

Phillip Life Assurance Public Company Limited
and its subsidiary
Report and financial statements
For the year ended 31 December 2022

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 2022, 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 2022, 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 including Independence Standards issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.



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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.



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- 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: 28 March 2023

Phillip Life Assurance Public Company Limited and its subsidiary

Statements of financial position

As at 31 December 2022 and 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
Assets					
Cash and cash equivalents	5	362,600,596	516,913,634	356,558,603	511,089,117
Premium receivables	6	174,168,957	195,792,416	174,168,957	195,792,416
Accrued investment income		36,068,706	36,674,205	36,068,706	36,674,205
Reinsurance assets	7	10,504,865	8,601,145	10,504,865	8,601,145
Reinsurance receivables	8	2,112,500	5,911,231	2,112,500	5,911,231
Investment assets					
Investments in securities	9	12,369,312,767	12,679,539,156	12,369,312,767	12,679,539,156
Loans and interest receivables	10	764,104,735	901,559,801	764,104,735	901,559,801
Investments in a subsidiary	11	-	-	5,851,408	5,196,601
Investment assets of the Insured		208,832	248,369	208,832	248,369
Premises and equipment	12	165,286,965	200,040,024	165,286,965	200,040,024
Right-of-use assets	13.1	11,631,029	44,468,376	11,631,029	44,468,376
Intangible assets	14	11,656,215	7,388,302	11,656,215	7,388,302
Other assets	15	180,982,269	228,330,189	180,442,787	227,850,770
Total assets		14,088,638,436	14,825,466,848	14,087,908,369	14,824,359,513

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 financial position (Continued)

As at 31 December 2022 and 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
Liabilities and owners' equity					
Liabilities					
Insurance contract liabilities	16	9,779,630,852	10,658,574,723	9,779,630,852	10,658,574,723
Investment contract liabilities		208,832	248,369	208,832	248,369
Reinsurance payables	17	8,521,743	12,632,865	8,521,743	12,632,865
Lease liabilities	13.2	15,212,565	48,451,090	15,212,565	48,451,090
Employee benefit obligations	18	40,015,994	57,601,154	40,015,994	57,601,154
Deferred tax liabilities	19	98,461,105	200,790,907	98,461,105	200,790,907
Other liabilities	20	177,945,496	195,113,388	177,222,459	194,012,296
Total liabilities		10,119,996,587	11,173,412,496	10,119,273,550	11,172,311,404
Owners' equity					
Share capital					
Registered					
1,600 million ordinary shares of Baht 6.25 each	21	10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000
Issued and paid-up					
957.5 million ordinary shares of Baht 6.25 each		5,984,375,000	5,984,375,000	5,984,375,000	5,984,375,000
Share discount		(58,798,175)	(58,798,175)	(58,798,175)	(58,798,175)
Deficit		(2,312,578,103)	(2,923,809,405)	(2,312,578,103)	(2,923,809,405)
Other component of owners' equity					
Revaluation surplus on available-for-sale investments					
measured at fair value through other					
comprehensive income - net of income taxes	9.6	355,636,097	650,280,689	355,636,097	650,280,689
Equity attributable to the Company's shareholders		3,968,634,819	3,652,048,109	3,968,634,819	3,652,048,109
Non-controlling interests of the subsidiary		7,030	6,243	-	-
Total owners' equity		3,968,641,849	3,652,054,352	3,968,634,819	3,652,048,109
Total liabilities and owners' equity		14,088,638,436	14,825,466,848	14,087,908,369	14,824,359,513

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 2022 and 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Profit or loss:					
Revenues					
Premium written		2,368,849,045	3,322,251,074	2,368,849,045	3,322,251,074
Add (less): Premium ceded to reinsurers and reversal		(26,523,068)	161,312,003	(26,523,068)	161,312,003
Net premium written		2,342,325,977	3,483,563,077	2,342,325,977	3,483,563,077
Add : Unearned premium reserves decreased from prior year		12,777,047	86,334,071	12,777,047	86,334,071
Earned premium after reinsurance		2,355,103,024	3,569,897,148	2,355,103,024	3,569,897,148
Fee and commission income (reversal)		7,297,388	(1,571,298)	7,297,388	(1,571,298)
Net investment revenues	23	376,720,006	443,921,855	376,707,546	443,911,929
Gains (losses) on investments		(38,715,772)	130,137,179	(38,715,772)	130,137,179
Fair value gains		(2,297,209)	314,433,855	(2,297,209)	314,433,855
Share of profit from investment in a subsidiary under equity method		-	-	654,806	131,553
Other income		4,643,366	48,522,642	516,474	47,581,688
Total revenues		2,702,750,803	4,505,341,381	2,699,266,257	4,504,522,054
Expenses					
Long-term life insurance policy reserves decreased from prior year		(853,785,657)	(456,332,243)	(853,785,657)	(456,332,243)
Unexpired risk reserves increased (decreased) from prior year		85,581,233	(53,315,768)	85,581,233	(53,315,768)
Benefit payments under life policies and gross claims		2,306,380,677	2,819,447,989	2,306,380,677	2,819,447,989
Add (less): Benefit payments under life policies, claims refundable from reinsurance and reversal		(7,072,001)	125,371,220	(7,072,001)	125,371,220
Commission and brokerage expenses		217,377,248	376,755,837	214,497,570	376,211,073
Other underwriting expenses		19,853,991	23,463,179	19,853,991	23,463,179
Operating expenses	24	413,367,334	315,218,599	412,763,387	314,944,147
Finance costs	13.3	908,964	2,377,942	908,964	2,377,942
Expected credit losses (reversal)	25	(65,656,635)	47,425,412	(65,656,769)	47,425,259
Other expenses		6,994,405	1,650,109	6,994,405	1,650,109
Total expenses	26	2,123,949,559	3,202,062,076	2,120,465,800	3,201,242,907
Profit before income tax expenses		578,801,244	1,303,279,305	578,800,457	1,303,279,147
Income tax benefits (expenses)	19.2	28,668,654	(14,064,431)	28,668,654	(14,064,431)
Net profit		607,469,898	1,289,214,874	607,469,111	1,289,214,716

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 2022 and 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Other comprehensive income (loss):	28				
Items to be recognised in profit or loss in subsequent years:					
Gain (Loss) on valuation of available-for-sale investments measured at fair value through other comprehensive income		(368,305,740)	124,985,929	(368,305,740)	124,985,929
Add (Less): Income taxes	19.2	73,661,148	(24,997,186)	73,661,148	(24,997,186)
Items to be recognised in profit or loss in subsequent years - net of income taxes		(294,644,592)	99,988,743	(294,644,592)	99,988,743
Items not to be recognised in profit or loss in subsequent years:					
Actuarial gains		3,762,191	-	3,762,191	-
Total items not to be recognised in profit or loss in subsequent years		3,762,191	-	3,762,191	-
Other comprehensive income (loss) for the years		(290,882,401)	99,988,743	(290,882,401)	99,988,743
Total comprehensive income for the years		<u>316,587,497</u>	<u>1,389,203,617</u>	<u>316,586,710</u>	<u>1,389,203,459</u>
Net profit attributable to:					
The Company's shareholders		607,469,111	1,289,214,716	607,469,111	1,289,214,716
Non-controlling interests of the subsidiary		787	158		
		<u>607,469,898</u>	<u>1,289,214,874</u>		
Total comprehensive income for the years attributable to:					
The Company's shareholders		316,586,710	1,389,203,459	316,586,710	1,389,203,459
Non-controlling interests of the subsidiary		787	158		
		<u>316,587,497</u>	<u>1,389,203,617</u>		
Basic earnings per share	29				
Earnings per share		<u>0.63</u>	<u>1.36</u>	<u>0.63</u>	<u>1.36</u>

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 2022 and 2021

(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						
Note	Issued and paid-up share capital	Share discount	Deficit	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	
	5,684,375,000	(58,798,175)	(4,213,024,121)	550,291,946	1,962,844,650	6,085	1,962,850,735	
Balance as at 1 January 2021	-	-	1,289,214,716	-	1,289,214,716	158	1,289,214,874	
Net profit	-	-	-	99,988,743	99,988,743	-	99,988,743	
Other comprehensive income for the year	-	-	1,289,214,716	99,988,743	1,389,203,459	158	1,389,203,617	
Total comprehensive income for the year	300,000,000	-	-	-	300,000,000	-	300,000,000	
Issuance of additional ordinary shares	5,984,375,000	(58,798,175)	(2,923,809,405)	650,280,689	3,652,048,109	6,243	3,652,054,352	
Balance as at 31 December 2021	5,984,375,000	(58,798,175)	(2,923,809,405)	650,280,689	3,652,048,109	6,243	3,652,054,352	
Balance as at 1 January 2022	5,984,375,000	(58,798,175)	(2,923,809,405)	650,280,689	3,652,048,109	6,243	3,652,054,352	
Net profit	-	-	607,469,111	-	607,469,111	787	607,469,898	
Other comprehensive income (loss) for the year	-	-	3,762,191	(294,644,592)	(290,882,401)	-	(290,882,401)	
Total comprehensive income (loss) for the year	-	-	611,231,302	(294,644,592)	316,586,710	787	316,587,497	
Balance as at 31 December 2022	5,984,375,000	(58,798,175)	(2,312,578,103)	355,636,097	3,968,634,819	7,030	3,968,641,849	

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

Phillip Life Assurance Public Company Limited and its subsidiary

Statements of changes in owners' equity (Continued)

For the years ended 31 December 2022 and 2021

(Unit: Baht)

		Separate financial statements					Total
		Other component of equity					
		Revaluation surplus on available-for-sale investments measured at fair value through other comprehensive income - net of income taxes					
Note	Issued and paid-up share capital	Share discount	Deficit				
	5,684,375,000	(58,798,175)	(4,213,024,121)	550,291,946		1,962,844,650	
Balance as at 1 January 2021	-	-	1,289,214,716	-		1,289,214,716	
Net profit	-	-	-	99,988,743		99,988,743	
Other comprehensive income for the year	-	-	1,289,214,716	99,988,743		1,389,203,459	
Total comprehensive income for the year	300,000,000	-	-	-		300,000,000	
Issuance of additional ordinary shares	5,984,375,000	(58,798,175)	(2,923,809,405)	650,280,689		3,652,048,109	
Balance as at 31 December 2021	5,984,375,000	(58,798,175)	(2,923,809,405)	650,280,689		3,652,048,109	
	5,984,375,000	(58,798,175)	(2,923,809,405)	650,280,689		3,652,048,109	
Balance as at 1 January 2022	-	-	607,469,111	-		607,469,111	
Net profit	-	-	3,762,191	(294,644,592)		(290,882,401)	
Other comprehensive income (loss) for the year	-	-	611,231,302	(294,644,592)		316,586,710	
Total comprehensive income (loss) for the year	5,984,375,000	(58,798,175)	(2,312,578,103)	355,636,097		3,968,634,819	
Balance as at 31 December 2022							

