	Condominium	Office furniture, fixture and equipment	Motor vehicles	Properties foreclosed	Construction In progress	
<b>Cost:</b>								
1 January 2015	166,811	358,892	36,633	494,637	25,975	4,400	42,546	1,129,894
Additions	83,416	44,327	-	63,500	2,434	-	32,683	226,360
Disposals	-	-	-	(19,227)	(1,293)	(4,400)	-	(24,920)
Transfer in (out)	-	34,637	-	7,423	-	-	(42,060)	-
31 December 2015	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)	-
31 December 2016	794,249	448,001	36,633	577,623	23,502	-	117,999	1,998,007
<b>Accumulated depreciation:</b>								
1 January 2015	-	275,397	20,454	430,004	12,961	1,835	-	740,651
Depreciation on disposals	-	-	-	(19,135)	(869)	(1,835)	-	(21,839)
Depreciation for the year	-	23,682	1,832	36,222	3,576	-	-	65,312
31 December 2015	-	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
31 December 2016	-	327,229	24,118	474,025	15,071	-	-	840,443
<b>Net book value:</b>								
31 December 2015	250,227	138,777	14,347	99,242	11,448	-	33,169	547,210
31 December 2016	794,249	120,772	12,515	103,598	8,431	-	117,999	1,157,564
<b>Depreciation for the year</b>								
2015								65,312
2016								75,606

(Unit: Thousand Baht)

## Separate financial statements

	Buildings		Office furniture,		Motor	Properties	Construction	Total
	Land	and buildings improvements	Condominium	fixture and equipment				
<b>Cost:</b>								
1 January 2015	166,811	358,892	36,633	494,539	25,975	4,400	42,546	1,129,796
Additions	83,416	44,173	-	63,412	2,434	-	32,683	226,118
Disposals	-	-	-	(19,227)	(1,293)	(4,400)	-	(24,920)
Transfer in (out)	-	34,637	-	7,423	-	-	(42,060)	-
31 December 2015	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)	-
31 December 2016	794,249	444,937	36,633	575,959	23,502	-	117,999	1,993,279
<b>Accumulated depreciation:</b>								
1 January 2015	-	275,397	20,454	429,949	12,961	1,835	-	740,596
Depreciation on disposals	-	-	-	(19,135)	(869)	(1,835)	-	(21,839)
Depreciation for the year	-	23,659	1,832	36,184	3,576	-	-	65,251
31 December 2015	-	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
31 December 2016	-	326,912	24,118	473,655	15,071	-	-	839,756
<b>Net book value:</b>								
31 December 2015	250,227	138,646	14,347	99,149	11,448	-	33,169	546,986
31 December 2016	794,249	118,025	12,515	102,304	8,431	-	117,999	1,153,523
<b>Depreciation for the year</b>								
2015								65,251
2016								75,034

As at 31 December 2016 and 2015, 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 amounted to Baht 529 million and Baht 501 million, respectively. (The Company only: Baht 529 million and Baht 501 million, respectively.)

As at 31 December 2016 and 2015, the Company has land and building that did not use and was not in condition properties foreclosed, cost before deducting accumulated depreciation as follows:

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	31 December 2016	31 December 2015
Building improvement	6,579	3,512
Office equipment	1,740	1,727
Computer	132	128
Total	8,451	5,367

## 16. Goodwill

On 7 July 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 31 December 2016 and 2015, the consolidated financial statements have goodwill amounted to Baht 5 million and Baht 5 million, respectively.

## 17. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements		
	Computer		Total
	Computer software	Software under development	
<b>Cost:</b>			
1 January 2015	81,805	577	82,382
Increase	20,624	959	21,583
Transfer out	-	(1,100)	(1,100)
31 December 2015	102,429	436	102,865
Increase	7,703	218	7,921
Transfer in (out)	654	(654)	-
31 December 2016	110,786		110,786
<b>Accumulated amortisation:</b>			
1 January 2015	69,563	-	69,563
Amortisation for the year	9,189	-	9,189
31 December 2015	78,752	-	78,752
Amortisation for the year	12,477	-	12,477
31 December 2016	91,229	-	91,229
<b>Net book value</b>			
31 December 2015	23,677	436	24,113
31 December 2016	19,557	-	19,557
<b>Amortisation for the year</b>			
2015			9,189
2016			12,477

(Unit: Thousand Baht)

	Separate financial statements		
	Computer	Computer	
	software	Software under development	Total
<b>Cost:</b>			
1 January 2015	81,805	577	82,382
Increase	20,544	959	21,503
Transfer out	-	(1,100)	(1,100)
31 December 2015	102,349	436	102,785
Increase	7,035	218	7,253
Transfer in (out)	654	(654)	-
31 December 2016	110,038	-	110,038
<b>Accumulated amortisation:</b>			
1 January 2015	69,563	-	69,563
Amortisation for the year	9,185	-	9,185
31 December 2015	78,748	-	78,748
Amortisation for the year	12,340	-	12,340
31 December 2016	91,088	-	91,088
<b>Net book value</b>			
31 December 2015	23,601	436	24,037
31 December 2016	18,950	-	18,950
<b>Amortisation for the year</b>			
2015			9,185
2016			12,340

As at 31 December 2016 and 2015, certain computer software items were fully amortised but are still in use. The original costs, before deducting accumulated amortisation, of those assets amounted to approximately Baht 65 million and Baht 56 million, respectively. (The Company only: Baht 65 million and Baht 56 million, respectively.)

## 18. Deferred tax assets/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 in the statements of comprehensive income	
	31 December 2016	31 December 2015	for the years ended 31 December	
	2016	2015	2016	2015
<b>Deferred tax assets</b>				
Reserves for long-term insurance contracts	3,323,959	3,333,531	(9,572)	519,341
Loss reserves and outstanding claims	11,896	13,335	(1,439)	(5,974)
Provisions for long-term employee benefits	40,083	35,710	4,373	2,162
Others	644	353	291	98
<b>Total deferred tax assets</b>	<b>3,376,582</b>	<b>3,382,929</b>	<b>(6,347)</b>	<b>515,627</b>
<b>Deferred tax liabilities</b>				
Available-for-sale investments	553,337	996,491	(443,154)	(388,154)
Others	4,647	3,519	1,128	3,284
<b>Total deferred tax liabilities</b>	<b>557,984</b>	<b>1,000,010</b>	<b>(442,026)</b>	<b>(384,870)</b>
<b>Deferred tax assets/liabilities - net</b>	<b>2,818,598</b>	<b>2,382,919</b>	<b>435,679</b>	<b>900,497</b>

### 18.2 Income tax expenses

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	For the years ended 31 December	
	2016	2015
<b>Current income tax:</b>		
Corporate income tax charge	1,962,818	1,286,285
Adjustment in respect of income tax of previous year	7,338	4,475
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(994,350)	(512,112)
Income tax expenses reported in profits or losses	<b>975,806</b>	<b>778,648</b>

