

Prudential Life Assurance (Thailand) Public Company Limited
Report and financial statements
31 December 2024

Independent Auditor's Report

To the Shareholders of Prudential Life Assurance (Thailand) Public Company Limited

Opinion

I have audited the accompanying financial statements of Prudential Life Assurance (Thailand) Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2024, and the related statements of comprehensive income, changes in owners' equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information (collectively "the financial statements").

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Prudential Life Assurance (Thailand) Public Company Limited as at 31 December 2024, its 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 Company 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.

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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company'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 Company 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.

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: 12 March 2025

Prudential Life Assurance (Thailand) Public Company Limited

Statements of financial position

As at 31 December 2024 and 2023

(Unit: Thousand Baht)

	Note	31 December 2024	31 December 2023
Assets			
Cash and cash equivalents	6	1,445,452	5,204,525
Premium receivables	7	1,050,447	1,011,172
Accrued investment income		570,685	603,222
Reinsurance receivables		448,065	319,140
Derivative assets	8.1	4,316,806	1,458,973
Investment assets			
Investments in securities	9.1	149,570,036	123,824,780
Loans and interest receivables	10	4,794,999	4,446,520
Investment assets of the insured	11.1	12,945,991	13,536,714
Assets held for sale		8,967	8,967
Premises and equipment	12	161,619	178,355
Right-of-use assets	13.1	188,105	192,880
Intangible assets	14	18,905,271	19,508,675
Other assets			
Deferred acquisition costs	15	26,132,592	23,825,254
Collateral receivables under derivative agreement		-	64,100
Account receivables on sales of securities		114,601	99,269
Cash equivalents which subject to restrictions		4,219,407	420,101
Others		244,246	255,491
Total assets		225,117,289	194,958,138

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

Prudential Life Assurance (Thailand) Public Company Limited

Statements of financial position (continued)

As at 31 December 2024 and 2023

(Unit: Thousand Baht)

	Note	31 December 2024	31 December 2023
Liabilities			
Insurance contract liabilities	16	159,001,557	139,471,918
Investment contract liabilities	11.2	13,024,875	13,626,491
Reinsurance payables		639,657	652,708
Derivative liabilities	8.1	37,120	532,189
Lease liabilities	13.2	183,904	195,471
Employee benefit obligations	17	486,268	451,093
Deferred tax liabilities	18.1	4,307,006	2,209,456
Other liabilities			
Accrued commission		369,774	385,091
Accrued expenses		1,458,359	2,747,332
Account payables on purchases of securities		530,441	2,514,369
Collateral payables under derivative agreements		4,219,407	420,101
Other payables		389,868	444,651
Others		613,256	311,133
Total liabilities		185,261,492	163,962,003
Shareholders' equity			
Share capital			
Issued and paid share capital			
2,211,152,652 ordinary shares of Baht 9.14 each		20,209,935	20,209,935
Retained earnings			
Appropriated - Statutory reserves	19	1,251,278	1,194,852
Unappropriated		17,148,317	16,097,447
Other components of owners' equity		1,246,267	(6,506,099)
Total shareholders' equity		39,855,797	30,996,135
Total liabilities and shareholders' equity		225,117,289	194,958,138

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

Prudential Life Assurance (Thailand) Public Company Limited

Statements of comprehensive income

For the years ended 31 December 2024 and 2023

(Unit: Thousand Baht)

	Note	2024	2023
Profit or loss:			
Revenues			
Gross premium written		35,887,632	32,331,278
Less: Premium ceded to reinsurers	20	(627,847)	(423,493)
Net premium written		35,259,785	31,907,785
Less: Unearned premium reserves increased from prior year		(15,384)	(89,440)
Net premium earned		35,244,401	31,818,345
Commission and brokerage income	20	114,619	1,140,674
Net investment revenues	21	4,174,523	3,795,240
Gains on investments	22	1,020,379	269,980
Fair value losses	23	(669,849)	(927,376)
Other income		100,811	74,855
Total revenues		39,984,884	36,171,718
Expenses			
Long-term insurance policy reserves increased from prior year		19,379,594	10,387,257
Benefit payments under life policies and gross claims		11,257,653	16,905,688
Less: Benefit payments under life policies and claims refundable from reinsurance	20	(302,461)	(187,581)
Commission and brokerage expenses		2,487,489	2,442,093
Other underwriting expenses		2,035,084	1,917,067
Operating expenses	24	3,659,102	3,158,291
Finance costs		5,292	5,660
Expected credit losses and losses on impairment		120,995	212,107
Total expenses		38,642,748	34,840,582
Profit before income tax		1,342,136	1,331,136
Income tax expenses	18.2	(213,613)	(374,125)
Net profit		1,128,523	957,011

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

Prudential Life Assurance (Thailand) Public Company Limited
Statements of comprehensive income (Continued)
For the years ended 31 December 2024 and 2023

(Unit: Thousand Baht)

	Note	2024	2023
Other comprehensive income:			
Items to be recognised in profit or loss in subsequent periods:			
Gains on valuation of available-for-sale investments			
measured at fair value through other comprehensive income		6,704,172	2,107,393
Gains on measurement of financial derivatives held for			
cashflow hedge		3,129,637	457,167
Amortisation of deferred hedging costs		(143,352)	(9,469)
Total items to be recognised in profit or loss in subsequent periods		9,690,457	2,555,091
Less: Income taxes		(1,938,091)	(518,491)
Items to be recognised in profit or loss in subsequent periods			
- net of income taxes		7,752,366	2,036,600
Items to be not recognised in profit or loss in subsequent periods:			
Defined benefit plan actuarial losses			
		(26,534)	(16,377)
Add: Income taxes		5,307	3,275
Items to be not recognised in profit or loss in subsequent periods			
- net of income taxes		(21,227)	(13,102)
Other comprehensive income for the years		7,731,139	2,023,498
Total comprehensive income for the years		8,859,662	2,980,509
Basic earnings per share:			
	28		
Earnings per share (Baht)		0.51	0.43

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

Prudential Life Assurance (Thailand) Public Company Limited

Statements of changes in owners' equity

For the years ended 31 December 2024 and 2023

(Unit: Thousand Baht)

Note	Issued and paid-up share capital	Retained earnings		Other components of owners' equity				Total owners' equity	Total
		Appropriated - Statutory reserves	Unappropriated	Revaluation surplus (deficit) on available-for-sale investments measured at fair value through other comprehensive income - net of income taxes	Gain (loss) on measurement of financial derivatives held for cashflow hedge - net of income taxes	Deferred hedging costs - net of income taxes	Total other components of		
Balance as at 1 January 2023	20,209,935	1,147,002	15,393,758	(8,300,696)	(242,003)	-	(8,542,699)	28,207,996	
Net profit	-	-	957,011	-	-	-	-	957,011	
Other comprehensive income (loss) for the year	-	-	(13,102)	1,685,914	358,261	(7,575)	2,036,600	2,023,498	
Total comprehensive income (loss) for the year	-	-	943,909	1,685,914	358,261	(7,575)	2,036,600	2,980,509	
Transfer unappropriate retained earnings									
to statutory reserve	19	-	47,850	(47,850)	-	-	-	-	
Dividends paid	29	-	-	(192,370)	-	-	-	(192,370)	
Balance as at 31 December 2023	20,209,935	1,194,852	16,097,447	(6,614,782)	116,258	(7,575)	(6,506,099)	30,996,135	
Balance as at 1 January 2024	20,209,935	1,194,852	16,097,447	(6,614,782)	116,258	(7,575)	(6,506,099)	30,996,135	
Net Profit	-	-	1,128,523	-	-	-	-	1,128,523	
Other comprehensive income (loss) for the year	-	-	(21,227)	5,363,338	2,503,710	(114,682)	7,752,366	7,731,139	
Total comprehensive income (loss) for the year	-	-	1,107,296	5,363,338	2,503,710	(114,682)	7,752,366	8,859,662	
Transfer unappropriate retained earnings									
to statutory reserve	19	-	56,426	(56,426)	-	-	-	-	
Balance as at 31 December 2024	20,209,935	1,251,278	17,148,317	(1,251,444)	2,619,968	(122,257)	1,246,267	39,855,797	

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

Prudential Life Assurance (Thailand) Public Company Limited

Statements of cash flows

For the years ended 31 December 2024 and 2023

(Unit: Thousand Baht)