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 cash flows

For the years ended 31 December 2022 and 2021

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Cash flows from (used in) operating activities				
Gross premium from direct insurance	2,390,240,205	3,291,999,949	2,390,240,205	3,291,999,949
Cash received (paid) from reinsurance	(12,466,070)	4,235,964	(12,466,070)	4,235,964
Interest income	212,295,268	279,499,262	212,282,808	279,489,336
Dividend income	163,844,013	162,447,244	163,844,013	162,447,244
Other income	22,965,965	21,011,358	18,839,072	20,070,403
Benefit payments under life policies and gross claims				
from direct insurance	(2,406,246,796)	(2,813,548,966)	(2,406,246,796)	(2,813,548,966)
Commission and brokerage expenses on direct insurance	(241,694,015)	(458,484,826)	(238,814,337)	(457,940,261)
Other underwriting expenses	(20,478,607)	(24,700,222)	(20,478,607)	(24,700,222)
Operating expenses	(240,560,751)	(419,356,210)	(239,518,686)	(419,783,475)
Other expenses	(2,451,292)	(851,809)	(2,451,292)	(851,809)
Cash received on financial assets	2,590,355,108	3,319,291,647	2,590,355,108	3,319,291,647
Cash paid for financial assets	(2,582,050,545)	(3,461,948,204)	(2,582,050,545)	(3,461,948,204)
Net cash used in operating activities	(126,247,517)	(100,404,813)	(126,465,127)	(101,238,394)
Cash flows from (used in) investing activities				
Equipment	896,813	(8,518,544)	896,813	(8,518,544)
Intangible assets	(8,523,513)	-	(8,523,513)	-
Net cash used in investing activities	(7,626,700)	(8,518,544)	(7,626,700)	(8,518,544)
Cash flows from (used in) financial activities				
Repayments of lease liabilities	(20,344,374)	(31,047,536)	(20,344,374)	(31,047,536)
Proceeds from issuance of additional ordinary shares	21	300,000,000	-	300,000,000
Net cash provided by (used in) financing activities	(20,344,374)	268,952,464	(20,344,374)	268,952,464
Net increase (decrease) in cash and cash equivalents	(154,218,591)	160,029,107	(154,436,201)	159,195,526
(Increase) decrease in allowance for expected credit losses	(94,447)	9,523	(94,313)	9,676
Cash and cash equivalents at beginning of the years	516,913,634	356,875,004	511,089,117	351,883,915
Cash and cash equivalents at end of the years	362,600,596	516,913,634	356,558,603	511,089,117

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

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Phillip Life Assurance Public Company Limited and its subsidiary

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Phillip Life Assurance Public Company Limited
Notes to financial statements
For the years ended 31 December 2022 and 2021

1. General information

1.1 Corporate information

Phillip Life Assurance Public Company Limited (the "Company") was established as a public company under Thai laws and domiciled in Thailand. As at 31 December 2022 and 2021, major shareholder is Phillip Life Company Limited, which was incorporated in Singapore, holding 99.79% 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 2022 and 2021, the Company had altogether 12 branches, and 24 branches, respectively.

1.2 The Coronavirus 2019 pandemic

The Coronavirus 2019 (COVID-19) pandemic has resulted 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 (if any) as the situation has evolved.

2. Basis of preparation of financial information

2.1 Accounting assumption

The volatilities in capital market and the fall of interest rates over the past several years pose difficulties for financial institutions in the market place. Adjustments have been made by companies to inject capital to meet the minimum prudential capital adequacy ratio ("CAR") of 140% as currently stipulated by the Office of the Insurance Commission ("the OIC"). As at 31 December 2022, the Company's CAR stood at 185%. The Company increased its capital in prior years and executed its long-term plan by readjusting its product and investment strategies to enhance a sustainable efficiency in its business operation.

With the above actions, 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 information

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, and their presentation has been in accordance with the format of financial statements specified in the Notification of the Office of Insurance Commission 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 3 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 2022 (Percent)	31 December 2021 (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 are 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.

2.5 New financial reporting standards

- (a) Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

However, the Group applied the temporary exemption for the adoption of Thai Financial Reporting Standard 9 (TFRS 9): Financial Instruments and Thai Financial Reporting Standard 7 (TFRS 7): Disclosure of Information relating to Financial Instruments, which were revised in Thai Financial Reporting Standard 4: Insurance Contracts allowing the extension of the exemption period for the adoption of such TFRS 9 and TFRS 7 whereby the exemption period will end for the financial statements having the fiscal period starts on or after 1 January 2025 or when Thai Financial Reporting Standard 17: Insurances Contracts becomes effective.

The adoption of these temporary reliefs does not have any significant impact on the Group's financial statements.

- (b) Financial reporting standards that became effective for fiscal year beginning on or after 1 January 2023

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2023. 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 believes that adoption of these amendments will not have any significant impact on the Group's financial statements.

3. Summary of significant accounting policies

3.1 Product classification

The Group 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 Group 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 Group 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.

3.2 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) Commission and brokerage income

Commission and brokerage 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).

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.

3.3 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.

3.4 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.

3.5 Premium receivables

Premium receivables are stated at the net realisable value. The Group 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.

3.6 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 Group 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.

3.7 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 Group 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 Group 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 Group has a legal right to offset amounts presented in the statements of financial position, and
- (2) The Group 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.

3.8 Financial instruments

(a) Classification and measurement of financial assets and liabilities

Investments in securities

Trading investments measured at fair value through profit or loss are stated at fair value whereby changes in fair value of these investments are recorded in profit or loss.

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

Investments measured at amortised cost are stated at amortised cost whereby premium/discount on the investments is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.

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 securities is determined based on the yield rates quoted by the Thai Bond Market Association. The fair value of non-listed unit trusts is determined from their net asset value as announced by the fund managers. The fair value of non-marketable equity securities is determined using generally accepted pricing model or approximated to their net book value if the fair value cannot be reliably estimated.

Loans and interest receivables

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

Financial liabilities

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 effective interest rate (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.

(b) Impairment of financial assets

Debt securities

The Group recognises expected credit losses on its financial assets measured at amortised cost and financial assets that are debt securities classified as available-for-sale investments measured at fair value through other comprehensive income (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.

Equity securities (including unit trusts) classified as available-for-sale investments

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

(c) 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 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.

(d) 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.

3.9 Investment assets of the insured

Investment assets of the insured represent investments in securities under insurance contracts of which the policyholders are responsible for risks and rewards from changes in the fair value of such assets, for example, unit-linked investment plans. The Group measures an asset initially at cost which is equal to the fair value of consideration paid plus cost of the transactions which is measured subsequently at fair values. Any gain (loss) from revaluation of the fair value will be recognised as investment contract liabilities during the year of occurrence.

3.10 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.

3.11 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 work in process.

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.

3.12 Intangible assets and amortisation

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

Intangible assets with finite life are amortised on a straight-line 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.

3.13 Leases

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

(a) Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation, allowance for impairment, 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, and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located less any lease incentives received.

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

Buildings	- 3 years
Motor vehicles	- 2 years

If ownership of the leased asset is transferred to the Group 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.

(b) Lease liabilities

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

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

(c) Short-term leases and leases of low-value assets

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

3.14 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the premises and equipment, right-of-use assets, 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.

3.15 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 Group 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 Group'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 Group 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 Group 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.

(1) 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.

(2) 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.

3.16 Investment contract liabilities

Investment contract liabilities represent provisional liabilities under insurance contracts of which the policyholders are responsible for risks and rewards from changes in the fair value of such assets. The Group measures an asset initially at cost, which is equal to the fair value of consideration paid plus cost of the transaction which is measured subsequently at fair value.

3.17 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 and other long-term employee benefits

Defined contribution plans

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

Defined benefit plans and other long-term employee benefits

The Group has obligations in respect of the severance payments they must make to employees upon retirement under labour law and other employee benefit plans. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Group 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.

3.18 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.

3.19 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.

3.20 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.

3.21 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.

4. 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:

4.1 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.

4.2 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.

4.3 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.

4.4 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.

4.5 Allowance for impairment of non-financial assets

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

4.6 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.

4.7 Intangible assets and amortisation

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

4.8 Leases

In determining the lease term, the management is required to exercise judgement in assessing whether the Group 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 Group to exercise either the extension or termination option.

The Group 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 Group 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.

4.9 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.

4.10 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.

4.11 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.

4.12 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.

4.13 Employee benefit obligations and other long-term employee benefits

Employee benefit obligations and other long-term employee benefits 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.

4.14 Litigation

The Group has contingent liabilities as a result of litigation. The Group's management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore, no contingent liabilities are recorded as at the end of reporting period.

4.15 Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgement on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

5. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Cash	364	284	364	284
Deposits at banks with no fixed maturity date	292,368	456,846	286,323	451,018
Investment with a maturity period of not longer than 3 months	69,964	59,973	69,964	59,973
Total cash and cash equivalents	362,696	517,103	356,651	511,275
Less: Allowance for expected credit losses	(95)	(189)	(92)	(186)
Cash and cash equivalents - net	362,601	516,914	356,559	511,089

As at 31 December 2022 and 2021, bank deposits in saving accounts and short-term investments carried interests in a range between 0.10 - 0.60 percent per annum and 0.05 - 0.41 percent per annum, respectively.

6. Premium receivables

As at 31 December 2022 and 2021, 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 2022	31 December 2021
Not yet due	174,142	195,752
Not over 30 days	-	3
Over 31 days to 60 days	-	-
Over 61 days to 90 days	5	1
Overdue longer than 90 days	5,660	5,906
Total premium receivables	179,807	201,662
Less: Allowance for doubtful accounts	(5,638)	(5,870)
Premium receivables - net	174,169	195,792

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.

7. Reinsurance assets

As at 31 December 2022 and 2021, reinsurance assets consisted of reserves refundable from reinsurers as follows:

(Unit: Thousand Baht)

Consolidated and separate
financial statements

	31 December 2022	31 December 2021
Insurance reserve refundable from reinsurers		
Unearned premium reserves	8,951	7,910
Unexpired risk reserves	1,395	299
Loss reserves		
Claims incurred and reported	135	269
Claims incurred but not yet reported	24	123
Reinsurance assets	10,505	8,601

8. Reinsurance receivables

As at 31 December 2022 and 2021, reinsurance receivables consisted of the following:

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	31 December 2022	31 December 2021
Amounts due from reinsurers	2,113	5,911
Reinsurance receivables	2,113	5,911

As at 31 December 2022 and 2021, the balances of amounts due from reinsurers were classified by overdue periods as follows:

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	31 December 2022	31 December 2021
Not yet due	2,113	5,911
Total amounts due from reinsurers	2,113	5,911

9. Investments in securities

9.1 Classified by investment type

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	31 December 2022		31 December 2021	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading investments measured at fair value through profit or loss				
Domestic unit trusts	2,600,200	2,641,328	3,265,951	3,457,912
Foreign unit trusts	922,236	930,636	661,709	662,619
Total	3,522,436	3,571,964	3,927,660	4,120,531
Add: Revaluation allowance				
on fair value measurement	49,528		192,871	
Trading investments measured at fair value through profit or loss - net	3,571,964		4,120,531	

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	31 December 2022		31 December 2021	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Available-for-sale investments				
measured at fair value through				
other comprehensive income				
Government and state enterprise securities	2,806,027	2,747,025	1,992,011	2,026,196
Private sector debt securities	2,744,135	2,708,813	2,807,180	2,867,378
Domestic common stocks	401,029	418,355	453,644	505,829
Foreign common stocks	1,443,520	1,916,410	1,472,550	2,060,621
Domestic unit trusts	878,599	815,178	860,974	818,191
Foreign unit trusts	182,000	181,251	251,541	260,623
Total	8,455,310	8,787,032	7,837,900	8,538,838
Add: Revaluation allowance				
on fair value measurement	444,536		812,840	
Less: Allowance for impairment	(20,699)		(18,872)	
Less: Allowance for expected credit losses	(92,115)		(93,030)	
Available-for-sale investments measured at fair value through other comprehensive income - net	<u>8,787,032</u>		<u>8,538,838</u>	
Held-to-maturity investments measured				
at amortised cost				
Deposits at financial institutions with a maturity period of longer than 3 months	10,317		20,170	
Less: Allowance for expected credit losses	-		-	
Held-to-maturity investments measured at amortised cost - net	<u>10,317</u>		<u>20,170</u>	
Investments in securities - net	<u>12,369,313</u>		<u>12,679,539</u>	

9.2 Classified by stage of credit risk

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	31 December 2022		31 December 2021	
	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	5,557,359	(1,845)	5,073,277	(3,950)
Stage 2 - Debt securities with a significant increase of credit risk	-	-	-	-
Stage 3 - Credit-impaired debt securities	79,730	(90,270)	80,920	(89,080)
Total	5,637,089	(92,115)	5,154,197	(93,030)

(Unit: Thousand Baht)

	Consolidated and separate financial statements		
	31 December 2022		
	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	10,317	-	10,317
Total	10,317	-	10,317

(Unit: Thousand Baht)

	Consolidated and separate financial statements		
	31 December 2021		
	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	20,170	-	20,170
Total	20,170	-	20,170

9.3 Classified by remaining periods of debt instruments

As at 31 December 2022 and 2021, investments in debt instruments had the following remaining periods to maturity.