Reconciliation between accounting profits and income tax expense for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2016	2015	2016	2015
Accounting profit before income tax expenses	6,076,184	4,886,799	6,098,171	4,891,966
Corporate income tax rates	15%,20%	15%,20%	20%	20%
Income tax expenses at the tax rates	1,215,237	977,360	1,219,634	978,393
Adjustment in respect of income tax of previous year	7,338	4,475	7,338	4,475
Net tax effect on income or expenses that are not taxable or not deductible in determining taxable profits	(246,769)	(203,187)	(251,166)	(204,220)
Income tax expenses recognised in profits or losses	975,806	778,648	975,806	778,648

The amounts of income taxes relating to each component of other comprehensive income (loss) for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	For the years ended 31 December	
	2016	2015
Income taxes relating to:		
(Gains) losses on revaluation of available-for-sale investments	(1,058,119)	209,438
Gains on sales of available-for-sale investment transferred to be recognised in profit or loss	499,513	178,715
Actuarial (gain) loss	(66)	231
Income taxes (revenues) expenses as reported in statements of comprehensive income	(558,672)	388,384

## 19. Other assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
Derivative margin	264,500	336,000	264,500	336,000
Prepaid rental expenses	46,204	58,030	46,204	58,030
Deposits	45,909	48,138	20,037	48,072
Receivable from sales of investments	286,497	69,705	286,497	69,705
Prepaid expenses	14,142	12,567	14,142	12,567
Others	42,386	22,801	36,271	20,193
<b>Total other assets</b>	<b>699,638</b>	<b>547,241</b>	<b>667,651</b>	<b>544,567</b>

## 20. Insurance contract liabilities

(Unit: Thousand Baht)

	Consolidated and separate financial statements					
	31 December 2016			31 December 2015		
	Insurance contract liabilities	Reinsurance of liabilities	Net	Insurance contract liabilities	Reinsurance of liabilities	Net
Reserves for long-term insurance contracts	233,412,294	-	233,412,294	207,308,208	-	207,308,208
Loss reserves						
Reserves for reported losses	174,258	(115,188)	59,070	253,681	(99,422)	154,259
Reserves for losses incurred but not yet reported	59,482	-	59,482	66,675	-	66,675
Premium reserves						
Unearned premium reserves	1,134,217	(259,031)	875,186	1,074,854	(272,632)	802,222
Unpaid policy benefits	137,008	-	137,008	154,767	-	154,767
Other insurance liabilities	8,181,404	-	8,181,404	7,992,847	-	7,992,847
<b>Total insurance contract liabilities</b>	<b>243,098,663</b>	<b>(374,219)</b>	<b>242,724,444</b>	<b>216,851,032</b>	<b>(372,054)</b>	<b>216,478,978</b>

During the years 2016 and 2015, the Company's 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 management also discloses the liabilities under insurance contracts, both in terms of gross insurance and net insurance.



## 20.1 Reserves for long-term insurance contracts

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	For the years ended 31 December	
	2016	2015
Balances - beginning of the years	207,308,208	177,434,671
Reserved increased for new businesses and inforce policies	33,339,745	35,478,325
Reserves decreased for death, maturities, benefits, claims, lapses and surrender	(6,890,629)	(5,949,818)
Reserved increased (decreased) for testing the adequacy of liabilities	(345,030)	345,030
Balances - end of the years	233,412,294	207,308,208

## 20.2 Loss reserves

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	For the years ended 31 December	
	2016	2015
Balances - beginning of the years	320,356	315,052
Claims incurred in the current years	1,911,247	1,734,751
Claims paid during the years	(1,997,863)	(1,729,447)
Balances - end of the years	233,740	320,356

## 20.3 Unearned premium reserves

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	For the years ended 31 December	
	2016	2015
Balances - beginning of the years	1,074,854	1,056,888
Premium written for the years	3,124,596	2,954,373
Premium earned for the years	(3,065,233)	(2,936,407)
Balances - end of the years	1,134,217	1,074,854

## 20.4 Claims development table

### 20.4.1 Claims development table - gross of reinsurance

(Unit: Thousand Baht)

		Consolidated and separate financial statements						
		Before						
Accident year	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	1,742,386	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	1,775,158	1,743,501	1,647,839	1,663,838	1,750,945	1,888,963	10,488,077
Cumulative payments								
to date	-	(1,771,240)	(1,742,386)	(1,645,912)	(1,658,823)	(1,734,315)	(1,701,661)	(10,254,337)
Total claims provision - gross of reinsurance	17,833	3,918	1,115	1,927	5,015	16,630	187,302	233,740

### 20.4.1 Claims development table - net of reinsurance

(Unit: Thousand Baht)

		Consolidated and separate financial statements						
		Before						
Accident year	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	1,742,386	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	1,775,158	1,743,501	1,647,839	1,663,838	1,743,141	1,781,579	10,372,889
Cumulative payments								
to date	-	(1,771,240)	(1,742,386)	(1,645,912)	(1,658,823)	(1,734,315)	(1,701,661)	(10,254,337)
Total claims provision - net of reinsurance	17,833	3,918	1,115	1,927	5,015	8,826	79,918	118,552

## 20.5 Key assumptions

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

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

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

(A) Mortality rates, morbidity rates and longevity rates

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

(B) Discount rate

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

20.5.2 Assumptions used in claims incurred but not reported.

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 judgement of the Company's actuary.

## 20.6 Unpaid policy benefits

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	31 December 2016	31 December 2015
Death benefit	100,209	103,180
Maturity payment	29,110	43,085
Benefit payment under policies	4,856	4,678
Surrender	2,833	3,824
Total unpaid policy benefits	137,008	154,767

## 20.7 Other insurance liabilities

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	31 December 2016	31 December 2015
Deposit from insurance contracts	7,456,815	7,296,689
Premiums received in advance	634,337	603,111
Payable to policyholders on exempted premiums	90,252	93,047
Total other insurance liabilities	<u>8,181,404</u>	<u>7,992,847</u>

## 21. Reinsurance payables

As at 31 December 2016 and 2015, the Company has reinsurance payables classified by type of liabilities as follows:

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	31 December 2016	31 December 2015
Amount due to reinsurances	<u>592,515</u>	<u>495,315</u>
Total reinsurance payables	<u>592,515</u>	<u>495,315</u>

## 22. Employee benefit obligations

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Provisions for long-term employee benefits	<u>201,806</u>	<u>179,646</u>	<u>200,415</u>	<u>178,550</u>
Total employee benefit obligations	<u>201,806</u>	<u>179,646</u>	<u>200,415</u>	<u>178,550</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 31 December 2016 and 2015 were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2016	2015	2016	2015
<b>Provision for long-term employee benefits at beginning of years</b>	179,646	168,620	178,550	167,734
Included in profit or loss:				
Current service cost	19,431	19,284	19,217	19,138
Interest cost	6,294	6,323	6,256	6,290
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	-	(8,390)	-	(8,340)
Financial assumptions changes	8,522	6,651	8,477	6,602
Experience adjustments	(4,985)	(2,717)	(4,983)	(2,749)
Benefits paid during the years	(7,102)	(10,125)	(7,102)	(10,125)
<b>Provision for long-term employee benefits at end of years</b>	<u>201,806</u>	<u>179,646</u>	<u>200,415</u>	<u>178,550</u>

The Company and its subsidiaries expect to pay Baht 9.0 million of long-term employee benefits during the next year (The Company only: Baht 9.0 million) (2015: Baht 3.5 million, the Company only: Baht 3.5 million).

