

Phillip Life Assurance Public Company Limited
Report and financial statements
For the year ended 31 December 2020



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Independent Auditor's Report

To the Shareholders of Phillip Life Assurance Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Phillip Life Assurance Public Company Limited and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the related consolidated statements of comprehensive income, changes in owners' 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 Phillip 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 Phillip Life Assurance Public Company Limited and its subsidiary and of Phillip Life Assurance Public Company Limited as at 31 December 2020, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Emphasis of Matter

As described in Note 2.1 to the financial statements, the sudden market volatilities with the fall of interest rates and the capital market poses difficulties for financial institutions in the market place. Adjustments are being made by companies to inject capital to meet prudential capital requirements as stipulated by the Office of the Insurance Commission (“the OIC”). The OIC has also temporarily lowered the minimum Capital Adequacy Ratio (“CAR”) from 140% to 120% as from 31 December 2019 to 31 December 2021 under the Risk-Based Capital 2 Framework.

The Company is no exception having to inject a total of Baht 1,400 million during the year to meet the CAR’s requirement, which caused its CAR as at 31 December 2020 to be at 133%. The Company still plans to increase additional capital to support the continuing situation of the persistent low interest rate and the business expansion, and execute its long-term plan by readjusting its product and investment strategies to lower the risk charge and enhance a sustainable efficiency in its business operation.

The market circumstances indicate uncertainties, which are dependent upon the success in achieving its capital increase plan and improving its operating performance. The major shareholder has been very supportive of all past capital calls and has undertaken to provide more capital if necessary to meet its growing policy commitments and regulatory capital requirements. Furthermore, the major shareholder stated in its letter dated 7 August 2020 that it will provide financial support to the Company to enable it to maintain the CAR of not lower than the minimum requirement as stipulated by the OIC.

Accordingly, I do not express any qualified opinion in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the 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’s 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's 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 am responsible for the audit resulting in this independent auditor's report.



Rachada Yongsawadvanich
Certified Public Accountant (Thailand) No. 4951

EY Office Limited
Bangkok: 22 March 2021

Phillip Life Assurance Public Company Limited and its subsidiary

Statements of financial position

As at 31 December 2020 and 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
Assets					
Cash and cash equivalents	7	356,875,004	365,763,405	351,883,915	360,621,159
Premium receivables	8	165,702,830	130,946,120	165,702,830	130,946,120
Accrued investment income		44,846,399	73,595,320	44,846,399	73,595,320
Reinsurance assets	9	104,264,557	1,539,411	104,264,557	1,539,411
Reinsurance receivables	10	128,987,971	898,656	128,987,971	898,656
Investment assets					
Investments in securities	11	11,734,014,046	10,149,719,295	11,734,014,046	10,149,719,295
Loans and interest receivables	12	1,191,458,435	1,032,172,635	1,191,458,435	1,032,172,635
Investments in a subsidiary	13	-	-	5,065,048	4,955,839
Premises and equipment	14	223,068,936	241,332,638	223,068,936	241,332,638
Right-of-use assets	15.1	70,160,157	-	70,160,157	-
Intangible assets	16	11,885,054	13,860,529	11,885,054	13,860,529
Other assets	17	50,272,387	40,623,929	49,797,699	40,661,285
Total assets		14,081,535,776	12,050,451,938	14,081,135,047	12,050,302,887

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



Phillip Life Assurance Public Company Limited and its subsidiary

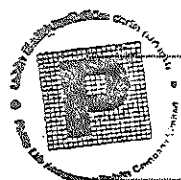
Statements of financial position (Continued)

As at 31 December 2020 and 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
Liabilities and owners' equity					
Liabilities					
Insurance contract liabilities	18	11,344,321,195	9,763,554,910	11,344,321,195	9,763,554,910
Reinsurance payables	19	165,843,126	5,843,790	165,843,126	5,843,790
Lease liabilities	15.2	72,869,099	-	72,869,099	-
Employee benefit obligations	20	56,833,580	57,190,980	56,833,580	57,190,980
Deferred tax liabilities	21	161,729,290	128,911,839	161,729,290	128,911,839
Other liabilities	22	317,088,751	289,356,131	316,694,107	289,213,034
Total liabilities		12,118,685,041	10,244,857,650	12,118,290,397	10,244,714,553
Owners' equity					
Share capital					
Registered					
1,600 million ordinary shares of Baht 6.25 each					
(2019: 960 million ordinary shares of					
Baht 6.25 each)					
	23	<u>10,000,000,000</u>	<u>6,000,000,000</u>	<u>10,000,000,000</u>	<u>6,000,000,000</u>
Issued and paid-up					
909.5 million ordinary shares of Baht 6.25 each					
(2019: 685.5 million ordinary shares of					
Baht 6.25 each)					
	23	<u>5,684,375,000</u>	<u>4,284,375,000</u>	<u>5,684,375,000</u>	<u>4,284,375,000</u>
Share subscription receivable					
	24	<u>-</u>	<u>(1,128,406)</u>	<u>-</u>	<u>(1,128,406)</u>
Issued and paid-up					
5,684,375,000					
	24	<u>5,684,375,000</u>	<u>4,283,246,594</u>	<u>5,684,375,000</u>	<u>4,283,246,594</u>
Share subscription receivable					
	24	<u>-</u>	<u>(71,089,769)</u>	<u>-</u>	<u>(71,089,769)</u>
Share discount					
	24	<u>(58,798,175)</u>	<u>-</u>	<u>(58,798,175)</u>	<u>-</u>
Deficit					
		<u>(4,213,024,121)</u>	<u>(2,914,875,409)</u>	<u>(4,213,024,121)</u>	<u>(2,914,875,409)</u>
Other component of owners' equity					
Revaluation surplus on available-for-sale investments					
measured at fair value through other					
comprehensive income - net of income taxes					
	11.6	<u>550,291,946</u>	<u>508,306,918</u>	<u>550,291,946</u>	<u>508,306,918</u>
Equity attributable to equity holders of the Company					
		<u>1,962,844,650</u>	<u>1,805,588,334</u>	<u>1,962,844,650</u>	<u>1,805,588,334</u>
Non-controlling interests of the subsidiary					
		<u>6,085</u>	<u>5,954</u>	<u>-</u>	<u>-</u>
Total owners' equity					
		<u>1,962,850,735</u>	<u>1,805,594,288</u>	<u>1,962,844,650</u>	<u>1,805,588,334</u>
Total liabilities and owners' equity					
		<u>14,081,535,776</u>	<u>12,050,451,938</u>	<u>14,081,135,047</u>	<u>12,050,302,887</u>

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



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Directors

Phillip Life Assurance Public Company Limited and its subsidiary
 Statements of comprehensive income
 For the years ended 31 December 2020 and 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Profit or loss:					
Revenues					
Premium written		3,532,204,977	2,347,629,761	3,532,204,977	2,347,629,761
Less: Premium ceded to reinsurers		(206,941,682)	(7,440,566)	(206,941,682)	(7,440,566)
Net premium written		3,325,263,295	2,340,189,195	3,325,263,295	2,340,189,195
Less: Unearned premium reserves increase from prior year		(79,949,600)	(233,088,769)	(79,949,600)	(233,088,769)
Net earned premium after reinsurance		3,245,313,695	2,107,100,426	3,245,313,695	2,107,100,426
Fee and commission income		9,933,140	-	9,933,140	-
Net investment revenues	26	401,936,311	368,303,575	401,927,857	368,284,512
Losses on investments		(58,142,631)	(43,366,376)	(58,142,631)	(43,366,376)
Fair value gains (losses)		92,567,496	(3,664,230)	92,567,496	(3,664,230)
Share of gain from investment in a subsidiary under equity method		-	-	109,210	40,462
Other income		1,370,577	1,094,710	782,867	978,646
Total revenues		3,692,978,588	2,429,468,105	3,692,491,634	2,429,373,440
Expenses					
Long-term life insurance policy reserves increase from prior year		1,086,786,130	1,274,457,720	1,086,786,130	1,274,457,720
Unexpired risk reserves increase from prior year	18.2	81,137,229	32,654,152	81,137,229	32,654,152
Benefit payments under life policies and gross claims		2,467,792,948	1,321,738,505	2,467,792,948	1,321,738,505
Less: Benefit payments under life policies and claims refundable from reinsurance		(137,755,366)	(1,725,916)	(137,755,366)	(1,725,916)
Commission and brokerage expenses		793,101,102	595,756,432	792,682,372	595,722,426
Other underwriting expenses		31,725,970	23,337,906	31,725,970	23,337,906
Operating expenses	27	384,367,639	394,399,975	384,302,991	394,339,365
Finance costs	15.3	3,196,434	-	3,196,434	-
Expected credit losses	28	84,083,946	-	84,080,501	-
Other expenses		708,745	104,106	708,745	104,106
Total expenses	29	4,795,144,777	3,640,722,880	4,794,657,954	3,640,628,264
Loss before income tax expenses		(1,102,166,189)	(1,211,254,775)	(1,102,166,320)	(1,211,254,824)
Income tax expenses	21.2	(22,321,194)	(1,835,110)	(22,321,194)	(1,835,110)
Net loss		(1,124,487,383)	(1,213,089,885)	(1,124,487,514)	(1,213,089,934)

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



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Phillip Life Assurance Public Company Limited and its subsidiary
 Statements of comprehensive income (Continued)
 For the years ended 31 December 2020 and 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Other comprehensive income:	31				
Items to be recognised in profit or loss in subsequent periods:					
Gains on valuation of available-for-sale investments					
measured at fair value through other comprehensive income		46,040,803	374,691,856	46,040,803	374,691,856
Less: Income taxes	21.2	(9,208,161)	(74,938,371)	(9,208,161)	(74,938,371)
Total items to be recognised in profit or loss in subsequent periods		36,832,642	299,753,485	36,832,642	299,753,485
Items not to be recognised in profit or loss in subsequent periods:					
Actuarial losses		(5,285,425)	(4,266,024)	(5,285,425)	(4,266,024)
Total items not to be recognised in profit or loss in subsequent periods		(5,285,425)	(4,266,024)	(5,285,425)	(4,266,024)
Other comprehensive income for the years		31,547,217	295,487,461	31,547,217	295,487,461
Total comprehensive loss for the years		(1,092,940,166)	(917,602,424)	(1,092,940,297)	(917,602,473)
Net loss attributable to:					
The Company's shareholders		(1,124,487,514)	(1,213,089,934)	(1,124,487,514)	(1,213,089,934)
Non-controlling interests of the subsidiary		131	49		
		(1,124,487,383)	(1,213,089,885)		
Total comprehensive loss for the years attributable to:					
The Company's shareholders		(1,092,940,297)	(917,602,473)	(1,092,940,297)	(917,602,473)
Non-controlling interests of the subsidiary		131	49		
		(1,092,940,166)	(917,602,424)		
Basic earnings per share	32				
Loss per share		(1.42)	(2.23)	(1.42)	(2.23)

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



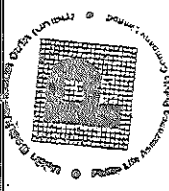
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Phillip Life Assurance Public Company Limited and its subsidiary
 Statements of changes in owners' equity
 For the years ended 31 December 2020 and 2019

(Unit: Baht)

		Consolidated financial statements							
		Equity attributable to the Company's shareholders							
		Other component of equity							
		Revaluation surplus on							
		available-for-sale investments							
		measured at fair							
		value through other							
		comprehensive income							
		- net of income taxes							
		Total equity							
		attributable to							
		the Company's							
		shareholders							
		Equity attributable							
		to non-controlling							
		interests of							
		the subsidiary							
		Total							
Note	Issued and paid-up share capital	Share subscription receivable	Share discount	Deficit	Other component of equity	Total equity attributable to the Company's shareholders	Equity attributable to non-controlling interests of the subsidiary	Total	
	3,133,246,594	(71,089,769)	-	(1,697,519,451)	208,553,433	1,573,190,807	5,905	1,573,196,712	
	-	-	-	(1,213,089,934)	-	(1,213,089,934)	49	(1,213,089,885)	
	-	-	-	(4,266,024)	299,753,485	295,487,461	-	295,487,461	
	-	-	-	(1,217,355,958)	299,753,485	(917,602,473)	49	(917,602,424)	
23	1,150,000,000	-	-	-	-	1,150,000,000	-	1,150,000,000	
	4,283,246,594	(71,089,769)	-	(2,914,875,409)	508,306,918	1,805,588,334	5,954	1,805,594,288	
	4,283,246,594	(71,089,769)	-	(2,914,875,409)	508,306,918	1,805,588,334	5,954	1,805,594,288	
	4,283,246,594	(71,089,769)	-	(2,914,875,409)	508,306,918	1,805,588,334	5,954	1,805,594,288	
	-	-	-	(168,375,773)	5,152,386	(163,223,387)	-	(163,223,387)	
	4,283,246,594	(71,089,769)	-	(3,083,251,182)	513,459,304	1,642,364,947	5,954	1,642,370,901	
	-	-	-	(1,124,487,514)	-	(1,124,487,514)	131	(1,124,487,383)	
	-	-	-	(5,285,425)	36,832,642	31,547,217	-	31,547,217	
	-	-	-	(1,129,772,939)	36,832,642	(1,092,940,297)	131	(1,092,940,166)	
23	1,400,000,000	-	-	-	-	1,400,000,000	-	1,400,000,000	
24	1,128,406	71,089,769	(58,798,175)	-	-	13,420,000	-	13,420,000	
	5,694,375,000	-	(58,798,175)	(4,213,024,121)	550,291,946	1,962,844,650	6,085	1,962,850,735	

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



Ok kindly

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Phillip Life Assurance Public Company Limited and its subsidiary

Statements of changes in owners' equity (Continued)

For the years ended 31 December 2020 and 2019

(Unit: Baht)

	Note	Separate financial statements					Total
		Issued and paid-up share capital	Share subscription receivable	Share discount	Deficit	Other component of equity	
						Revaluation surplus on available-for-sale investments measured at fair value through other comprehensive income - net of income taxes	
Balance as at 1 January 2019		3,133,246,594	(71,089,769)	-	(1,697,519,451)	208,553,433	1,573,190,807
Net loss		-	-	-	(1,213,089,934)	-	(1,213,089,934)
Other comprehensive income (loss) for the year		-	-	-	(4,266,024)	299,753,485	295,487,461
Total comprehensive income (loss) for the year		-	-	-	(1,217,355,958)	299,753,485	(917,602,473)
Issuance of additional ordinary shares	23	1,150,000,000	-	-	-	-	1,150,000,000
Balance as at 31 December 2019		4,283,246,594	(71,089,769)	-	(2,914,875,409)	508,306,918	1,805,588,334
Balance as at 1 January 2020		4,283,246,594	(71,089,769)	-	(2,914,875,409)	508,306,918	1,805,588,334
Cumulative effects of the change in accounting policies	4	-	-	-	(168,375,773)	5,152,386	(163,223,387)
Balance as at 1 January 2020 - as restated		4,283,246,594	(71,089,769)	-	(3,083,251,182)	513,459,304	1,642,364,947
Net loss		-	-	-	(1,124,487,514)	-	(1,124,487,514)
Other comprehensive income (loss) for the year		-	-	-	(5,285,425)	36,832,642	31,547,217
Total comprehensive income (loss) for the year		-	-	-	(1,129,772,939)	36,832,642	(1,092,940,297)
Issuance of additional ordinary shares	23	1,400,000,000	-	-	-	-	1,400,000,000
Collection on share subscription receivable	24	1,128,406	71,089,769	(58,798,175)	-	-	13,420,000
Balance as at 31 December 2020		5,684,375,000	-	(58,798,175)	(4,213,024,121)	550,291,946	1,962,844,650

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The accompanying notes are an integral part of the financial statements

Phillip Life Assurance Public Company Limited and its subsidiary

Statements of cash flows

For the years ended 31 December 2020 and 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Cash flows from (used in) operating activities					
Gross premium from direct insurance		3,497,185,774	2,312,028,486	3,497,185,774	2,312,028,486
Cash paid from reinsurance		(35,094,637)	(7,699,309)	(35,094,637)	(7,699,309)
Interest income		193,228,101	270,001,546	193,219,647	269,982,484
Dividend income		104,501,360	99,698,134	104,501,360	99,698,134
Other income		11,005,015	1,070,147	10,417,305	954,083
Benefit payments under life policies and gross claims					
from direct insurance		(2,239,806,426)	(1,118,160,600)	(2,239,806,426)	(1,118,160,600)
Commission and brokerage expenses on direct insurance		(794,832,844)	(560,674,390)	(794,414,114)	(560,640,384)
Other underwriting expenses		(31,189,129)	(17,850,864)	(31,189,129)	(17,850,864)
Operating expenses		(276,382,189)	(314,687,762)	(276,057,043)	(314,729,975)
Other expenses		(120,570)	(3,230)	(120,570)	(3,230)
Investments in securities		-	(1,756,430,454)	-	(1,756,430,454)
Loans		-	103,053,243	-	103,053,243
Cash received on financial assets		144,696,876	-	144,696,876	-
Cash paid for financial assets		(1,945,705,099)	-	(1,945,705,099)	-
Net cash used in operating activities		(1,372,513,768)	(989,655,053)	(1,372,366,056)	(989,798,386)
Cash flows from (used in) investing activities					
Building and equipment		(17,326,210)	(28,363,946)	(17,326,210)	(28,363,946)
Intangible assets		(2,787,344)	(2,406,115)	(2,787,344)	(2,406,115)
Net cash used in investing activities		(20,113,554)	(30,770,061)	(20,113,554)	(30,770,061)
Cash flows from (used in) financial activities					
Repayment of lease liabilities		(29,501,413)	-	(29,501,413)	-
Proceeds from issuance of additional ordinary shares	23	1,400,000,000	1,150,000,000	1,400,000,000	1,150,000,000
Collection on share subscription receivable	24	13,420,000	-	13,420,000	-
Net cash provided by financing activities		1,383,918,587	1,150,000,000	1,383,918,587	1,150,000,000
Allowance for expected credit losses		(179,666)	-	(176,221)	-
Net increase (decrease) in cash and cash equivalents		(8,888,401)	129,574,886	(8,737,244)	129,431,553
Cash and cash equivalents at beginning of the years		365,763,405	236,188,519	360,621,159	231,189,606
Cash and cash equivalents at end of the years		356,875,004	365,763,405	351,883,915	360,621,159

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



Phillip Life Assurance Public Company Limited and its subsidiary

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For the years ended 31 December 2020 and 2019

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Phillip Life Assurance Public Company Limited
Notes to financial statements
For the years ended 31 December 2020 and 2019

1. General information

1.1 Corporate information

Phillip Life Assurance Public Company Limited (the "Company") was established as a limited company under Thai laws and domiciled in Thailand whereby on 13 March 2014, the Company registered the change of its status to be a public company. As at 31 December 2020 and 2019, its major shareholder is Phillip Life Company Limited, which was incorporated in Singapore, holding 99.77% and 99.70%, respectively, of the issued and paid-up share capital of the Company.