(Unit: Thousand Baht)

	Consolidated and separate financial statements				
	31 December 2022				
	Periods to maturity				
	1 year	1 - 5 years	Over 5 years	Unspecified	Total
Available-for-sale investments					
measured at fair value through					
other comprehensive income					
Government and state enterprise securities	1,070,250	602,520	1,133,257	-	2,806,027
Private sector debt securities	351,265	987,870	1,405,000	-	2,744,135
Foreign unit trusts	-	-	-	182,000	182,000
Total	1,421,515	1,590,390	2,538,257	182,000	5,732,162
Add (loss): Revaluation allowance on					
fair value measurement	7,121	79,893	(89,223)	18,762	16,553
Less: Allowance for expected credit losses	(227)	(1,034)	(90,854)	-	(92,115)
Available-for-sale investments measured at					
 fair value through other comprehensive					
 income - net	1,428,409	1,669,249	2,358,180	200,762	5,656,600
Held-to-maturity investments measured					
 at amortised cost					
Deposits at financial institutions with a					
maturity period of longer than 3 months	10,317	-	-	-	10,317
Less: Allowance for expected credit losses	-	-	-	-	-
Held-to-maturity investments measured					
 at amortised cost - net	10,317	-	-	-	10,317

(Unit: Thousand Baht)

Consolidated and separate financial statements

31 December 2021

	Periods to maturity				Total
	1 year	1 - 5 years	Over		
			5 years	Unspecified	
Available-for-sale investments					
measured at fair value through					
other comprehensive income					
Government and state enterprise securities	378,184	370,173	1,243,654	-	1,992,011
Private sector debt securities	240,914	953,864	1,612,402	-	2,807,180
Foreign unit trusts	-	-	-	251,541	251,541
Total	619,098	1,324,037	2,856,056	251,541	5,050,732
Add: Revaluation allowance on					
fair value measurement	6,358	91,613	89,442	33,608	221,021
Less: Allowance for expected credit losses	(16,033)	(17,814)	(59,183)	-	(93,030)
Available-for-sale investments measured at					
fair value through other comprehensive					
income - net	<u>609,423</u>	<u>1,397,836</u>	<u>2,886,315</u>	<u>285,149</u>	<u>5,178,723</u>
Held-to-maturity investments measured					
at amortised cost					
Deposits at financial institutions with a					
maturity period of longer than 3 months	20,170	-	-	-	20,170
Less: Allowance for expected credit losses	-	-	-	-	-
Held-to-maturity investments measured					
at amortised cost - net	<u>20,170</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,170</u>

9.4 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 2022			
		The contractual terms of the financial asset give rise on specified dates to cash flows that are not solely payments of principal and interest on the principal amount outstanding		The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding	
		Changes in fair value during the year		Changes in fair value during the year	
		Fair value	Fair value	Fair value	Fair value
Available-for-sale investments					
measured at fair value through other comprehensive income					
Government and state enterprise securities					
		-	-	2,747,025	(99,482)
Private enterprise securities					
		-	-	2,708,813	(93,281)
Foreign unit trusts					
		181,251	(79,372)	-	-
Held-to-maturity investments					
measured at amortised cost					
Deposits at financial institutions with a maturity period of longer than 3 months					
		-	-	10,317	-
Total		181,251	(79,372)	5,466,155	(192,763)

(Unit: Thousand Baht)

Consolidated and separate financial statements

31 December 2021

	The contractual terms of the financial asset give rise on specified dates to cash flows that are not solely payments of principal and interest on the principal amount outstanding		The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding	
	Fair value	Changes in fair value during the year	Fair value	Changes in fair value during the year
Available-for-sale investments measured at fair value through other comprehensive income				
Government and state enterprise securities	-	-	2,026,196	(133,428)
Private enterprise securities	-	-	2,867,378	(59,413)
Foreign unit trusts	260,623	23,002	-	-
Held-to-maturity investments measured at amortised cost				
Deposits at financial institutions with a maturity period of longer than 3 months	-	-	20,170	-
Total	260,623	23,002	4,913,744	(192,841)

9.5 Investments subject to restrictions

As at 31 December 2022 and 2021, the Group placed certain assets as securities and insurance reserves as described below.

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	31 December 2022		31 December 2021	
	Amortised cost	Fair value	Amortised cost	Fair value
Placed with the Life Assurance Registrar:				
As securities	22,443	21,858	22,705	23,170
As life insurance reserves	2,333,988	2,268,605	2,402,292	2,481,417
Total	2,356,431	2,290,463	2,424,997	2,504,587
Placed with bank:				
As securities	10,317	10,317	20,170	20,170

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

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	For the year ended 31 December	
	2022	2021
Balances at beginning of the years	812,851	687,865
Gains (losses) on revaluation during the years	(392,531)	251,927
Reversal of expected credit losses in profit or loss	(915)	(73)
Recognition (reversal) of impairment loss in profit or loss	1,827	(7,965)
Recognition of (gains) losses on disposals in profit or loss	23,313	(118,903)
Balances at end of the years	444,545	812,851
Less: Income taxes	(88,909)	(162,570)
Balances at end of the years - net of income taxes	355,636	650,281

10. Loans and interest receivables

10.1 Loans and interest receivables classified by overdue periods

As at 31 December 2022 and 2021, 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 2022									
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	497,987	14,189	67,650	593	-	-	565,637	14,782	580,419
Past due									
Less than 3 months	-	-	8,215	15	-	-	8,215	15	8,230
3 - 6 months	-	-	926	12	-	-	926	12	938
6 - 12 months	-	-	-	-	-	-	-	-	-
Over 12 months	-	-	343,608	61,725	-	-	343,608	61,725	405,333
Total	497,987	14,189	420,399	62,345	-	-	918,386	76,534	994,920
Less: Allowance for expected credit losses	-	-	(201,371)	(29,444)	-	-	(201,371)	(29,444)	(230,815)
Loans and interest receivables - net	497,987	14,189	219,028	32,901	-	-	717,015	47,090	764,105

(Unit: Thousand Baht)

Consolidated and separate financial statements									
31 December 2021									
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	538,713	16,128	65,868	594	58	-	604,639	16,722	621,361
Past due									
Less than 3 months	-	-	12,455	5	-	-	12,455	5	12,460
3 - 6 months	-	-	31,303	356	-	-	31,303	356	31,659
6 - 12 months	-	-	213	20	-	-	213	20	233
Over 12 months	-	-	463,269	64,197	-	-	463,269	64,197	527,466
Total	538,713	16,128	573,108	65,172	58	-	1,111,879	81,300	1,193,179
Less: Allowance for expected credit losses	-	-	(262,133)	(29,486)	-	-	(262,133)	(29,486)	(291,619)
Loans and interest receivables - net	538,713	16,128	310,975	35,686	58	-	849,746	51,814	901,560

As at 31 December 2022 and 2021, mortgage loans were loans provided to agents, employees and external individuals on which interest was charged at the rates 5 to 19 percent per annum. Collateral used to secure such loans comprised land and buildings.

As at 31 December 2022 and 2021, 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 7 percent per annum.

10.2 Loans and interest receivables classified by stage of credit risk

As at 31 December 2022 and 2021, the balances of loans and interest receivables (excluding policy loans and interest receivables), classified by stage of credit risk were as follows:

(Unit: Thousand Baht)

Stage of credit risk	Consolidated and separate financial statements						
	31 December 2022						
	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	46,186	-	-	-	46,186	-	46,186
Stage 2 - Loans with significant increases of credit risk	14,218	594	-	-	14,218	594	14,812
Stage 3 - Credit-impaired loans	359,995	61,751	-	-	359,995	61,751	421,746
Total	420,399	62,345	-	-	420,399	62,345	482,744
Less: Allowance for expected credit losses	(201,371)	(29,444)	-	-	(201,371)	(29,444)	(230,815)
Loans and interest receivables - net	219,028	32,901	-	-	219,028	32,901	251,929

(Unit: Thousand Baht)

Stage of credit risk	Consolidated and separate financial statements						
	31 December 2021						
	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	51,742	-	58	-	51,800	-	51,800
Stage 2 - Loans with significant increases of credit risk	17,927	594	-	-	17,927	594	18,521
Stage 3 - Credit-impaired loans	503,439	64,578	-	-	503,439	64,578	568,017
Total	573,108	65,172	58	-	573,166	65,172	638,338
Less: Allowance for expected credit losses	(262,133)	(29,486)	-	-	(262,133)	(29,486)	(291,619)
Loans and interest receivables - net	310,975	35,686	58	-	311,033	35,686	346,719

11. Investment in a subsidiary

As at 31 December 2022 and 2021, 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		Shareholding percentage		Cost		Carrying value under equity method			
			share capital									
			31 December		31 December		31 December		31 December			
			2022	2021	2022	2021	2022	2021	2022	2021		
					(%)	(%)						
Phillip Insurance Broker Company Limited	Non-life insurance broker	Thailand	5,000	5,000	99.88	99.88	4,994	4,994	5,851	5,197		
Total investment in a subsidiary									4,994	4,994	5,851	5,197

(Unit: Thousand Baht)

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

12. Premises and equipment

(Unit: Thousand Baht)

	Consolidated and separate financial statements								
	Land	Buildings and building improvements		Furniture, fixtures and office equipment		Motor Vehicles	Assets In progress	Idle assets	Total
		Improvements	Equipment	Computers	Vehicles	In progress	assets		
Cost									
1 January 2021	36,714	303,045	71,938	64,662	5,665	505	4,085	486,614	
Additions	-	56	324	6,445	1,401	3,497	-	11,723	
Disposals/write-off	-	-	(3,273)	(3,306)	(4,321)	-	(4,085)	(14,985)	
Transfer in (out)	-	3,958	44	-	-	(4,002)	-	-	
31 December 2021	36,714	307,059	69,033	67,801	2,745	-	-	483,352	
Additions	-	-	70	720	-	-	-	790	
Disposals/write-off	-	(41,877)	(13,559)	(741)	-	-	-	(56,177)	
31 December 2022	36,714	265,182	55,544	67,780	2,745	-	-	427,965	
Accumulated depreciation									
1 January 2021	-	147,539	58,677	50,564	5,665	-	1,100	263,545	
Depreciation for the year	-	21,989	4,726	4,903	83	-	-	31,701	
Accumulated depreciation on disposals/write-off	-	-	(3,234)	(3,279)	(4,321)	-	(1,100)	(11,934)	
31 December 2021	-	169,528	60,169	52,188	1,427	-	-	283,312	
Depreciation for the year	-	19,897	3,445	5,369	280	-	-	28,991	
Accumulated depreciation on disposals/write-off	-	(37,702)	(11,198)	(725)	-	-	-	(49,625)	
31 December 2022	-	151,723	52,416	56,832	1,707	-	-	262,678	
Net book value									
31 December 2021	36,714	137,531	8,864	15,613	1,318	-	-	200,040	
31 December 2022	36,714	113,459	3,128	10,948	1,038	-	-	165,287	
Depreciation for the year									
2021								31,701	
2022								28,991	

As at 31 December 2022 and 2021, 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 159.1 million and Baht 190.7 million, respectively.