As at 31 December 2016 and 2015, the weighted average duration of the liabilities for long-term employee benefit is 20 years and 23 years, respectively. (The Company only: 20 years and 23 years, respectively.)

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate for defined benefit plans	3.50%	3.75%	3.50%	3.75%
Discount rate for other long-term employee benefits	3.50%	3.75%	3.50%	3.75%
Inflation rate for gold price	5.00%	6.00%	5.00%	6.00%
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 1 Baht (Baht)	21,000	19,000	21,000	19,000

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 are summarised below:

Assumptions	(Unit: Thousand Baht)		
	Consolidated financial statements	Separate financial statements	
	Amount	Amount	
increase (decrease)	increase (decrease)	increase (decrease)	
(% per annum)			
Discount rate	0.25%	(5,230)	(5,199)
Discount rate	(0.25%)	5,439	5,408
Inflation rate of gold price	1.00%	2,288	2,283
Inflation rate of gold price	(1.00%)	(2,072)	(2,067)
Salary increase rate	0.25%	4,662	4,634
Salary increase rate	(0.25%)	(4,504)	(4,476)
Turnover rate	10.00%	(7,483)	(7,441)
Turnover rate	(10.00%)	7,887	7,842
Gold per weight of 1 Baht	10.00%	3,511	3,497
Gold per weight of 1 Baht	(10.00%)	(3,511)	(3,497)

## 23. Other liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Accrued commission expenses	682,353	468,619	681,780	468,199
Accrued expenses	396,966	387,177	397,133	386,076
Premium received for policies not yet approved	304,632	301,943	304,632	301,943
Amounts received awaiting transfer	116,079	64,634	116,079	64,634
Specific Business Tax payable	118,241	135,416	118,241	135,416
Payable from purchases of investments	88,082	51,123	88,082	51,123
Withholding tax payable	40,920	30,248	40,801	30,248
Short-term employee benefit payables	157,857	176,971	156,924	175,957
Others	49,922	24,353	43,563	21,690
Total other liabilities	<u>1,955,052</u>	<u>1,640,484</u>	<u>1,947,235</u>	<u>1,635,286</u>

## 24. Issued and paid-up share capital/share premium

Reconciliation for the years ended 31 December 2016 and 2015 is as follows:

	Consolidated and separate financial statements					
	Registered		Issued and paid-up share capital		Share premium	Capital reserve on share-based payments
	Number of shares	Thousand Baht	Number of shares	Thousand Baht	Thousand Baht	Thousand Baht
	(Thousand shares)		(Thousand shares)			
Balances as at 1 January 2015	1,708,000	1,708,000	1,697,850	1,697,850	2,987,540	103,822
Expenses in respect of share-based payments (Note 25)	-	-	5,961	5,961	143,059	24,339
Transfer capital reserve for share-based payment transactions to premium on share capital as a result of warrant No. 2 exercise	-	-	-	-	89,327	(89,327)
Balances as at 31 December 2015	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 31 December 2016	1,708,000	1,708,000	1,705,953	1,705,953	3,309,857	11,323

## 25. Share-based payments - warrants

On 23 November 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 26 April 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 the grant date is stipulated to be 1 April 2012.



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

(Unit: Thousand units)

Approved by the Executive Board of Directors of the Company	Number of units of warrants		
	Warrant No. 1	Warrant No. 2	Total
on 29 May 2008	11,500	-	11,500
on 11 August 2009	1,350	-	1,350
on 22 February 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 8 August 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 1 January 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 year ended 31 December 2016 and 2015, amounting to Baht 11.0 million and Baht 24.3 million, respectively.

Movements of warrants during the year ended 31 December 2016 are summarised below.

	(Unit: Thousand units)
	For the year ended
	31 December 2016
	<u>Warrant No. 2</u>
Number of unexercised warrants as at 1 January 2016	2,419
Exercised during the period	(1,807)
Number of unexercised warrants as at 31 December 2016	<u>612</u>

During the year ended 31 December 2015, the Warrant No. 2 holders exercised 4.6 million warrants at an exercise price of Baht 25.00 each, totally Baht 160 million.

During the years ended 31 December 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. The Company recorded such amount received from the exercise of warrants under the caption of “Subscriptions received in advance from exercise of warrants”, in the owners’ equity. The details are summarised as below.

	(Unit: Thousand Baht)							
	For the year ended 31 December 2016							
Exercise	Units of warrants (Thousand units)	Exercise price per share (Baht)	Proceeds from exercise	Issued and paid up share capital	Share Premium	Subscriptions received in advance from exercises of warrants	Share capital registration date	Listing date
Warrant No. 2								
The fifth exercise	603	25.00	21,091	844	20,247	-	27 April 2016	9 May 2016
The sixth exercise	300	25.00	10,483	420	10,063	-	27 July 2016	3 August 2016
The seventh exercise	324	25.00	11,358	454	10,904	-	19 October 2016	27 October 2016
The eighth exercise	580	25.00	-	-	-	20,300	19 January 2017	26 January 2017
Total	<u>1,807</u>		<u>42,932</u>	<u>1,718</u>	<u>41,214</u>	<u>20,300</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 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 Company is operating its core business in a single segment (i.e. life insurance business) and in a single geographic area (i.e. Thailand) and has measured segment performance based on operating profit or loss on a basis consistent with that is used to prepare the report of underwriting information reported by insurance categories as reported to the OIC. Hence, all items as presented in this segment information are consistent to the Company’s 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 31 December 2016 and 2015 is as follows:

(Unit: Thousand Baht)