	2024	2023
Cash flows from operating activities		
Premium written from direct insurance	35,659,298	31,748,473
Cash received (paid) for reinsurance	(450,717)	930,691
Interest income	3,363,205	3,193,827
Dividend income	884,249	708,452
Other income	177,373	170,298
Benefit payments under life policies and gross claims		
from direct insurance	(11,119,022)	(16,547,909)
Commission and brokerage expenses on direct insurance	(2,517,071)	(2,683,363)
Other underwriting expenses	(3,273,230)	(2,749,397)
Operating expenses	(3,951,196)	(3,451,162)
Income tax expenses	(56,529)	(48,847)
Cash received on financial assets	38,468,058	31,373,527
Cash paid for financial assets	(59,791,050)	(40,210,087)
Net cash provided by (used in) operating activities	(2,606,632)	2,434,503
Cash flows from investing activities		
Disposals of premises and equipment	35,695	249
Purchases of equipment	(37,644)	(9,880)
Purchases of intangible assets	(1,110,897)	(120,417)
Net cash used in investing activities	(1,112,846)	(130,048)
Cash flows from financing activities		
Cash received from sublease	243	951
Repayments of lease liabilities	(39,838)	(35,926)
Dividends paid to shareholders	-	(192,370)
Net cash used in financing activities	(39,595)	(227,345)
Net increase (decrease) in cash and cash equivalents	(3,759,073)	2,077,110
Cash and cash equivalents at beginning of the years	5,204,525	3,127,061
Add: Decrease in allowance for expected credit losses	-	354
Cash and cash equivalents at end of the years	1,445,452	5,204,525

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

Prudential Life Assurance (Thailand) Public Company Limited

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Prudential Life Assurance (Thailand) Public Company Limited
Notes to financial statements
For the years ended 31 December 2024 and 2023

1. Corporate information

Prudential Life Assurance (Thailand) Public Company Limited (the “Company”) was established as a public company under Thai laws and domiciled in Thailand. The parent company and ultimate parent company are Staple Company Limited, which was incorporated in Thailand, and Prudential plc, which was incorporated in England and Wales, respectively. As at 31 December 2024 and 2023, such parent company held 51.21% of the issued and paid-up ordinary shares of the Company. The Company is principally engaged in the provision of life insurance services. Its registered address is at No. 944, 10th and 29th - 31st Floors of Mitrtown Office Tower, Rama 4 Road, Wangmai Sub-district, Pathumwan District, Bangkok, and has 1 branch (31 December 2023: no branch).

2. Basis of preparation of the financial statements

These financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547, and in accordance with Thai accounting practices related to insurance and the guidelines prescribed by the Office of Insurance Commission (“OIC”), and in accordance with the format of financial statements specified in the Notification of the OIC regarding criteria, procedures, conditions and terms for preparation and submission of financial statements and operating performance reports of life insurance companies B.E. 2566 dated 8 February 2023.

These financial statements have been prepared on a historical cost basis except where otherwise disclosed in Note 4 to the financial statements regarding 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.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2024. 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 Company's financial statements.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2025

The Federation of Accounting Professions issued a number of new and revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2025. 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 Company believes that adoption of new and revised financial reporting standards will not have any significant impact on the Company's financial statements except for the impact from adoption of TFRS 17 Insurance Contracts, TFRS 9 Financial Instruments (Revised 2023) and TFRS 7 Financial Instruments: Disclosures.

TFRS 17 Insurance Contracts (which will supersede TFRS 4 Insurance Contracts)

This financial reporting standard establishes key principles for the recognition, measurement, presentation and disclosure of insurance contracts. An entity shall recognise a group of insurance contracts it issues from the earliest of the beginning of the coverage period of the group of contracts and the date when the first payment from a policyholder in the group becomes due. For a group of onerous contracts, these contracts will recognise loss at the date when the group becomes onerous.

Upon measurement of initial recognition, this standard requires the adoption of the General Measurement Model, the Variable Fee Approach, or Premium Allocation Approach if contracts meet certain requirements under this standard. In measuring value by the General Measurement Model, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows represent the estimates of future cash flows, which arise from substantive rights and obligations that exist during the reporting period, and a risk adjustment for non-financial risk. The contractual service margin represents the unearned profit that the entity will recognise as it provides insurance contract services in the future. In addition, this standard requires the entity to present and disclose more information related both qualitative and quantitative information.

The Company's management is currently evaluating the impact to the financial statements for the year in which such financial reporting standards will be effective, and expects that the adoption of these standards will have significant impact to owners' equity.

TFRS 9 Financial Instruments (Revised 2023) and TFRS 7 Financial Instruments: Disclosures (which will supersede Thai Accounting Guidance related to financial instruments and disclosures applicable to insurance business)

These standards require an entity to reclassify and measure financial instruments to at fair value or amortised cost based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, on the basis of the facts and circumstances in existence that exist at the initial date of application whereby an entity will classify as financial assets measured at amortised cost, financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. The standards also mentioned the method of recognition profit and loss after initial recognition depends on the type of instrument and its classification.

The Company's management expects that the adoption of these revised standards, which supersedes Thai Accounting Guidance related to financial instruments and disclosures, will have an impact on reclassification of line items in the statements of financial position without affecting the owners' equity as a whole.

4. Accounting policies

4.1 Product classification

The Company issues insurance contracts and holds reinsurance contracts, which can be classified as insurance and reinsurance contracts only when they pass significant insurance risk transfer.

Insurance contracts are those contracts under which the Company accepts significant insurance risk from the policyholders by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event adversely affects the policyholder or other beneficiary. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period. Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

In case where the Company enters into reinsurance contracts as a cedant, reinsurance contracts are those under which the Company transfers significant insurance risk to reinsurers, who compensate the Company for losses on one or more of insurance contracts issued by the Company.

The Company defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that is significantly more than if the insured event did not occur.

Unbundling of deposit components

Some insurance contracts contain both insurance component and a deposit component. In some cases, an insurer is required or permitted to unbundle those components:

The Company's accounting policy requires unbundling a deposit component if both the following conditions are met:

- (1) the Company can measure the deposit component (including any embedded surrender options) separately (i.e. without considering the insurance component) and
- (2) The Company's accounting policies do not otherwise require it to recognise all obligations and rights arising from the deposit component.

The Company determines all reinsurance settlements are dependent on the insurance experience. The absence of a deposit component in this reinsurance treaty is evident, which renders the consideration of the unbundling requirement as being unnecessary.

4.2 Revenue recognition

(a) Premium written and premium earned

Short-term insurance contracts

Premium written is recognised as revenue on the inception date and its value is presented as gross of premium before reinsurance ceding and commissions and brokerage expenses.

Premium earned comprises of premium written during the year and change in unearned premium reserves and is recognised as revenue proportionally over the period of coverage of insurance policy.

Long-term insurance contracts

First year gross premium written is recognised on the effective date. Renewal gross premium written is recognised when premium is due, only if the policy is still in force. First year gross premium written and renewal gross premium written values are presented as gross of premium before reinsurance ceding and commissions and brokerage expenses.

Premium received in advance is not recognised until the due date.

(b) Commission and brokerage income

Commission and brokerage income consist of trailing fee income and reinsurance commission.

Trailing fee income are recognised as revenue when services have been rendered to the reinsurers.

Reinsurance commissions are recognised as revenue in accordance with the pattern of reinsurance service received when incurred.

(c) Interest and dividend income

Interest income is recognised in the profit or loss using the effective interest rate method. Dividend income is recognised in profit or loss on the date the Company's right to receive payments is established.

(d) Gains (losses) on investments

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

(e) Fair value gains (losses)

Fair value gains (losses) consist of gains (losses) from measurement of investments for trading and derivatives, and gains (losses) on foreign exchange translation of debt financial assets and liabilities. The Company recognises them in statement of income on the fair value measurement dates.

4.3 Expenses recognition

(a) Premium ceded to reinsurers

Premium ceded to reinsurers is recognised as expenses when the risk is transfer to the reinsurers.

(b) Benefits, claims and loss adjustment expenses

Benefits, claims and loss adjustment expenses consist of benefits, claims and losses adjustment paid during the years, net of changes in provision for short-term insurance claims are recognised as expense in profit or loss when incurred.

(c) Policy acquisition costs

Policy acquisition costs are expenses of an insurer which are incurred in connection with the acquisition of new insurance contracts or the renewal of existing insurance contracts. They include commissions and the direct costs of issuing the policy, such as underwriting and other policy issue expenses. These costs are deferred and expensed to the statement of comprehensive income on a systematic basis over the life of the policy. Such assets are tested for recoverability at least annually.

(d) Operating expenses

Operating expenses are operating expenses, not relating to underwriting and claim, which are recognised as expenses on accrual basis.