13. Leases

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

13.1 Right-of-use assets

Movement of right-of-use assets for the year ended 31 December 2022 and 2021 were summarised below:

	(Unit: Thousand Baht)		
	Consolidated and separate financial statements		
	Buildings	Motor vehicles	Total
Net book value as at 1 January 2021	69,492	668	70,160
Addition during the year	4,153	-	4,153
Remeasurement during the year	170	(71)	99
Depreciation for the year	(29,347)	(597)	(29,944)
Net book value as at 31 December 2021	44,468	-	44,468
Addition during the year	4,362	-	4,362
Remeasurement during the year	(9,776)	-	(9,776)
Cancelled during the year	(7,211)	-	(7,211)
Depreciation for the year	(20,212)	-	(20,212)
Net book value as at 31 December 2022	11,631	-	11,631

13.2 Lease liabilities

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	31 December 2022	31 December 2021
Amounts of lease payments	15,494	50,136
Less: Deferred interest expenses	(281)	(1,685)
Lease liabilities	15,213	48,451
Less: Current portion	(13,318)	(27,946)
Lease liabilities - net of current portion	1,895	20,505

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

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	For the years ended 31 December	
	2022	2021
Depreciation expense of right-of-use assets	20,212	29,943
Interest expense on lease liabilities	909	2,378
Expense relating to short-term leases	1,564	2,721
Expense relating to leases of low-value assets	797	851
Gains on cancellations of leases	(1,178)	-
Total expenses	22,304	35,893

13.4 Others

During 2022 and 2021, the Company had total cash outflows of Baht 22.7 million and Baht 34.6 million, respectively, for leases including short-term leases and leases of low-value assets. Moreover, the Company had non-cash additions to right-of-use assets and lease liabilities of Baht 1.6 million and Baht 4.2 million, respectively.

14. Intangible assets

(Unit: Thousand Baht)

	Consolidated and separate financial statements		
	Computer software		Total
	Computer software	in progress	
Cost			
1 January 2021	43,531	-	43,531
Additions	-	-	-
Write-off	-	-	-
31 December 2021	43,531	-	43,531
Additions	161	8,363	8,524
Write-off	(467)	-	(467)
31 December 2022	43,225	8,363	51,588
Accumulated amortisation			
1 January 2021	31,646	-	31,646
Amortisation for the year	4,497	-	4,497
Accumulated amortisation on write-off	-	-	-
31 December 2021	36,143	-	36,143
Amortisation for the year	4,256	-	4,256
Accumulated amortisation on write-off	(467)	-	(467)
31 December 2022	39,932	-	39,932
Net book value			
31 December 2021	7,388	-	7,388
31 December 2022	3,293	8,363	11,656
Amortisation for the years			
2021			4,497
2022			4,256

As at 31 December 2022 and 2021, certain items of computer software were fully amortised but are still in use. The original costs, before deducting accumulated amortisation, of those assets amounted to approximately Baht 22.4 million and Baht 22.0 million, respectively.

15. Other assets

As at 31 December 2022 and 2021, other assets consisted of the following items:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Rental deposits	4,635	6,983	4,635	6,983
Agents and brokers receivables	7,992	32,838	7,992	32,838
Other receivables	142,974	151,278	142,974	151,421
Withholding taxes	40,163	27,410	40,163	27,410
Receivables from sales of investments	35,068	6,446	35,068	6,446
Receivable from the Legal Executive Department	3,829	5,093	3,829	5,093
Others	34,021	25,749	33,482	25,127
Total	268,682	255,797	268,143	255,318
Less: Allowance for doubtful accounts and impairment	(87,700)	(27,467)	(87,700)	(27,467)
Other assets - net	180,982	228,330	180,443	227,851

During the fourth quarter of 2021, the Company received a confirming letter from a reinsurance broker claiming that the Company has been in breach of certain conditions as required in the Reinsurance Distribution Partner Agreement. As a result, the reinsurer is declining all liabilities incurred from reinsurance transactions as from 1 February 2020 and all the reinsurance transactions deemed void since 1 February 2020. Therefore, the Company reversed accounts relating to such reinsurance transactions in the Group's financial statements for the year ended 31 December 2021 and presented the net amount of Baht 126.6 million due from such reinsurer in "Other receivables" as at 31 December 2022 and 2021.

16. Insurance contract liabilities

(Unit: Thousand Baht)

	Consolidated and separate financial statements					
	31 December 2022			31 December 2021		
	Insurance contract liabilities	Reinsurance of liabilities	Net	Insurance contract liabilities	Reinsurance of liabilities	Net
Long-term insurance policy reserves	8,456,637	-	8,456,637	9,310,423	-	9,310,423
Loss reserves						
Claims incurred and reported	97,452	(135)	97,317	94,937	(269)	94,668
Claims incurred but not yet reported	84,115	(24)	84,091	211,551	(123)	211,428
Premium reserves						
Unearned premium reserves	348,841	(8,951)	339,890	360,577	(7,910)	352,667
Unexpired risk reserves	147,452	(1,395)	146,057	60,775	(299)	60,476
Unpaid policy benefits	48,228	-	48,228	50,349	-	50,349
Other insurance liabilities	596,906	-	596,906	569,963	-	569,963
Total	<u>9,779,631</u>	<u>(10,505)</u>	<u>9,769,126</u>	<u>10,658,575</u>	<u>(8,601)</u>	<u>10,649,974</u>

16.1 Long-term insurance policy reserves

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	For the years ended 31 December	
	2022	2021
Balances - beginning of the years	9,310,423	9,766,755
Insurance policy reserves increased for new businesses and inforce policies	1,487,670	1,660,988
Insurance policy reserves released from death, benefit paid, lapse and surrender	(1,303,372)	(1,036,547)
Change in insurance policy reserves as a result of assumption changes	(1,052,450)	(1,006,466)
Changes in insurance policy reserves as a result of experience adjustments	14,366	(74,307)
Balances - end of the years	<u>8,456,637</u>	<u>9,310,423</u>

16.2 Short-term insurance policy reserves

(a) Loss reserves

(Unit: Thousand Baht)

Consolidated and separate
financial statements

For the years ended 31 December

	2022	2021
Balances - beginning of the years	306,488	415,990
Claims incurred in the current years	1,116,993	1,702,437
Changes in loss reserves from the prior year	(148,879)	(25,169)
Claims paid during the years	(1,093,035)	(1,786,770)
Balances - end of the years	181,567	306,488

(b) Gross claim development table

(Unit: Thousand Baht)

Accident year/ Reporting year	Before 2014	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Loss estimates:											
- End of the accident year		45,122	48,266	81,953	143,288	169,373	480,575	1,438,948	1,702,437	1,116,993	
- One year later		47,506	51,122	82,252	144,501	167,671	499,267	1,541,576	1,553,406		
- Two years later		47,847	51,126	82,264	146,018	167,679	500,716	1,541,223			
- Three years later		47,538	51,132	82,282	146,019	167,699	501,210				
- Four years later		47,541	51,135	82,273	146,019	167,696					
- Five years later		47,547	51,134	82,273	146,019						
- Six years later		47,546	51,134	82,273							
- Seven years later		47,546	51,134								
- Eight years later		47,546									
Ultimate loss estimates	107,416	47,546	51,134	82,273	146,019	167,696	501,210	1,541,223	1,553,406	1,116,993	5,314,916
Cumulative losses paid	(107,416)	(47,546)	(51,134)	(82,273)	(146,019)	(167,585)	(500,827)	(1,539,710)	(1,549,839)	(941,000)	(5,133,349)
Total loss reserves	-	-	-	-	-	111	383	1,513	3,567	175,993	181,567

(c) Net claim development table

(Unit: Thousand Baht)

Accident year/ Reporting year	Before 2014	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Loss estimates:											
- End of the accident year		45,122	48,266	81,953	143,288	169,373	480,575	1,438,490	1,699,302	1,112,216	
- One year later		47,506	51,122	82,252	144,501	167,671	499,181	1,540,489	1,552,966		
- Two years later		47,647	51,126	82,264	146,018	167,679	500,715	1,541,168			
- Three years later		47,538	51,132	82,282	146,019	167,699	501,210				
- Four years later		47,541	51,135	82,273	146,019	167,696					
- Five years later		47,547	51,134	82,273	146,019						
- Six years later		47,546	51,134	82,273							
- Seven years later		47,546	51,134								
- Eight years later		47,546									
Ultimate loss estimates	107,416	47,546	51,134	82,273	146,019	167,696	501,210	1,541,168	1,552,966	1,112,216	5,309,644
Cumulative losses paid	(107,416)	(47,546)	(51,134)	(82,273)	(146,019)	(167,585)	(500,827)	(1,539,655)	(1,549,399)	(936,382)	(5,128,236)
Total loss reserves	-	-	-	-	-	111	383	1,513	3,567	175,834	181,408

(d) Unearned premium reserves

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	For the years ended 31 December	
	2022	2021
Balances - beginning of the years	360,577	471,579
Premium written during the years	786,754	1,527,067
Premium earned during the years	(798,490)	(1,638,069)
Balances - end of the years	348,841	360,577

(e) Unexpired risk reserves

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	For the years ended 31 December	
	2022	2021
Balances - beginning of the years	421,352	586,551
Estimated claims	1,125,680	1,875,419
Risk expired during the years	(1,050,739)	(2,040,618)
Balances - end of the years	496,293	421,352

As at 31 December 2022 and 2021, the Company has an excess of unexpired risk reserves from unearned premium reserves net of reinsurance by Baht 146.1 million and Baht 60.5 million, respectively.

16.3 Significant assumptions

(a) Long-term insurance policy reserves

The Group 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 incur in the future. However, key assumptions used are based on the Group'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 Group 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 Group's historical experiences and expert judgement of actuaries.

Lapse rates or surrender rate

The Group 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 Group 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 Group 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 Group 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 10-years claim experiences available to the Group and expert judgement of actuaries.

16.4 Unpaid policy benefits

	(Unit: Thousand Baht)	
	Consolidated and separate	
	financial statements	
	31 December 2022	31 December 2021
Death benefits	5,951	5,435
Maturity payments	17,184	18,940
Surrender	1,348	834
Benefit payments under policies	604	866
Others	23,141	24,274
Total unpaid policy benefits	48,228	50,349

16.5 Other insurance liabilities

	(Unit: Thousand Baht)	
	Consolidated and separate	
	financial statements	
	31 December 2022	31 December 2021
Deposits of the insured	563,508	532,706
Others	33,398	37,257
Total other insurance liabilities	596,906	569,963

17. Reinsurance payables

As at 31 December 2022 and 2021, the Company had reinsurance payables classified by type of liabilities as follows:

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	31 December 2022	31 December 2021
Outward premium payables	8,522	12,633
Total due to reinsurers	8,522	12,633

18. Employee benefit obligations

For the years ended 31 December 2022 and 2021, employee benefit obligations were presented as follows:

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	For the years ended 31 December	
	2022	2021
Employee benefit obligations at beginning of the years	57,601	56,834
Recognised in profit or loss:		
Current service costs	3,780	4,435
Interest costs	785	897
Actuarial (gains) losses arose from:		
Demographic assumption changes	(36)	-
Financial assumption changes	(42)	-
Experience adjustments	271	-
Total	4,758	5,332
Recognised in other comprehensive income or loss:		
Actuarial (gains) losses arose from:		
Demographic assumption changes	(34)	-
Financial assumption changes	(5,213)	-
Experience adjustments	1,485	-
Total	(3,762)	-
Less: Benefits paid during the years	(18,581)	(4,565)
Employee benefit obligations at end of the years	40,016	57,601

As at 31 December 2022 and 2021, the Group expected to pay Baht 6.8 million and Baht 4.0 million, respectively, on employee benefit obligations during the next 1 year period.

As at 31 December 2022 and 2021, the weighted average payment durations of employee benefit obligations were 10 years and 11 years, respectively.