	Consolidated financial statement				
	For the year ended 31 December 2016				
	Traditional products - no participating dividend	Life annuity products - no participating dividend	Personal accident	Others	Total
<b>Underwriting income</b>					
Premium written	42,456,154	838,512	38,191	-	43,332,857
Less: Premium ceded	(729,533)	-	-	-	(729,533)
Net premium written	41,726,621	838,512	38,191	-	42,603,324
Less: Unearned premium reserve increased from prior year	(71,683)	-	(1,283)	-	(72,966)
<b>Total underwriting income</b>	<b>41,654,938</b>	<b>838,512</b>	<b>36,908</b>	<b>-</b>	<b>42,530,358</b>
<b>Underwriting expenses</b>					
Reserves for long-term insurance contracts increased from prior year	25,330,372	773,714	-	-	26,104,086
Benefit payments under life policies and benefit adjustment expenses	16,467,789	60,658	-	-	16,528,447
Losses and losses adjustment expenses	1,238,097	-	5,793	-	1,243,890
Commissions and brokerage expenses	2,979,088	178,860	873	6,098	3,164,919
Sales promotional expenses	435,896	8,769	386	755	445,806
Contribution to the Office of Insurance					
Commission	73,265	1,474	65	-	74,804
Contribution to the Life Insurance Fund	42,442	854	38	-	43,334
Other underwriting expenses	34,405	692	30	-	35,127
<b>Total underwriting expenses</b>	<b>46,601,354</b>	<b>1,025,021</b>	<b>7,185</b>	<b>6,853</b>	<b>47,640,413</b>

(Unit: Thousand Baht)

Consolidated financial statement					
For the year ended 31 December 2015					
	Traditional products - no participating dividend	Life annuity products - no participating dividend	Personal accident	Others	Total
<b>Underwriting income</b>					
Premium written	44,019,795	783,605	36,815	-	44,840,215
Less: Premium ceded	(677,574)	-	-	-	(677,574)
Net premium written	43,342,221	783,605	36,815	-	44,162,641
Add: Unearned premium reserve decreased from prior year	11,393	-	951	-	12,344
<b>Total underwriting income</b>	<b>43,353,614</b>	<b>783,605</b>	<b>37,766</b>	<b>-</b>	<b>44,174,985</b>
<b>Underwriting expenses</b>					
Reserves for long-term insurance contracts increased from prior year	29,114,795	758,742	-	-	29,873,537
Benefit payments under life policies and benefit adjustment expenses	14,137,467	12,242	-	-	14,149,709
Losses and losses adjustment expenses	1,238,091	-	2,386	-	1,240,477
Commissions and brokerage expenses	2,795,356	53,549	942	5,158	2,855,005
Sales promotional expenses	427,623	7,727	372	207	435,929
Contribution to the Office of Insurance Commission	79,372	1,443	70	-	80,885
Contribution to the Life Insurance Fund	44,001	800	39	-	44,840
Other underwriting expenses	31,991	578	28	-	32,597
<b>Total underwriting expenses</b>	<b>47,868,696</b>	<b>835,081</b>	<b>3,837</b>	<b>5,365</b>	<b>48,712,979</b>

**28. Operating expenses**

(Unit: Thousand Baht)

Consolidated financial statements				
	For the years ended 31 December		For the years ended 31 December	
	2016	2015	2016	2015
		(Restated)		(Restated)
Personnel expenses	918,798	931,870	910,754	926,692
Premises and equipment expenses	179,528	162,424	174,630	161,966
Taxes and duties	8,498	5,830	6,123	5,830
Other operating expenses	671,211	695,527	659,199	695,241
<b>Total operating expenses</b>	<b>1,778,035</b>	<b>1,795,651</b>	<b>1,750,706</b>	<b>1,789,729</b>

## 29. Expenses by nature

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2016	2015	2016	2015
Reserves for long-term insurance contracts increased from prior year	26,104,086	29,873,537	26,104,086	29,873,537
Benefit payments under life policies	16,528,447	14,149,709	16,528,447	14,149,709
Net claims	1,243,890	1,240,477	1,243,890	1,240,477
Commissions and brokerages expenses	3,164,919	2,855,005	3,158,821	2,849,847
Employee related expenses	918,798	931,870	910,754	926,692
Premises and equipment expenses	179,528	162,424	174,630	161,966
Other underwriting expenses	599,071	594,251	598,316	594,044

## 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 10 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 2016 and 2015, the Company and its subsidiaries contributed Baht 39 million and Baht 37 million, respectively (The Company only: Baht 39 million and Baht 37 million, respectively) to the fund.

## 31. Gains (losses) on revaluation

(Unit: Thousand Baht)

	Consolidated and separate	
	financial statements	
	For the years ended 31 December	
	2016	2015
Unrealised gains from trading investments	8,560	16,903
Unrealised gains (losses) on foreign exchange contracts	11,081	(72,468)
Gains (losses) on exchange	(99,581)	135,451
Total fair value gains (losses)	(79,940)	79,886

### 32. Effected tax of other comprehensive income

(Unit: Thousand Baht)

	Consolidated financial statements					
	For the years ended 31 December					
	2016			2015		
Amount before taxes	Income (expense) taxes	Amount after taxes	Amount before taxes	Income (expense) taxes	Amount after taxes	
Gains (losses) on valuation of available-for-sale investments	2,793,028	(558,606)	2,234,422	(1,940,765)	388,153	(1,552,612)
Actuarial gain (loss)	298	(66)	232	(1,186)	231	(955)
<b>Total</b>	<b>2,793,326</b>	<b>(558,672)</b>	<b>2,234,654</b>	<b>(1,941,951)</b>	<b>388,384</b>	<b>(1,553,567)</b>

(Unit: Thousand Baht)

	Separate financial statements					
	For the years ended 31 December					
	2016			2015		
Amount before taxes	Income (expense) taxes	Amount after taxes	Amount before taxes	Income (expense) taxes	Amount after taxes	
Gains (losses) on valuation of available-for-sale investments	2,793,028	(558,606)	2,234,422	(1,940,765)	388,153	(1,552,612)
Actuarial gain (loss)	328	(66)	262	(1,155)	231	(924)
<b>Total</b>	<b>2,793,356</b>	<b>(558,672)</b>	<b>2,234,684</b>	<b>(1,941,920)</b>	<b>388,384</b>	<b>(1,553,536)</b>

### 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	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.	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 Polymers Pcl.	Petrochemical	Related by way of common directors
Asia warehouse Co., Ltd.	Rental of assets	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. <sup>(1)</sup>	Asset management	Shareholding and related by way of common directors
Bualuang Securities Pcl.	Securities	Subsidiary of the major shareholder of the Company
Asia Insurance Company Limited <sup>(1)</sup>	Insurance	Related by way of common directors
BLA Insurance Broker Co., Ltd	Insurance broker	Subsidiary



Name of related parties	Type of business	Relationship with the Company
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

<sup>(1)</sup> It had been considered a related party until 29 November 2016 because the Company and its subsidiaries have on common directors with BBL Asset Management Co., Ltd. and Asia Insurance Company Limited since then.