The Company is principally engaged in the provision of life insurance services. The registered office of the Company is located at No. 849, Vorawat Building, Silom Road, Silom Sub-district, Bangrak District, Bangkok. As of 31 December 2020 and 2019, the Company had altogether 24 branches, and 27 branches, respectively.

1.2 The Coronavirus 2019 pandemic

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

2. Basis of preparation of financial statements

2.1 Accounting assumption

The sudden market volatilities with the fall of interest rates and the capital market poses difficulties for financial institutions in the market place. Adjustments are being made by companies to inject capital to meet prudential capital requirements as stipulated by the Office of the Insurance Commission ("the OIC"). The OIC has also temporarily lowered the minimum Capital Adequacy Ratio ("CAR") from 140% to 120% as from 31 December 2019 to 31 December 2021 under the Risk-Based Capital 2 Framework.

The Company is no exception having to inject a total of Baht 1,400 million during the year to meet the CAR's requirement, which caused its CAR as at 31 December 2020 to be at 133%. The Company still plans to increase additional capital to support the continuing situation of the persistent low interest rate and the business expansion, and execute its long-term plan by readjusting its product and investment strategies to lower the risk charge and enhance a sustainable efficiency in its business operation.

The market circumstances indicate uncertainties, which are dependent upon the success in achieving its capital increase plan and improving its operating performance. The major shareholder has been very supportive of all past capital calls and has undertaken to provide more capital if necessary to meet its growing policy commitments and regulatory capital requirements. Furthermore, the major shareholder stated in its letter dated 7 August 2020 that it will provide financial support to the Company to enable it to maintain the CAR of not lower than the minimum requirement as stipulated by the OIC.

With such short-term and long-term plans, the Company's management believes that the Company would be able to operate an on-going business and these financial statements were therefore prepared under the going concern assumptions, with assets and liabilities carried on the basis that the Company will be able to realise assets and settle liabilities in the normal course of business.

2.2 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 life insurance and the accounting and reporting guidelines prescribed by the Office of Insurance Commission ("OIC"), and their presentation has been 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 (No. 2) B.E. 2562 dated 4 April 2019.

These 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.

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 financial statements in Thai language.

2.3 Basis of consolidation

- (a) The consolidated financial statements include the financial statements of Phillip Life Assurance Public Company Limited (“the Company”) and the following subsidiary (collectively called “the Group”).

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			31 December 2020	31 December 2019
			(Percent)	(Percent)
Phillip Insurance Broker Company Limited	Non-life insurance broker	Thailand	99.88	99.88

- (b) Subsidiary is fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- (c) The financial statements of the subsidiary is prepared using the same significant accounting policies as the Company.
- (d) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
- (e) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiary that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.4 Separate financial statements

The Company has prepared its separate financial statements, which have presented investment in a subsidiary under the equity method.

3. New financial reporting standard

3.1 Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. However, the new standard involves changes to key principles, which are summarised below:

(a) Financial reporting standards and Accounting Guidance related to financial instruments

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
--------	-------------------------------------

Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Group's business model), calculation of impairment using the expected credit losses method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

Accounting Guidance related to financial instruments and disclosures applicable to insurance business

Accounting Guidance related to financial instruments and disclosures applicable to insurance business was issued to comply with TFRS 4 (revised 2019) Insurance contracts, which allows insurers who meet certain criteria stipulated in TFRS 4 to delay adoption of TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures, which are applicable for the financial reporting period beginning on or after 1 January 2020, and to adopt the Accounting Guidance related to financial instruments and disclosures applicable to insurance business instead.

This Accounting Guidance has some differences from TFRS 9, with the significant differences being described as below:

- Classification and measurement of financial assets: These are to be classified as trading investments, available-for-sale investments, held to maturity debt instruments, and loans and receivables, with no requirement to take into account the assessment of the Group's business model and the characteristics of the contractual cash flows.
- Loss on impairment, gain or loss on derecognition, and gain or loss on fair value hedges for available-for-sale equity instruments items are to be recognised in profit or loss.
- The embedded derivatives in financial assets that are hybrid contracts are to be separated from host contract if they meet all criteria for separation.

In addition, the Accounting Guidance has certain differences from TFRS 7 with respect to disclosures.

According to the Group's statements of financial position as at 31 December 2017, insurance contracts liabilities under the scope of TFRS 4 Insurance Contracts comprise more than 90% of the carrying value of total liabilities, which meets criteria stipulated in TFRS 4, and there has been no change in the Group's core activities in the following accounting periods. As a result, the Group is eligible to adopt the Accounting Guidance related to financial instruments and disclosures applicable to insurance business. The Group's management believe that adoption of the Accounting Guidance is appropriate in the current circumstances and the Group has, therefore, elected to adopt such Accounting Guidance.

However, the significant accounting policies and impact to the Group's financial statements from the adoption of such Accounting Guidance can be summarised as follows:

Classification and measurement of financial assets

The Group shall classify financial assets as trading investments, available-for-sale investments, held to maturity debt instruments, and receivables and loans by not taking into consideration of its business model and the characteristics of the contractual cash flows. The Group already considered as follows:

- The Group continues to classify its trading investments as financial assets measured at fair value through profit or loss.

- The Group continues to classify its available-for-sale investments both in debt instruments and equity instruments, except for non-listed equity securities, as financial assets measured at fair value through other comprehensive income and will be recognised in profit or loss when sold. Additional investments incurred during the period were classified according to the objective set out on investment date.
- The Group reclassifies its investments in non-listed equity instruments, previously classified as general investments measured at cost net of allowance for impairment (if any) under the cancelled former accounting standard, as financial assets measured at fair value through other comprehensive income.
- The Group continues to classify and present debt instruments and loans, which the Group holds to collect contractual cash flow (both principal and interest), as held-to-maturity investments and loans and interest receivables measured at amortised cost.

Classification of financial liabilities

The adoption of this Accounting Guidance does not have any impact to classification of financial liabilities. The Group continues to classify financial liabilities measured at amortised cost.

Impairment of financial assets

This Accounting Guidance requires the Group to move from incurred loss provisioning, under former accounting policy, to expected loss provisioning by recognising an allowance for expected credit losses on its financial assets and it is no longer necessary for a credit-impaired event to have occurred. The Group considers to adopt the general approach to determine expected credit losses on financial assets.

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

Transition

The Group adopted this Accounting Guidance whereby it recognised the cumulative effects from the first-time adoption using the modified retrospective method, which required the adjustment of the cumulative effects against deficit or other components of owners' equity as at 1 January 2020, and the comparative information was not restated.

The cumulative effects of the change in accounting policies were described in Note 4.1 to the financial statements.

(b) TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The Group initially adopted this financial reporting standard using the modified retrospective method whereby an adjustment of the cumulative effect was made against assets and liabilities as at 1 January 2020, and the comparative information was not restated.

The cumulative effects of the change in accounting policy was described in Note 4.2 to the financial statements.

(c) **Accounting Guidances on Temporary Relief Measures**

Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy. Its objectives are to provide temporary relief measures solely for entities providing assistance to debtors impacted by the situations that affect the Thai economy, such as COVID-19, economic conditions, trade wars and drought, and to provide an alternative for all entities providing assistance to debtors in accordance with measures to assist debtors specified in the circular of the Bank of Thailand No. BOT.RPD.(23)C. 276/2563 "Guidelines on providing assistance to debtors impacted by situations that affect the Thai economy" and the circular of the Bank of Thailand No. BOT.RPD.(01)C. 380/2563 "Measures to provide additional assistance to debtors during the COVID-19 situation" or any other measures announced by the Bank of Thailand. Such entities include credit card businesses, businesses providing loans secured against vehicle registrations without collateral, personal loan businesses under the supervision of the Bank of Thailand and certain entities not under the supervision of the Bank of Thailand, such as leasing, hire-purchase, motorcycle hire-purchase and factoring businesses. Entities providing assistance to debtors in accordance with the Bank of Thailand's measures and electing to apply this Accounting Guidance have to apply all temporary relief measures in this guidance.

On 22 April 2020, the Accounting Guidance was announced in the Royal Gazette and it is effective for entities providing assistance to debtors impacted by situations that affect the Thai economy during the period from 1 January 2020 to 31 December 2021 or until the Bank of Thailand makes changes, with which the entities are to comply. The guidance applies to large debtors, small- and medium-sized debtors and retail debtors who have the ability to run a business or to pay debts in the future and who have been impacted directly or indirectly by such this, considering the following guidelines.

The Group did not opt to adopt this Accounting Guidance since it was not applicable to the Group's business.

Accounting Guidance on Temporary Relief Measures on Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures on Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

During the year, the Group elected to apply the temporary relief measures on accounting alternatives on reduction of lease payments by lessors that these reductions in lease payments will not be considered as a lease modification whereby it will gradually decrease, the lease liabilities that due in each period proportionately to the reduced portion of the lease liabilities and make a reversal of depreciation of right-of-use assets and interest on lease liabilities recognised in each period proportionately to the reduced lease liabilities and recognise the difference in profit or loss. However, the lease amount as reduced by the lessors is not material to the financial statements.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2021

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Group is currently evaluating the impact of these revised standards to the financial statements in the year when they are adopted.

4. Cumulative effects of the changes in accounting policies

As described in Note 3.1 (a) and (b) to the financial statements, during the current year, the Group initially adopted TAS 32 Financial Instruments: Presentation, Accounting Guidance related to financial instruments and disclosures applicable to insurance business and TFRS 16 Leases. The Group chose to adjust the cumulative effects from changes in accounting policies against deficit or other components of owners' equity as at 1 January 2020 and the comparative information was not restated.

The impacts on the beginning balance of deficit or other components of owners' equity as at 1 January 2020 were summarised as follows:

(Unit: Thousand Baht)

	Consolidated financial statements				
	31 December 2019	Reclassification ⁽¹⁾	The impacts of		1 January 2020
			TAS 32 and Accounting Guidance		
			related to financial instruments (Note 4.1)	TFRS 16 (Note 4.2)	
Statement of financial position					
Assets					
Cash and cash equivalents	365,763	-	(173)	-	365,590
Accrued investment income	73,595	(22,658)	(67)	-	50,870
Investments in securities	10,149,719	-	3,142	-	10,152,861
Loans	1,032,173	(1,032,173)	-	-	-
Loans and interest receivables	-	1,054,831	(164,838)	-	889,993
Right-of-use assets	-	-	-	95,953	95,953
Other assets	40,624	-	-	(431)	40,193
Liabilities					
Lease liabilities	-	-	-	95,522	95,522
Deferred tax liabilities	128,912	-	1,288	-	130,200
Owners' equity					
Deficit	(2,914,875)	-	(168,376)	-	(3,083,251)
Other components of owners' equity	508,307	-	5,152	-	513,459

⁽¹⁾ The Group reclassified certain line items in accordance with the new format of financial statements as set out by the OIC from 1 January 2020.

Separate financial statements

	The impacts of				1 January 2020
	31 December 2019	Reclassification ⁽¹⁾	TAS 32 and Accounting Guidance related to financial instruments (Note 4.1)	TFRS 16 (Note 4.2)	
Statement of financial position					
Assets					
Cash and cash equivalents	360,621	-	(173)	-	360,448
Accrued investment income	73,595	(22,658)	(67)	-	50,870
Investments in securities	10,149,719	-	3,142	-	10,152,861
Loans	1,032,173	(1,032,173)	-	-	-
Loans and interest receivables	-	1,054,831	(164,838)	-	889,993
Right-of-use assets	-	-	-	95,953	95,953
Other assets	40,661	-	-	(431)	40,230
Liabilities					
Lease liabilities	-	-	-	95,522	95,522
Deferred tax liabilities	128,912	-	1,288	-	130,200
Owners' equity					
Deficit	(2,914,875)	-	(168,376)	-	(3,083,251)
Other components of					
owners' equity	508,307	-	5,152	-	513,459

⁽¹⁾ The Group reclassified certain line items in accordance with the new format of financial statements as set out by the OIC from 1 January 2020.

(Unit: Thousand Baht)

Consolidated financial statements

	Carrying values in accordance with TAS 32 and Accounting Guidance				Total
	Carrying values under the former accounting policies	Trading investments measured at fair value through profit or loss	Available-for-sale investments measured at fair value through other comprehensive income	Amortised cost	
Cash and cash equivalents	365,763	-	-	365,590	365,590
Accrued investment income	50,937	-	-	50,870	50,870
Investments in securities	10,149,719	2,218,335	7,934,526	-	10,152,861
Loans and interest receivables	1,054,831	-	-	889,993	889,993

(Unit: Thousand Baht)

Separate financial statements

	Carrying values in accordance with TAS 32 and Accounting Guidance				Total
	Carrying values under the former accounting policies	Trading investments measured at fair value through profit or loss	Available-for-sale investments measured at fair value through other comprehensive income	Amortised cost	
Cash and cash equivalents	360,621	-	-	360,448	360,448
Accrued investment income	50,937	-	-	50,870	50,870
Investments in securities	10,149,719	2,218,335	7,934,526	-	10,152,861
Loans and interest receivables	1,054,831	-	-	889,993	889,993

As at 1 January 2020, the Group did not designate any financial liabilities at fair value through profit or loss.

The reconciliation of the balances of allowance for doubtful accounts recognised in accordance with TAS 101 Doubtful Accounts and Bad Debts and allowance for impairment recognised in accordance with TAS 105 Accounting for Investments in Debt and Equity Securities as at 31 December 2019 to the balance of allowance for expected credit losses determined in accordance with Accounting Guidance related to financial instruments as at 1 January 2020 whereby the differences were due to remeasurement of allowance for expected credit losses under requirement of this Accounting Guidance.

(Unit: Thousand Baht)

	Consolidated and Separate financial statements		
	Allowance for doubtful accounts and allowance for impairment as at 31 December 2019	Increase	Allowance for expected credit losses as at 1 January 2020
Cash and cash equivalents	-	173	173
Accrued investment income	-	67	67
Investments in securities	24,412	3,298	27,710
Loans and interest receivables	92,776	164,838	257,614
Total	<u>117,188</u>	<u>168,376</u>	<u>285,564</u>

4.2 Leases

Upon initial application of TFRS 16, the Group recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at 1 January 2020.

(Unit: Thousand Baht)

Consolidated and Separate financial statements	
Operating lease commitments as at 31 December 2019	89,344
Add: Option to extend lease term	13,142
Less: Deferred interest expenses	(6,964)
Increase in lease liabilities due to TFRS 16 adoption	<u>95,522</u>
Liabilities under finance lease agreements as at 31 December 2019	-
Lease liabilities as at 1 January 2020	<u>95,522</u>
Add: Transfer of prepaid rental expenses from other assets	431
Right-of-use assets as at 1 January 2020	<u>95,953</u>
Weighted average incremental borrowing rate (% per annum)	4.00

The adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 were summarised below:

	(Unit: Thousand Baht)
	Consolidated and Separate financial statements
	<hr/>
Leased buildings	94,393
Motor vehicles	1,560
Total right-of-use assets	<hr/> <hr/> 95,953

5. Summary of significant accounting policies

5.1 Product classification

The Company classifies an insurance contract and a reinsurance contract based on the nature of an 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 does not occur. If the above criteria are not met, the Company classifies the insurance contract as an investment contract. An investment contract is the contract that has the legal form of an insurance contract and transfers financial risk to the insurer, but not a significant level of insurance risk. Financial risk is, for example, interest rate risk, exchange rate risk, or price risk.