Significant actuarial assumptions at the valuation dates were as follows:

	Consolidated and separate financial statements	
	2022	2021
	(% per annum)	(% per annum)
Average discount rate	1.56	1.40
Future salary incremental rate	3.00	5.00
Staff turnover rates (depending on service years of each employee)	3.00 - 20.00	3.50 - 25.00

The impacts of sensitivity analysis for significant actuarial assumptions on employee benefit obligations as at 31 December 2022 and 2021 were summarised below:

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	31 December 2022		31 December 2021	
	Increase (decrease) in employee benefit obligations		Increase (decrease) in employee benefit obligations	
Changes in assumptions (% per annum)		Changes in assumptions (% per annum)		
Average discount rate	+ 0.5	(1,784)	+ 0.5	(2,315)
Average discount rate	- 0.5	1,889	- 0.5	2,471
Future salary incremental rate	+ 0.5	1,934	+ 0.5	3,080
Future salary incremental rate	- 0.5	(1,842)	- 0.5	(2,892)
Turnover rates	+ 10.0 ⁽¹⁾	(1,533)	+ 10.0 ⁽¹⁾	(2,680)
Turnover rates	- 10.0 ⁽¹⁾	1,617	- 10.0 ⁽¹⁾	2,845

⁽¹⁾ 10% of the assumed turnover rates

19. Deferred tax liabilities and income tax benefits (expenses)

19.1 Deferred tax liabilities

As at 31 December 2022 and 2021, 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 for the years ended 31 December	
	2022	2021	2022	2021
Deferred tax liabilities arose from:				
Unrealised gains on available-for-sale investments measured at fair value through other comprehensive income	88,909	162,570	73,661	(24,997)
Unrealised gains on trading investments measured at fair value through profit or loss	9,552	38,221	28,669	(14,065)
Total deferred tax liabilities	<u>98,461</u>	<u>200,791</u>		
Total changes			<u>102,330</u>	<u>(39,062)</u>
Recognition of changes in				
- Profit or loss			28,669	(14,065)
- Other comprehensive income			73,661	(24,997)
Total changes			<u>102,330</u>	<u>(39,062)</u>

As at 31 December 2022 and 2021, 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 that market circumstances are instability and it is highly uncertain to utilise deferred tax assets to be set up on the following transactions.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 December		31 December	
	2022	2021	2022	2021
Employee benefit obligations	40,016	57,601	40,016	57,601
Unearned premium reserves	95,614	-	95,614	-
Loss reserves	181,408	306,096	181,408	306,096
Unexpired risk reserves	146,057	60,476	146,057	60,476
Leases	5,190	4,414	5,190	4,414
Allowance for impairment	20,699	18,872	20,699	18,872
Expected credit losses	327,004	392,657	327,004	392,657
Tax losses brought forward				
not longer than five fiscal years	153,681	898,061	153,681	898,061

19.2 Income tax benefits (expenses)

Income tax benefits (expenses) for the years ended 31 December 2022 and 2021 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	
	2022	2021	2022	2021
Current income taxes:				
Corporate income tax for the year	-	-	-	-
Deferred income taxes:				
Relating to origination and reversal of temporary differences	28,669	(14,065)	28,669	(14,065)
Income tax benefits (expenses)				
recognised in profit or loss	28,669	(14,065)	28,669	(14,065)

Reconciliations between income tax benefits (expenses) and the product of accounting profit for the years ended 31 December 2022 and 2021 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	
	2022	2021	2022	2021
Accounting profit before income tax				
expenses	578,801	1,303,279	578,800	1,303,279
Applicable tax rate	20%	20%	20%	20%
Amount of income taxes at the				
applicable tax rate	(115,760)	(260,656)	(115,760)	(260,656)
Net tax effect on revenues or expenses				
that are not taxable or not deductible				
in determining taxable profits	(8,990)	4,829	(8,990)	4,829
Temporary differences, which are not				
recognised as deferred tax assets	4,543	10,240	4,543	10,240
Taxes on carried forward loss which				
were expected not to be utilised and				
not recorded as deferred tax assets				
but utilised during the year	148,876	231,522	148,876	231,522
Income tax benefits (expenses)				
recognised in profit or loss	28,669	(14,065)	28,669	(14,065)

The amounts of income taxes relating to each component of other comprehensive income (losses) for the years ended 31 December 2022 and 2021 were as follows:

	(Unit: Thousand Baht)	
	Consolidated and separate	
	financial statements	
	For the years ended 31 December	
	2022	2021
Income taxes relating to:		
Available-for-sale investments measured at fair value through other comprehensive income		
(Gains) losses on revaluation during the year	78,506	(50,386)
Recognition of expected credit losses in profit or loss	183	15
Recognition (reversal) of impairment loss in profit or loss	(365)	1,593
Recognition of (gains) losses on disposals in profit or loss	(4,663)	23,781
Income taxes recognised in other comprehensive income (loss)	73,661	(24,997)

20. Other liabilities

As at 31 December 2022 and 2021, other liabilities consisted of the following items:

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	31 December		31 December	
	2022	2021	2022	2021
Accrued commission and brokerage expenses	43,995	68,311	43,995	68,311
Deposits from agents	68,038	78,551	68,038	78,551
Accrued operating expenses	47,740	33,130	47,017	32,029
Payables from purchases of investments	7,573	8,013	7,573	8,013
Others	10,599	7,108	10,599	7,108
Total other liabilities	177,945	195,113	177,222	194,012

21. Share capital

By the resolution of the Meeting No. 1/2021 of the Company's Board of Directors held on 25 January 2021, 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 0.0527763 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.

Reconciliation of the registered, issued and paid-up share capital of the Company were as follows:

Par value per share	For the year ended 31 December 2022		For the year ended 31 December 2021		
	No. of shares	Amount	No. of shares	Amount	
	(Thousand shares)	(Thousand baht)	(Thousand shares)	(Thousand baht)	
Registered share capital:					
Balance at beginning of the periods	6.25	1,600,000	10,000,000	1,600,000	10,000,000
Registered the increased/decreased share capital during the periods	6.25	-	-	-	-
Balance at end of the periods	6.25	1,600,000	10,000,000	1,600,000	10,000,000
Issued and paid-up share capital:					
Balance at beginning of the periods	6.25	957,500	5,984,375	909,500	5,684,375
Issued additional shares during the periods	6.25	-	-	48,000	300,000
Balance at end of the periods	6.25	957,500	5,984,375	957,500	5,984,375

22. 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.

23. Net investment revenues

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December		For the years ended 31 December	
2022	2021	2022	2021	
Investment revenues:				
Interest income	220,256	288,008	220,244	287,998
Dividend income	164,016	162,447	164,016	162,447
Less: Investment expenses	(7,552)	(6,533)	(7,552)	(6,533)
Net investment revenues	<u>376,720</u>	<u>443,922</u>	<u>376,708</u>	<u>443,912</u>

24. Operating expenses

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December		For the years ended 31 December	
2022	2021	2022	2021	
Personnel expenses	194,575	182,985	194,575	182,985
Premises and equipment expenses	67,987	82,481	67,987	82,481
Taxes and duties	7,716	8,399	7,716	8,399
Bad debt and doubtful accounts	98,515	1,872	98,515	1,872
Other operating expenses	44,574	39,482	43,970	39,207
Total operating expenses	<u>413,367</u>	<u>315,219</u>	<u>412,763</u>	<u>314,944</u>

25. Expected credit losses

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December		For the years ended 31 December	
2022	2021	2022	2021	
Expected credit losses (reversal):				
Cash and cash equivalents	(94)	10	(94)	10
Accrued investment income	(3,844)	3,612	(3,844)	3,612
Investments in securities	(915)	(73)	(915)	(73)
Loans and interest receivables	(60,804)	43,876	(60,804)	43,876
Total	<u>(65,657)</u>	<u>47,425</u>	<u>(65,657)</u>	<u>47,425</u>

26. Expenses by nature

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2022	2021	2022	2021
Reserves for long-term insurance				
contracts decreased from prior year	(853,786)	(456,332)	(853,786)	(456,332)
Unexpired risk reserves increased				
(decreased) from prior year	85,581	(53,316)	85,581	(53,316)
Benefit payments under life policies	1,488,515	2,027,321	1,488,515	2,027,321
Claims	810,794	917,498	810,794	917,498
Commission and brokerages expenses	217,377	376,756	214,498	376,211
Employee expenses	213,068	204,682	213,068	204,682
Other underwriting expenses	19,854	23,463	19,854	23,463
Premises and equipment expenses	70,831	85,697	70,831	85,697
Bad debt and doubtful accounts	98,515	1,872	98,515	1,872
Finance costs	909	2,378	909	2,378
Expected credit losses	(65,657)	47,425	(65,657)	47,425
Others	37,949	24,618	37,344	24,344
Total expenses	<u>2,123,950</u>	<u>3,202,062</u>	<u>2,120,466</u>	<u>3,201,243</u>

27. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Group 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 2022 and 2021, the Group contributed Baht 7.9 million and Baht 9.7 million, respectively, to the fund.

28. Components of other comprehensive income

(Unit: Thousand Baht)

	Consolidated and separate financial statements					
	For the year ended 31 December 2022			For the year ended 31 December 2021		
	Amounts before taxes	Tax expenses	Amounts net of taxes	Amounts before taxes	Tax expenses	Amounts net of taxes
Gains (losses) on valuation of available-for-sale investments measured at fair value through other comprehensive income	(368,306)	73,661	(294,645)	124,986	(24,997)	99,989
Actuarial gains	3,762	-	3,762	-	-	-
Total	<u>(364,544)</u>	<u>73,661</u>	<u>(290,883)</u>	<u>124,986</u>	<u>(24,997)</u>	<u>99,989</u>

29. Basic earnings per share

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

Earnings per share for the years ended 31 December 2022 and 2021 were determined as follows:

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2022	2021	2022	2021
Profit for the year (Thousand Baht)	607,470	1,289,215	607,469	1,289,215
Weighted average number of ordinary shares (Thousand shares)	957,500	950,662	957,500	950,662
Basic earnings per share Earnings per share (Baht/share)	0.63	1.36	0.63	1.36

30. Related party transactions

30.1 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 Pte. Ltd.	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.

30.2 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		
	2022	2021	
Related parties			
Revenues			
Premium written	188	-	Contract rates or agreed-upon rates
Expenses			
Securities management fee	5,000	4,543	Contract rates or agreed-upon rates
Commission expense	1,297	1,762	Contract rates or agreed-upon rates

30.3 Outstanding balances with related parties

As at 31 December 2022 and 2021, 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	
	2022	2021	2022	2021
Subsidiary				
Assets				
Receivables from related parties	-	-	-	142
Related companies				
Assets				
Premium receivables	21	33	21	33
Liabilities				
Accrued securities management fee	1,255	1,216	1,255	1,216

30.4 Directors' and key management's remunerations

The Group 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	
	2022	2021
Short-term employee benefits	4,263	5,268
Long-term employee benefits	48	-
Total	4,311	5,268

31. Litigations

As at 31 December 2022 and 2021, the Company had outstanding litigation cases whereby the Company has been sued by its policyholders claiming for benefits under the insurance contracts for the amount of Baht 5.03 million. The judgment of the cases has not yet been finalised and the Company's management expects that the Company will win the cases and there will be no payments as a result of such claims. Therefore, the Company recorded no provision of liabilities on those litigation cases.

32. Contributions to the Life Insurance Fund

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	For the years ended 31 December	
	2022	2021
Accumulated contributions at beginning of the years	21,360	18,038
Contributions during the years	2,369	3,322
Accumulated contributions at end of the years	<u>23,729</u>	<u>21,360</u>

33. Life insurance company's risk

The Group 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 Group's Risk Management Policy must be identified and reviewed by the Risk Management Committee and approved by the Group's Board of Directors. The Group proceeds according to the Risk Management Process, which covers key risk area as follows:

33.1 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 Group 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 Group assesses the adequacy of insurance reserves and capital adequacy ratio to meet the regulatory requirements in order to be assured that the Group is able to accept the risks that may arise in the future.