During the years ended 31 December 2016 and 2015, the Company and its subsidiaries had significant business transactions with its related parties. Such transactions, which have been concluded on commercial terms and bases agreed upon in the ordinary course business between the Company and those parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Pricing policy
	For the years ended		
	31 December		
	2016	2015	
<b>Related parties</b>			
Premium written	6,322	6,670	Normal commercial terms for underwriting
Premium ceded to reinsurers	78,528	-	Normal commercial terms for underwriting
Interest income - deposits at banks, promissory notes and debentures	574,484	643,487	Same rates as those offered by financial institutions and related companies to general customers
Interest income - mortgage loans	7,106	8,482	Same rates as the Company charged to general borrowers who mortgage assets as collateral
Dividend income	417,347	304,952	The declared amount
Rental and service income	11,772	6,267	Rate on agreements those charged by rental and service fees per square meter per month
Brokerage income from securities trading	34,405	30,902	Normal commercial terms for securities brokerage
Gain (loss) on forward and swap foreign exchange contracts	(66,402)	364,224	Normal commercial terms on contracts
Commission and brokerage	1,332,848	1,200,940	At a mutually agreed percentage of premium written
Claim refundable from reinsurance	124,856	-	Normal commercial terms for underwriting
Claim payment and diagnose charge	50,719	46,453	Normal commercial terms for underwriting

(Unit: Thousand Baht)

	Consolidated financial statements		Pricing policy
	For the years ended		
	31 December		
	2016	2015	
<b>Related parties (continued)</b>			
Bank charges	119,981	103,769	Same rates as those charged by financial institutions and related companies to general customers
Insurance premium	2,362	2,774	Normal commercial terms for underwriting
Building space rental and services	69,743	71,122	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, 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	2,742	710	Normal commercial terms for services

(Unit: Thousand Baht)

	Separate financial statements		Pricing policy
	For the years ended		
	31 December		
	2016	2015	
<b>Transactions with related companies</b>			
<b>Subsidiaries</b>			
Premium written	62	-	Normal commercial terms for underwriting
Rental and service income	505	459	Rate on agreements as those charged by rental and service fees per square meter per month
<b>Related parties</b>			
Premium written	6,322	6,670	Normal commercial terms for underwriting
Premium ceded to reinsurers	78,528	-	Normal commercial terms for underwriting
Interest income - deposits at banks, promissory notes and debentures	574,444	643,476	Same rates as those offered by financial institutions and related companies to general customers
Interest income - mortgage loans	7,106	8,482	Same rates as the Company charged to general borrowers who mortgage assets as collateral
Dividend income	417,347	304,952	The declared amount
Brokerage income from securities trading	34,405	30,902	Normal commercial terms for securities brokerage

(Unit: Thousand Baht)

	Separate financial statements		Pricing policy
	For the years ended		
	31 December		
	2016	2015	
<b>Related parties (continued)</b>			
Gain (loss) on forward and swap foreign exchange contracts	(66,402)	364,224	Normal commercial terms on contracts
Commission and brokerage	1,332,848	1,200,940	At a mutually agreed percentage of premium written
Claim refundable from reinsurance	124,856	-	Normal commercial terms for underwriting
Claim payment and diagnose charge	50,719	46,453	Normal commercial terms for underwriting
Bank charges	119,886	103,696	Same rates as those charged by financial institutions and related companies to general customers
Insurance premium	2,360	2,774	Normal commercial terms for underwriting
Building space rental and services	69,743	71,122	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, 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	2,742	710	Normal commercial terms for services

For the years ended 31 December 2016 and 2015, the premium generated from the Bancassurance distribution channel represented approximately 62.03% and 65.33% of total net premium written, respectively.

As at 31 December 2016 and 2015, the balance of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
<b>Subsidiaries</b>				
Other liabilities				
Accrued expense	-	-	659	846
Others	-	-	66	66
Total other liabilities	-	-	725	912
<b>Related parties</b>				
Deposit at financial institution				
(included in cash and cash equivalents)	1,930,536	4,127,677	1,919,132	4,113,889
Investments assets				
Trading investments - cost				
Domestic units trust	-	17,016	-	17,016
Total trading investment - cost	-	17,016	-	17,016
Add: Unrealised gains	-	1,971	-	1,971
Total trading investments - fair value	-	18,987	-	18,987
Available-for-sale investments - cost				
Domestic equity securities	2,024,654	2,102,720	2,024,654	2,102,720
Domestic units trust	3,558,734	3,159,930	3,558,734	3,159,930
Total available-for-sale investment - cost	5,583,388	5,262,650	5,583,388	5,262,650
Add: Unrealised gains	1,710,711	2,216,690	1,710,711	2,216,690
Total available-for-sale investments - fair value	7,294,099	7,479,340	7,294,099	7,479,340
Held-to-maturity investments - cost/amortised cost				
Private enterprise debt securities	3,955,000	4,105,000	3,955,000	4,105,000
Foreign debt securities	6,327,666	5,898,909	6,327,666	5,898,909
Total held-to-maturity investment - cost/amortised cost	10,282,666	10,003,909	10,282,666	10,003,909
General investments - foreign equity securities	1,167	11,167	1,167	11,167
Loans	96,868	119,162	96,868	119,162
Total investments assets	17,674,800	17,632,565	17,674,800	17,632,565

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
<b>Related parties (continued)</b>				
Reinsurance receivables	175,965	-	175,965	-
Forward and swap foreign exchange contract receivables	4,585,297	3,329,930	4,585,297	3,329,930
Other assets				
Accrued income	3,176	-	-	-
Prepaid expense	46,405	58,471	46,405	58,471
Total other assets	49,581	58,471	46,405	58,471
Reinsurance payables	123,055	-	123,055	-
Outstanding claims	1,873	6,837	1,873	6,837
Forward and swap foreign exchange contract payables	4,899,075	3,732,423	4,899,075	3,732,423
Other liabilities				
Accrued commission	279,202	191,756	279,202	191,756
Accrued rental and service expense	8,126	4,725	1,766	234
Total other liabilities	287,328	196,481	280,968	191,990

### Directors and management's benefits

During the years ended 31 December 2016 and 2015, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended		For the years ended	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
Short-term employee benefits	45,353	44,668	45,353	44,668
Long-term employee benefits	356	2,369	274	2,011
Share-based payment transactions (Note 25)	3,489	6,046	3,489	6,046
Total directors and management's benefits	49,198	53,083	49,116	52,725

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 31 December 2016 and 2015, 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			
	31 December 2016		31 December 2015	
	Cost/		Cost/	
	Amortised cost	Fair value	Amortised cost	Fair value
State enterprise bonds	20,000	24,434	20,000	23,928

### 35. Assets reserved with the Registrar

As at 31 December 2016 and 2015, the following assets have been placed as reserves with the Registrar in accordance with the Life Insurance Act.