The Company classifies contracts based on an assessment of a significant level of the insurance risk at an inception of a contract on a contract-by-contract basis. Once a contract is classified as an insurance contract, it will continue to be an insurance contract until its rights and obligations are terminated or expire. If any contract is classified as an investment contract at an inception of the contract, it can later be reclassified to be an insurance contract if the insurance risk becomes significant.

Insurance and investment contracts may contain a feature of 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 realised and/or unrealised investment returns on a specified pool of assets held by the issuer, or the profit or loss of a company, a fund or other entity that issues the contract.

5.2 Revenue recognition

(a) Premium written

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 the premium is due and the policy is still in force at the end of reporting periods.

(b) Fee and commission income

Fee and commission income from ceded premium are recognised as income when incurred.

(c) Net investment revenues

Net investment revenues are investment revenues net of investment expenses. Investment expenses consist of management fee and relevant bank charges.

Investment revenues consist of interest and dividend income.

Interest income

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

Before 1 January 2020, interest income on investments is recognised as revenue on an accrual basis based on the effective interest rate. Interest income on loans is recognised as revenue over the term of the loans based on the amount of outstanding principal. No accrual is made for loans with interest default over six continuous months. Interest income on deposits is recognised as revenue over the term of deposits on an accrual basis.

Dividend income

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

- (d) Gains (losses) on investments

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

- (e) Fair value gains (losses)

Fair value gains (losses) consist of gains (losses) from the change in fair value of financial instrument and gains (losses) from exchange rate. The Company recognises in profit or loss on the fair value measurement date.

5.3 Expense recognition

- (a) Premium ceded to reinsurers

Premium ceded to reinsurers recognised as expenses when the insurance risk is transferred to another reinsurer.

- (b) Benefit payments under life policies

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

- (c) Gross claims

Gross claims consist of insurance claims and losses adjustment expenses for incurred claims whether reported or not, which represent the claim amount and related expenses, and loss adjustments of the current and prior years incurred during the years, and are deducted by relevant claims refundable from reinsurers.

Gross claims 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.

- (d) Commission and brokerage expenses

Commissions and brokerages are expended when incurred.

- (e) Other underwriting and operating expenses

Other underwriting and operating expenses are recognised as expenses on an accrual basis.

(f) Finance costs

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

5.4 Cash and cash equivalents

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

5.5 Premium receivables

Premium receivables are stated at the net realisable value. The Company sets up an allowance for doubtful accounts based on the estimated loss that may incur in collection of the premium receivables. The allowance is generally based on collection experience and a review of current status of the premium receivables as at the end of the reporting periods.

For ordinary policies, the grace period is 45 days after the due date. In case of policies having overdue periods after the grace period allowed and their cash value being in excess of overdue premium receivables, such overdue premium receivables will be settled under the conditions of the automatic policy loans.

5.6 Reinsurance assets

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

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

5.7 Reinsurance receivables and payables

(a) Reinsurance receivables

Reinsurance receivables are stated at the outstanding balances of amounts due from reinsurers net of allowance for doubtful accounts (if any).

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 periods.

(b) Reinsurance payables

Reinsurance payables are stated at the outstanding balances of payables due to reinsurers.

Reinsurance payables consist of reinsurance premiums payable and other items payable to reinsurers, excluding accruals and reserves relating to claims.

The Company presents net of reinsurance receivable and payable of the same entity (amounts due from or 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.

5.8 Financial instruments

(a) Investments in securities

The Group measures its investments in securities according to investment classification as follows:

Trading investments are stated at fair value. Change in the fair value of these investments are recorded in profit or loss.

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

Held to maturity investments that are debt instruments 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.

At end of reporting period, investments in debt instruments which are classified as available-for-sale investments are stated at fair value net of an allowance for expected credit losses (if any) and held to maturity investments are stated at amortised cost net of an allowance for expected credit losses (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the years as quoted on the Stock Exchange of Thailand. The fair value of debt instruments is determined based on the yield rates quoted by the Thai Bond Market Association. The fair value of investments units is determined from their net asset value. The fair value of non-marketable equity instruments is determined using generally accepted pricing model or approximated to their net book value if the fair value cannot be reliably estimated.

Before 1 January 2020, only investments in non-listed equity instruments were stated at cost net of an allowance for impairment (if any).

(b) Loans and interest receivables

Loans and interest receivables are stated at amortised cost and net of allowance for expected credit losses.

Before 1 January 2020, loans are stated at net realisable value. The Group sets up an allowance for doubtful accounts based on the estimated loss that may incur in collection of receivables, on the basis of analysis of payment histories, future expectations of customer payments, the aging of the amount receivable and appraisal value of the underlying collateral. The increase (decrease) in allowance for doubtful accounts is recognised as expense in profit or loss.

(c) Classification and measurement of financial liabilities

Except for derivatives, at initial recognition, the Group's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

(d) Derecognition of financial instruments

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

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

(e) Impairment of financial assets

Impairment of debt instruments

The Group recognises expected credit losses on its financial assets measured at amortised cost and financial assets that are debt instruments which classified as available-for-sale investments (excluding unit trusts), without requiring a credit-impaired event to have occurred prior to the recognition. The Group accounts for changes in credit risk in stages, with differing methods of determining allowance for expected credit losses at each stage.

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

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

(f) Offsetting of financial instruments

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

5.9 Investment in a subsidiary

Investments in a subsidiary as presented in the separate financial statements is recorded initially at cost and adjusted to reflect the proportionate share of the subsidiary's operating results and is deducted by dividend income.

5.10 Premises and equipment and depreciation

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

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

Buildings	- 20 years
Building improvements	- 5 years
Furniture, fixtures and office equipment	- 5 years
Computers	- 5 years
Motor vehicles	- 5 years

Depreciation is recognised in profit or loss and no depreciation is provided on land and assets in progress.

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

5.11 Intangible assets and amortisation

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

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

The useful life of intangible assets with finite useful life which is computer software is 5 years.

5.12 Leases

Accounting policies adopted since 1 January 2020

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

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

Right-of-use assets

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

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

Buildings	- 3 years
Motor vehicles	- 2 years

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

Lease liabilities

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

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

Short-term leases and leases of low-value assets

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

Accounting policies adopted before 1 January 2020

Leases of premises and 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 terms.

5.13 Impairment of non-financial assets

At the end of each reporting period, the Company performs impairment reviews in respect of the premises and equipment, right-of-use asset, or other 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.

5.14 Insurance contract liabilities

(a) Long-term life insurance policy reserves

Long-term life insurance policy reserves represent the accumulated total liability for policies in force as at the end of the reporting periods. The Company calculates these reserves, using an actuarial method as prescribed by the OIC in its 2015 Notification regarding determination of types of capital, together with the guidelines, procedures and conditions for calculating capital of life insurance companies, which indicates that reserves under long-term policies are determined using the gross premium valuation ("GPV") method as referred to in the OIC's 2011 Notification regarding valuation of assets and liabilities of life insurance companies. Key assumptions used are lapse rates or surrender rates, selling and administrative expenses, mortality and morbidity rates, discount rates and non-guaranteed dividend rates, etc.

(b) Loss reserves

Loss reserves consisted of outstanding claims and loss reserves. Outstanding claims are recorded at the amount to be actually paid. Loss reserves are provided upon receipt of claim advices from the insured based on the claims notified by the insured and estimates made by the Company's management. The maximum value of claims estimate is not exceeding the sum insured under the relevant policy.

Loss reserves are calculated using the actuarial method and are the best estimates of claims expected to pay to the insured in the future for losses incurred on or before the reporting dates both reported and not yet reported to the Company and also include loss adjustment expenses. If the then-calculated loss reserves are higher than the amount already recognised in the accounts, such difference is recognised as incurred but not yet reported ("IBNR") loss reserves.

(c) Premium reserves

As at the end of each reporting period, the Company compares the amounts of unexpired risk reserves with unearned premium reserves, and if unexpired risk reserves are higher than unearned premium reserves, the difference is recognised as unexpired risk reserves in the financial statements.

(a) Unearned premium reserves

Unearned premium reserves are set aside on net premium written at the daily average basis over the coverage period of each policy.

(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.

However, the increase or decrease in unearned premium reserves from prior year is to be recognised in profit or loss.

(d) Unpaid policy benefits

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

5.15 Employee benefits

(a) Short-term employee benefits

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

(b) Post-employment benefits

Defined contribution plans

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

Defined benefit plans and other long-term employee benefits

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

The obligations under the defined benefit plan and other long-term employee benefit plan are determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from the defined benefit plan are recognised immediately in other comprehensive income or loss and directly charged against retained earnings.

Actuarial gains and losses arising from other long-term employee benefit plan are recognised immediately in profit and loss.

5.16 Provisions for liabilities

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

5.17 Income taxes

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

(a) Current income taxes

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

(b) Deferred income taxes

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

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

At each reporting date, the Group reviews 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 assets to be utilised.

The Group records deferred taxes directly to owners' equity if the taxes relate to items that are recorded directly to owners' equity.

5.18 Related party transactions

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

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

5.19 Fair value measurement

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

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

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

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

6. Significant accounting judgements and estimates

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

6.1 Fair value of financial instruments

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

6.2 Allowance for doubtful accounts/Allowance for impairment

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

6.3 Allowance for impairment on equity instruments and unit trusts

The Group treats equity instruments and unit trusts classified as available-for-sale investments measured at fair value through other comprehensive income as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment of the management.

6.4 Allowances for expected credit losses of financial assets

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

6.5 Premises and equipment and depreciation

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

In addition, the management is required to review premises and equipment for impairment on a periodical basis and record impairment losses in profit or loss 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.

6.6 Leases

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

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

6.7 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.

6.8 Long-term insurance policy reserves

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

6.9 Loss reserves

At each reporting period, the Company is required to estimate loss reserves taking into account two parts. These are the claims incurred and already reported and the claims incurred but not yet reported (IBNR). The estimation is made using the actuarial techniques and the key assumptions used relate to historical experience, including the development of claims estimates, paid and incurred losses, average costs per claim and claim numbers, etc. Nevertheless, such estimates are forecasts of future outcomes, and actual claims could differ.

6.10 Unexpired risk reserves

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

6.11 Employee benefit obligations

Employee benefit obligations are determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rates, future salary incremental rates, mortality rates, staff turnover rates and so on. However, actual outcome could differ from the estimates.

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December		31 December	
	2020	2019	2020	2019
Cash on hand	743	1,046	743	1,046
Deposits at banks with no fixed maturity date	356,311	364,717	351,317	359,575
Total cash and cash equivalents	357,054	365,763	352,060	360,621
Less: Allowance for expected credit losses	(179)	-	(176)	-
Cash and cash equivalents - net	356,875	365,763	351,884	360,621

As at 31 December 2020 and 2019, bank deposits in saving accounts carried interests between 0.05 - 0.42 percent per annum and 0.05 - 0.48 percent per annum, respectively.

8. Premium receivables

As at 31 December 2020 and 2019, the outstanding balances of premium receivables, classified by overdue periods, counted from the grace-period due dates, were as follows:

(Unit: Thousand Baht)

	Consolidated and Separate	
	financial statements	
	31 December	
	2020	2019
Not yet due	163,288	130,508
Not over 30 days	2,369	238
Over 31 days to 60 days	-	-
Over 61 days to 90 days	13	5
Overdue longer than 90 days	6,065	6,489
Total premium receivables	171,735	137,240
Less: Allowance for doubtful accounts	(6,032)	(6,294)
Premium receivables - net	165,703	130,946

For insurance policies with individuals, the grace periods are 30 - 60 days after the due dates. For overdue insurance policies having a cash value greater than the amounts of overdue premium receivables, the overdue premium receivables will be automatically settled under the conditions of the automatic policy loans.

9. Reinsurance assets

As at 31 December 2020 and 2019, reinsurance assets consisted of reserves refundable from reinsurers as follows:

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	31 December	
	2020	2019
Insurance reserve refundable from reinsurers		
Unearned premium reserves	32,578	1,539
Unexpired Risk Reserves	1,180	-
Loss reserves		
Claims incurred and reported	38,580	-
Claims incurred but not yet reported	31,927	-
Reinsurance assets	<u>104,265</u>	<u>1,539</u>

10. Reinsurance receivables

As at 31 December 2020 and 2019, reinsurance receivables consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	31 December	
	2020	2019
Amounts due from reinsurers	128,988	899
Reinsurance receivables	<u>128,988</u>	<u>899</u>

As at 31 December 2020 and 2019, the balances of amounts due from reinsurers were classified by overdue periods as follows:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	31 December	
	2020	2019
Not yet due	128,988	899
Total amounts due from reinsurers	<u>128,988</u>	<u>899</u>

11. Investments in securities

11.1 Classified by investment type

(Unit: Thousand Baht)

	Consolidated and Separate financial statements			
	31 December 2020		31 December 2019	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading investments measured at fair value through profit or loss				
Domestic unit trusts	2,766,756	2,888,774	2,152,920	2,163,598
Foreign unit trusts	376,735	371,778	54,711	54,737
Total	<u>3,143,491</u>	<u>3,260,552</u>	<u>2,207,631</u>	<u>2,218,335</u>
Add (less): Revaluation allowance				
from fair value measurement	120,782		9,176	
from translation of foreign currencies	(3,721)		1,528	
Total revaluation allowance	<u>117,061</u>		<u>10,704</u>	
Trading investments measured at fair value through profit or loss - net	<u>3,260,552</u>		<u>2,218,335</u>	

(Unit: Thousand Baht)

Consolidated and Separate financial statements

	31 December 2020		31 December 2019	
	Cost/		Cost/	
	Amortised cost	Fair value	Amortised cost	Fair value
Available-for-sale investments				
measured at fair value through other comprehensive income				
Government and state enterprise securities	2,053,802	2,236,254	2,293,460	2,469,772
Private sector debt securities	3,229,415	3,349,822	3,319,108	3,620,614
Domestic common stocks	284,148	304,166	591,069	553,572
Foreign common stocks	1,340,417	1,604,032	333,616	371,466
Domestic unit trusts	844,484	737,677	743,694	807,159
Foreign unit trusts	220,905	231,511	100,321	105,534
Total	7,973,171	8,463,462	7,381,268	7,928,117
Add (less): Revaluation allowance				
from fair value measurement	687,865		635,384	
from translation of foreign currencies	(77,634)		(64,123)	
Total revaluation allowance	610,231		571,261	
Less: Allowance for impairment	(26,837)		(24,412)	
Less: Allowance for expected credit losses	(93,103)		-	
Available-for-sale investments measured at fair value through other comprehensive income - net	8,463,462		7,928,117	
Held-to-maturity investments measured at amortised cost				
Deposits at financial institutions with maturity period of longer than 3 months	10,000		-	
Less: Allowance for expected credit losses	-		-	
Held-to-maturity investments measured at amortised cost - net	10,000		-	
General investments				
Common stocks	-		3,267	
General investments	-		3,267	
Investments in securities - net	11,734,014		10,149,719	

11.2 Classified by stage of credit risk

(Unit: Thousand Baht)

	Consolidated and Separate financial statements			
	31 December 2020		1 January 2020	
	Fair value	Allowance for expected credit losses	Fair value	Allowance for expected credit losses
Available-for-sale investments measured at fair value through other comprehensive income				
Stage 1 - Debt securities without a significant increase of credit risk	5,483,212	(2,720)	6,090,386	(3,298)
Stage 2 - Debt securities with a significant increase of credit risk	22,454	(793)	-	-
Stage 3 - Credit - impaired debt securities	80,410	(89,590)	-	-
Total	5,586,076	(93,103)	6,090,386	(3,298)

(Unit: Thousand Baht)

	Consolidated and Separate financial statements		
	31 December 2020		
	Gross carrying value	Allowance for expected credit losses	Net carrying value
Held-to-maturity investments measured at amortised cost			
Stage 1 - Debt securities without a significant increase of credit risk	10,000	-	10,000
Total	10,000	-	10,000

11.3 Classified by remaining periods of debt instruments

As at 31 December 2020 and 2019, investments in debt instruments had the following remaining periods to maturity.