(e) Finance costs

Interest expenses on financial liabilities measured at amortised cost are calculated using the effective interest method.

4.4 Cash and cash equivalentents

Cash and cash equivalentents comprise cash, deposits at bank and highly liquid short-term investments.

4.5 Premiums receivables

Premiums receivables are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

For individual policies that have cash values and is overdue for more than the grace period, the premiums receivables will be settled by granting automatic policy loans where the cash value is greater than the amount due.

4.6 Reinsurance

Assets, liabilities, income and expense arising from reinsurance contracts are presented separately from the assets, liabilities, income and expense from the related insurance contracts because the reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

Premium ceded, reinsurer's share of change in unearned premium reserve, commission income and benefits, claims and losses adjustment expenses recovered from reinsurers are recognised as expense or revenue in accordance with the pattern of reinsurance service received when incurred.

An asset or liability is recognised in the statement of financial position representing reinsurance receivables, reinsurer's share of insurance contract liabilities and reinsurance payables. The net amount is presented in the statement financial position only when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The measurement of reinsurance assets is consistent with the measurement of the underlying insurance contracts.

Amounts recoverable under reinsurance contracts are assessed for impairment at reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

4.7 Financial instruments

(a) Recognition and initial measurement

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset and financial liability are initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A financial asset and a financial liability measured at FVTPL are initially recognised at fair value.

(b) Classification and subsequent measurement

Financial assets

Financial assets held for trading measured at fair value to profit or loss. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets other than those securities held for trading, are classified as available-for-sale investments subsequent to their initial recognition, available-for-sale investments are measured at fair value to other comprehensive income, with changes in fair value on investments recognised directly in equity, except impairment losses and monetary in foreign exchange differences are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

The fair value of debt securities is calculated by referencing to the price quoted by Thai Bond Market Association at reporting date. For debt securities which are not listed on the Thai Bond Market Association, the fair value is calculated by referencing to the price quoted by reliable institutions at the reporting date.

For equity securities and other securities which are listed, the fair value is estimated using the last bid price from the Stock Exchange of Thailand (SET) at reporting date. For unit trusts which are non-listed, fair value is estimated using net asset value at reporting date.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as surplus (deficit) from changes in the value of investments in equity, depending on the type of investment that is reclassified.

Financial liabilities

Financial liabilities are measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(c) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(e) Derivatives

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from investment activities. Derivative financial instruments are not used for trading purposes.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on nature of the item being hedged. The fair value of derivatives is based on valuation techniques, including discounted cash flow models.

(f) Hedging

The Company designates certain derivatives as hedging instruments to hedge the variability arising from changes in foreign exchange rates, interest rates and re-investment risk.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

For all financial items' hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve are immediately reclassified to profit or loss.

The Company's cash flow hedges mainly consist of bond forward contracts and cross currency swap, that are used to protect against the exposure to variability in future cash flows on non-trading investment that are expected to be reinvested in the future.

The Company applies hedge accounting where economic hedging relationships meet the hedge accounting criteria. In these hedging relationships, hedge effectiveness is assessed based on the following factors:

- There is an economic relationship between the hedged item and the hedging instrument.
- The critical terms (including maturity) of the hedged item perfectly match the critical terms of the forward contract.
- The effect of credit risk does not dominate the value changes that result from the economic relationship.
- The hedge ratio of the hedging relationship is the same in the quantity.

(g) Loans

Loans are stated at their principal less allowance for expected credit losses.

(h) Impairment

Equity instruments and unit trusts, classified as available-for-sale securities

Impairment loss is recognised when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is then recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Debt instruments except for equity and unit trusts, classified as available-for-sale securities

The Company recognises allowances for expected credit losses (ECLs) on financial assets measured at amortised cost and debt investments measured at FVOCI.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of a financial instrument.

The Company recognises ECLs equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition or credit-impaired financial assets, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs for investments in debt securities

Probabilities of default (PD) and loss given default (LGD) for investment in debt securities are based on historical data supplied by rating agency for each credit rating.

The Company considers debt securities to have low credit risk when its credit rating is equivalent to the globally understood definition of “investment grade”.

The Company assumes that the credit risk on debt securities has increased significantly if it is significant deterioration in debt securities’ credit rating.

The Company considers debt securities to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full; or
- the debt securities are more than 1 days past due.

The assessment of a significant increase in credit risk is performed on an individual basis.

Remeasurement of ECLs

ECLs are remeasured at each reporting date to reflect changes in the financial instrument’s credit risk since initial recognition. Increase or decrease in loss allowance is recognised as an impairment loss or a reversal of impairment loss in profit or loss, respectively. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the Company recognises an impairment loss in profit or loss with the corresponding entry in other comprehensive income.

4.8 Investments where policy holders bear the risk

Investments assets held to cover linked liabilities are the investments in unit trusts under unit-linked contracts as the policy benefits are directly linked to the value of the investment in securities. These investments in securities are stated at fair value.

For listed unit trusts securities, the fair value is calculated using the last bid price from the Stock Exchange of Thailand (SET) at the reporting date. For non-listed unit trusts, the fair value is calculated using net asset value at the reporting date.

4.9 Assets held for sale

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Once classified as held for sale, these assets are no longer depreciated.

4.10 Premises and equipment

Recognition and measurement

Owned assets

Land is measured at cost less impairment losses. Building and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When separate parts of building and equipment have different useful lives, they are accounted for individually (major components).

Any gains and losses on disposal of an item of premises and equipment are determined by comparing the proceeds from disposal with the carrying amount of premises and equipment, and are recognised net within other income in profit or loss.

Subsequent costs

The cost of replacing a part of an item of premise and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of premise and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of building and equipment. The estimated useful lives are as follows:

Buildings	20 years
Buildings improvements	5 years
Leasehold buildings improvements	3, 5 and 9 years
Office equipment and furniture	5 years
Motor vehicles	5 years

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

4.11 Intangible assets

Software licences and right to use application platform

Software licences and right to use application platform that are acquired or developed by the Company and have finite useful lives are stated at cost less accumulated amortisation and impairment losses. Software licences and right to use application platform are amortised in profit or loss on a straight-line basis over their estimated useful lives from the date that they are available for use. The estimated useful life is 5 years.

No amortisation is provided on software licences and right to use application platform under installation.

Bancassurance agreements

Bancassurance agreements are stated at cost less accumulated amortisation and accumulated impairment losses (if any). They are being amortised in profit or loss based on achievement of performance targets over the life of the agreements, which have initial terms of 10 years and 15 years plus extended terms.

Performance targets, amortisation methods, useful lives and residual rates are reviewed at each financial year-end and adjusted as appropriate.

Impairment of bancassurance agreements

The carrying amounts of the bancassurance agreements are reviewed at each reporting date to determine whether there is any indication of impairment. The impairment testing is conducted when there is an indicator of impairment and the assets' recoverable amounts are estimated.

To access indicators of an impairment, the Company monitors a number of internal and external factors, including indicators that the financial performance of the agreement is likely to be worse than expected and changes in relevant legislation and regulatory requirements that could impact the Company's ability to sell new business through the bancassurance channel.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

4.12 Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversal of impairment

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.13 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in TFRS 16.

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurements of lease liability. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect terms of the lease and type of the asset leased.

The lease liability is measured at amortised cost using the effective interest method.

The Company presents right-of-use assets and lease liabilities as separate items in the statement of financial position.

Operating leases

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

4.14 Deferred acquisition costs

The costs of acquiring new insurance contracts, including commissions and distribution costs, underwriting and other policy issue expenses which vary with and are primarily related to the production of new business, are deferred as an asset and are subsequently amortised on a straight-line basis considering the profit emergence period of the underlying group of contracts. Deferred acquisition costs are assessed for recoverability in the year of policy issue to ensure that these costs are recoverable out of the estimated future margins to be earned on the policy. Deferred acquisition costs are assessed for recoverability at least annually thereafter. To the extent that acquisition costs are not considered to be recoverable at inception or thereafter, these costs are expensed in the statement of comprehensive income. Deferred acquisition costs for insurance are amortised on a systematic basis.

4.15 Insurance contract liabilities

(a) Long-term technical reserves

A liability for contractual benefits and claims that are expected to be incurred in the future is recorded when the premiums are recognised and is released when benefit and claims are incurred. The liability is measured using "Net Premium Valuation" method.