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	31 December 2016		31 December 2015	
	Cost/		Cost/	
	Amortised cost	Fair value	Amortised cost	Fair value
Government bonds	42,811,914	48,139,566	41,970,820	46,960,565
State enterprise bonds	6,199,704	6,902,127	6,199,413	7,053,062
Total	49,011,618	55,041,693	48,170,233	54,013,627

### 36. Contribution to Life Insurance Fund

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	For the years ended 31 December	
	2016	2015
Life insurance fund at the beginning of the years	256,456	211,616
Contribution during the years	43,333	44,840
Life insurance fund at the end of the years	299,789	256,456

### 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 31 December 2016 and 2015 are as follows:

Consolidated financial statements							
Profits for the years (Thousand Baht)		Weighted average number of shares (Thousand shares)		Earnings per share (Baht)			
		2016	2015	2016	2015	2016	2015
				(Restated)		(Restated)	
<b>Basic earnings per share</b>							
Profits attributable to ordinary shareholders of the Company							
5,110,300	4,108,203	1,704,992	1,701,676	3.00	2.41		
<b>Effect of dilutive potential ordinary shares</b>							
Warrant No. 2							
-	-	691	4,745				
<b>Diluted earnings per share</b>							
Profits of ordinary shareholders assuming the conversion of warrants to ordinary shares							
5,110,300	4,108,203	1,705,683	1,706,421	3.00	2.41		

Separate financial statements						
Profits for the years (Thousand Baht)		Weighted average number of shares (Thousand shares)		Earnings per share (Baht)		
2016	2015	2016	2015	2016	2015	
			(Restated)		(Restated)	
<b>Basic earnings per share</b>						
Profit for the years	5,122,365	4,113,318	1,704,992	1,701,676	3.00	2.42
<b>Effect of dilutive potential ordinary shares</b>						
Warrant No. 2	-	-	691	4,745		
<b>Diluted earnings per share</b>						
Profits of ordinary shareholders assuming the conversion of warrants to ordinary shares	5,122,365	4,113,318	1,705,683	1,706,421	3.00	2.41

### 38. Dividends paid

Dividends declared during the years ended 31 December 2016 and 2015 consisted of the following:

	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
Final dividend for 2015	Annual General Meeting of the Shareholders on 26 April 2015 and the OIC on 29 April 2015	544	0.32
Interim dividend from operations for six-month period ended 30 June 2016	Meeting of Board of Directors on 9 August 2016 and the OIC on 30 September 2016	545	0.32
<b>Total dividend for 2016</b>		<b>1,089</b>	<b>0.64</b>
Final dividend for 2014	Annual General Meeting of the Shareholders on 29 April 2015 and the OIC on 24 April 2015	781	0.46
Interim dividend from operations for six-month period ended 30 June 2015	Meeting of Board of Directors on 11 August 2015 and the OIC on 3 September 2015	544	0.32
<b>Total dividend for 2015</b>		<b>1,325</b>	<b>0.78</b>



### 39. Commitments

39.1 The Company and its subsidiaries 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 3 and 25 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 31 December 2016 and 2015, future minimum lease payments required under these non-cancellable operating lease contracts were as follows:

(Unit: Million Baht)

	Consolidated financial statement		
	31 December 2016		
	Pay within		
	1 year	1 - 5 years	Total
Operating lease agreements	65.07	63.15	128.22
Service agreements	13.36	0.05	13.41
<b>Total</b>	<b>78.43</b>	<b>63.20</b>	<b>141.63</b>

(Unit: Million Baht)

	Consolidated financial statement		
	31 December 2015		
	Pay within		
	1 year	1 - 5 years	Total
Operating lease agreements	88.2	72.0	160.2
Service agreements	13.5	-	13.5
<b>Total</b>	<b>101.7</b>	<b>72.0</b>	<b>173.7</b>

(Unit: Million Baht)

	Separate financial statement		
	31 December 2016		
	Pay within		
	1 year	1 - 5 years	Total
Operating lease agreements	64.91	62.77	127.68
Service agreements	13.34	-	13.34
<b>Total</b>	<b>78.25</b>	<b>62.77</b>	<b>141.02</b>

(Unit: Million Baht)

	Separate financial statement		
	31 December 2015		
	Pay within		
	1 year	1 - 5 years	Total
Operating lease agreements	88.6	71.5	160.1
Service agreements	13.5	-	13.5
Total	102.1	71.5	173.6

39.2 As at 31 December 2016 and 2015, the Company may need to deposit additional amounts in the future under the investment conditions as described in Note 10.5 (a) and Note 10.5 (b) to the interim financial statements, as summarised below.

(Unit: Thousand Baht)

Payable within	Consolidated and separate financial statements	
	31 December 2016	31 December 2015
1 year	1,200,000	1,010,000
2 - 5 years	600,000	900,000

#### 40. Litigation

As at 31 December 2016 and 2015, the Company has been sued in litigation cases of compensation of claims totaling approximately Baht 60 million and Baht 48 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 Company and its subsidiaries 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 31 December 2016 and 2015, the Company and its subsidiaries 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			
	31 December 2016			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
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
<b>Assets for which fair value are disclosed</b>				
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	-	11,221	-	11,221
Forward exchange contracts	-	33,938	-	33,938
Loans				
Policy loans	-	-	6,933,470	6,933,470
<b>Liabilities for which fair value are disclosed</b>				
Derivatives				
Cross currency swap contracts	-	2,106,821	-	2,106,821
Forward exchange contracts	-	1,494	-	1,494

(Unit: Thousand Baht)

Consolidated and separated financial statements				
31 December 2015				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Trading investments				
Equity instruments	97,233	18,987	-	116,220
Available-for-sale investments				
Equity instruments	12,428,719	13,043,937	-	25,472,656
Debt instruments	-	516,266	-	516,266
<b>Assets for which fair value are disclosed</b>				
Held-to-maturity investments				
Debt instruments	-	206,725,779	13,718,515	220,444,294
Investment property	-	-	17,497	17,497
Derivatives				
Cross currency swap contracts	-	10,335	-	10,335
Loans				
Policy loans	-	-	6,467,176	6,467,176
<b>Liabilities for which fair value are disclosed</b>				
Derivatives				
Cross currency swap contracts	-	2,349,217	-	2,349,217
Forward exchange contracts	-	2,699	-	2,699

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

## **42. Life insurance company risk**

The Companies recognises the importance of risk management across the entity. To comply with the Company's risk management policy, which requires 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 Company's 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 Company's operating results. Insurance risk management start from product development stage which the Company set up product development team to develop product to meet target group's desirable and support the Company's operating strategy under the Company's risk management policy.

Moreover, 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 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 Company is able to support the risks that may arise in the future.

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 Company's main insurance risks consist of

#### **(a) Interest rate**

Interest rate risk is the fluctuations in interest rates. The Company manages this risk by establishing Risk Committee to monitor and report Key Risk Indicators (KRI) 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 Company's main channel. So the Company manage this risk by develop product to expand other channel i.e. agent, group, telemarketing and online channel together with product development and apply technology to support customer's requirement. Along with a review of the pricing factors and new product design process before getting approvals from product design working team.