(Unit: Thousand Baht)

Consolidated and Separate financial statements				
31 December 2020				
Periods to maturity				
	1 year	1 - 5 years	Over 5 years	Total
Available-for-sale investments				
measured at fair value through other comprehensive income				
Government and state enterprise securities	170,605	621,275	1,261,922	2,053,802
Private sector debt securities	305,026	935,281	1,989,108	3,229,415
Total	475,631	1,556,556	3,251,030	5,283,217
Add: Revaluation allowance	5,623	125,612	264,727	395,962
Less: Allowance for expected credit losses	(166)	(33,808)	(59,129)	(93,103)
Total	481,088	1,648,360	3,456,628	5,586,076
Held-to-maturity investments measured at amortised cost				
Deposits at financial institutions which				
matured over 3 months				
	10,000	-	-	10,000
Less: Allowance for expected credit losses	-	-	-	-
Total	10,000	-	-	10,000

(Unit: Thousand Baht)

Consolidated and Separate financial statements				
31 December 2019				
Periods to maturity				
	1 year	1 - 5 years	Over 5 years	Total
Available-for-sale investments				
measured at fair value through other comprehensive income				
Government and state enterprise securities	60,162	647,222	1,586,076	2,293,460
Private sector debt securities	200,503	1,203,906	1,914,699	3,319,108
Total	260,665	1,851,128	3,500,775	5,612,568
Add: Revaluation allowance	4,844	124,604	348,370	477,818
Total	265,509	1,975,732	3,849,145	6,090,386

11.4 Fair values of investments in debt instruments

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

(Unit: Thousand Baht)

	Consolidated and Separate financial statements					
	31 December 2020					
	The contractual terms of the financial asset give rise on specified dates to cash flows that are not solely payments of principal and interest on the principal amount outstanding	Changes in fair value during the year	Fair value	The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding	Changes in fair value during the year	Fair value
Available-for-sale investments						
measured at fair value through other comprehensive income						
Government and state enterprise securities	-	-	2,236,254	13,711	-	-
Private enterprise securities	-	-	3,349,822	(195,808)	-	-
Foreign unit trusts	231,511	5,393	-	-	-	-
Held-to-maturity investments						
measured at amortised cost						
Deposits at financial institutions which matured over 3 months	-	-	10,000	-	-	-
Total	231,511	5,393	5,596,076	(182,097)	231,511	(182,097)

11.5 Investments subject to restrictions

As at 31 December 2020 and 2019, the Group placed certain assets as securities and insurance reserves as described below.

(Unit: Thousand Baht)

	Consolidated and Separate financial statements			
	31 December 2020		31 December 2019	
	Amortised cost	Fair value	Amortised cost	Fair value
Placed with the Life Assurance Registrar:				
As securities	20,231	20,641	20,465	20,952
As life insurance reserves	2,234,019	2,473,041	1,916,179	2,144,348
Total	2,254,250	2,493,682	1,936,644	2,165,300
Placed with bank:				
As securities	10,000	10,000	-	-

11.6 Revaluation surplus on available-for-sale investments measured at fair value through other comprehensive income

For the years ended 31 December 2020 and 2019, the Group had movements in revaluation surplus on available-for-sale investments measured at fair value through other comprehensive income as follows:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	For the year ended 31 December	
	2020	2019
Balances at beginning of the years	635,384	260,692
Cumulative effects of the change in accounting policies (Note 4.1)	6,440	-
Balances at beginning of the years - as restated	641,824	260,692
Gains (losses) on revaluation during the years	(107,375)	326,705
Recognition of expected credit losses in profit or loss	89,805	-
Recognition (reversal) of impairment loss in profit or loss	2,426	(38,025)
Recognition of losses on sales in profit or loss	61,185	86,012
Balances at end of the years	687,865	635,384
Less: Income taxes	(137,573)	(127,077)
Balances at end of the years - net of income taxes	550,292	508,307

12. Loans and interest receivables

12.1 Loans and interest receivables classified by overdue periods

As at 31 December 2020 and 1 January 2020, the balances of loans and interest receivables classified by overdue periods of principal and interest receivables were as follows:

(Unit: Thousand Baht)									
Consolidated and Separate financial statements									
31 December 2020									
Overdue periods	Policy loans		Mortgage loans		Other loans		Total		
	Principal	Interest receivables	Principal	Interest receivables	Principal	Interest receivables	Principal	Interest receivables	Total
Not yet due	557,190	16,358	332,555	1,228	83	-	889,828	17,586	907,414
Past due									
Less than 3 months	-	-	27,177	1,503	-	-	27,177	1,503	28,680
3 - 6 months	-	-	-	-	-	-	-	-	-
6 - 12 months	-	-	1,878	40	-	-	1,878	40	1,918
Over 12 months	-	-	471,369	29,819	-	-	471,369	29,819	501,188
Total loans and interest receivables	557,190	16,358	832,979	32,590	83	-	1,390,252	48,948	1,439,200
Less: Allowance for expected credit losses	-	-	(216,611)	(31,131)	-	-	(216,611)	(31,131)	(247,742)
Loans and interest receivables - net	<u>557,190</u>	<u>16,358</u>	<u>616,368</u>	<u>1,459</u>	<u>83</u>	<u>-</u>	<u>1,173,641</u>	<u>17,817</u>	<u>1,191,458</u>
(Unit: Thousand Baht)									
Consolidated and Separate financial statements									
1 January 2020									
Overdue periods	Policy loans		Mortgage loans		Other loans		Total		
	Principal	Interest receivables	Principal	Interest receivables	Principal	Interest receivables	Principal	Interest receivables	Total
Not yet due	517,398	15,771	52,891	1,380	140	-	570,429	17,151	587,580
Past due									
Less than 3 months	-	-	27,530	889	-	-	27,530	889	28,419
3 - 6 months	-	-	1,409	55	-	-	1,409	55	1,464
6 - 12 months	-	-	4,124	20	-	-	4,124	20	4,144
Over 12 months	-	-	500,426	20,192	5,079	303	505,505	20,495	526,000
Total loans and interest receivables	517,398	15,771	586,380	22,536	5,219	303	1,108,997	38,610	1,147,607
Less: Allowance for expected credit losses	-	-	(232,581)	(19,651)	(5,079)	(303)	(237,660)	(19,954)	(257,614)
Loans and interest receivables - net	<u>517,398</u>	<u>15,771</u>	<u>353,799</u>	<u>2,885</u>	<u>140</u>	<u>-</u>	<u>871,337</u>	<u>18,656</u>	<u>889,993</u>

As at 31 December 2020 and 2019, mortgage loans were loans provided to agents, employees and external individuals on which interest was charged at the rates between 5 to 19 percent per annum and 6 to 19 percent per annum, respectively. Collateral used to secure such loans comprised land and buildings.

As at 31 December 2020 and 2019, other loans were loans provided to employees and agents, which were guaranteed by personal guarantees or motor vehicles and on which interest was charged at the rates of 7 percent per annum and 7 to 15 percent per annum, respectively.

12.2 Loans and interest receivables classified by staging of credit risk

As at 31 December 2020 and 1 January 2020, the balances of loan and interest receivables (excluding policy loans and interest receivables) classified by staging of credit risk were as follows:

(Unit: Thousand Baht)

Staging of credit risk	Consolidated and Separate financial statements						
	31 December 2020						
	Mortgage loans		Other loans		Total		
	Principal	Interest receivables	Principal	Interest receivables	Principal	Interest receivables	Total
Stage 1 - Loans without a significant increase of credit risk	334,086	1,231	83	-	334,169	1,231	335,400
Stage 2 - Loans with significant increases of credit risk	10,197	365	-	-	10,197	365	10,562
Stage 3 - Credit-impaired loans	488,696	30,994	-	-	488,696	30,994	519,690
Total loans and interest receivables	832,979	32,590	83	-	833,062	32,590	865,652
Less: Allowance for expected credit losses	(216,611)	(31,131)	-	-	(216,611)	(31,131)	(247,742)
Loans and interest receivables - net	616,368	1,459	83	-	616,451	1,459	617,910

(Unit: Thousand Baht)

Consolidated and Separate financial statements							
1 January 2020							
Staging of credit risk	Mortgage loans		Other loans		Total		
	Principal	Interest receivables	Principal	Interest receivables	Principal	Interest receivables	Total
Stage 1 - Loans without a significant increase of credit risk	95,512	2,689	140	-	95,652	2,689	98,341
Stage 2 - Loans with significant increases of credit risk	2,066	80	-	-	2,066	80	2,146
Stage 3 - Credit-impaired loans	488,802	19,767	5,079	303	493,881	20,070	513,951
Total loans and interest receivables	586,380	22,536	5,219	303	591,599	22,839	614,438
Less: Allowance for expected credit losses	(232,581)	(19,651)	(5,079)	(303)	(237,660)	(19,954)	(257,614)
Loans and interest receivables - net	353,799	2,885	140	-	353,939	2,885	356,824

13. Investment in a subsidiary

As at 31 December 2020 and 2019, detail of investment in a subsidiary, as presented in the separate financial statements, was as follows:

Company's name	Type of business	Country of incorporation	Issued and paid-up share capital		Shareholding percentage		Cost		Carrying value under equity method	
			31 December		31 December		31 December		31 December	
			2020	2019	2020	2019	2020	2019	2020	2019
Phillip Insurance Broker Company Limited	Non-life insurance broker	Thailand	5,000	5,000	99.88	99.88	4,994	4,994	5,065	4,956
Total investment in a subsidiary							4,994	4,994	5,065	4,956

The Company recognised share of loss from investment in a subsidiary in its separate statements under the equity method, which was based on the subsidiary's financial statements, prepared by the management but not yet audited by its auditor.

14. Premises and equipment

(Unit: Thousand Baht)

	Consolidated and Separate financial statements							Total
	Buildings and		Furniture, fixtures		Motor	Assets	Idle	
	Land	building improvements	and office equipment	Computers				
Cost								
1 January 2019	36,714	285,925	69,636	55,167	7,427	-	4,085	458,954
Additions	-	797	2,204	1,668	-	23,720	-	28,389
Disposals/write-off	-	(444)	(916)	(9)	-	-	-	(1,369)
Transfer in (out)	-	20,635	3,085	-	-	(23,720)	-	-
31 December 2019	36,714	306,913	74,009	56,826	7,427	-	4,085	485,974
Additions	-	390	1,710	8,440	-	7,153	-	17,693
Disposals/write-off	-	(8,872)	(5,815)	(604)	(1,762)	-	-	(17,053)
Transfer in (out)	-	4,614	2,034	-	-	(6,648)	-	-
31 December 2020	36,714	303,045	71,938	64,662	5,665	505	4,085	486,614
Accumulated depreciation								
1 January 2019	-	100,166	55,194	41,230	7,036	-	1,100	204,726
Depreciation for the year	-	30,292	5,307	5,316	268	-	-	41,183
Accumulated depreciation on disposals/write-off	-	(343)	(916)	(9)	-	-	-	(1,268)
31 December 2019	-	130,115	59,585	46,537	7,304	-	1,100	244,641
Depreciation for the year	-	25,699	4,848	4,631	122	-	-	35,300
Accumulated depreciation on disposals/write-off	-	(8,275)	(5,756)	(604)	(1,761)	-	-	(16,396)
31 December 2020	-	147,539	58,677	50,564	5,665	-	1,100	263,545
Net book value								
31 December 2019	36,714	176,798	14,424	10,289	123	-	2,985	241,333
31 December 2020	36,714	155,506	13,261	14,098	-	505	2,985	223,069
Depreciation for the years								
2019								41,183
2020								35,300

As at 31 December 2020 and 2019, certain equipment items were fully depreciated but have been still in use. The original costs, before deducting accumulated depreciation, of those assets amounted to approximately Baht 180.5 million and Baht 168.3 million, respectively.

15. Leases

The Company has lease contracts for various items used in its operations. Leases generally have lease terms between 2 - 3 years.

15.1 Right-of-use assets

Movement of right-of-use assets for the year ended 31 December 2020 is summarised below:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements		
	Leased buildings	Motor vehicles	Total
Net book value as at 31 December 2019	-	-	-
Cumulative effect from the change in accounting policies (Note 4.2)	94,393	1,560	95,953
Net book value as at 1 January 2020	94,393	1,560	95,953
Increase during the year	6,679	-	6,679
Cancelled during the year	(1,773)	-	(1,773)
Remeasurement during the year	(274)	-	(274)
Depreciation for the year	(29,533)	(892)	(30,425)
Net book value as at 31 December 2020	69,492	668	70,160

15.2 Lease liabilities

(Unit: Thousand Baht)

	Consolidated and Separate financial statements		
	31 December 2020		
	Leased buildings	Motor vehicles	Total
Amounts of lease payments	76,020	693	76,713
Less: Deferred interest expenses	(3,833)	(11)	(3,844)
Lease liabilities	72,187	682	72,869
Less: Current portion	(27,701)	(682)	(28,383)
Lease liabilities - net of current portion	44,486	-	44,486

15.3 Expenses relating to leases that were recognised in profit or loss

	(Unit: Thousand Baht)
	Consolidated and Separate financial statements
	For the year ended 31 December 2020
Depreciation expense of right-of-use assets	29,358
Interest expense on lease liabilities	3,196
Expense relating to short-term leases	1,613
Expense relating to leases of low-value assets	956
Gains on cancellations of leases	(62)
Losses on reversals of leases in accordance with the Accounting Guidance	149
Total expenses	<u>35,210</u>

The Company recorded reduction in lease payments by lessors amounting to Baht 1.2 million from the COVID-19 situation by reversals of depreciation expenses on the right of use assets and interest expenses on lease liabilities in accordance with the Accounting Guidance as described in Note 3.1 (c) to the financial statements.

15.4 Others

The Company had total cash outflows of Baht 32.1 million for leases, including short-term leases and leases of low-value assets, for the year ended 31 December 2020. Moreover, the Company had non-cash additions to right-of-use assets and lease liabilities of Baht 6.7 million.

16. Intangible assets

(Unit: Thousand Baht)

	Consolidated and Separate financial statements		
	Computer software	Computer software under development	Total
Cost			
1 January 2019	37,957	481	38,438
Additions	2,407	-	2,407
Transfer in (out)	481	(481)	-
31 December 2019	40,845	-	40,845
Additions	2,787	-	2,787
Write-off	(101)	-	(101)
31 December 2020	43,531	-	43,531
Accumulated amortisation			
1 January 2019	21,754	-	21,754
Amortisation for the year	5,230	-	5,230
31 December 2019	26,984	-	26,984
Amortisation for the year	4,763	-	4,763
Accumulated amortisation on write-off	(101)	-	(101)
31 December 2020	31,646	-	31,646
Net book value			
31 December 2019	13,861	-	13,861
31 December 2020	11,885	-	11,885
Amortisation for the years			
2019			5,230
2020			4,763

As at 31 December 2020 and 2019, certain items of computer softwares were fully amortised but are still in use. The original costs, before deducting accumulated amortisation, of those assets amounted to approximately Baht 21.0 million and Baht 14.8 million, respectively.