(b) Loss reserves and outstanding claims

Loss reserves and outstanding claims are recorded for the estimated cost of all claims notified but not settled at the reporting date, using the information available at the time. In addition, a loss reserve is also made for the cost of claims incurred but not reported as at the reporting date based on the Company's experience and historical data. Differences between the provision for loss reserves and outstanding claims at the reporting date and subsequent revisions and settlements are included in the profit or loss.

(c) Premium reserves

The premium reserves comprise of the unearned premium reserve and unexpired risk reserve.

Unearned premium reserve

The unearned premium reserve for short-term group insurance, short-term riders and short-term insurance are calculated based on a pro-rata basis of the premium based on the remaining duration of each policy.

Unexpired risks reserve

Unexpired risks reserve is the reserve for the claims, which may occur, of the in-force policy. Unexpired risks reserve is set aside using an actuarial method. The reserve is calculated as the best estimate of the claims, which are expected to occur during the remaining coverage periods, based on the historical claims data.

(d) Liability adequacy test

Short-term insurance contracts

The liability of the Company under short-term insurance contracts is tested for adequacy by comparing the best estimate using an actuarial method with the carrying amount of unearned premiums reserve at the reporting date. Where an expected shortfall is identified, additional provisions are made for short-term reserves and are recognised in profit or loss.

Long-term insurance contracts

The liability of the Company under long-term insurance contracts is tested for adequacy by comparing the best estimate of future contractual cash flows by using current best estimate assumptions with the carrying amount of long-term technical reserves at the reporting date (net of related deferred acquisition costs). Where an expected shortfall is identified, additional provisions are made for long-term technical reserves are recognised in profit or loss.

An additional provision for liability inadequacy is made where the reserves are calculated by using actuarial method "Gross Premium Valuation" based on current assumptions of policies in force at the reporting date exceeds the liabilities calculated by using Net Premium Valuation method.

4.16 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are personnel expensed as the related service is provided.

Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount.

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Company determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4.17 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

4.18 Foreign currencies

Transactions in foreign currencies

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rates at the reporting date. Foreign exchange differences arising from translation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

4.19 Income tax

Income tax expense for the year comprises current and deferred taxes. Current and deferred taxes are recognised in profit or loss to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.20 Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

4.21 Related parties

A related party is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Company; a person entity that are under common control or under the same significant influence as the Company, or the Company had direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

4.22 Fair value measurement

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

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

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

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

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

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

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with TFRSs requires management to make judgements, estimates and assumptions that affect the application of the Company's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

5.1 Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement in such valuation, using valuation techniques and models, which require variables and inputs to be approximated from those observed the market, taken into consideration of credit risk of its counterparty, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

5.2 Allowances for doubtful accounts and impairment

In determining allowances for doubtful accounts and impairment on premium receivables, reinsurance assets and reinsurance receivables, the management is required to make judgment and estimates based upon, among other things, analysis of payment histories, future expectations of customer payments, aging profile of outstanding debts and the prevailing economic condition.

5.3 Allowance for impairment on equity instruments

The Company sets aside allowance for impairment on equity instruments and investment units classified as available-for-sale investments measured at fair value through other comprehensive income 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.

5.4 Allowances for expected credit losses

The management is required to use judgement in estimating allowance for expected credit losses for financial assets. The Company’s calculation of allowance for expected credit losses depends on the criteria used for assessment of a significant increase in credit risk, development of a model, and probability of debt collection, including 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.

5.5 Premises and equipment

In determining depreciation of buildings and equipment, the management is required to make estimates of the useful lives and residual values of the Company’s buildings and equipment and to review estimated 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 loss when it is determined that their recoverable amount is lower than the carrying amount. This requires judgement regarding forecast of future revenues and expenses relating to the assets subject to the review.

5.6 Intangible assets

In determining amortisation of intangible assets, the management is required to make estimates of the economic benefit lives and to review estimated economic benefit lives when there are any changes.

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 and to choose a suitable discount rate in order to calculate the present value of those cash flows.

In addition, in case of the intangible assets that are the access rights to distribution network under the Bancassurance Agreement, the management is required to make an estimation of the expected economic value to be derived from new policies offered and written through the bank channel each year over the estimated benefit economic life. Such estimation is made using the actuarial method, which involves various assumptions. Future actual economic benefit life and value of such intangible assets could differ from the estimates.

5.7 Leases

In determining the lease term that the Company enters into an agreement as the lessee, the management is required to exercise judgement in assessing whether the Company is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Company to exercise either the extension or termination option. In addition, the Company cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

5.8 Deferred tax assets

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

5.9 Long-term insurance policy reserves

Life policy reserves are calculated using the actuarial method, based on the current assumptions or on assumptions established at the time when insurance products designed and as approved to the Office of Insurance Commission. The key assumptions used are mortality rate, longevity rate, discount rate, etc. These assumptions are used for calculating the liabilities over the life of the contract. Nevertheless, such estimates are forecasts of future outcomes, and actual results could differ.

5.10 Short-term technical reserves

Short-term technical reserves consist of loss reserve, outstanding claims and premium reserves.

For the process involved in determining assumptions, The Company determines the loss reserves and outstanding claims in accordance with the Company's claim assessment. The assumptions used in the estimation are intended to result in provisions which are sufficient to cover any liabilities arising from insurance contracts that can be foreseen to a reasonable extent.

However, given the uncertainty in establishing a provision for insurance claims, it is likely that the final liability could be significantly different from the original liability established.

Provision is made at the reporting date for the expected ultimate cost of settlement of all claims incurred in respect of events up to that date, whether reported or not.

The Company uses "Bornhuetter-Ferguson" method, "Chain Ladder" method and "Expected Loss Ratio" method to estimate claims incurred but not reported (IBNR) depending on the maturity of a particular line of business and the type of business written.

5.11 Unexpired risk reserves

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

5.12 Employee benefit obligations

The employee benefit obligations under the defined benefit plan and other employee benefit plans are determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary incremental rate, mortality rate and staff turnover rate.

5.13 Litigation

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

6. Cash and cash equivalents

(Unit: Thousand Baht)

	31 December	
	2024	2023
Deposits at banks with no fixed maturity date	1,445,452	5,204,525
Total cash and cash equivalents	<u>1,445,452</u>	<u>5,204,525</u>

As at 31 December 2024, saving accounts carried interest at the rates between 0.05% - 1.70% per annum (31 December 2023: 0.05% - 1.70% per annum).

As at 31 December 2024, the Company had overdraft facilities with banks totaling Baht 510 million and letters of guarantee facilities totaling Baht 2 million (31 December 2023: Baht 510 million and Baht 2 million, respectively).

7. Premium receivables

As at 31 December 2024 and 2023, the outstanding balances of premium receivables, classified by overdue periods, counted from due dates, were as follows:

(Unit: Thousand Baht)

	31 December	
	2024	2023
Not yet due	924,300	800,905
Not over 30 days	124,779	127,381
Over 31 days to 60 days	163	80,619
Over 61 days to 90 days	189	747
Over 91 days to 1 year	1,292	2,307
Overdue longer than 1 year	1,053	98
Total	<u>1,051,776</u>	<u>1,012,057</u>
Less: Allowance for doubtful accounts	<u>(1,329)</u>	<u>(885)</u>
Premium receivables - net	<u>1,050,447</u>	<u>1,011,172</u>

The Company has established procedures for following up on the collection of premiums due and uncollected from agents and brokers to ensure it is made within the credit terms. Legal action is taken against agents and brokers on a case-by-case basis when premiums due and uncollected are overdue.

8. Derivative assets/liabilities

8.1 Fair values classified by types of contracts

As at 31 December 2024 and 2023, the Company had financial derivatives presented at fair value with different purposes as follows:

(Unit: Thousand Baht)

		31 December 2024					Gains (losses) on changes in fair value of derivatives ⁽¹⁾
Types of contracts	Objective	Number of contracts	Notional amounts (Million USD)	Notional amounts	Fair value of contracts		
					Derivative assets	Derivative liabilities	
Derivatives not applied hedge accounting:							
Foreign exchange forward	To protect against foreign exchange risk arising from investment activities	7	369	12,602,318	29,893	37,120	(190,039)
Cross currency swap	To protect against foreign exchange and interest rate risk arising from investment activities	-	-	-	-	-	(1,924)
Interest rate swap	To protect against interest rate risk arising from investment activities	2	1	75,600	1,065	-	681
Index option	To hedge against risk of volatility of underlying assets	41	418	14,742,908	975,792	-	(165,900)
		50	788	27,420,826	1,006,750	37,120	(357,182)
Derivatives applied hedge accounting:							
Cross currency swap	To protect against foreign exchange and interest rate risk arising from investment activities	73	455	15,934,207	736,495	-	439,606
Bond forward	To hedge the price risk of the underlying bond	40	-	24,677,532	2,573,561	-	2,604,043
		113	455	40,611,739	3,310,056	-	3,043,649
Total		163	1,243	68,032,565	4,316,806	37,120	2,686,467

⁽¹⁾ Presented gains (losses) for the year ended 31 December 2024.