In addition, the Group 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 2022 and 2021, the Group 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 2022						
		Increase (decrease) in long-term insurance policy reserves - both gross and net of reinsurance			Increase (decrease) in long-term insurance policy reserves - both gross and net of reinsurance	
	Assumptions	increase	Increase (decrease) in owners' equity before income taxes	Assumptions	decrease	Increase (decrease) in owners' equity before income taxes
Mortality rate	+ 15.0%	71,799	(71,799)	- 15.0%	(75,037)	75,037
Lapse rate	+ 20.0%	64,263	(64,263)	- 20.0%	(89,292)	89,292
Discount rate	+ 0.5%	(485,885)	485,885	- 0.5%	537,169	(537,169)
Related expenses	+ 5.0%	48,843	(48,843)	- 5.0%	(48,823)	48,823

(Unit: Thousand Baht)

Consolidated and separate financial statements						
31 December 2021						
	Assumptions increase	Increase (decrease) in long-term insurance policy reserves - both gross and net of reinsurance		Assumptions decrease	Increase (decrease) in long-term insurance policy reserves - both gross and net of reinsurance	
		Increase (decrease) in owners' equity before income taxes	Increase (decrease) in owners' equity before income taxes		Increase (decrease) in owners' equity before income taxes	Increase (decrease) in owners' equity before income taxes
Mortality rate	+ 15.0%	77,185	(77,185)	- 15.0%	(80,805)	80,805
Lapse rate	+ 20.0%	(71,661)	71,661	- 20.0%	89,688	(89,688)
Discount rate	+ 0.5%	(661,176)	661,176	- 0.5%	749,337	(749,337)
Related expenses	+ 5.0%	60,213	(60,213)	- 5.0%	(60,213)	60,213

(b) The sensitivity analysis on loss reserves

(Unit: Thousand Baht)

Consolidated and separate financial statements							
	Factor (LDF)	31 December 2022			31 December 2021		
		Increase (decrease) in loss reserves before reinsurance	Increase (decrease) in loss reserves after reinsurance	Increase (decrease) in owners' equity before income taxes	Increase (decrease) in loss reserves before reinsurance	Increase (decrease) in loss reserves after reinsurance	Increase (decrease) in owners' equity before income taxes
	+ 10.0%	544,347	543,929	(543,929)	449,163	448,123	(448,123)
	- 10.0%	(22,990)	(22,973)	22,973	(49,397)	(49,343)	49,343

33.2 Concentrations of life insurance risk

The Group 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 interest rates on deposits may have a negative impact on the Group'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 Group's pension products.

As at 31 December 2022 and 2021, 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 2022			31 December 2021		
	Gross long-term insurance reserves	Reinsurance	Net long-term insurance reserves	Gross long-term insurance reserves	Reinsurance	Net long-term insurance reserves
Endowment	4,589,644	-	4,589,644	5,082,026	-	5,082,026
Whole life	3,020,550	-	3,020,550	3,322,043	-	3,322,043
Term insurance						
& mortgage	(821)	-	(821)	(423)	-	(423)
Annuity	68,889	-	68,889	105,793	-	105,793
Reduce paid-up	266,067	-	266,067	313,417	-	313,417
Extended term						
insurance	134,249	-	134,249	161,879	-	161,879
Long term rider	378,040	-	378,040	325,677	-	325,677
Unit-linked	19	-	19	11	-	11
Total	8,456,637	-	8,456,637	9,310,423	-	9,310,423

(Unit: Thousand Baht)

	Consolidated and separate financial statements					
	31 December 2022			31 December 2021		
	Gross loss reserves	Reinsurance	Net loss reserves	Gross loss reserves	Reinsurance	Net loss reserves
Personal accident	1,170	(2)	1,168	2,603	(122)	2,481
Accidental rider	790	-	790	716	-	716
Critical illness						
rider	300	-	300	4,085	-	4,085
Health rider	114,901	(157)	114,744	66,713	(270)	66,443
Group insurance	64,406	-	64,406	232,371	-	232,371
Total	181,567	(159)	181,408	306,488	(392)	306,096

33.3 Insurance contract assets and liabilities

As at 31 December 2022 and 2021, 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 2022			
	Within 1 year	1 - 5 years	Over 5 years	Total
<u>Insurance contract assets</u>				
Premium receivables - net	174,169	-	-	174,169
Reinsurance assets				
Loss reserves	154	5	-	159
Reinsurance receivables	2,113	-	-	2,113
<u>Insurance contract liabilities</u>				
Insurance contract liabilities				
Long-term insurance policy reserves ⁽¹⁾	345,047	1,563,478	14,259,519	16,168,044
Loss reserves	175,994	5,573	-	181,567
Reinsurance payables	8,522	-	-	8,522

⁽¹⁾ Estimated timing of the net undiscounted cash outflows

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	31 December 2021			
	Within 1 year	1 - 5 years	Over 5 years	Total
<u>Insurance contract assets</u>				
Premium receivables - net	195,792	-	-	195,792
Reinsurance assets				
Loss reserves	372	20	-	392
Reinsurance receivables	5,911	-	-	5,911
<u>Insurance contract liabilities</u>				
Insurance contract liabilities				
Long-term insurance policy reserves ⁽¹⁾	322,911	1,541,900	13,779,468	15,644,279
Loss reserves	291,163	15,325	-	306,488
Reinsurance payables	12,633	-	-	12,633

⁽¹⁾ Estimated timing of the net undiscounted cash outflows

34. Financial risk management

34.1 Credit risk

Credit risk occurs when the counter party is unable to honour 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, mortgage 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 change 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 2022			
	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	362,696	-	-	362,696
Less: Allowance for expected credit losses	(95)	-	-	(95)
Net book value	362,601	-	-	362,601
Accrued investment income				
Investment grade	36,107	-	-	36,107
Non-investment grade	-	-	3,941	3,941
Total	36,107	-	3,941	40,048
Less: Allowance for expected credit losses	(38)	-	(3,941)	(3,979)
Net book value	36,069	-	-	36,069
Available-for-sale investments measured at fair value through other comprehensive income				
Investment grade	5,557,359	-	-	5,557,359
Non-investment grade	-	-	79,730	79,730
Total fair value	5,557,359	-	79,730	5,637,089
Allowance for expected credit losses	(1,845)	-	(90,270)	(92,115)
Held-to-maturity investments measured at amortised cost				
Investment grade	10,317	-	-	10,317
Less: Allowance for expected credit losses	-	-	-	-
Net book value	10,317	-	-	10,317
Loans and interest receivables ⁽¹⁾				
Not yet due	46,156	14,728	7,359	68,243
Overdue 1 - 30 days	30	84	7,485	7,599
Overdue 31 - 60 days	-	-	631	631
Overdue 61 - 90 days	-	-	-	-
Over 90 days	-	-	406,271	406,271
Total	46,186	14,812	421,746	482,744
Less: Allowance for expected credit losses	(1,777)	-	(229,038)	(230,815)
Net book value	44,409	14,812	192,708	251,929

⁽¹⁾ Excluded policy loans

(Unit: Thousand Baht)

Consolidated financial statements				
31 December 2021				
	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	517,103	-	-	517,103
Less: Allowance for expected credit losses	(189)	-	-	(189)
Net book value	<u>516,914</u>	<u>-</u>	<u>-</u>	<u>516,914</u>
Accrued investment income				
Investment grade	36,760	-	-	36,760
Non-investment grade	-	-	7,737	7,737
Total	36,760	-	7,737	44,497
Less: Allowance for expected credit losses	(86)	-	(7,737)	(7,823)
Net book value	<u>36,674</u>	<u>-</u>	<u>-</u>	<u>36,674</u>
Available-for-sale investments measured at fair value through other comprehensive income				
Investment grade	5,073,277	-	-	5,073,277
Non-investment grade	-	-	80,920	80,920
Total fair value	5,073,277	-	80,920	5,154,197
Allowance for expected credit losses	(3,950)	-	(89,080)	(93,030)
Held-to-maturity investments measured at amortised cost				
Investment grade	20,170	-	-	20,170
Less: Allowance for expected credit losses	-	-	-	-
Net book value	<u>20,170</u>	<u>-</u>	<u>-</u>	<u>20,170</u>
Loans and interest receivables ⁽¹⁾				
Not yet due	43,165	15,996	7,359	66,520
Overdue 1 - 30 days	8,635	-	-	8,635
Overdue 31 - 60 days	-	2,525	-	2,525
Overdue 61 - 90 days	-	-	1,301	1,301
Over 90 days	-	-	559,357	559,357
Total	51,800	18,521	568,017	638,338
Less: Allowance for expected credit losses	(1,368)	(709)	(289,542)	(291,619)
Net book value	<u>50,432</u>	<u>17,812</u>	<u>278,475</u>	<u>346,719</u>

⁽¹⁾ Excluded policy loans

(Unit: Thousand Baht)

	Separate financial statements			
	31 December 2022			
	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	356,651	-	-	356,651
Less: Allowance for expected credit losses	(92)	-	-	(92)
Net book value	356,559	-	-	356,559
Accrued investment income				
Investment grade	36,107	-	-	36,107
Non-investment grade	-	-	3,941	3,941
Total	36,107	-	3,941	40,048
Less: Allowance for expected credit losses	(38)	-	(3,941)	(3,979)
Net book value	36,069	-	-	36,069
Available-for-sale investments measured at fair value through other comprehensive income				
Investment grade	5,557,359	-	-	5,557,359
Non-investment grade	-	-	79,730	79,730
Total fair value	5,557,359	-	79,730	5,637,089
Allowance for expected credit losses	(1,845)	-	(90,270)	(92,115)
Held-to-maturity investments measured at amortised cost				
Investment grade	10,317	-	-	10,317
Less: Allowance for expected credit losses	-	-	-	-
Net book value	10,317	-	-	10,317
Loans and interest receivables ⁽¹⁾				
Not yet due	46,156	14,728	7,359	68,243
Overdue 1 - 30 days	30	84	7,485	7,599
Overdue 31 - 60 days	-	-	631	631
Overdue 61 - 90 days	-	-	-	-
Over 90 days	-	-	406,271	406,271
Total	46,186	14,812	421,746	482,744
Less: Allowance for expected credit losses	(1,777)	-	(229,038)	(230,815)
Net book value	44,409	14,812	192,708	251,929

⁽¹⁾ Excluded policy loans

(Unit: Thousand Baht)

	Separate financial statements			
	31 December 2021			
	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	511,275	-	-	511,275
Less: Allowance for expected credit losses	(186)	-	-	(186)
Net book value	511,089	-	-	511,089
Accrued investment income				
Investment grade	36,760	-	-	36,760
Non-investment grade	-	-	7,737	7,737
Total	36,760	-	7,737	44,497
Less: Allowance for expected credit losses	(86)	-	(7,737)	(7,823)
Net book value	36,674	-	-	36,674
Available-for-sale Investments measured at fair value through other comprehensive income				
Investment grade	5,073,277	-	-	5,073,277
Non-investment grade	-	-	80,920	80,920
Total fair value	5,073,277	-	80,920	5,154,197
Allowance for expected credit losses	(3,950)	-	(89,080)	(93,030)
Held-to-maturity investments measured at amortised cost				
Investment grade	20,170	-	-	20,170
Less: Allowance for expected credit losses	-	-	-	-
Net book value	20,170	-	-	20,170
Loans and interest receivables ⁽¹⁾				
Not yet due	43,165	15,996	7,359	66,520
Overdue 1 - 30 days	8,635	-	-	8,635
Overdue 31 - 60 days	-	2,525	-	2,525
Overdue 61 - 90 days	-	-	1,301	1,301
Over 90 days	-	-	559,357	559,357
Total	51,800	18,521	568,017	638,338
Less: Allowance for expected credit losses	(1,368)	(709)	(289,542)	(291,619)
Net book value	50,432	17,812	278,475	346,719