17. Other assets

As at 31 December 2020 and 2019, other assets consisted of the following items:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December		31 December	
	2020	2019	2020	2019
Rental deposits	7,638	7,387	7,638	7,387
Other receivables	55,931	87,013	55,973	87,050
Withholding taxes	16,221	19,255	16,221	19,255
Receivables from sales of investments	1,782	-	1,782	-
Receivable from the Legal Executive Department	5,870	4,444	5,870	4,444
Others	24,856	15,756	24,340	15,756
Total	112,298	133,855	111,824	133,892
Less: Allowance for doubtful accounts	(62,026)	(93,231)	(62,026)	(93,231)
Other assets - net	50,272	40,624	49,798	40,661

18. Insurance contract liabilities

(Unit: Thousand Baht)

	Consolidated and Separate financial statements					
	31 December 2020			31 December 2019		
	Insurance contract liabilities	Reinsurance of liabilities	Net	Insurance contract liabilities	Reinsurance of liabilities	Net
Long-term insurance policy reserves	9,766,755	-	9,766,755	8,679,969	-	8,679,969
Loss reserves						
Claims incurred and reported	317,842	(38,580)	279,262	170,289	-	170,289
Claims incurred but not yet reported	98,148	(31,927)	66,221	20,554	-	20,554
Premium reserves						
Unearned premium reserves	471,579	(32,578)	439,001	360,591	(1,539)	359,052
Unexpired risk reserves	114,972	(1,180)	113,792	30,472	2,182 ⁽¹⁾	32,654
Unpaid policy benefits	54,975	-	54,975	42,115	-	42,115
Other insurance liabilities	520,050	-	520,050	459,565	-	459,565
Total	11,344,321	(104,265)	11,240,056	9,763,555	643	9,764,198

⁽¹⁾ Presented as part of "Other liabilities" in the statements of financial position

18.1 Long-term insurance policy reserves

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	For the years ended 31 December	
	2020	2019
Balances - beginning of the years	8,679,969	7,405,511
Insurance policy reserves increased for new businesses and inforce policies	1,246,462	1,139,842
Insurance policy reserves released from death, benefit paid, lapse and surrender	(571,125)	(526,254)
Changes in insurance policy reserves as a result of assumption changes	460,515	657,756
Changes in insurance policy reserves as a result of experience adjustments	(49,066)	3,114
Balances - end of the years	<u>9,766,755</u>	<u>8,679,969</u>

18.2 Short-term insurance policy reserves

(a) Loss reserves

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	For the years ended 31 December	
	2020	2019
Balances - beginning of the years	190,843	29,852
Claims incurred in the current years	1,565,655	516,395
Changes in loss reserves from the prior year	(14,788)	(6,561)
Changes in assumption for calculating claim reserves	(24)	(82)
Claims paid during the years	(1,325,696)	(348,761)
Balances - end of the years	<u>415,990</u>	<u>190,843</u>

(b) Gross claim development table

(Unit: Thousand Baht)

Accident year/ Reporting year	Before 2013	2013	2014	2015	2016	2017	2018	2019	2020	Total
Loss estimates:										
- End of the accident year		49,183	45,122	48,266	81,953	143,288	169,373	480,575	1,438,948	
- One year later		51,614	47,506	51,122	82,252	144,501	167,671	499,267		
- Two years later		51,635	47,647	51,126	82,264	146,018	167,679			
- Three years later		51,640	47,538	51,132	82,282	146,019				
- Four years later		51,631	47,541	51,135	82,273					
- Five years later		51,631	47,547	51,134						
- Six years later		51,633	47,546							
- Seven years later		51,633								
Ultimate loss estimates	121,635	51,633	47,546	51,134	82,275	146,025	168,138	501,414	1,565,655	2,735,455
Cumulative losses paid	(121,635)	(51,633)	(47,546)	(51,134)	(82,257)	(146,019)	(167,568)	(498,886)	(1,152,787)	(2,319,465)
Total loss reserves	-	-	-	-	18	6	570	2,528	412,868	415,990

(c) Net claim development table

(Unit: Thousand Baht)

Accident year/ Reporting year	Before 2013	2013	2014	2015	2016	2017	2018	2019	2020	Total
Loss estimates:										
- End of the accident year		49,183	45,122	48,266	81,953	143,288	169,373	480,575	1,263,147	
- One year later		51,614	47,506	51,122	82,252	144,501	167,671	499,181		
- Two years later		51,635	47,647	51,126	82,264	146,018	167,679			
- Three years later		51,640	47,538	51,132	82,282	146,019				
- Four years later		51,631	47,541	51,135	82,273					
- Five years later		51,631	47,547	51,134						
- Six years later		51,633	47,546							
- Seven years later		51,633								
Ultimate loss estimates	121,635	51,633	47,546	51,134	82,275	146,025	167,951	500,541	1,353,536	2,522,276
Cumulative losses paid	(121,635)	(51,633)	(47,546)	(51,134)	(82,257)	(146,019)	(167,568)	(498,887)	(1,010,114)	(2,176,793)
Total loss reserves	-	-	-	-	18	6	383	1,654	343,422	345,483

(d) Unearned premium reserves

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	For the years ended 31 December	
	2020	2019
Balances - beginning of the years	360,591	126,881
Premium written during the years	1,587,230	788,807
Premium earned during the years	(1,476,242)	(555,097)
Balances - end of the years	471,579	360,591

(e) Unexpired risk reserves

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	For the year ended 31 December	
	2020	2019
Balances - beginning of the years	391,063	119,916
Estimated claims	1,867,667	852,761
Risk expired during the years	(1,672,179)	(581,614)
Balances - end of the years	586,551	391,063

As at 31. December 2020 and 2019, net unexpired risk reserves were higher than net unearned premium reserves by Baht 81.1 million and Baht 32.7 million, respectively, which was already recognised in profit or loss.

18.3 Significant assumptions

(a) Long-term insurance policy reserves

The Company uses the Gross Premium Valuation ("GPV") method to value total obligated liabilities for long-term insurance contracts. The GPV method is an actuarial valuation method, which determines the present value of cash flows expected to receive from insurance premiums and expected to pay on benefits committed under insurance policies, including related expenses expected to incurred in the future. However, key assumptions used are based on the Company's historical experiences and the Insurance Industry's historical experiences, the regulator's requirements, forecasts of related expenses, and so on. Key assumptions used in such actuarial estimation are summarised as below.

Mortality and morbidity rates

The Company sets mortality and morbidity rate assumptions with reference to the rates announced in the Thai Mortality Ordinary Table, the Thai Mortality Industry Table and the Thai Annuitant Table, which are also widely used in the business sector, as required by the office of Insurance Commission, the Company's historical experiences and expert judgement of actuaries.

Lapse rates or surrender rate

The Company sets lapse rate assumptions or surrender rate assumptions with reference to its historical experiences, separated by product types, lives of policies and expert judgement of actuaries.

Discount rates

The Company sets discount rate assumptions with reference to zero coupon government bonds, which are in accordance with criteria laid down by the office of Insurance Commission in valuation of liabilities of life insurance companies and the bond yields for each duration used will correspond to the durations of the expected cash flows.

Operational expenses

The Company sets operating expense assumptions with reference to actual operating expenses on in-force policies incurred in the past, trend of operating expenses in the future and expert judgement of actuaries.

(b) IBNR loss reserves

The Company estimates IBNR loss reserves using the Chain Ladder method, which is an international standard actuarial technique. The key assumptions used are claim development rates, which are derived from historical latest 5-years claim experiences available to the Company and expert judgement of actuaries.

18.4 Unpaid policy benefits

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	31 December	
	2020	2019
Death benefits	9,752	4,319
Maturity payments	21,250	21,209
Surrender	838	974
Benefit payments under policies	1,229	1,339
Others	21,906	14,274
Total unpaid policy benefits	54,975	42,115

18.5 Other insurance liabilities

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	31 December	
	2020	2019
Deposits of the insured	484,901	441,070
Others	35,149	18,495
Total other insurance liabilities	<u>520,050</u>	<u>459,565</u>

19. Reinsurance payables

As at 31 December 2020 and 2019, the Company had reinsurance payables classified by type of liabilities as follows:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	31 December	
	2020	2019
Outward premium payables	165,843	5,844
Total due to reinsurers	<u>165,843</u>	<u>5,844</u>

20. Employee benefit obligations

For the years ended 31 December 2020 and 2019, employee benefit obligations were presented as follows:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	For the years ended 31 December	
	2020	2019
Employee benefit obligations at beginning of the years	57,191	38,765
Recognised in profit or loss:		
Current service costs	4,706	4,271
Interest costs	899	1,310
Past service costs	-	11,926
Actuarial (gains) losses arose from:		
Demographic assumption changes	-	66
Financial assumption changes	-	(25)
Experience adjustments	-	160
Total	5,605	17,708
Recognised in other comprehensive income or loss:		
Actuarial (gains) losses arose from:		
Demographic assumption changes	-	1,702
Financial assumption changes	5,286	(397)
Experience adjustments	-	2,961
Total	5,286	4,266
Less: Benefits paid during the years	(11,248)	(3,548)
Employee benefit obligations at end of the years	56,834	57,191

As at 31 December 2020 and 2019, the Company expected to pay Baht 5.7 million and Baht 7.3 million, respectively, on employee benefit obligations during the next 1 year period.

As at 31 December 2020 and 2019, the weighted average payment durations of employee benefit obligations were 11 years.

Significant actuarial assumptions at the valuation dates were as follows:

	Consolidated and Separate financial statements	
	2020	2019
	(% per annum)	(% per annum)
Average discount rate	1.40	2.26
Future salary incremental rate	5.00	5.00
Staff turnover rates (depending on service years of each employee)	3.50 - 25.00	3.50 - 25.00

The impacts of sensitivity analysis for significant actuarial assumptions on employee benefit obligations as at 31 December 2020 and 2019 were summarised below:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements			
	31 December 2020		31 December 2019	
	Increase (decrease) in employee benefit		Increase (decrease) in employee benefit	
Changes in assumptions (% per annum)	obligations		Changes in assumptions (% per annum)	obligations
Average discount rate	+ 0.5	(2,367)	+ 0.5%	(1,611)
Average discount rate	- 0.5	2,528	- 0.5%	1,715
Future salary incremental rate	+ 0.5	2,859	+ 0.5%	2,156
Future salary incremental rate	- 0.5	(2,692)	- 0.5%	(1,322)
Turnover rates	+ 10.0 ⁽¹⁾	(2,460)	+ 10.0% ⁽¹⁾	(1,163)
Turnover rates	- 10.0 ⁽¹⁾	2,601	- 10.0% ⁽¹⁾	2,022

⁽¹⁾ 10% of the turnover rate used as assumption

21. Deferred tax liabilities and income tax expenses

21.1 Deferred tax liabilities

As at 31 December 2020 and 2019, deferred tax liabilities consisted of tax effects arose from the following temporary difference items:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements			
	31 December		Changes in deferred tax liabilities reported in the statements of comprehensive income for the years ended 31 December	
	2020	2019	2020	2019
Deferred tax liabilities arose from:				
Unrealised gains on available-for-sale investments measured at fair value through other comprehensive income	137,573	127,077	(10,496)	(74,939)
Unrealised gains on trading investments measured at fair value through profit or loss	24,156	1,835	(22,321)	(1,835)
Total deferred tax liabilities	161,729	128,912		
Total changes			(32,817)	(76,774)
Recognition of changes in:				
- Other components of owners' equity as at beginning of the year (Note 4.1)			(1,288)	-
- Profit or loss			(22,321)	(1,835)
- Other comprehensive income			(9,208)	(74,939)
Total changes			(32,817)	(76,774)

As at 31 December 2020 and 2019, the Group had tax-deductible temporary differences and unused tax losses for which the Group did not record deferred tax assets since the management has already assessed and believes that it will not have sufficient taxable profit in the future to utilise such deductible temporary differences and unused tax losses before they expire. Those tax-deductible temporary differences and unused tax losses items were summarised as bellows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 December		31 December	
	2020	2019	2020	2019
Allowance for impairment	26,837	24,412	26,837	24,412
Employee benefit obligations	56,834	57,191	56,834	57,191
Loss reserves	345,483	190,843	345,483	190,843
Premium reserves	-	48,481	-	48,481
Unexpired risk reserves	113,792	32,654	113,792	32,654
Leases	3,140	-	3,140	-
Tax losses brought forward no longer than five fiscal years	2,050,471	1,216,608	2,050,581	1,216,649
Total	2,596,557	1,570,189	2,596,667	1,570,230

21.2 Income tax expenses

Income tax expenses for the years ended 31 December 2020 and 2019 were made up as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2020	2019	2020	2019
Current income taxes:				
Corporate income tax for the years	-	-	-	-
Deferred income taxes:				
Relating to origination and reversal of temporary differences	(22,321)	(1,835)	(22,321)	(1,835)
Income tax expenses recognised in profit or loss	(22,321)	(1,835)	(22,321)	(1,835)

Reconciliations between income tax expenses and the product of accounting loss for the years ended 31 December 2020 and 2019 and the applicable tax rate were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2020	2019	2020	2019
Accounting loss before income tax expenses	(1,102,166)	(1,211,255)	(1,102,166)	(1,211,255)
Applicable tax rate	20%	20%	20%	20%
Amount of income taxes at the applicable tax rate	220,433	242,251	220,433	242,251
Net tax effect on revenues or expenses that are not taxable or not deductible in determining taxable profits	(12,195)	8,901	(12,195)	8,901
Temporary differences, which are not recognised as deferred tax assets	(37,444)	(40,398)	(37,444)	(40,398)
Deferred income taxes on losses for the years expected not to be able to utilise	(193,115)	(212,589)	(193,115)	(212,589)
Income tax expenses recognised in profit or loss	(22,321)	(1,835)	(22,321)	(1,835)

The amounts of income taxes relating to each component of other comprehensive income for the years ended 31 December 2020 and 2019 were as follows:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	For the years ended 31 December	
	2020	2019
Income taxes relating to:		
Available-for-sale investments measured at fair value through other comprehensive income		
(Gains) losses on revaluation during the years	21,475	(65,341)
Recognition of expected credit losses in profit or loss	(17,961)	-
Recognition (reversal) of impairment loss in profit or loss	(485)	7,605
Recognition of losses on sales in profit or loss	(12,237)	(17,203)
Income taxes reported in other comprehensive income (loss)	(9,208)	(74,939)

22. Other liabilities

As at 31 December 2020 and 2019, other liabilities consisted of the following items:

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	31 December		31 December	
	2020	2019	2020	2019
Accrued commission and brokerage expenses	150,040	151,772	150,040	151,772
Deposits from agents	89,437	62,752	89,437	62,752
Accrued operating expenses	65,196	56,913	64,801	56,770
Payables on purchases of investments	-	1,135	-	1,135
Others	12,416	16,784	12,416	16,784
Total other liabilities	<u>317,089</u>	<u>289,356</u>	<u>316,694</u>	<u>289,213</u>

23. Share capital

23.1 Registered share capital

By the resolution of the Extraordinary General Meeting No.1/2019 of the Company's shareholders held on 10 October 2019, it is resolved to approve the decrease in the registered share capital of the Company from Baht 4,000,000,000 to Baht 3,634,375,000 by the decrease of unissued 58.50 million ordinary shares at a par value of Baht 6.25 each, or total of Baht 365,625,000. In addition, it is resolved to approve the increase in the registered share capital of the Company from Baht 3,634,375,000 to Baht 6,000,000,000 by the increase of 378.50 million ordinary shares at a par value of Baht 6.25 each, or a total of Baht 2,365,635,000. The Company registered the decrease and increase in the registered share capital with the Ministry of Commerce on 31 October 2019 and 6 November 2019, respectively.

By the resolution of the 2020 Annual General Meeting of the Company's shareholders held on 23 April 2020, it is resolved to approve the decrease in the registered share capital of the Company from Baht 6,000,000,000 to Baht 4,784,375,000 by the decrease of unissued 194.50 million ordinary shares at a par value of Baht 6.25 each, or total of Baht 1,215,625,000. In addition, it is resolved to approve the increase in the registered share capital of the Company from Baht 4,784,375,000 to Baht 10,000,000,000 by the increase of 834.50 million ordinary shares at a par value of Baht 6.25 each, or a total of Baht 5,215,625,000. The Company registered the decrease and increase in the registered share capital with the Ministry of Commerce on 4 June 2020 and 10 June 2020, respectively.

23.2 Issued and paid-up share capital

By the resolution of the Meeting No. 1/2019 of the Company's Board of Directors held on 25 February 2019, it is resolved to approve the issuance of the Company's additional 32 million ordinary shares at a par value of Baht 6.25 each, or a total of Baht 200 million to existing shareholders at the ratio of 1 existing share to 0.0638086 new ordinary shares for the purpose of meeting the Capital Adequacy Requirement as required by the Office of Insurance Commission. On 25 March 2019, the Company received payments for such additional ordinary shares and registered the issued and paid-up share capital with the Ministry of Commerce on 29 March 2019.

By the resolution of the Meeting No. 21/2019 of the Executives Committee held on 4 September 2019, it is resolved to approve the issuance of the Company's additional 48 million ordinary shares at a par value of Baht 6.25 each, or a total of Baht 300 million to existing shareholders at the ratio of 1 existing share to 0.0899719 new ordinary shares for the purpose of meeting the Capital Adequacy Requirement as required by the Office of Insurance Commission. On 20 September 2019, the Company received payments for such additional ordinary shares and registered the issued and paid-up share capital with the Ministry of Commerce on 30 September 2019.

By the resolution of the Meeting No. 6/2019 of the Company's Board of Directors held on 8 November 2019, it is resolved to approve the issuance of the Company's additional 64 million ordinary shares at a par value of Baht 6.25 each, or a total of Baht 400 million to existing shareholders at the ratio of 1 existing share to 0.1100602 new ordinary shares for the purpose of meeting the Capital Adequacy Requirement as required by the Office of Insurance Commission. On 25 November 2019, the Company received payments for such additional ordinary shares and registered the issued and paid-up share capital with the Ministry of Commerce on 29 November 2019.

By the resolution of the Meeting No. 31/2019 of the Executives Committee held on 4 December 2019, it is resolved to approve the issuance of the Company's additional 40 million ordinary shares at a par value of Baht 6.25 each, or a total of Baht 250 million to existing shareholders at the ratio of 1 existing share to 0.0619675 new ordinary shares for the purpose of meeting the Capital Adequacy Requirement as required by the Office of Insurance Commission. On 18 December 2019, the Company received payments for such additional ordinary shares and registered the issued and paid-up share capital with the Ministry of Commerce on 24 December 2019.

By the resolution of the Meeting No. 9/2020 of the Executives Committee held on 11 March 2020, it is resolved to approve the issuance of the Company's additional 80 million ordinary shares at a par value of Baht 6.25 each, or a total of Baht 500 million to existing shareholders at the ratio of 1 existing share to 0.1167031 new ordinary shares for the purpose of meeting the Capital Adequacy Requirement as required by the Office of Insurance Commission. On 24 March 2020, the Company received payments for such additional ordinary shares and registered the issued and paid-up share capital with the Ministry of Commerce on 30 March 2020.