(Unit: Thousand Baht)

31 December 2023

Types of contracts	Objective	Number of contracts	Notional amounts (Million USD)	Notional amounts	Fair value of contracts		Gains (losses) on changes in fair value of derivatives ⁽¹⁾
					Derivative assets	Derivative liabilities	
Derivatives not applied hedge accounting:							
Foreign exchange forward	To protect against foreign exchange risk arising from investment activities	4	365	12,700,897	182,812	-	(266,169)
Cross currency swap	To protect against foreign exchange and interest rate risk arising from investment activities	1	1	36,380	1,924	-	(1,034)
Interest rate swap	To protect against interest rate risk arising from investment activities	2	1	75,600	555	171	(291)
Index option	To hedge against risk of volatility of underlying assets	15	161	5,639,502	475,257	-	20,358
Bond forward	To protect against interest rate risk arising from investment activities	-	-	-	-	-	(2,317)
		<u>22</u>	<u>528</u>	<u>18,452,379</u>	<u>660,548</u>	<u>171</u>	<u>(249,453)</u>
Derivatives applied hedge accounting:							
Cross currency swap	To protect against foreign exchange and interest rate risk arising from investment activities	61	431	15,072,737	312,373	15,484	296,889
Bond forward	To hedge the price risk of the underlying bond	31	-	18,807,388	486,052	516,534	318,728
		<u>92</u>	<u>431</u>	<u>33,880,125</u>	<u>798,425</u>	<u>532,018</u>	<u>615,617</u>
Total		<u>114</u>	<u>959</u>	<u>52,332,504</u>	<u>1,458,973</u>	<u>532,189</u>	<u>366,164</u>

⁽¹⁾ Presented gains (losses) for the year ended 31 December 2023.

8.2 Derivatives qualified for hedge accounting classified by remaining periods to maturity

Maturity of derivatives by notional amount designated in cash flow hedging, are as follows:

(Unit: Thousand Baht)

	31 December 2024			
	Within	Over		Total
	1 year	1 - 5 years	5 years	
Hedging instrument on investment risk				
Cross currency swap	-	14,046,672	1,887,535	15,934,207
Bond forward contract	11,490,898	13,186,634	-	24,677,532

(Unit: Thousand Baht)

	31 December 2023			
	Within	Over		Total
	1 year	1 - 5 years	5 years	
Hedging instrument on investment risk				
Cross currency swap	1,240,923	13,831,814	-	15,072,737
Bond forward contract	5,521,178	13,286,210	-	18,807,388

9. Investments in securities

9.1 Classified by investment type

	(Unit: Thousand Baht)			
	31 December 2024		31 December 2023	
	Cost	Fair value	Cost	Fair value
Investments measured at fair value through profit or loss				
Debt securities:				
Unit trusts	3,879	4,162	3,758	3,941
Total	3,879	4,162	3,758	3,941
Add: Unrealised gains	283		183	
Total investments measured at fair value through profit or loss	4,162		3,941	
Investments measured at fair value through other comprehensive income				
Debt securities:				
Government and state enterprises bonds	90,039,171	93,819,307	73,651,326	71,013,947
Corporate bonds	27,337,900	25,469,521	31,089,745	28,703,689
Foreign bonds	10,577,005	9,762,712	8,114,099	7,251,066
Unit trusts	17,096,236	14,706,364	14,146,664	11,938,933
Equity securities:				
Common stocks	5,920,722	5,102,977	4,791,559	4,190,380
Unit trusts	1,508,317	704,993	1,524,100	722,824
Total	152,479,351	149,565,874	133,317,493	123,820,839
Less: Unrealised loss on valuation	(1,564,305)		(8,268,477)	
Allowance for expected credit losses	(340,497)		(526,997)	
Allowance for impairment	(1,008,675)		(701,180)	
Investments measured at fair value through other comprehensive income - net	149,565,874		123,820,839	
Investments in securities - net	149,570,036	149,570,036	123,824,780	123,824,780

9.2 Classified by stage of credit risk

(Unit: Thousand Baht)

	31 December 2024		31 December 2023	
	Fair value	Allowance for expected credit losses	Fair value	Allowance for expected credit losses
Investments measured at fair value through other comprehensive income				
Stage 1 - Debt securities without a significant increase of credit risk	142,953,025	(21,356)	117,965,465	(23,931)
Stage 3 - Debt securities with a significant increase of credit risk	804,879	(319,141)	942,170	(503,066)
Total	143,757,904	(340,497)	118,907,635	(526,997)

9.3 Classified by remaining period to maturity

As at 31 December 2024 and 2023, investments in debt securities were classified by the remaining period to maturity as follows:

(Unit: Thousand Baht)

	31 December 2024				
	Maturities				Total
	Within 1 year	1 - 5 years	5 - 10 years	Over 10 years	
Government and state enterprise securities					
Bonds	6,724,395	4,510,446	9,842,098	67,962,232	89,039,171
Notes	-	-	-	1,000,000	1,000,000
Corporate securities					
Debentures	875,228	12,877,921	5,785,946	7,798,805	27,337,900
Foreign securities					
Bonds	1,068,636	659,664	1,471,370	-	3,199,670
Debentures	-	583,489	6,277,312	516,534	7,377,335
Total	8,668,259	18,631,520	23,376,726	77,277,571	127,954,076
Add (less): Unrealised gains (losses) from fair value changes on securities	4,759	(128,733)	(980,223)	2,201,661	1,097,464
Debt securities - net	8,673,018	18,502,787	22,396,503	79,479,232	129,051,540
Allowance for expected credit losses	95	5,200	320,116	15,086	340,497

(Unit: Thousand Baht)

31 December 2023					
Maturities					
	Within			Over	
	1 year	1 - 5 years	5 - 10 years	10 years	Total
Government and state enterprise securities					
Bonds	7,263,558	1,548,406	13,195,157	50,644,205	72,651,326
Notes	-	-	-	1,000,000	1,000,000
Corporate securities					
Debentures	3,826,731	9,054,905	9,541,096	8,667,013	31,089,745
Foreign securities					
Bonds	340,112	393,470	1,632,155	-	2,365,737
Debentures	150,000	413,946	5,184,416	-	5,748,362
Total	11,580,401	11,410,727	29,552,824	60,311,218	112,855,170
Less: Unrealised losses from fair value changes on securities	(23,303)	(150,370)	(2,020,734)	(3,692,061)	(5,886,468)
Debt securities - net	11,557,098	11,260,357	27,532,090	56,619,157	106,968,702
Allowance for expected credit losses	1,450	4,028	499,982	21,537	526,997

9.4 Fair values of investments in debt securities

As the Company chose to adopt Thai Accounting Guidance related to financial instruments and disclosures applicable to insurance business (“the Guidance relating to financial instruments”) instead of Thai Financial Reporting Standards 9: Financial Instruments, it is therefore required to disclose the fair value and changes in fair values of its investments in debt securities separately between the followings:

- (a) The debt securities whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- (b) The debt securities whose contractual terms give rise on specified dates to cash flows that are not solely payments of principal and interest on the principal amount outstanding.

As of 31 December 2024 and 2023, the Company's investments in debt securities can be separately presented as follows:

(Unit: Thousand Baht)

	The debt securities whose contractual terms give rise on specified dates to cash flows that are not solely payments of principal and interest on the principal amount outstanding		The debt securities whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding	
	Fair value as at 31 December	Changes in fair value for the year ended	Fair value as at 31 December	Changes in fair value for the year ended
		31 December		31 December
		2024		2024
Investments measured at fair value through other comprehensive income				
Government and state enterprises bonds	-	-	93,819,307	6,417,515
Corporate bonds	-	-	25,469,521	517,677
Foreign bonds	-	-	9,762,712	48,740
Unit trusts	14,706,364	(182,141)	-	-
Total	14,706,364	(182,141)	129,051,540	6,983,932

(Unit: Thousand Baht)

	The debt securities whose contractual terms give rise on specified dates to cash flows that are not solely payments of principal and interest on the principal amount outstanding		The debt securities whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding	
	Fair value as at 31 December	Changes in fair value for the year ended	Fair value as at 31 December	Changes in fair value for the year ended
		31 December		31 December
		2023		2023
Investments measured at fair value through other comprehensive income				
Government and state enterprises bonds	-	-	71,013,947	993,898
Corporate bonds	-	-	28,703,689	428,132
Foreign bonds	-	-	7,251,066	333,649
Unit trusts	11,938,933	525,078	-	-
Total	11,938,933	525,078	106,968,702	1,755,679

9.5 Investments subject to restrictions

As at 31 December 2024 and 2023, the Company placed certain assets as securities and insurance reserves with the Registrar in accordance with the Life Insurance Act as below.