**The sensitivity of insurance risk**

*Reserves for long-term insurance contracts*

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 Company's products are guaranteed products, the factor that has the greatest impact on the calculation of reserves for long-term insurance contracts 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 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 Company has to recognize the difference as an additional expense in profit and loss due to liabilities adequacy test. As at 31 December 2016, The Company has no additional LAT reserve because the Company's 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 Company would have no additional obligations.

*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 healthcare services, which may cause losses to be lower than the estimated loss reserve. However, comparison of the loss reserve to the life policy reserve shows its proportion is 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 an entity may be affected significantly by any single event. 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 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 and separate financial statements								
Insurance contract liabilities - Gross of reinsurance								
31 December 2016				31 December 2015				
	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	231,271,732	2,140,562	-	233,412,294	205,941,360	1,366,848	-	207,308,208
Loss reserves	-	-	233,740	233,740	-	-	320,356	320,356
<b>Total</b>	<b>231,271,732</b>	<b>2,140,562</b>	<b>233,740</b>	<b>233,646,034</b>	<b>205,941,360</b>	<b>1,366,848</b>	<b>320,356</b>	<b>207,628,564</b>

(Unit: Thousand Baht)

Consolidated and separate financial statements								
Insurance contract liabilities - Net of reinsurance								
31 December 2016				31 December 2015				
	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	231,271,732	2,140,562	-	233,412,294	205,941,360	1,366,848	-	207,308,208
Loss reserves	-	-	118,552	118,552	-	-	220,934	220,934
<b>Total</b>	<b>231,271,732</b>	<b>2,140,562</b>	<b>118,552</b>	<b>233,530,846</b>	<b>205,941,360</b>	<b>1,366,848</b>	<b>220,934</b>	<b>207,529,142</b>

## Liquidity risk

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

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	31 December 2016			
	0 - 5 years	5 - 10 years	Over than 10 years	Total
<b>Assets</b>				
Reinsurance assets	374,219	-	-	374,219
<b>Liabilities</b>				
Reserves for long-term insurance contracts	55,662,637	152,777,001	125,469,658	333,909,296
Loss 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>

## 43. Financial instruments

### 43.1 Financial risk management

The Company's and its subsidiary's 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 Company. The maximum value of the risk arising from secured loans is the amount of the loan less the value which 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 Company's 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 Company's exposure to interest rate risk relates primarily to its deposits at financial institutions, investments in securities and loans.

As at 31 December 2016 and 2015, financial assets classified by type of interest rate are summarised in the table below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	31 December 2016		
	Floating interest		Fixed interest rate
No 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	-	1,554,679	50,351
Other loans	-	-	15,946
Total	<u>739,491</u>	<u>4,997,257</u>	<u>234,909,874</u>

(Unit: Thousand Baht)

## Consolidated financial statements

31 December 2015

	Floating interest		
	No interest	rate	Fixed interest rate
Cash equivalent	532,886	426,479	6,142,393
Investments in securities			
Government and state enterprise securities	-	-	124,569,552
Private enterprise debt securities	-	3,600,000	50,426,210
Foreign debt securities	-	-	7,051,766
Deposit at financial institutions which amounts maturing in over 3 months	-	-	16,280,000
Loans			
Policy loans	-	-	5,480,866
Mortgage loans	-	54,396	587,405
Other loans	-	-	16,235
Total	532,886	4,080,875	210,554,427

(Unit: Thousand Baht)

## Separate financial statements

31 December 2016

	Floating interest		
	No 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	-	1,554,679	50,351
Other loans	-	-	15,946
Total	659,258	4,989,107	234,909,874

(Unit: Thousand Baht)

Separate financial statements			
31 December 2015			
	Floating interest		Fixed interest rate
	No interest	rate	
Cash equivalent	502,074	414,280	6,142,393
Investments in securities			
Government and state enterprise securities	-	-	124,569,552
Private enterprise debt securities	-	3,600,000	50,426,210
Foreign debt securities	-	-	7,051,766
Deposit at financial institutions which amounts maturing in over 3 months	-	-	16,280,000
Loans			
Policy loans	-	-	5,480,866
Mortgage loans	-	54,396	587,405
Other loans	-	-	16,235
Total	502,074	4,068,676	210,554,427

As at 31 December 2016 and 2015, 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					
31 December 2016					
	Within			Total	Average interest rate (% p.a.)
	1 year	1 - 5 years	Over 5 years		
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	46,062	1,215,711	343,257	1,605,030	6.40
Other loans	15,816	130	-	15,946	6.00
Total	16,975,622	29,908,797	171,761,941	218,646,360	

(Unit: Thousand Baht)

Consolidated and separate financial statements					
31 December 2015					
	Within 1 year	1 - 5 years	Over 5 years	Total	Average interest rate (% p.a.)
<b>Investments in securities</b>					
Government and state enterprise securities	119,712	9,941,107	114,508,733	124,569,552	4.31
Private enterprises debt securities	3,586,479	5,700,183	41,139,548	50,426,210	5.10
Foreign debt securities	568,187	1,740,801	4,742,778	7,051,766	5.20
<b>Deposit at financial institutions which amounts maturing in over 3 months</b>					
	8,580,000	7,700,000	-	16,280,000	2.96
<b>Loans</b>					
Mortgage loans	92,339	191,741	303,325	587,405	6.84
Other loans	16,105	77	53	16,235	6.00
<b>Total</b>	<b>12,962,822</b>	<b>25,273,909</b>	<b>160,694,437</b>	<b>198,931,168</b>	

### Foreign currency risk

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

As at 31 December 2016 and 2015, the balances of financial assets denominated in foreign currencies are summarised below.

Foreign currency	Financial assets as at		Financial liabilities as at		Average exchange rate as at	
	31 December		31 December		31 December	
	2016	2015	2016	2015	2016	2015
	(Million units)		(Million units)		(Baht per 1 foreign currency unit)	
US dollar	809.6	664.9	732.7	622.5	35.42	36.25
Yen	350.0	350.0	1,112.9	999.9	0.31	0.30
Euro	13.0	4.5	9.2	1.6	37.52	39.80
LAK	36,977.4	29,509.3	-	-	0.0044	0.0044
Singapore	20.0	-	19.0	-	24.75	-

As at 31 December 2016 and 2015 foreign exchange contracts outstanding are summarised below.