By the resolution of the Meeting No. 4/2020 of the Company's Board of Directors held on 11 June 2020, it is resolved to approve the issuance of the Company's additional 48 million ordinary shares at a par value of Baht 6.25 each, or a total of Baht 300 million to existing shareholders at the ratio of 1 existing share to 0.0627041 new ordinary shares for the purpose of meeting the Capital Adequacy Requirement as required by the Office of Insurance Commission. On 19 June 2020, the Company received payments for such additional ordinary shares and registered the issued and paid-up share capital with the Ministry of Commerce on 29 June 2020.

By the resolution of the Meeting No. 26/2020 of the Executives Committee held on 11 August 2020, it is resolved to approve the issuance of the Company's additional 48 million ordinary shares at a par value of Baht 6.25 each, or a total of Baht 300 million to existing shareholders at the ratio of 1 existing share to 0.0590043 new ordinary shares for the purpose of meeting the Capital Adequacy Requirement as required by the Office of Insurance Commission. On 20 August 2020, the Company received payments for such additional ordinary shares and registered the issued and paid-up share capital with the Ministry of Commerce on 31 August 2020.

By the resolution of the Meeting No. 33/2020 of the Executives Committee held on 3 November 2020, it is resolved to approve the issuance of the Company's additional 48 million ordinary shares at a par value of Baht 6.25 each, or a total of Baht 300 million to existing shareholders at the ratio of 1 existing share to 0.0557168 new ordinary shares for the purpose of meeting the Capital Adequacy Requirement as required by the Office of Insurance Commission. On 19 November 2020, the Company received payments for such additional ordinary shares and registered the issued and paid-up share capital with the Ministry of Commerce on 30 November 2020.

23.3 Reconciliation of registered, issued and paid-up share capital

Reconciliation of the registered, issued and paid-up share capital of the Company during the years ended 31 December 2020 and 2019 were as follows:

(Unit: Thousand Baht)

	Par value per share	For the year ended 31 December 2020		For the year ended 31 December 2019	
		No. of shares	Amount	No. of shares	Amount
Registered share capital:					
Balance at beginning of the years	6.25	960,000	6,000,000	640,000	4,000,000
Registered the					
increased/decreased share					
capital during the years	6.25	640,000	4,000,000	320,000	2,000,000
Balance as at 31 December	6.25	<u>1,600,000</u>	<u>10,000,000</u>	<u>960,000</u>	<u>6,000,000</u>
Issued and paid-up share capital:					
Balance at beginning of the years	6.25	685,500	4,284,375	501,500	3,134,375
Issued additional shares during					
the years	6.25	<u>224,000</u>	<u>1,400,000</u>	<u>184,000</u>	<u>1,150,000</u>
Balance at end of the years	6.25	<u>909,500</u>	<u>5,684,375</u>	<u>685,500</u>	<u>4,284,375</u>

24. Share subscription receivable

On 8 September 2004, the Company had issued and paid-up share capital of Baht 2,100 million, consisting of 21,000,000 ordinary shares at a par value of Baht 100 each. The Company did not receive payment of Baht 72,218,175 for 722,182 ordinary shares held by a shareholder. Such unsettled amount has been recorded as "Share subscription receivable", which has been presented as a deduction item in owners' equity since the beginning.

In the year 2009, the Company decreased its issued and paid-up share capital for three times by ways of reducing a par value per share and combining 4 existing shares into 1 new share. These caused the issued and paid-up share capital to be decreased from Baht 2,200 million to Baht 34.375 million by decreasing the share capital of Baht 2,165.625 million and decreasing the share premium of Baht 172.33 million to offset against deficit of Baht 2,337.955 million. After such capital decreases, the Company's issued and paid-up share capital was Baht 34.375 million, consisting of 5,500,000 ordinary shares at a par value of Baht 6.25 each. The number of ordinary shares held by the shareholder, who still owes to the Company on the unsettled shares as mentioned above, is also reduced to 180,545 shares at a par value of Baht 6.25 each after such capital decreases whereby the outstanding unsettled balance from such shareholder still remains at Baht 72,218,175. Legal action was taken against this shareholder whereby the outcome of the case was finalised and the executing officer already seized the unsettled shares for further auction. The parent company won the bid and already paid for shares and the Company already received the amount. Therefore, the difference between the bid price and share subscription receivable was presented as share discount in owners' equity.

Reconciliations of the issued and paid-up share capital as described above are detailed as below.

Year	Description	Par value per share (Baht)	Number of shares (Shares)	Issued and paid- up share capital (Thousand Baht)	Share subscription receivable (Thousand Baht)
Year 2004		100	21,000,000	2,100,000	72,218
Year 2008	Issuance of additional ordinary shares	100	1,000,000	100,000	-
		100	22,000,000	2,200,000	72,218
No.1 - Year 2009	Decrease share capital by reduction of a par value per share		-	(1,650,000)	(54,163)
		25	22,000,000	550,000	18,055
No.2 - Year 2009	Decrease share capital by reduction of a par value per share		-	(412,500)	(13,541)
		6.25	22,000,000	137,500	4,514
No.3 - Year 2009	Decrease share capital by combining 4 existing shares into 1 new share		(16,500,000)	(103,125)	(3,386)
		6.25	5,500,000	34,375	1,128

On 26 June 2015, the Civil Court had a judgment to order F&V Alliance Company Limited to pay to the Company for a total of Baht 95,689,080 including interest determined until the suing date. However, according to the 2015 financial position information of F&V Alliance Company Limited, it showed a significant amount of liabilities and a capital deficit. It is therefore unable to pay to the Company according to the Court's judgement and entered into a compromise agreement with the Company allowing the Company to proceed for the capital decrease. As for the capital decrease process, the Company determined 2 approaches, that is to get an approval from the OIC to reduce the 3,626,571 registered and paid-up shares in the Shareholders Registrar or to sell these shares at auction through the Legal Execution Department.

On 27 April 2017, it was resolved in the 2017 Annual General Meeting of the Company's shareholders to approve the decrease in the registered share capital by 3,626,571 shares amounting to Baht 22,666,068.75 held by a shareholder, namely F&V Alliance Company Limited for the Share Certificate No. 1096644 to No. 4723214 because F&V Alliance Company Limited did not pay such shares.

On 30 May 2017, the Company sent the letter to the OIC requesting for approval of the capital decrease. However, the Company was informed that the OIC cannot approved such capital decrease due to the fact that the Life Insurance Act did not have any clauses specifying that the Registrar can approve the capital decrease due to such reason. Therefore, the Company will proceed to sell those shares through auction, another approach as approved in the Annual General Meeting of the Company's shareholders.

On 8 November 2017, the Company requested the executing officer to seize assets of F&V Alliance Company Limited to settle the balance according to the Court's judgement dated 26 June 2015.

On 7 March 2018, the executing officer sent a letter to the Company informing that they already seized the unsettled shares of the Company held by F&V Alliance Company Limited.

On 26 June 2019, the executing officer sold shares through auction. Phillip Life Company Limited, the parent company, won the bid at the price of Baht 13,420,000 and already placed the deposit of Baht 1,000,000 with the Bangkok Civil Litigation Office 2 whereby it is required to settle the price within 11 October 2019.

On 25 September 2019, Philip Life Company Limited, the parent company, made a payment for the remaining share price to the Bangkok Civil Litigation Office 2.

On 4 March 2020, the Company already received share price payment of Baht 13,420,000 from the Bangkok Civil Litigation Office 2. Therefore, the Company derecognised share subscription receivable totaling Baht 72,218,175 and the difference of Baht 58,798,175 from such settlement was presented as a share discount in owners' equity.

25. 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 income 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.

26. Net investment revenues

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2020	2019	2020	2019
Investment revenues:				
Interest income	303,344	275,444	303,336	275,425
Dividend income	104,112	99,803	104,112	99,803
Less: Investment expenses	(5,520)	(6,943)	(5,520)	(6,943)
Net investment revenues	<u>401,936</u>	<u>368,304</u>	<u>401,928</u>	<u>368,285</u>

27. Operating expenses

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2020	2019	2020	2019
Personnel expenses	199,994	210,926	199,994	210,926
Premises and equipment expenses	92,902	97,662	92,902	97,662
Taxes and duties	9,093	9,930	9,093	9,930
Bad debt and doubtful accounts (reversal)	12,661	(11,016)	12,661	(11,016)
Other operating expenses	69,718	86,898	69,653	86,837
Total operating expenses	384,368	394,400	384,303	394,339

28. Expected credit losses

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2020	2019	2020	2019
Cash and cash equivalents	6	-	3	-
Accrued investment income	4,144	-	4,144	-
Investments in securities	89,805	-	89,805	-
Loans and interest receivables	(9,872)	-	(9,872)	-
Total	84,083	-	84,080	-

29. Expenses by nature

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2020	2019	2020	2019
Reserves for long-term insurance				
contracts increased from prior year	1,086,786	1,274,458	1,086,786	1,274,458
Unexpired risk reserves increased				
from prior year	81,137	32,654	81,137	32,654
Benefit payments under life policies	1,728,751	928,532	1,728,751	928,645
Claims	601,287	391,481	601,287	391,481
Commission and brokerages expenses	793,101	595,756	792,682	595,722
Employee expenses	224,338	228,660	224,338	228,660
Other underwriting expenses	31,726	23,338	31,726	23,338
Premises and equipment expenses	96,889	101,046	96,889	101,046
Bad debt and doubtful accounts				
(reversal)	12,661	(11,016)	12,661	(11,016)
Finance costs	3,196	-	3,196	-
Expected credit losses	84,083	-	84,080	-
Others	51,190	75,814	51,125	75,640
Total expenses	<u>4,795,145</u>	<u>3,640,723</u>	<u>4,794,658</u>	<u>3,640,628</u>

30. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company contributes to the fund monthly at the rate of 5 - 10 percent of basic salary and employees contribute 5 - 15 percent of their basic salary. The fund, which is managed by CIMB-Principal Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the years ended 2020 and 2019, the Company contributed Baht 11.4 million and Baht 10.5 million, respectively, to the fund.

31. Components of other comprehensive income

(Unit: Thousand Baht)

	Consolidated and Separate financial statements					
	For the year ended 31 December 2020			For the year ended 31 December 2019		
	Amounts		Amounts	Amounts		Amounts
	before taxes	Tax expenses	net of taxes	before taxes	Tax expenses	net of taxes
Gains on valuation of available-for-sale investments measured at fair value through other comprehensive income	46,041	(9,208)	36,833	374,692	(74,939)	299,753
Actuarial losses	(5,286)	-	(5,286)	(4,266)	-	(4,266)
Total	40,755	(9,208)	31,547	370,426	(74,939)	295,487

32. Basic earnings per share

Loss per share is calculated by dividing net loss attributable to the Company's shareholders (excluding other comprehensive income (loss)) by the weighted average number of ordinary shares in issue during the years.

Loss per share for the years ended 31 December 2020 and 2019 were determined as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2020	2019	2020	2019
Net loss (Thousand Baht)	(1,124,487)	(1,213,090)	(1,124,488)	(1,213,090)
Weighted average number of ordinary shares (Thousand shares)	790,587	544,585	790,587	544,585
Basis earning per share				
Loss per share (Baht/share)	(1.42)	(2.23)	(1.42)	(2.23)

33. Related party transactions

33.1 Type of relationship

The relationship between the Company and its related parties, who have significant business transactions with the Company, are summarised below.

Name of related parties	Type of relationship
Phillip Life Company Limited	Parent company
Phillip Insurance Broker Company Limited	Subsidiary
Phillip Securities (Thailand) Public Company Limited	Having common directors
Key management personnel	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.

33.2 Significant business transactions with related parties

The Company had significant business transactions with its related parties. Such transactions, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those parties, were as follows:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements		Pricing policy
	For the years ended 31 December		
	2020	2019	
Related parties			
Income			
Premium written	354	193	Contract rates or agreed-upon rates
Expenses			
Securities management fee	3,007	5,424	Contract rates or agreed-upon rates
Commission expenses	3,072	1,592	Contract rates or agreed-upon rates

33.3 Outstanding balances with related parties

As at 31 December 2020 and 2019, the outstanding balances between the Company and its related parties were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 December		31 December	
	2020	2019	2020	2019
Subsidiary				
Assets				
Receivables from related parties	-	-	42	38
Related company				
Assets				
Premium receivables	26	193	26	193
Liabilities				
Accrued commission expenses	-	231	-	231
Accrued securities management fee	846	1,116	846	1,116

33.4 Directors' and key management's remunerations

The Company had employee benefit expenses incurred in relation to its directors and key management as below.

	(Unit: Thousand Baht)	
	Consolidated and Separate	
	financial statements	
	For the years ended 31 December	
	2020	2019
Short-term employee benefits	3,616	3,843
Long-term employee benefits	136	133
Total	3,752	3,976

34. Contributions to the Life Insurance Fund

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	For the years ended 31 December	
	2020	2019
Accumulated contributions at beginning of the years	14,506	12,158
Contributions during the years	3,532	2,348
Accumulated contributions at end of the years	18,038	14,506

35. Life insurance company's risk

The Company recognises the importance of risk management within the organization. Risk Management is an important tool in organisational management according to the Risk Management Policy. It is required under the Notification of the Office of Insurance Commission that the Company's Risk Management Policy must be identified and reviewed by the Risk Management Committee and approved by the Company's Board of Directors. The Company proceeds according to the Risk Management Process, which covers key risk area as follows:

35.1 Life insurance risk

Life insurance risk is a risk that is caused by the volatility of frequency, severity and timing of occurrence that is deviated from assumptions used in pricing, calculation of reserves and underwriting consideration.

The Company sets up standard underwriting guidelines standard for each product plan, age and gender for selection of life insurance target group, taking into consideration various factors such as mortality rates, persistency rates, and soon. The Company assesses the adequacy of insurance reserves and capital adequacy ratio to meet the regulatory requirements in order to be assured that the Company is able to accept the risks that may arise in the future.

In addition, the Company has reinsurance policies to diversify those risks to the reinsurers for huge damage or disaster events.

The sensitivity analysis on the insurance contract liabilities is a tool to help analysing impact from volatility of assumptions used in calculation of insurance contract liabilities both before and after reinsurance. The risks may be caused by the frequency and severity of damages and loss adjustment expenses are not as expected. As at 31 December 2020 and 2019, the Company performed sensitivity analysis on the insurance contract liabilities namely, long-term insurance policy reserves and loss reserves. The effects were presented as follows.

(a) The sensitivity analysis on long-term insurance policy reserves

(Unit: Thousand Baht)

Consolidated and Separate financial statements						
31 December 2020						
		Increase (decrease) in long-term insurance policy reserves - both			Increase (decrease) in long-term insurance policy reserves - both	
Assumptions	increase	gross and net of reinsurance	Increase (decrease) in owners' equity	Assumptions	gross and net of reinsurance	Increase (decrease) in owners' equity
				decrease		
Mortality rate	+ 15%	80,446	(80,446)	- 15%	(84,488)	84,488
Lapse rate	+ 20%	(214,267)	214,267	- 20%	269,454	(269,454)
Discount rate	+ 0.5%	(792,052)	792,052	- 0.5%	909,811	(909,811)
Related expenses	+ 5%	68,721	(68,721)	- 5%	(68,721)	68,721

(Unit: Thousand Baht)

Consolidated and Separate financial statements						
31 December 2019						
		Increase (decrease) in long-term insurance reserves - both			Increase (decrease) in long-term insurance reserves - both	
Assumptions	increase	gross and net of reinsurance	Increase (decrease) in owners' equity	Assumptions	gross and net of reinsurance	Increase (decrease) in owners' equity
				decrease		
Mortality rate	+ 15%	68,661	(68,661)	- 15%	(72,348)	72,348
Lapse rate	+ 20%	(167,107)	167,107	- 20%	200,704	(200,704)
Discount rate	+ 0.5%	(614,912)	614,912	- 0.5%	696,241	(696,241)
Related expenses	+ 5%	58,874	(58,874)	- 5%	(58,874)	58,874

(b) The sensitivity analysis on loss reserves

(Unit: Thousand Baht)

Consolidated and Separate financial statements						
	31 December 2020			31 December 2019		
	Increase (decrease) in loss reserves before reinsurance	Increase (decrease) in loss reserves after reinsurance	Increase (decrease) in owners' equity	Increase (decrease) in loss reserves before reinsurance	Increase (decrease) in loss reserves after reinsurance	Increase (decrease) in owners' equity
Loss Development Factor (LDF)						
+ 10%	270,799	215,148	(215,148)	106,667	106,667	(106,667)
- 10%	(34,420)	(26,156)	26,156	(7,716)	(7,716)	7,716

35.2 Concentrations of life insurance risk

The Company manages concentration risk by distributing a variety of life insurance products in order to meet customers' needs of each customer segment. Circumstances that may affect the concentration of its products include:

1. Changes in market interest rate and the significant down trend of interests rates on deposits may have a negative impact on the Company's endowment and whole-life products.
2. Changes in mortality rate, which has an upward trend of average longevity age, may have a negative impact on the Company's pension products.