⁽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			
	For the year ended 31 December 2022			
	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 balances	189	-	-	189
Change due to remeasurement of allowance for expected credit losses	(94)	-	-	(94)
Ending balances	95	-	-	95
Accrued investment income				
Beginning balances	86	-	7,737	7,823
Change due to remeasurement of allowance for expected credit losses	(45)	-	(3,796)	(3,841)
Newly purchased or acquired financial assets	3	-	-	3
Amounts written off	(6)	-	-	(6)
Ending balances	38	-	3,941	3,979
Available-for-sale investments measured at fair value through other comprehensive income				
Beginning balances	3,950	-	89,080	93,030
Change due to remeasurement of allowance for expected credit losses	(1,958)	-	1,190	(768)
Newly purchased or acquired financial assets	183	-	-	183
Amounts written off	(330)	-	-	(330)
Ending balances	1,845	-	90,270	92,115
Loans and interest receivables ⁽¹⁾				
Beginning balances	1,368	709	289,542	291,619
Change due to restaging	(9)	9	-	-
Change due to remeasurement of allowance for expected credit losses	351	(9)	14,608	14,950
Newly purchased or acquired financial assets	104	-	-	104
Amounts written off	(37)	(709)	(75,112)	(75,858)
Ending balances	1,777	-	229,038	230,815

⁽¹⁾ Excluded policy loans

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the year ended 31 December 2021			
	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 balances	179	-	-	179
Change due to remeasurement of allowance for expected credit losses	10	-	-	10
Ending balances	189	-	-	189
Accrued investment income				
Beginning balances	57	17	4,137	4,211
Change due to remeasurement of allowance for expected credit losses	35	-	3,600	3,635
Amounts written off	(6)	(17)	-	(23)
Ending balances	86	-	7,737	7,823
Available-for-sale investments measured at fair value through other comprehensive income				
Beginning balances	2,720	793	89,590	93,103
Change due to remeasurement of allowance for expected credit losses	1,488	-	(510)	978
Amounts written off	(258)	(793)	-	(1,051)
Ending balances	3,950	-	89,080	93,030
Loans and interest receivables ⁽¹⁾				
Beginning balances	4,675	3,540	239,527	247,742
Change due to restaging	(490)	(1,890)	2,380	-
Change due to remeasurement of allowance for expected credit losses	215	(941)	51,523	50,797
Newly purchased or acquired financial assets	640	-	-	640
Amounts written off	(3,672)	-	(3,888)	(7,560)
Ending balances	1,368	709	289,542	291,619

⁽¹⁾ Excluded policy loans

(Unit: Thousand Baht)

	Separate financial statements			
	For the year ended 31 December 2022			
	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 balances	186	-	-	186
Change due to remeasurement of allowance for expected credit losses	(94)	-	-	(94)
Ending balances	92	-	-	92
Accrued investment income				
Beginning balances	86	-	7,737	7,823
Change due to remeasurement of allowance for expected credit losses	(45)	-	(3,796)	(3,841)
Newly purchased or acquired financial assets	3	-	-	3
Amounts written off	(6)	-	-	(6)
Ending balances	38	-	3,941	3,979
Available-for-sale investments measured at fair value through other comprehensive income				
Beginning balances	3,950	-	89,080	93,030
Change due to remeasurement of allowance for expected credit losses	(1,958)	-	1,190	(768)
Newly purchased or acquired financial assets	183	-	-	183
Amounts written off	(330)	-	-	(330)
Ending balances	1,845	-	90,270	92,115
Loans and interest receivables ⁽¹⁾				
Beginning balances	1,368	709	289,542	291,619
Change due to restaging	(9)	9	-	-
Change due to remeasurement of allowance for expected credit losses	351	(9)	14,608	14,950
Newly purchased or acquired financial assets	104	-	-	104
Amounts written off	(37)	(709)	(75,112)	(75,858)
Ending balances	1,777	-	229,038	230,815

⁽¹⁾ Excluded policy loans

(Unit: Thousand Baht)

	Separate financial statements			
	For the year ended 31 December 2021			
	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 balances	176	-	-	176
Change due to remeasurement of allowance for expected credit losses	10	-	-	10
Ending balances	186	-	-	186
Accrued investment income				
Beginning balances	57	17	4,137	4,211
Change due to remeasurement of allowance for expected credit losses	35	-	3,600	3,635
Amounts written off	(6)	(17)	-	(23)
Ending balances	86	-	7,737	7,823
Available-for-sale investments measured at fair value through other comprehensive income				
Beginning balances	2,720	793	89,590	93,103
Change due to remeasurement of allowance for expected credit losses	1,488	-	(510)	978
Amounts written off	(258)	(793)	-	(1,051)
Ending balances	3,950	-	89,080	93,030
Loans and interest receivables ⁽¹⁾				
Beginning balances	4,675	3,540	239,527	247,742
Change due to restaging	(490)	(1,890)	2,380	-
Change due to remeasurement of allowance for expected credit losses	215	(941)	51,523	50,797
Newly purchased or acquired financial assets	640	-	-	640
Amounts written off	(3,672)	-	(3,888)	(7,560)
Ending balances	1,368	709	289,542	291,619

⁽¹⁾ Excluded policy loans

34.2 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 2022 and 2021, 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 2022							
Fixed interest rates							
Remaining periods to repricing dates or maturity dates							
Within 1 year	1 - 5 years	Over 5 years	Floating interest rate	No interest	Total	Interest rate (% p.a.)	
Financial Assets							
Cash and cash equivalents	-	-	-	362,237	364	362,601	0.10 - 0.60
Accrued investment income	-	-	-	-	36,069	36,069	-
Investments in securities							
Government and state enterprise securities							
	1,069,733	639,493	1,037,799	-	-	2,747,025	0.66 - 4.41
Private sector debt securities							
	358,676	1,029,756	1,320,381	-	-	2,708,813	2.98 - 5.10
Domestic common stocks	-	-	-	-	418,355	418,355	-
Foreign common stocks	-	-	-	-	1,916,410	1,916,410	-
Domestic unit trusts	-	-	-	-	3,456,506	3,456,506	-
Foreign unit trusts	-	-	-	-	1,111,887	1,111,887	-
Deposits at financial institutions with a maturity period of longer than 3 months							
	10,317	-	-	-	-	10,317	1.20 - 1.35
Policy loans and interest receivables							
	512,176	-	-	-	-	512,176	4.75 - 8.00
Mortgage loans, other loans, and interest receivables							
	178,439	30,156	3,913	39,421	-	251,929 ⁽¹⁾	5.00 - 19.00
Financial Liabilities							
Lease liabilities	13,318	1,895	-	-	-	15,213	3.36 - 4.00

⁽¹⁾ Included credit-impaired loans and interest receivables of Baht 193 million

(Unit: Thousand Baht)

Consolidated financial statements

31 December 2021

	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	-	-	-	516,630	284	516,914	0.05 - 0.41
Accrued investment income	-	-	-	-	36,674	36,674	-
Investments in securities							
Government and state							
enterprise securities	379,919	405,652	1,240,625	-	-	2,026,196	0.44 - 4.50
Private sector debt							
securities	229,504	992,185	1,645,689	-	-	2,867,378	3.68 - 5.10
Domestic common stocks	-	-	-	-	505,829	505,829	-
Foreign common stocks	-	-	-	-	2,060,621	2,060,621	-
Domestic unit trusts	-	-	-	-	4,276,103	4,276,103	-
Foreign unit trusts	-	-	-	-	923,242	923,242	-
Deposits at financial institutions with a maturity period of longer than 3 months							
	20,170	-	-	-	-	20,170	1.20 - 1.45
Policy loans and interest receivables							
	554,841	-	-	-	-	554,841	4.00 - 8.00
Mortgage loans, other loans, and interest receivables							
	285,103	29,651	8,157	43,808	-	346,719 ⁽¹⁾	5.00 - 19.00
Financial Liabilities							
Lease liabilities	27,946	20,505	-	-	-	48,451	3.36 - 4.00

⁽¹⁾ Included credit-impaired loans and interest receivables of Baht 278 million

Separate financial statements

31 December 2022

	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	-	-	-	366,195	364	366,559	0.10 - 0.60
Accrued investment income	-	-	-	-	36,069	36,069	-
Investments in securities							
Government and state							
enterprise securities	1,069,733	639,493	1,037,799	-	-	2,747,025	0.66 - 4.41
Private sector debt							
securities	358,676	1,029,756	1,320,381	-	-	2,708,813	2.98 - 5.10
Private sector debt							
securities	-	-	-	-	418,355	418,355	-
Domestic common stocks	-	-	-	-	1,916,410	1,916,410	-
Foreign common stocks	-	-	-	-	3,456,506	3,456,506	-
Domestic unit trusts	-	-	-	-	1,111,887	1,111,887	-
Deposits at financial							
institutions with a							
maturity period of							
longer than 3 months							
	10,317	-	-	-	-	10,317	1.20 - 1.35
Policy loans and interest							
receivables	512,176	-	-	-	-	512,176	4.75 - 8.00
Mortgage loans, other loans,							
and interest receivables							
	178,439	30,156	3,913	39,421	-	251,929 ⁽¹⁾	5.00 - 19.00
Financial Liabilities							
Lease liabilities	13,318	1,895	-	-	-	15,213	3.36 - 4.00

⁽¹⁾ Included credit-impaired loans and interest receivables of Baht 193 million

(Unit: Thousand Baht)

Separate financial statements

31 December 2021

	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	-	-	-	510,805	284	511,089	0.05 - 0.41
Accrued investment income	-	-	-	-	36,674	36,674	-
Investments in securities							
Government and state							
enterprise securities	379,919	405,652	1,240,625	-	-	2,026,196	0.44 - 4.50
Private sector debt							
securities	229,504	992,185	1,645,689	-	-	2,867,378	3.68 - 5.10
Private sector debt							
securities	-	-	-	-	505,829	505,829	-
Domestic common stocks	-	-	-	-	2,060,621	2,060,621	-
Foreign common stocks	-	-	-	-	4,276,103	4,276,103	-
Domestic unit trusts	-	-	-	-	923,242	923,242	-
Deposits at financial institutions with a maturity period of longer than 3 months							
	20,170	-	-	-	-	20,170	1.20 - 1.45
Policy loans and interest receivables							
	554,841	-	-	-	-	554,841	4.00 - 8.00
Mortgage loans, other loans, and interest receivables							
	265,103	29,651	8,157	43,808	-	346,719 ⁽¹⁾	5.00 - 19.00
Financial Liabilities							
Lease liabilities	27,946	20,505	-	-	-	48,451	3.36 - 4.00

⁽¹⁾ Included credit-impaired loans and interest receivables of Baht 278 million

The changes in interest rates affected on the Group's profit and loss and owners' equity as at 31 December 2022 and 2021 were summarised below:

Consolidated and separate financial statements			
31 December 2022			
	Increase (decrease)	Profit before income taxes increased (decreased)	Owners' equity before income taxes increased (decreased)
	(%)	(Thousand baht)	(Thousand baht)
Investments in debt securities	+0.5%	-	(117,262)
Investments in debt securities	-0.5%	-	122,602
Loans and interest receivables	+0.5%	215	(215)
Loans and interest receivables	-0.5%	(215)	215

Consolidated and Separate financial statements			
31 December 2021			
	Increase (decrease)	Profit before income taxes increased (decreased)	Owners' equity before income taxes increased (decreased)
	(%)	(Thousand Baht)	(Thousand Baht)
Investments in debt securities	+0.5%	-	(131,752)
Investments in debt securities	-0.5%	-	138,278
Loans and interest receivables	+0.5%	249	(249)
Loans and interest receivables	-0.5%	(249)	249

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.