Foreign currency	Long position as at		Contractual exchange rates		Maturity date	
	31 December					
	2016	2015	2016	2015	2016	2015
	(Million units)		(Baht per 1 foreign currency unit)			
US dollar	732.7	622.5	29.25 - 36.30	29.25 - 36.30	January 2017 - October 2026	October 2016 - July 2025
Yen	1,112.9	999.9	0.3057 - 0.3405	0.2989 - 0.3029	January 2017 - December 2017	December 2016
Euro	9.2	1.6	37.65 - 39.10	38.06	February 2017 - December 2017	March 2016
Singapore	19.0	-	24.88 - 26.24	-	January 2017 - November 2017	-

### 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 31 December 2016		As at 31 December 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets at fair value</b>				
Cash and cash equivalents	13,109,072	13,109,072	7,101,758	7,101,758
Investments in securities				
Trading investments	155,100	155,100	116,220	116,220
Available-for-sale investments	65,314,232	65,314,232	25,988,922	25,988,922
<b>Assets for which fair value are disclosed</b>				
Investments in securities				
Held-to-maturity investments	185,817,494	201,052,858	201,411,262	220,444,294
Derivative				
Cross currency swap contracts	1,487	11,221	231	10,335
Forward exchange contracts	20,362	33,938	-	-
Loans				
Policy loans	6,291,190	6,933,470	5,480,866	6,467,176
<b>Liabilities for which fair value are disclosed</b>				
Derivative				
Cross currency swap contracts	2,764,931	2,106,821	2,901,914	2,349,217
Forward exchange contracts	10,478	1,494	10,378	2,699

(Unit: Thousand Baht)

	Separate financial statements			
	As at 31 December 2016		As at 31 December 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Cash and cash equivalents	13,020,689	13,020,689	7,087,584	7,087,584
Investments in securities				
Trading investments	155,100	155,100	116,220	116,220
Available-for-sale investments	65,314,232	65,314,232	25,988,922	25,988,922
<b>Assets for which fair value are disclosed</b>				
Investments in securities				
Held-to-maturity investments	185,817,494	201,052,858	201,411,262	220,444,294
Derivative				
Cross currency swap contracts	1,487	11,221	231	10,335
Forward exchange contracts	20,362	33,938	-	-
Loans				
Policy loans	6,291,190	6,933,470	5,480,866	6,467,176
<b>Liabilities for which fair value are disclosed</b>				
Derivative				
Cross currency swap contracts	2,764,931	2,106,821	2,901,914	2,349,217
Forward exchange contracts	10,478	1,494	10,378	2,699

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, book 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 23 February 2017, the Board of Directors passed a resolution to approve a dividend payment of Baht 0.43 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

The Company reclassified following transactions in order to conform with current period's classifications, which are in accordance with the Notification of the Insurance Commission dated 4 March 2016 which effective on 1 January 2016 onward. The reclassification does not have any impact on previously reported profit or equity, which are summarised below.

(Unit: Thousand Baht)

	31 December 2015			
	Consolidated financial statements		Separate financial statements	
		As previously		As previously
	As reclassified	reported	As reclassified	reported
<b>Statements of financial position</b>				
<b>Assets:</b>				
Reinsurance assets	372,054	899,176	372,054	899,176
Reinsurance receivables	527,122	-	527,122	-
Derivative assets	231	-	231	-
Other assets	547,241	547,472	544,567	544,798
<b>Total</b>	<b>1,446,648</b>	<b>1,446,648</b>	<b>1,443,974</b>	<b>1,443,974</b>
<b>Liabilities:</b>				
Insurance contract liabilities	216,851,032	-	216,851,032	-
Life policy reserves	-	207,308,208	-	207,308,208
Unpaid policy benefits	-	150,089	-	150,089
Loss reserves and outstanding claims	-	320,356	-	320,356
Premium reserves	-	1,074,854	-	1,074,854
Other insurance liabilities	-	7,904,478	-	7,904,478
Derivative liabilities	2,912,292	-	2,912,292	-
Employee benefit payables	-	356,617	-	354,507
Employee benefit obligations	179,646	-	178,550	-
Other liabilities	1,640,484	4,468,852	1,635,286	4,464,668
<b>Total</b>	<b>221,583,454</b>	<b>221,583,454</b>	<b>221,577,160</b>	<b>221,577,160</b>
<b>Net</b>	<b>(220,136,806)</b>	<b>(220,136,806)</b>	<b>(220,133,186)</b>	<b>(220,133,186)</b>



(Unit: Thousand Baht)

1 January 2015

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously	As reclassified	As previously
		reported		reported
<b>Statements of financial position</b>				
<b>Assets:</b>				
Reinsurance assets	318,471	763,785	318,471	763,785
Reinsurance receivables	445,314	-	445,314	-
Derivative assets	24,963	-	24,963	-
Other assets	161,905	186,867	165,539	190,502
<b>Total</b>	<b>950,653</b>	<b>950,652</b>	<b>954,287</b>	<b>954,287</b>
<b>Liabilities:</b>				
Insurance contract liabilities	186,659,641	-	186,659,641	-
Life policy reserves	-	177,434,671	-	177,434,671
Unpaid policy benefits	-	117,067	-	117,067
Loss reserves and outstanding claims	-	315,052	-	315,052
Premium reserves	-	1,056,888	-	1,056,888
Other insurance liabilities	-	7,642,206	-	7,642,206
Derivative liabilities	1,024,799	-	1,024,799	-
Employee benefit payables	-	329,414	-	327,718
Employee benefit obligations	168,620	-	167,734	-
Other liabilities	1,280,941	2,238,702	1,277,378	2,235,949
<b>Total</b>	<b>189,134,001</b>	<b>189,134,000</b>	<b>189,129,552</b>	<b>189,129,551</b>
<b>Net</b>	<b>(188,183,348)</b>	<b>(188,183,348)</b>	<b>(188,175,265)</b>	<b>(188,175,264)</b>

(Unit: Thousand Baht)

For the year ended 31 December 2015

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
<b>Statements of comprehensive income</b>				
<b>Profit or loss:</b>				
<b>Revenue</b>				
Premium written	44,840,215	-	44,840,215	-
Less: Premium ceded	(922,668)	-	(922,668)	-
Net premium written	43,917,547	-	43,917,547	-
Add: Unearned premium reserve decreased from prior period	12,344	-	12,344	-
Net earned premium	43,929,891	44,174,985	43,929,891	44,174,985
Net investment income	9,913,190	10,171,049	9,913,190	10,171,049
Fee and commission income	245,094	-	245,094	-
Total	54,088,175	54,346,034	54,088,175	54,346,034
<b>Expenses</b>				
Benefit payments under life policies and benefit adjustment expenses	-	14,149,709	-	14,149,709
Claim and losses adjustment expenses	-	1,240,477	-	1,240,477
Benefit payments under life policies and claims	15,964,555	-	15,964,555	-
Less: Benefit payments under life policies and claims refundable from reinsurance	(574,369)	-	(574,369)	-
Sales promotional expenses	-	435,928	-	435,721
Other underwriting expenses	594,251	32,597	594,043	32,597
Operating expenses	1,795,651	2,053,509	1,789,729	2,047,588
Contribution to the Office of Insurance Commission	-	80,885	-	80,885
Contribution to the Life Insurance Fund	-	44,840	-	44,840
Total	17,780,088	18,037,945	17,773,958	18,031,817
Net	36,308,087	36,308,087	36,314,217	36,314,217

**47. Approval of financial statements**

These financial statements were authorised for issue by the Board of Directors on 23 February 2017.