As at 31 December 2020 and 2019, concentration risk on insurance contract liabilities, classified by types of insurance products, were shown below.

(Unit: Thousand Baht)

	Consolidated and Separate financial statements					
	31 December 2020			31 December 2019		
	Gross long-term insurance reserves	Reinsurance	Net long-term insurance reserves	Gross long-term insurance reserves	Reinsurance	Net long-term insurance reserves
Endowment	5,211,688	-	5,211,688	4,757,585	-	4,757,585
Whole life	3,629,257	-	3,629,257	3,214,566	-	3,214,566
Term insurance & mortgage	8,888	-	8,888	8,986	-	8,986
Annuity	121,502	-	121,502	59,125	-	59,125
Reduce paid-up	338,820	-	338,820	324,452	-	324,452
Extended term insurance	182,310	-	182,310	169,963	-	169,963
Long term rider	274,290	-	274,290	145,292	-	145,292
Total	9,766,755	-	9,766,755	8,679,969	-	8,679,969

(Unit: Thousand Baht)

	Consolidated and Separate financial statements					
	31 December 2020			31 December 2019		
	Gross loss reserves	Reinsurance	Net loss reserves	Gross loss reserves	Reinsurance	Net loss reserves
Personal accident	2,054	(41)	2,013	2,059	-	2,059
Accidental rider	4,708	(780)	3,928	2,917	-	2,917
Critical illness rider	571	-	571	911	-	911
Health rider	247,810	(34)	247,776	84,471	-	84,471
Group insurance	160,847	(69,652)	91,195	100,485	-	100,485
Total	415,990	(70,507)	345,483	190,843	-	190,843

35.3 Insurance contract assets and liabilities

As at 31 December 2020 and 2019, insurance contract assets and liabilities, classified by remaining maturity periods as from the reporting dates, were summarised below:

(Unit: Thousand Baht)

Consolidated and Separate financial statements				
31 December 2020				
	Within 1 year	1 - 5 years	Over 5 years	Total
<u>Insurance contract assets</u>				
Premium receivables - net	165,703	-	-	165,703
Reinsurance assets				
Loss reserves	66,982	3,525	-	70,507
Reinsurance receivables	128,988	-	-	128,988
<u>Insurance contract liabilities</u>				
Insurance contract liabilities				
Long-term insurance policy reserves ⁽¹⁾	112,727	1,521,510	13,041,009	14,675,246
Loss reserves	395,191	20,799	-	415,990
Reinsurance payables	165,843	-	-	165,843

⁽¹⁾ Estimated timing of the net undiscounted cash outflows

(Unit: Thousand Baht)

Consolidated and Separate financial statements				
31 December 2019				
	Within 1 year	1 - 5 years	Over 5 years	Total
<u>Insurance contract assets</u>				
Premium receivables - net	130,946	-	-	130,946
Reinsurance receivables	899	-	-	899
<u>Insurance contract liabilities</u>				
Insurance contract liabilities				
Long-term insurance policy reserves ⁽¹⁾	96,055	1,681,317	11,196,312	12,973,684
Loss reserves	181,301	9,542	-	190,843
Reinsurance payables	5,844	-	-	5,844

⁽¹⁾ Estimated timing of the net undiscounted cash outflows

36. Financial risk management

36.1 Credit risk

Credit risk occurs when the counter party is unable to honor an agreement made with the company including a chance that the credit rating of the counter party may be adjusted credit down. The Group's maximum exposure to credit risk is limited to the book value less allowance for impairment as presented in the statements of financial position.

Key areas that the Group is exposed to credit risk are cash positions, premium receivables, policy loans, mortgaged loans and investments in debt securities. The Group expects no risk on policy loans since the sum that the Group has lent to the insured parties is less than the cash values of their policies with the Group.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all policyholders, borrowers and debt securities on an ongoing basis. The Group applies general approach in calculating expected credit losses on its financial assets, such as deposits at financial institutions, investments in debt instruments measured at amortised cost, investments in debt instruments measured at fair value through other comprehensive income, loans and interest receivables.

The Group classifies financial assets into three groups in order to measure the expected credit loss, with the classification of the financial assets determined on the basis of the change in credit quality since the initial transaction date, as follows:

Group 1 - Financial assets with no significant increase in credit risk (Performing)

For financial assets with no significant increase in credit risk since the initial recognition date, the Group recognised allowance for expected credit losses at an amount equal to 12-month expected credit losses. For financial assets with maturity of less than 12 months, the Group uses remaining terms of the contract.

Group 2 - Financial assets with significant increase in credit risk

For financial assets with significant increase in credit risk since the initial recognition date but there are no credit-impaired, the Group recognises the expected credit losses at an amount equal to expected credit losses over the expected lifetime of the financial instrument.

Group 3 - Financial assets that are credit-impaired (Non-performing)

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset occur. The Group recognises the expected credit losses at the amount equal to expected credit losses over the expected lifetime of the financial assets.

At the end of each reporting period, the Group assesses whether the credit risk of financial assets has increased significant since the initial recognition date, by comparing the risk of expected default on the financial assets as at reporting date with the risk of default as at the initial recognition date. The Group may use internal quantitative or qualitative bases and forward-looking information as a basis for assessing a decrease in credit quality, such as debtors overdue for more than 30 days that may be conducted individually or collectively for groups of financial assets.

In subsequent period, if the credit quality of financial assets improves and it is assessed that there is no longer significant increase in credit risk from the initial recognition date that was assessed in the previous period, the Group will changes from recognising expected credit losses over the expected lifetime to recognising the 12-months expected credit losses.

Expected credit losses is the probability-weighted estimated of expected credit losses over the lifetime of a financial instrument, taking into account the present value of all cash flows that are expected not to be recoverable. This is determined with reference to historical loss experience data grouped by asset on the basis of shared credit risk characteristics, as well as forward-looking information that is supportable and reasonable, provided it can be shown to be statistically related. It also involves the appropriate exercise of judgement to estimate the amount of expected credit loss, using current macroeconomic data.

The information relating to credit quality of financial assets were as below:

(Unit: Thousand Baht)

Consolidated financial statements				
31 December 2020				
	Stage 1 - Financial assets without a significant increase in credit risk	Stage 2 - Financial assets with a significant increase in credit risk	Stage 3 - Credit- impaired financial assets	Total
Cash and cash equivalents				
Investment grade	357,054	-	-	357,054
Less: Allowance for expected credit losses	(179)	-	-	(179)
Net book value	356,875	-	-	356,875
Accrued investment income				
Investment grade	44,675	-	-	44,675
Non-investment grade	-	245	4,137	4,382
Total	44,675	245	4,137	49,057
Less: Allowance for expected credit losses	(57)	(17)	(4,137)	(4,211)
Net book value	44,618	228	-	44,846
Available-for-sale investments measured at fair value through other comprehensive income				
Investment grade	5,483,212	-	-	5,483,212
Non-investment grade	-	22,454	80,410	102,864
Total fair value	5,483,212	22,454	80,410	5,586,076
Allowance for expected credit losses	(2,720)	(793)	(89,590)	(93,103)
Held-to-maturity investments measured at amortised cost				
Investment grade	10,000	-	-	10,000
Less: Allowance for expected credit losses	-	-	-	-
Net book value	10,000	-	-	10,000
Loans and interest receivables ⁽¹⁾				
Not yet due	333,866	-	-	333,866
Overdue 1 - 30 days	1,534	-	-	1,534
Overdue 31 - 60 days	-	10,562	-	10,562
Overdue 61 - 90 days	-	-	16,583	16,583
Over 90 days	-	-	503,107	503,107
Total	335,400	10,562	519,690	865,652
Less: Allowance for expected credit losses	(4,675)	(3,540)	(239,527)	(247,742)
Net book value	330,725	7,022	280,163	617,910

⁽¹⁾ Excluded policy loans

(Unit: Thousand Baht)

Separate financial statements				
31 December 2020				
	Stage 1 - Financial assets without a significant increase in credit risk	Stage 2 - Financial assets with a significant increase in credit risk	Stage 3 - Credit- impaired financial assets	Total
Cash and cash equivalents				
Investment grade	352,060	-	-	352,060
Less: Allowance for expected credit losses	(176)	-	-	(176)
Net book value	351,884	-	-	351,884
Accrued investment income				
Investment grade	44,675	-	-	44,675
Non-investment grade	-	245	4,137	4,382
Total	44,675	245	4,137	49,057
Less: Allowance for expected credit losses	(57)	(17)	(4,137)	(4,211)
Net book value	44,618	228	-	44,846
Available-for-sale investments measured at fair value through other comprehensive income				
Investment grade	5,483,212	-	-	5,483,212
Non-investment grade	-	22,454	80,410	102,864
Total fair value	5,483,212	22,454	80,410	5,586,076
Allowance for expected credit losses	(2,720)	(793)	(89,590)	(93,103)
Held-to-maturity investments measured at amortised cost				
Investment grade	10,000	-	-	10,000
Less: Allowance for expected credit losses	-	-	-	-
Net book value	10,000	-	-	10,000
Loans and interest receivables ⁽¹⁾				
Not yet due	333,866	-	-	333,866
Overdue 1 - 30 days	1,534	-	-	1,534
Overdue 31 - 60 days	-	10,562	-	10,562
Overdue 61 - 90 days	-	-	16,583	16,583
Over 90 days	-	-	503,107	503,107
Total	335,400	10,562	519,690	865,652
Less: Allowance for expected credit losses	(4,675)	(3,540)	(239,527)	(247,742)
Net book value	330,725	7,022	280,163	617,910

⁽¹⁾ Excluded policy loans

The above table showed the maximum exposure to credit risk for financial assets. The maximum exposure was shown in gross carrying amounts before collateral or any activities that could mitigate credit risk.

For financial assets recognised in the statement of financial position, the maximum exposure to credit risk equals their gross carrying amounts net of allowance for expected credit losses.

The significant movements in allowance for expected credit losses were stated below:

(Unit: Thousand Baht)

	Consolidated financial statements			Total
	For the year ended 31 December 2020			
	Stage 1 - Financial assets without a significant increase in credit risk	Stage 2 - Financial assets with a significant increase in credit risk	Stage 3 - Credit- impaired financial assets	
Cash and cash equivalents				
Beginning balance	173	-	-	173
Change due to remeasurement of allowance for expected credit losses	6	-	-	6
Ending balance	179	-	-	179
Accrued investment income				
Beginning balance	67	-	-	67
Change due to restaging	(11)	8	3	-
Change due to remeasurement of allowance for expected credit losses	5	9	4,134	4,148
Amounts written off	(4)	-	-	(4)
Ending balance	57	17	4,137	4,211
Available-for-sale investments measured at fair value through other comprehensive income				
Beginning balance	3,298	-	-	3,298
Change due to restaging	(560)	416	144	-
Change due to remeasurement of allowance for expected credit losses	167	377	89,446	89,990
Amounts written off	(185)	-	-	(185)
Ending balance	2,720	793	89,590	93,103
Loans and interest receivables ⁽¹⁾				
Beginning balance	1,310	99	256,205	257,614
Change due to restaging	(500)	53	447	-
Change due to remeasurement of allowance for expected credit losses	(37)	3,388	5,210	8,561
Newly purchased or acquired financial assets	3,931	-	-	3,931
Amounts written off	(29)	-	(22,335)	(22,364)
Ending balance	4,675	3,540	239,527	247,742

⁽¹⁾ Excluded policy loans

(Unit: Thousand Baht)

	Separate financial statements			
	For the year ended 31 December 2020			
	Stage 1 - Financial assets without a significant increase in credit risk	Stage 2 - Financial assets with a significant increase in credit risk	Stage 3 - Credit- impaired financial assets	Total
Cash and cash equivalents				
Beginning balance	173	-	-	173
Change due to remeasurement of allowance for expected credit losses	3	-	-	3
Ending balance	176	-	-	176
Accrued investment income				
Beginning balance	67	-	-	67
Change due to restaging	(11)	8	3	-
Change due to remeasurement of allowance for expected credit losses	5	9	4,134	4,148
Amounts written off	(4)	-	-	(4)
Ending balance	57	17	4,137	4,211
Available-for-sale investments measured at fair value through other comprehensive income				
Beginning balance	3,298	-	-	3,298
Change due to restaging	(560)	416	144	-
Change due to remeasurement of allowance for expected credit losses	167	377	89,446	89,990
Amounts written off	(185)	-	-	(185)
Ending balance	2,720	793	89,590	93,103
Loans and interest receivables ⁽¹⁾				
Beginning balance	1,310	99	256,205	257,614
Change due to restaging	(500)	53	447	-
Change due to remeasurement of allowance for expected credit losses	(37)	3,388	5,210	8,561
Newly purchased or acquired financial assets	3,931	-	-	3,931
Amounts written off	(29)	-	(22,335)	(22,364)
Ending balance	4,675	3,540	239,527	247,742

⁽¹⁾ Excluded policy loans

36.2 Interest rate risk

Interest rate risk means the risk that occurs from the fluctuations in interest rates due to changes in market interest rates.

The Company manages this risk by performing sensitivity test in the condition of market interest rate's changing to show the impact on the changing in Capital Adequacy Ratio under the changing in market interest rate and will find out the solution to control that impact.

The Company's exposure to interest rate risk relates primarily to its deposits at financial institutions, accrued investment income, investments in securities, loans and interest receivables and lease liabilities.

As at 31 December 2020 and 2019, significant financial assets classified by type of interest rates are summarised in the table below, with those 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.

(Unit: Thousand Baht)

Consolidated financial statements							
31 December 2020							
Fixed interest rates							
Remaining periods to repricing dates or maturity							
dates			Floating interest rate	No interest	Total	Interest rate (% p.a.)	
Within 1 year	1 - 5 years	Over 5 years					
Financial Assets							
Cash and cash equivalents	-	-	-	356,132	743	356,875	0.05 - 0.42
Accrued investment income	-	-	-	-	44,846	44,846	-
Investments in securities							
Government and state							
enterprise securities	173,563	696,112	1,366,579	-	-	2,236,254	1.54 - 4.54
Private sector debt securities	307,525	952,248	2,090,049	-	-	3,349,822	3.68 - 5.25
Domestic common stocks	-	-	-	-	304,166	304,166	-
Foreign common stocks	-	-	-	-	1,604,032	1,604,032	-
Domestic unit trusts	-	-	-	-	3,626,451	3,626,451	-
Foreign unit trusts	-	-	-	-	603,289	603,289	-
Deposits at financial institutions which							
matured over 3 months	10,000	-	-	-	-	10,000	1.70
Policy loans and interest							
receivables	573,548	-	-	-	-	573,548	4.75 - 8.00
Mortgage loans, other loans							
and interest receivables	520,685 ⁽¹⁾	52,421	10,414	34,390	-	617,910	5.00 - 19.00
Financial Liabilities							
Lease liabilities	28,383	44,486	-	-	-	72,869	3.36 - 4.00

⁽¹⁾ Included credit-impaired loans and interest receivables of Baht 246 million

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	Fixed interest rates			Floating interest rate	No interest	Total	Interest rate (% p.a.)
	Remaining periods to repricing dates or maturity dates						
	Within 1 year	1 - 5 years	Over 5 years				
Financial Assets							
Cash and cash equivalents	-	-	-	364,717	1,046	365,763	0.05 - 0.48
Accrued investment income	-	-	-	-	73,595	73,595	-
Investments in securities							
Government and state enterprise securities	61,656	697,649	1,710,467	-	-	2,469,772	1.54 - 4.98
Private sector debt securities	203,853	1,278,083	2,138,678	-	-	3,620,614	3.68 - 5.25
Domestic common stocks	-	-	-	-	556,839	556,839	-
Foreign common stocks	-	-	-	-	371,466	371,466	-
Domestic unit trusts	-	-	-	-	2,970,757	2,970,757	-
Foreign unit trusts	-	-	-	-	160,271	160,271	-
Policy loans	517,398	-	-	-	-	517,398	4.75 - 8.00
Mortgage loans and other loans	51,177	173,896	67,464	15,596	206,642 ⁽¹⁾	514,775	6.00 - 19.00