34.3 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 2022							
	At call	Less than 6 months	6 months - 1 year	1 - 3 years	Over 3 years	Unspecified	Total
Financial Assets							
Cash and cash equivalents	292,637	69,964	-	-	-	-	362,601
Accrued investment income	-	35,897	172	-	-	-	36,069
Investments in securities							
Government and state							
enterprise securities	-	750,528	319,205	437,448	1,239,844	-	2,747,025
Private sector debt							
securities	-	-	358,676	392,674	1,957,463	-	2,708,813
Domestic common stocks	411,713	-	-	-	-	6,642	418,355
Foreign common stocks	1,916,410	-	-	-	-	-	1,916,410
Domestic unit trusts	3,456,506	-	-	-	-	-	3,456,506
Foreign unit trusts	1,111,887	-	-	-	-	-	1,111,887
Deposits at financial							
institutions with a							
maturity period of							
longer than 3 months	10,317	-	-	-	-	-	10,317
Policy loans and interest							
receivables	512,176	-	-	-	-	-	512,176
Mortgage loans, other							
loans, and interest							
receivables	178,057	29	984	6,840	66,019	-	251,929
Financial Liabilities							
Lease liabilities	-	7,860	5,687	1,947	-	-	15,494

Consolidated financial statements

Outstanding balances of financial instruments as at 31 December 2021

	At call	Less than 6 months	6 months - 1 year	1 - 3 years	Over 3 years	Unspecified	Total
Financial Assets							
Cash and cash equivalents	456,941	59,973	-	-	-	-	516,914
Accrued investment income	-	36,674	-	-	-	-	36,674
Investments in securities							
Government and state							
enterprise securities	-	317,567	62,352	172,041	1,474,236	-	2,026,196
Private sector debt							
securities	-	50,082	179,421	679,421	1,958,454	-	2,867,378
Domestic common stocks	499,383	-	-	-	-	6,446	505,829
Foreign common stocks	2,060,621	-	-	-	-	-	2,060,621
Domestic unit trusts	4,276,103	-	-	-	-	-	4,276,103
Foreign unit trusts	923,242	-	-	-	-	-	923,242
Deposits at financial							
institutions with a							
maturity period of							
longer than 3 months	10,170	-	10,000	-	-	-	20,170
Policy loans and interest							
receivables	554,841	-	-	-	-	-	554,841
Mortgage loans, other							
loans, and interest							
receivables	259,171	2,877	8,816	5,535	70,320	-	346,719
Financial Liabilities							
Lease liabilities	-	13,267	16,030	20,839	-	-	50,136

Separate financial statements

Outstanding balances of financial instruments as at 31 December 2022							
	At call	Less than 6 months	6 months - 1 year	1 - 3 years	Over 3 years	Unspecified	Total
Financial Assets							
Cash and cash equivalents	286,595	69,964	-	-	-	-	356,559
Accrued investment income	-	35,897	172	-	-	-	36,069
Investments in securities							
Government and state							
enterprise securities	-	750,528	319,205	437,448	1,239,844	-	2,747,025
Private sector debt							
securities	-	-	358,676	392,674	1,957,463	-	2,708,813
Domestic common stocks	411,713	-	-	-	-	6,642	418,355
Foreign common stocks	1,916,410	-	-	-	-	-	1,916,410
Domestic unit trusts	3,456,506	-	-	-	-	-	3,456,506
Foreign unit trusts	1,111,887	-	-	-	-	-	1,111,887
Deposits at financial							
institutions with a							
maturity period of							
longer than 3 months	10,317	-	-	-	-	-	10,317
Policy loans and interest							
receivables	512,176	-	-	-	-	-	512,176
Mortgage loans, other loans,							
and interest receivables	178,057	29	984	6,840	66,019	-	251,929
Financial Liabilities							
Lease liabilities	-	7,860	5,687	1,947	-	-	15,494

Separate financial statements

Outstanding balances of financial instruments as at 31 December 2021

	At call	Less than 6 months	6 months - 1 year	1 - 3 years	Over 3 years	Unspecified	Total
Financial Assets							
Cash and cash equivalents	451,116	59,973	-	-	-	-	511,089
Accrued investment income	-	36,674	-	-	-	-	36,674
Investments in securities							
Government and state							
enterprise securities	-	317,567	62,352	172,041	1,474,236	-	2,026,196
Private sector debt							
securities	-	50,082	179,421	679,421	1,958,454	-	2,867,378
Domestic common stocks	499,383	-	-	-	-	6,446	505,829
Foreign common stocks	2,060,621	-	-	-	-	-	2,060,621
Domestic unit trusts	4,276,103	-	-	-	-	-	4,276,103
Foreign unit trusts	923,242	-	-	-	-	-	923,242
Deposits at financial							
institutions with a							
maturity period of							
longer than 3 months	10,170	-	10,000	-	-	-	20,170
Policy loans and interest							
receivables	554,841	-	-	-	-	-	554,841
Mortgage loans, other loans,							
and interest receivables	259,171	2,877	8,816	5,535	70,320	-	346,719
Financial Liabilities							
Lease liabilities	-	13,267	16,030	20,839	-	-	50,136

34.4 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 2022 and 2021, 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 2022						
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	20,034	509,355	20,202	513,618	25.42
Unit trusts	HK dollar	77,609	308,362	78,259	343,627	4.39
Unit trusts	US dollar	2,097	104,519	2,134	73,391	34.39
Available-for-sales						
investments measured at fair value through other comprehensive income						
Common stocks	Singapore dollar	37,311	1,000,719	60,660	1,542,236	25.42
Common stocks	Japanese yen	418,070	190,684	446,554	114,917	25.73
Common stocks	HK dollar	49,234	213,807	49,497	217,334	4.39
Common stocks	US dollar	1,105	38,310	1,219	41,923	34.39
Unit trusts	Singapore dollar	5,519	141,050	5,873	149,307	25.42
Unit trusts	US dollar	1,154	40,950	929	31,944	34.39
Consolidated and separate financial statements						
31 December 2021						
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	10,855	265,368	10,872	265,776	24.45
Unit trusts	HK dollar	77,609	329,444	77,635	329,552	4.24
Unit trusts	US dollar	2,012	66,897	2,024	67,291	33.25
Available-for-sales						
investments measured at fair value through other comprehensive income						
Common stocks	Singapore dollar	37,520	963,705	59,126	1,445,390	24.45
Common stocks	Japanese yen	836,141	255,173	1,184,533	339,856	28.69
Common stocks	HK dollar	53,633	217,986	53,934	228,944	4.24
Common stocks	US dollar	1,105	35,686	1,397	46,431	33.25
Unit trusts	Singapore dollar	7,982	206,670	8,880	217,069	24.45
Unit trusts	US dollar	1,200	44,871	1,310	43,554	33.25

34.5. Fair values of financial instruments

As at 31 December 2022 and 2021, 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 2022					
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	-	2,641,328	-	2,641,328	2,641,328
Foreign unit trusts	-	930,636	-	930,636	930,636
Available-for-sale investments measured at fair value					
through other comprehensive income					
Government and state enterprise securities	-	2,747,025	-	2,747,025	2,747,025
Private sector debt securities	-	2,629,083	79,730	2,708,813	2,708,813
Domestic common stocks	411,713	-	6,642	418,355	418,355
Foreign common stocks	1,916,410	-	-	1,916,410	1,916,410
Domestic unit trusts	815,178	-	-	815,178	815,178
Foreign unit trusts	181,251	-	-	181,251	181,251
Financial assets for which fair values were disclosed					
Cash and cash equivalents	362,601	-	-	362,601	362,601
Accrued investment income	-	36,069	-	36,069	36,069
Held-to-maturity investments measured at amortised cost					
Deposits at financial institutions with a maturity period of longer than 3 months					
	-	10,317	-	10,317	10,317
Policy loans and interest receivables	-	-	564,560	564,560	512,176
Mortgage loans, other loans and interest receivables	-	-	521,491	521,491	251,929
Financial liabilities for which fair values were disclosed					
Lease liabilities	-	-	15,213	15,213	15,213

(Unit: Thousand Baht)

Consolidated financial statements					
31 December 2021					
	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	-	3,457,912	-	3,457,912	3,457,912
Foreign unit trusts	-	662,619	-	662,619	662,619
Available-for-sale investments measured at fair value through other comprehensive income					
Government and state enterprise securities	-	2,026,196	-	2,026,196	2,026,196
Private sector debt securities	-	2,786,458	80,920	2,867,378	2,867,378
Domestic common stocks	499,383	-	6,446	505,829	505,829
Foreign common stocks	2,060,621	-	-	2,060,621	2,060,621
Domestic unit trusts	818,191	-	-	818,191	818,191
Foreign unit trusts	260,623	-	-	260,623	260,623
Financial assets for which fair values were disclosed					
Cash and cash equivalents	516,914	-	-	516,914	516,914
Accrued investment income	-	36,674	-	36,674	36,674
Held-to-maturity investments measured at amortised cost					
Deposits at financial institutions with a maturity period of longer than 3 months					
	-	20,170	-	20,170	20,170
Policy loans and interest receivables	-	-	629,471	629,471	554,841
Mortgage loans, other loans and interest receivables	-	-	564,796	564,796	346,719
Financial liabilities for which fair values were disclosed					
Lease liabilities	-	-	48,451	48,451	48,451

(Unit: Thousand Baht)

Separate financial statements					
31 December 2022					
	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	-	2,641,328	-	2,641,328	2,641,328
Foreign unit trusts	-	930,636	-	930,636	930,636
Available-for-sale investments measured at fair value					
through other comprehensive income					
Government and state enterprise securities	-	2,747,025	-	2,747,025	2,747,025
Private sector debt securities	-	2,629,083	79,730	2,708,813	2,708,813
Domestic common stocks	411,713	-	6,642	418,355	418,355
Foreign common stocks	1,916,410	-	-	1,916,410	1,916,410
Domestic unit trusts	815,178	-	-	815,178	815,178
Foreign unit trusts	181,251	-	-	181,251	181,251
Financial assets for which fair values were disclosed					
Cash and cash equivalents	356,559	-	-	356,559	356,559
Accrued investment income	-	36,069	-	36,069	36,069
Held-to-maturity investments measured at amortised cost					
Deposits at financial institutions with a maturity period of longer than 3 months					
	-	10,317	-	10,317	10,317
Policy loans and interest receivables	-	-	564,560	564,560	512,176
Mortgage loans, other loans and interest receivables	-	-	521,491	521,491	251,929
Financial liabilities for which fair values were disclosed					
Lease liabilities	-	-	15,213	15,213	15,213

(Unit: Thousand Baht)

	Separate financial statements				
	31 December 2021				
	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	-	3,457,912	-	3,457,912	3,457,912
Foreign unit trusts	-	662,619	-	662,619	662,619
Available-for-sale investments measured at fair value					
through other comprehensive income					
Government and state enterprise securities	-	2,026,196	-	2,026,196	2,026,196
Private sector debt securities	-	2,786,458	80,920	2,867,378	2,867,378
Domestic common stocks	499,383	-	6,446	505,829	505,829
Foreign common stocks	2,060,621	-	-	2,060,621	2,060,621
Domestic unit trusts	818,191	-	-	818,191	818,191
Foreign unit trusts	260,623	-	-	260,623	260,623
Financial assets for which fair values were disclosed					
Cash and cash equivalents	511,089	-	-	511,089	511,089
Accrued investment income	-	36,674	-	36,674	36,674
Held-to-maturity investments measured at amortised cost					
Deposits at financial institutions with a maturity period of longer than 3 months					
	-	20,170	-	20,170	20,170
Policy loans and interest receivables	-	-	629,471	629,471	554,841
Mortgage loans, other loans and interest receivables	-	-	564,796	564,796	346,719
Financial liabilities for which fair values were disclosed					
Lease liabilities	-	-	48,451	48,451	48,451

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) Investments 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 year, 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
Balance as of 1 January 2022	6,446
Unrealised gains recognised in other comprehensive income	196
Balance as of 31 December 2022	6,642

35. 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.

36. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of directors on 28 March 2023.