(Unit: Thousand Baht)

	31 December 2024		31 December 2023	
	Amortised cost	Fair value	Amortised cost	Fair value
Placed as securities				
Government bonds	34,945	39,024	33,959	36,641
Placed as insurance reserves				
Government and state enterprises bonds	33,113,515	33,757,352	30,950,821	29,202,334
Promissory notes	1,000,000	1,222,939	1,000,000	1,106,538
Total	34,113,515	34,980,291	31,950,821	30,308,872

10. Loans and interest receivables

10.1 Classified by staging of credit risk

As at 31 December 2024 and 2023, the balances of loans and interest receivables were as follows:

(Unit: Thousand Baht)

Staging	31 December 2024			31 December 2023		
	Principal	Interest receivables	Total	Principal	Interest receivables	Total
Stage 1 - Loans without a significant increase in credit risk	4,320,817	474,182	4,794,999	4,022,860	423,660	4,446,520
Total loans and interest receivables	4,320,817	474,182	4,794,999	4,022,860	423,660	4,446,520

10.2 Classified according to overdue periods of principal and interest receivables

As at 31 December 2024 and 2023, the balances of loans and interest receivables were as follows:

(Unit: Thousand Baht)

Overdue period	31 December 2024						
	Policy loans		Other loans		Total		
	Principal	Interest receivables	Principal	Interest receivables	Principal	Interest receivables	Total
Not yet due	4,320,641	474,182	176	-	4,320,817	474,182	4,794,999
Total loans and interest receivables	4,320,641	474,182	176	-	4,320,817	474,182	4,794,999

(Unit: Thousand Baht)

Overdue period	31 December 2023						
	Policy loans		Other loans		Total		
	Principal	Interest receivables	Principal	Interest receivables	Principal	Interest receivables	Total
Not yet due	4,022,803	423,660	57	-	4,022,860	423,660	4,446,520
Total loans and interest receivables	4,022,803	423,660	57	-	4,022,860	423,660	4,446,520

Policy loans represent loans granted to the policyholders at an amount not exceeding the cash value of the policy, with an annual interest rate not exceeding the rate used in determination of premium written and plus 2%.

Other loans are personal guarantee loans granted to the Company's staff. As at 31 December 2024, an interest rate charged on such loans is 5.99% - 6.14% per annum (31 December 2023: 4.62% per annum).

11. Investment assets of the insured/Investment contract liabilities

11.1 Investment assets of the insured

As at 31 December 2024 and 2023, the balances of investment assets of the insured, classified by types of funds, were as follows:

	(Unit: Thousand Baht)			
	31 December 2024		31 December 2023	
	Cost	Fair value	Cost	Fair value
Investment units measured at fair value through profit or loss				
Fixed income funds	1,658,869	1,686,452	1,734,930	1,752,890
Equity funds	9,598,161	9,587,167	10,463,248	9,886,172
Mixed funds	1,461,190	1,500,516	1,821,536	1,793,754
Other funds	155,677	171,856	94,458	103,898
Total	12,873,897	12,945,991	14,114,172	13,536,714
Add (less): Unrealised gains (losses)	72,094		(577,458)	
Investment assets of the insured - net	12,945,991		13,536,714	

11.2 Investment contract liabilities

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2024	2023
Beginning balances	13,626,491	12,684,978
Deposit during the years	1,886,623	2,360,530
Withdrawal during the years	(3,221,010)	(1,861,128)
Valuation adjustment during the years	732,771	442,111
Ending balances	13,024,875	13,626,491

12. Premises and equipment

(Unit: Thousand Baht)

	Land	Buildings	Buildings improvements	Leasehold buildings improvements	Office equipment and furniture	Assets under construction	Total
Cost							
At 1 January 2023	4,844	13,114	2,101	181,261	134,985	34	336,339
Additions	-	-	-	277	9,635	-	9,912
Transfers in (out)	-	-	-	-	34	(34)	-
Disposals and write-offs	-	-	-	-	(2,910)	-	(2,910)
At 31 December 2023	4,844	13,114	2,101	181,538	141,744	-	343,341
Additions	-	-	-	140	15,567	24,597	40,304
Transfers in (out)	-	-	-	14,586	8,300	(22,886)	-
Disposals and write-offs	(4,844)	(13,114)	(2,101)	(14,360)	(24,041)	-	(58,460)
At 31 December 2024	-	-	-	181,904	141,570	1,711	325,185
Accumulated depreciation							
At 1 January 2023	-	13,113	2,100	34,586	78,709	-	128,508
Depreciation charge for the year	-	-	-	19,999	18,903	-	38,902
Depreciation charge of disposals and write-offs	-	-	-	-	(2,424)	-	(2,424)
At 31 December 2023	-	13,113	2,100	54,585	95,188	-	164,986
Depreciation charge for the year	-	-	-	22,804	21,053	-	43,857
Depreciation charge of disposals and write-offs	-	(13,113)	(2,100)	(7,191)	(22,873)	-	(45,277)
At 31 December 2024	-	-	-	70,198	93,368	-	163,566
Net book value							
At 31 December 2023	4,844	1	1	126,953	46,556	-	178,355
At 31 December 2024	-	-	-	111,706	48,202	1,711	161,619

As at 31 December 2024, the gross amount of the Company's fully depreciated building and equipment that was still in use amounted to Baht 11.4 million (31 December 2023: Baht 47.7 million).

13. Right-of-use assets/lease liabilities

The Company leases building with an agreement for 3 years, with extension options at the end of lease term and will pay fixed rental over the lease term. The rental is payable monthly as specified in the contract.

13.1 Right-of-use assets

(Unit: Thousand Baht)

	Leased building	Vehicle	Others	Total
Cost:				
1 January 2023	272,490	4,759	4,739	281,988
Write-off due to expired or cancelled contracts	-	(953)	-	(953)
31 December 2023	272,490	3,806	4,739	281,035
New lease during the year	21,313	3,808	-	25,121
Adjustment	-	(1,157)	1,157	-
Write-off due to expired or cancelled contracts	-	(2,649)	-	(2,649)
Sublease	7,540	-	-	7,540
31 December 2024	301,343	3,808	5,896	311,047
Accumulated amortisation				
1 January 2023	54,199	2,141	915	57,255
Amortisation during the year	30,109	1,056	688	31,853
Amortisation of write-off due to expired or cancelled contracts	-	(953)	-	(953)
31 December 2023	84,308	2,244	1,603	88,155
Amortisation during the year	35,829	919	688	37,436
Amortisation of write-off due to expired or cancelled contracts	-	(2,649)	-	(2,649)
31 December 2024	120,137	514	2,291	122,942
Net book value as at				
31 December 2023	188,182	1,562	3,136	192,880
31 December 2024	181,206	3,294	3,605	188,105

13.2 Lease liabilities

(Unit: Thousand Baht)

	Leased building	Vehicle	Others	Total
1 January 2023	217,388	2,527	4,026	223,941
Finance costs recognised during the year	7,308	19	129	7,456
Lease payments during the year	(34,066)	(1,090)	(770)	(35,926)
31 December 2023	190,630	1,456	3,385	195,471
New lease during the year	17,665	3,808	-	21,473
Finance costs recognised during the year	6,613	74	111	6,798
Lease payments during the year	(38,098)	(970)	(770)	(39,838)
31 December 2024	176,810	4,368	2,726	183,904

Maturity analysis - contractual undiscounted cash flows

(Unit: Thousand Baht)

	31 December 2024				31 December 2023			
	Within	1 - 5	Over	Total	Within	1 - 5	Over	Total
	1 year	years	5 years		1 year	years	5 years	
Future minimum lease payments	41,303	150,464	8,942	200,709	35,254	139,346	43,546	218,146
Deferred interest expenses	(5,783)	(10,971)	(51)	(16,805)	(6,453)	(15,211)	(1,011)	(22,675)
Present value of future minimum lease payments	35,520	139,493	8,891	183,904	28,801	124,135	42,535	195,471