⁽¹⁾ Non-performing loans

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31 December 2020

	Fixed interest rates			Floating interest rate	No interest	Total	Interest rate (% p.a.)
	Remaining periods to repricing dates or maturity dates						
	Within 1 year	1 - 5 years	Over 5 years				
Financial Assets							
Cash and cash equivalents	-	-	-	351,141	743	351,884	0.05 - 0.42
Accrued investment income	-	-	-	-	44,846	44,846	-
Investments in securities							
Government and state							
enterprise securities	173,563	696,112	1,366,579	-	-	2,236,254	1.54 - 4.54
Private sector debt							
securities	307,525	952,248	2,090,049	-	-	3,349,822	3.68 - 5.25
Private sector debt securities	-	-	-	-	304,166	304,166	-
Domestic common stocks	-	-	-	-	1,604,032	1,604,032	-
Foreign common stocks	-	-	-	-	3,626,451	3,626,451	-
Domestic unit trusts	-	-	-	-	603,289	603,289	-
Deposits at financial institutions which							
matured over 3 months	10,000	-	-	-	-	10,000	1.70
Policy loans and interest							
receivables	573,548	-	-	-	-	573,548	4.75 - 8.00
Mortgage loans, other loans							
and interest receivables	520,685 ⁽¹⁾	52,421	10,414	34,390	-	617,910	5.00 - 19.00
Financial Liabilities							
Lease liabilities	28,383	44,486	-	-	-	72,869	3.36 - 4.00

⁽¹⁾ Included credit-impaired loans and interest receivables of Baht 246 million

(Unit: Thousand Baht)

Separate financial statements							
31 December 2019							
Fixed interest rates							
Remaining periods to repricing dates or maturity dates							
	Within			Floating	No	Total	Interest rate (% p.a.)
	1 year	1 - 5 years	Over 5 years	interest rate	interest		
Financial Assets							
Cash and cash equivalents	-	-	-	359,575	1,046	360,621	0.05 - 0.48
Accrued investment income	-	-	-	-	73,595	73,595	-
Investments in securities							
Government and state							
enterprise securities	61,656	697,649	1,710,467	-	-	2,469,772	1.54 - 4.98
Private sector debt							
securities	203,853	1,278,083	2,138,678	-	-	3,620,614	3.68 - 5.25
Domestic common stocks	-	-	-	-	556,839	556,839	-
Foreign common stocks	-	-	-	-	371,466	371,466	-
Domestic unit trusts	-	-	-	-	2,970,757	2,970,757	-
Foreign unit trusts	-	-	-	-	160,271	160,271	-
Policy loans	517,398	-	-	-	-	517,398	4.75 - 8.00
Mortgage loans and other loans	51,177	173,896	67,464	15,596	206,642 ⁽¹⁾	514,775	6.00 - 19.00

⁽¹⁾ Non-performing loans

The changes in interest rates affected on the Company's profit and loss and owners' equity as at 31 December 2020 were summarised below:

Consolidated and Separate financial statements			
	Increase (decrease)	Loss before income tax increased (decreased)	Owners' equity increased (decreased)
	(%)	(Thousand Baht)	(Thousand Baht)
Investments in debt instruments	+ 0.5	-	(164,104)
Investments in debt instruments	- 0.5	-	172,716
Loans and interest receivables	+ 0.5	207	(207)
Loans and interest receivables	- 0.5	(207)	207

The above analysis has been prepared assuming that the amounts of the floating rate of investments in debt instruments and loans and all other variables remain constant. As a result, a change in interest rates affects fair value of investments in debt instruments and interest received on loans from the sensitivity calculation.

36.3 Liquidity risk

Liquidity risk is the risk that the Group will be unable to liquidate financial assets and/or procure sufficient funds to discharge obligations in a timely manner or able to make payment at a cost higher than acceptable level, resulting in a financial loss. The Group manages liquidity risk by maintaining a level of cash and cash equivalents appropriate to their operations to reduce the effects of fluctuations in cash flows.

In addition, the Group prepares risk monitoring reports on Key Risk Indicators (KRIs) and Capital Adequacy Ratio required by regulation.

(Unit: Thousand Baht)

Consolidated financial statements							
Outstanding balances of financial instruments as at 31 December 2020							
	At call	Less than 6 months	6 months - 1 year	1 - 3 years	Over 3 years	Unspecified	Total
<u>Financial Assets</u>							
Cash and cash equivalents	356,875	-	-	-	-	-	356,875
Accrued investment income	-	44,846	-	-	-	-	44,846
Investments in securities							
Government and state							
enterprise securities	-	30,437	143,126	329,692	1,732,999	-	2,236,254
Private sector debt							
securities	-	307,525	-	636,627	2,405,670	-	3,349,822
Domestic common stocks	297,610	-	-	-	-	6,556	304,166
Foreign common stocks	1,604,032	-	-	-	-	-	1,604,032
Domestic unit trusts	3,626,451	-	-	-	-	-	3,626,451
Foreign unit trusts	603,289	-	-	-	-	-	603,289
Deposits at financial							
institutions which							
matured over 3 months	-	10,000	-	-	-	-	10,000
Policy loans and interest							
receivables	573,548	-	-	-	-	-	573,548
Mortgage loans, other							
loans and interest							
receivables	244,092	8,265	274,365	35,850	55,338	-	617,910
<u>Financial Liabilities</u>							
Lease liabilities	-	13,536	17,174	46,003	-	-	76,713

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Outstanding balances of financial instruments as at 31 December 2019

	At call	Less than 6 months	6 months - 1 year	1 - 3 years	Over 3 years	Unspecified	Total
Financial Assets							
Cash and cash equivalents	365,763	-	-	-	-	-	365,763
Accrued investment income	-	73,595	-	-	-	-	73,595
Investments in securities							
Government and state enterprise securities	-	-	61,656	275,139	2,132,977	-	2,469,772
Private enterprise debt securities	-	30,210	173,643	590,863	2,825,898	-	3,620,614
Domestic common stocks	553,572	-	-	-	-	3,267	556,839
Foreign common stocks	371,466	-	-	-	-	-	371,466
Domestic unit trusts	2,970,757	-	-	-	-	-	2,970,757
Foreign unit trusts	160,271	-	-	-	-	-	160,271
Policy loans	517,398	-	-	-	-	-	517,398
Mortgage loans and other loans	303,285	90	4,442	71,938	135,020	-	514,775

(Unit: Thousand Baht)

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Outstanding balances of financial instruments as at 31 December 2020

	At call	Less than 6 months	6 months - 1 year	1 - 3 years	Over 3 years	Unspecified	Total
Financial Assets							
Cash and cash equivalents	351,884	-	-	-	-	-	351,884
Accrued investment income	-	44,846	-	-	-	-	44,846
Investments in securities							
Government and state enterprise securities	-	30,437	143,126	329,692	1,732,999	-	2,236,254
Private sector debt securities	-	307,525	-	636,627	2,405,670	-	3,349,822
Domestic common stocks	297,610	-	-	-	-	6,556	304,166
Foreign common stocks	1,604,032	-	-	-	-	-	1,604,032
Domestic unit trusts	3,626,451	-	-	-	-	-	3,626,451
Foreign unit trusts	603,289	-	-	-	-	-	603,289
Deposits at financial institutions which matured over 3 months	-	10,000	-	-	-	-	10,000
Policy loans and interest receivables	573,548	-	-	-	-	-	573,548
Mortgage loans, other loans and interest receivables	244,092	8,265	274,365	35,850	55,338	-	617,910
Financial Liabilities							
Lease liabilities	-	13,536	17,174	46,003	-	-	76,713

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Outstanding balances of financial instruments as at 31 December 2019

	At call	Less than 6 months -				Unspecified	Total
		6 months	1 year	1 - 3 years	Over 3 years		
Financial Assets							
Cash and cash equivalents	360,621	-	-	-	-	-	360,621
Accrued investment income	-	73,595	-	-	-	-	73,595
investments in securities							
Government and state							
enterprise securities	-	-	61,656	275,139	2,132,977	-	2,469,772
Private sector debt							
securities	-	30,210	173,643	590,863	2,825,898	-	3,620,614
Domestic common stocks	553,572	-	-	-	-	3,267	556,839
Foreign common stocks	371,466	-	-	-	-	-	371,466
Domestic unit trusts	2,970,757	-	-	-	-	-	2,970,757
Foreign unit trusts	160,271	-	-	-	-	-	160,271
Policy loans	517,398	-	-	-	-	-	517,398
Mortgage loans and other loans	303,285	90	4,442	71,938	135,020	-	514,775

36.4 Foreign currency risk

The Group's significant exposures to foreign currency risk are in respect of its investments in equity securities and unit trusts, which are denominated in foreign currencies.

As at 31 December 2020 and 2019, the balances of financial assets denominated in foreign currencies, which were not hedged for foreign exchange risk, were summarised below.

Consolidated and Separate financial statements

31 December 2020

	Foreign currency	Cost		Fair value		Exchange rate (Baht per unit)
		(Thousand units)	(Thousand Baht)	(Thousand units)	(Thousand Baht)	
Trading investments						
measured at fair value						
through profit or loss						
Unit trusts	Singapore dollar	14,194	322,880	14,205	317,806	22.37
Unit trusts	US dollar	1,797	53,855	1,807	53,972	29.87
Available-for-sales						
investments measured at						
fair value through other						
comprehensive income						
Common stocks	Singapore dollar	38,645	916,662	47,930	1,072,313	22.37
Common stocks	Japanese yen	836,141	254,001	1,241,735	356,224	28.69
Common stocks	HK dollar	34,646	136,332	37,252	142,806	3.83
Common stocks	US dollar	1,105	33,422	1,094	32,689	29.87
Unit trusts	Singapore dollar	7,698	183,387	8,599	192,385	22.37
Unit trusts	US dollar	1,200	37,518	1,310	39,126	29.87

Consolidated and Separate financial statements

31 December 2019

	Foreign currency	Cost		Fair value		Exchange rate (Baht per unit)
		(Thousand units)	(Thousand Baht)	(Thousand units)	(Thousand Baht)	
Trading investments						
measured at fair value						
through profit or loss						
Unit trusts	Singapore dollar	2,481	54,711	2,482	54,737	22.06
Available-for-sales						
investments measured at						
fair value through other						
comprehensive income						
Common stocks	Singapore dollar	16,767	433,937	21,627	477,000	22.06

36.5 Fair values of financial instruments

As at 31 December 2020 and 2019, the Group had financial assets and liabilities that were measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	Consolidated financial statements				
	31 December 2020				
	Fair value				Carrying value
	Level 1	Level 2	Level 3	Total	
Financial assets measured at fair values					
Trading investments measured at fair value through profit or loss					
Domestic unit trusts	-	2,888,774	-	2,888,774	2,888,774
Foreign unit trusts	-	371,778	-	371,778	371,778
Available-for-sale investments measured at fair value through other comprehensive income					
Government and state enterprise securities	-	2,236,254	-	2,236,254	2,236,254
Private sector debt securities	-	3,246,958	102,864	3,349,822	3,349,822
Domestic common stocks	297,610	-	6,556	304,166	304,166
Foreign common stocks	1,604,032	-	-	1,604,032	1,604,032
Domestic unit trusts	737,677	-	-	737,677	737,677
Foreign unit trusts	231,511	-	-	231,511	231,511
Financial assets for which fair values were disclosed					
Cash and cash equivalents	356,875	-	-	356,875	356,875
Accrued investment income	-	44,846	-	44,846	44,846
Held-to-maturity investments measured at amortised cost					
Deposits at financial institutions with maturity periods of longer than 3 months					
	-	10,000	-	10,000	10,000
Policy loans and interest receivables	-	-	667,558	667,558	573,548
Mortgage loans, other loans and interest receivables	-	-	796,540	796,540	617,910
Financial liabilities for which fair values were disclosed					
Lease liabilities	-	-	72,869	72,869	72,869

(Unit: Thousand Baht)

Consolidated financial statements					
31 December 2019					
	Fair value			Carrying value	
	Level 1	Level 2	Level 3		Total
Financial assets measured at fair values					
Trading investments measured at fair value through profit or loss					
Domestic unit trusts	-	2,163,598	-	2,163,598	2,163,598
Foreign unit trusts	-	54,737	-	54,737	54,737
Available-for-sale investments measured at fair value through other comprehensive income					
Government and state enterprise securities	-	2,469,772	-	2,469,772	2,469,772
Private sector debt securities	-	3,620,614	-	3,620,614	3,620,614
Domestic common stocks	553,572	-	-	553,572	553,572
Foreign common stocks	371,466	-	-	371,466	371,466
Domestic unit trusts	807,159	-	-	807,159	807,159
Foreign unit trusts	105,534	-	-	105,534	105,534
Financial assets for which fair values were disclosed					
Cash and cash equivalents	365,763	-	-	365,763	365,763
Accrued investment income	-	73,595	-	73,595	73,595
General investment	-	-	6,410	6,410	3,267
Policy loans	-	-	605,183	605,183	517,398
Mortgaged loans and other loans	-	-	626,573	626,573	514,775

(Unit: Thousand Baht)

Separate financial statements					
31 December 2020					
	Fair value				Carrying value
	Level 1	Level 2	Level 3	Total	
Financial assets measured at fair values					
Trading investments measured at fair value fair value through profit or loss					
Domestic unit trusts	-	2,888,774	-	2,888,774	2,888,774
Foreign unit trusts	-	371,778	-	371,778	371,778
Available-for-sale investments measured at fair value through other comprehensive income					
Government and state enterprise securities	-	2,236,254	-	2,236,254	2,236,254
Private sector debt securities	-	3,246,958	102,864	3,349,822	3,349,822
Domestic common stocks	297,610	-	6,556	304,166	304,166
Foreign common stocks	1,604,032	-	-	1,604,032	1,604,032
Domestic unit trusts	737,677	-	-	737,677	737,677
Foreign unit trusts	231,511	-	-	231,511	231,511
Financial assets for which fair values were disclosed					
Cash and cash equivalents	351,884	-	-	351,884	351,884
Accrued investment income	-	44,846	-	44,846	44,846
Held-to-maturity investments measured at amortised cost					
Deposits at financial institutions with maturity periods of longer than 3 months	-	10,000	-	10,000	10,000
Policy loans and interest receivables	-	-	667,558	667,558	573,548
Mortgage loans, other loans and interest receivables	-	-	796,540	796,540	617,910
Financial liabilities for which fair values were disclosed					
Lease liabilities	-	-	72,869	72,869	72,869

(Unit: Thousand Baht)

	Separate financial statements				Carrying value
	31 December 2019				
	Fair value			Total	
Level 1	Level 2	Level 3			
Financial assets measured at fair values					
Trading investments measured at fair value through profit or loss					
Domestic unit trusts	-	2,163,598	-	2,163,598	2,163,598
Foreign unit trusts	-	54,737	-	54,737	54,737
Available-for-sale investments measured at fair value through other comprehensive income					
Government and state enterprise securities	-	2,469,772	-	2,469,772	2,469,772
Private sector debt securities	-	3,620,614	-	3,620,614	3,620,614
Domestic common stocks	553,572	-	-	553,572	553,572
Foreign common stocks	371,466	-	-	371,466	371,466
Domestic unit trusts	807,159	-	-	807,159	807,159
Foreign unit trusts	105,534	-	-	105,534	105,534
Financial assets for which fair values were disclosed					
Cash and cash equivalents	360,621	-	-	360,621	360,621
Accrued investment income	-	73,595	-	73,595	73,595
General investment	-	-	6,410	6,410	3,267
Policy loans	-	-	605,183	605,183	517,398
Mortgaged loans and other loans	-	-	626,573	626,573	514,775

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

- (a) The fair values of financial assets having short-term maturity, which are cash and cash equivalent, short-term deposits at financial institutes and accrued investment income, are estimated to approximate their carrying values.
- (b) Investments in debts securities are determined for fair values using the yield curve as announced by the Thai Bond Market Association.
- (c) Investment in equity securities are determined for fair values according to market prices or using the net asset value per unit as announced by the fund managers. In case of non-marketable equity securities, the fair value is generally determined using generally accepted pricing model or approximated to their net book values if the fair value cannot be reliably estimated.

- (d) The fair value of policy loans is estimated from the present value of cash flows discounted by zero coupon bonds.
- (e) The fair value of mortgaged loans is estimated from the present value of cash flows discounted by an average retail lending rates of 5 commercial banks.
- (f) The fair value of lease liabilities is approximated to their carrying values due to carrying an approximate market rate.

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

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

	(Unit: Thousand Baht)
	Consolidated and Separate financial statements
	Equity instruments
Balance as of 1 January 2020	6,410
Net gain recognised in other comprehensive income	146
Balance as of 31 December 2020	6,556

37. Capital management

The primary objectives of the Group's capital management are to ensure that they have appropriate financial structure to preserve the Group's ability to continue their businesses as a going concern and to maintain capital in accordance with Declarations of the Office of Insurance Commission.

38. Events after the reporting period

On 25 January 2021, the Meeting No. 1/2021 of the Company's Board of Directors resolved to approve the issuance of the Company's additional 48 million ordinary shares at a par value of Baht 6.25 each, or a total of Baht 300 million to existing shareholders at the ratio of 1 existing share to 0.0527763 new ordinary shares for the purpose of meeting the Capital Adequacy Requirement as required by the Office of Insurance Commission. On 11 February 2021, the Company received payments for such additional ordinary shares and registered the issued and paid-up share capital with the Ministry of Commerce on 22 February 2021.

39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of directors on 22 March 2021.