13.3 Expenses relating to leases recognised in profit or loss

(Unit: Thousand Baht)

	For the years ended 31 December	
	2024	2023
Amortisation of right-of-use assets	29,235	24,836
Finance costs on lease liabilities	5,292	5,660
Expenses on short-term leases	2,398	3,328
Total expenses	36,925	33,824

14. Intangible assets

(Unit: Thousand Baht)

	Software licenses	Software under development	Right to use application platform under development	Bancassurance agreement	Total
Cost					
At 1 January 2023	1,147,154	263,440	34,370	20,942,556	22,387,520
Additions	2,362	163,928	34,795	1,000,000	1,201,085
Transfers in (out)	397,347	(361,997)	(35,350)	-	-
Disposals and write-offs	(105,675)	-	-	-	(105,675)
Adjustment	(76,886)	(48)	-	-	(76,934)
At 31 December 2023	1,364,302	65,323	33,815	21,942,556	23,405,996
Additions	-	118,547	2,132	-	120,679
Transfers in (out)	183,099	(147,152)	(35,947)	-	-
Disposals and write-offs	(3,651)	-	-	-	(3,651)
At 31 December 2024	1,543,750	36,718	-	21,942,556	23,523,024
Accumulated amortisation					
At 1 January 2023	603,146	-	-	2,855,850	3,458,996
Amortisation charge for the year	228,341	-	-	348,500	576,841
Amortisation charge of disposals and write-offs	(105,675)	-	-	-	(105,675)
Adjustment	(32,841)	-	-	-	(32,841)
At 31 December 2023	692,971	-	-	3,204,350	3,897,321
Amortisation charge for the year	238,597	-	-	485,486	724,083
Amortisation charge of disposals and write-offs	(3,651)	-	-	-	(3,651)
At 31 December 2024	927,917	-	-	3,689,836	4,617,753
Net book value					
At 31 December 2023	671,331	65,323	33,815	18,738,206	19,508,675
At 31 December 2024	615,833	36,718	-	18,252,720	18,905,271

On 28 December 2023, the Company has entered into a bancassurance partnership with a bank and its subsidiary with a term of 10 years.

As at 31 December 2024, certain computer software were fully amortised but are still in use. The original cost before accumulated amortisation of such assets amounted to approximately Baht 348.0 million (31 December 2023: Baht 231.7 million).

15. Deferred acquisition costs

The movements of deferred acquisition costs are as follows;

(Unit: Thousand Baht)

	For the years ended 31 December	
	2024	2023
Beginning balances	23,825,254	21,749,910
Increase during the years	7,209,045	6,625,536
Amortisation	(4,901,707)	(4,550,192)
Ending balances	<u>26,132,592</u>	<u>23,825,254</u>

16. Insurance contract liabilities

(Unit: Thousand Baht)

	31 December 2024		
	Insurance contract liabilities	Reinsurers' shared liabilities	Net
Long-term insurance policy reserves	156,245,732	-	156,245,732
Loss reserves and outstanding claims			
Claims incurred and reported	123,413	-	123,413
Claims incurred but not yet reported	64,626	-	64,626
Premium reserves			
Unearned premium reserves	512,173	-	512,173
Unpaid policy benefits	466,587	-	466,587
Other insurance liabilities	1,589,026	-	1,589,026
Total insurance contract liabilities	<u>159,001,557</u>	<u>-</u>	<u>159,001,557</u>

(Unit: Thousand Baht)

31 December 2023

	Insurance contract liabilities	Reinsurers' shared liabilities	Net
Long-term insurance policy reserves	136,866,138	-	136,866,138
Loss reserves and outstanding claims			
Claims incurred and reported	210,584	-	210,584
Claims incurred but not yet reported	50,153	-	50,153
Premium reserves			
Unearned premium reserves	496,789	-	496,789
Unpaid policy benefits	501,842	-	501,842
Other insurance liabilities	1,346,412	-	1,346,412
Total insurance contract liabilities	<u>139,471,918</u>	<u>-</u>	<u>139,471,918</u>

16.1 Long-term insurance policy reserves

(Unit: Thousand Baht)

For the years ended 31 December

	2024	2023
Beginning balances	136,866,138	126,478,881
Insurance policy reserves increased for new businesses and inforce policies	28,651,096	26,197,569
Insurance policy reserves released from death, benefit paid, lapse and surrender	(9,271,502)	(15,810,312)
Ending balances	<u>156,245,732</u>	<u>136,866,138</u>

16.2 Short-term insurance policy reserves

(a) Loss reserves and outstanding claims

(Unit: Thousand Baht)

	For the years ended 31 December	
	2024	2023
Beginning balances	260,737	131,923
Claims incurred in the current years	1,210,013	1,119,398
Claims paid during the years	(1,282,711)	(990,584)
Ending balances	<u>188,039</u>	<u>260,737</u>

Impacts of sensitivity analysis on key assumptions to loss reserves were as below.

(Unit: Million Baht)

	Assumptions	Increase (decrease) in loss reserves	
		31 December 2024	31 December 2023
Average loss per claim	+10 %	9.51	6.86
Average loss per claim	-10 %	(8.96)	(6.53)

(b) Unearned premium reserves

(Unit: Thousand Baht)

	For the years ended 31 December	
	2024	2023
Beginning balances	496,789	407,349
Premium written during the years	1,896,681	1,719,531
Premium earned during the years	(1,881,297)	(1,630,091)
Ending balances	<u>512,173</u>	<u>496,789</u>

16.3 Key assumptions

Long-term insurance policy reserves

Process involved in determining assumptions

The Company estimates insurance contract liabilities for long-term insurance policies using the Net Level Premium Valuation (NPV), which is an actuarial method and the Company determines assumptions in relation to mortality, disability, discount rate and cash surrender value that were established at the time when insurance products were designed and as approved by the Office of Insurance Commission. These assumptions are used for calculating the liabilities over the life of the contract. There are no changes in assumptions from last year.

Assumptions used in valuation

(a) Mortality rate and morbidity or disability rate

The Company sets mortality assumption with reference to the Thailand Mortality Tables (TMO) of 1986, 1997, 2008 and 2017 and Thailand Annuity Tables (TMA) of 2009, which were announced by the Office of Insurance Commission (OIC). However, the Company sets, the Total Permanent Disability (TPD) assumption, at the rates between 10% to 15%.

(b) Discount rate

The Company sets discount rate assumption for long-term insurance products which be launched since 2018 onward by considering based on three main factors which are the pricing interest rate, the latest quarter investment return assumption -0.2% and the average return rate of zero coupon government bonds which the rate will be lock-in throughout the coverage period of the life insurance contract and for the products launched prior year 2018, the Company considers setting up the reserve discount rate equally to the product pricing discount rate.

Loss reserves

Process involved in determining assumptions

The Company determines the loss reserves and outstanding claims in accordance with the Company's claim assessment. The assumptions used in the estimation are intended to result in provisions which are sufficient to cover any liabilities arising from insurance contracts that can be foreseen to a reasonable extent.

However, given the uncertainty in establishing a provision for insurance claims, it is likely that the final liability could be significantly different from the original liability established.

Provision is made at the reporting date for the expected ultimate cost of settlement of all claims incurred in respect of events up to that date, whether reported or not.

The Company uses “Bornhuetter-Ferguson” method, “Chain Ladder” method and “Expected Loss Ratio” method to estimate claims incurred but not reported depending on the maturity of a particular line of business and the type of business written.

Assumptions used in the valuation of IBNR reserves

Loss reserves on claims incurred but not yet reported (IBNR) is calculated based on assumptions determined using historical information and information as at the reporting date or considering apply the loss ratio assumption in case there are limitation on the using of historical claim data. The estimation of loss reserves may be adjusted using the expert judgement.

16.4 Claim development tables

Net claim

Accident Year/Report Year	(Unit: Thousand Baht)						
	Before 2020	2020	2021	2022	2023	2024	Total
Estimate of claims incurred							
- At end of accident year		364,316	382,647	696,619	930,878	1,055,280	
- One year later		365,771	384,288	698,454	1,157,631		
- Two years later		366,414	384,723	703,761			
- Three years later		366,415	394,952				
- Four years later		366,415					
Ultimate claims incurred		366,415	394,952	703,761	1,157,631	1,055,280	3,678,039
Cumulative payments to date		(366,415)	(394,951)	(703,693)	(1,157,079)	(867,862)	(3,490,000)
Total loss reserves	-	-	1	68	552	187,418	188,039

16.5 Unpaid policy benefits

	(Unit: Thousand Baht)	
	31 December	
	2024	2023
Death benefits	112,870	130,167
Surrender	18	6
Unpresented cheques for benefits and claims payment	309,714	363,976
Others	43,985	7,693
Total unpaid policy benefits	466,587	501,842

16.6 Other insurance liabilities

	(Unit: Thousand Baht)	
	31 December	
	2024	2023
Deposits of the insured	1,566,820	1,323,693
Others	22,206	22,719
Total other insurance liabilities	1,589,026	1,346,412

17. Employee benefit obligations

	(Unit: Thousand Baht)	
	31 December	
	2024	2023
Short-term employee benefits	359,580	345,678
Benefit plan obligations	126,688	105,415
Total employee benefit obligations	486,268	451,093

18. Deferred tax liabilities and income tax expenses

18.1 Deferred tax liabilities

As at 31 December 2024 and 2023, deferred tax assets and liabilities consisted of tax effects arose from the following temporary difference items:

	(Unit: Thousand Baht)			
			Changes in deferred tax assets or liabilities	
	31 December 2024	31 December 2023	for the years ended 31 December	
	2024	2023	2024	2023
Deferred tax assets				
Unpaid policy benefits	46,831	40,763	6,068	28,376
Allowance for expected credit losses and impairment losses on investments	273,669	250,342	23,327	44,071
Modification losses	43,375	66,106	(22,731)	(13,488)
Unrealised losses on available-for-sale investments	312,861	1,653,696	(1,340,835)	(421,479)
Losses on bond forward contracts	-	-	-	(7,473)
Unrealised losses on interest receivable from CCS hedge accounting	17,489	-	17,489	-
Employee benefit obligations	46,672	38,354	8,318	248
Unutilised tax losses	916,493	680,239	236,254	43,795
Others	29,030	28,202	828	13,410
Total	1,686,420	2,757,702		
Deferred tax liabilities				
Deferred Acquisition cost	(5,226,518)	(4,765,051)	(461,467)	(415,069)
Fair value gains on trading investments	(57)	(37)	(20)	5
Gains on bond forward contracts	(33,211)	(29,781)	(3,430)	(29,781)
Unrealised gains on derivatives	(624,641)	(92,486)	(532,155)	(71,342)
Unrealised gains on translation adjustments of foreign currency denominated investments	(98,578)	(64,075)	(34,503)	(19,280)
Actuarial gains on defined benefit plan	(10,421)	(15,728)	5,307	3,275
Total	(5,993,426)	(4,967,158)		
Deferred tax liabilities - net	(4,307,006)	(2,209,456)		
Total changes			(2,097,550)	(844,732)
Changes in deferred taxes recognised in:				
- Profit or loss			(164,766)	(329,516)
- Other comprehensive income			(1,932,784)	(515,216)
Total changes			(2,097,550)	(844,732)

As at 31 December 2024, the Company has unused tax losses totaling Baht 4,582.5 million. The unused tax losses will expire by 2029.

18.2 Income tax expenses

Income tax expenses for the years ended 31 December 2024 and 2023 were made up as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2024	2023
Current income taxes:		
Corporate income tax for the year	-	-
Adjustment in respect of current income taxes of prior year	(48,847)	(44,609)
Total	(48,847)	(44,609)
Deferred income taxes:		
Adjustment of deferred taxes of prior year	82,216	(70,599)
Relating to origination and reversal of temporary differences	(246,982)	(258,917)
Total	(164,766)	(329,516)
Income tax expenses recognised in profit or loss	(213,613)	(374,125)

Reconciliations between income tax expenses and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December 2024 and 2023 were as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2024	2023
Accounting profit before income taxes	1,342,136	1,331,136
Applicable tax rate	20%	20%
Amount of income taxes at the applicable tax rate	(268,427)	(266,227)
Adjustment in respect of current income taxes of prior year	(48,847)	(44,609)
Adjustment of deferred taxes of prior year	82,216	(70,599)
Net tax effect on tax-exempted revenues or non-tax deductible expenses	21,445	7,310
Income tax expenses recognised in profit or loss	(213,613)	(374,125)

19. Legal Reserves

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

During the year 2024, the Company has appropriated a net profit of Baht 56.4 million as a legal reserve (2023: Baht 47.9 million).

20. Reinsurance income and expenses

(Unit: Thousand Baht)

	For the years ended 31 December	
	2024	2023
Premium ceded	(627,847)	(423,493)
Commission and brokerage income from reinsurance ⁽¹⁾	16,645	1,044,356
Benefits payments under life policies and claims refundable from reinsurance	302,461	187,581

⁽¹⁾ They were shown as a part of “Commission and brokerage income” in the statements of comprehensive income.

For the years ended 31 December 2023, commission and brokerage income included an upfront commission of Baht 1,000 million, which received at the initial of agreement, under a quota share reinsurance arrangement enacted from 1 December 2023. The Company does not enter any same reinsurance arrangement in 2024.

21. Net investment revenues

(Unit: Thousand Baht)

	For the years ended 31 December	
	2024	2023
Dividend income	874,302	746,313
Interest income	3,534,793	3,257,301
Interest expense	(59,262)	(16,937)
Investment related expense	(175,310)	(191,437)
Total net investment income	<u>4,174,523</u>	<u>3,795,240</u>

22. Gain on investments

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2024	2023
Gain (loss) from disposals of investments		
Debt instruments measured at FVTPL	(122)	599
Debt instruments measured at FVOCI	498,784	194,421
Equity instruments measured at FVOCI	376,824	1,740
Gain on debt to equity conversion	71,049	-
Gain on foreign exchange	73,844	73,220
Total gain on investments	<u>1,020,379</u>	<u>269,980</u>

23. Fair value losses

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2024	2023
Fair value gains (losses)		
Investments measured at fair value through profit or loss	100	(22)
Derivatives	(444,549)	(938,150)
Foreign exchange gains (losses)		
Investments measured at fair value through other comprehensive income	(199,103)	12,468
Derivatives	(24,812)	(4,125)
Others	(1,485)	2,453
Total fair value losses	<u>(669,849)</u>	<u>(927,376)</u>

24. Operating expenses

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2024	2023
Personnel expense	1,514,750	1,374,487
Premises and equipment expense	746,845	664,758
Amortisation of right-of-use assets	29,235	24,836
Taxes and duties	108,973	102,033
Bad debt and doubtful accounts expense	444	1,361
Directors' remuneration	3,365	3,542
Other operating expenses	1,255,490	987,274
Total operating expenses	3,659,102	3,158,291

25. Expenses by nature

Expenses by nature categorized by functions represents the expenses before allocation of operating expenses to benefit payments under life policies and claim, and other underwriting expenses.

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2024	2023
Benefit payments under life policies	9,975,847	15,733,565
Net claims	907,552	909,729
Other underwriting expenses	1,991,546	1,876,127
Personnel expense	1,566,218	1,425,920
Premises and equipment expense	805,944	723,557
Taxes and duties	110,230	103,338

26. Provident fund

The defined contribution plans comprise provident funds established by the Company for its employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 15% of their basic salaries and by the Company at rates ranging from 5% to 10% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as juristic entity and is managed by a licensed Fund Manager. During the year ended 31 December 2024, the Company recognised the contributions as expenses of Baht 49.6 million (31 December 2023: Baht 44.7 million).

27. Contribution to life insurance fund

As at 31 December 2024 and 2023, the accumulated Contribution paid to life insurance fund were as follows:

	(Unit: Thousand Baht)	
	2024	2023
At 1 January	264,764	230,072
Increase during the year	37,774	34,692
At 31 December	<u>302,538</u>	<u>264,764</u>

28. Basic earnings per share

Basic earnings per share is calculated by dividing net profit for the year (excluded other comprehensive income or loss) by the weighted average number of ordinary shares in issue during the year.

29. Dividends paid

Dividends declared during the year ended 31 December 2023 were as follows:

	Approved by	Total dividend	Dividend per share
		(Thousand Baht)	(Baht)
Annual dividend for 2022	Annual General Meeting No.45 of the Shareholders held on 25 April 2023	192,370	0.087
Total dividends paid during 2023		<u>192,370</u>	<u>0.087</u>

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 entities/Personnel	Country of Incorporation/Nationality	Nature of relationships
Prudential plc	United Kingdom	Ultimate parent company
Prudential Holdings Limited	United Kingdom	Intermediate parent company
Prudential Corporation Asia Limited	Hong Kong	Intermediate parent company
Staple Limited	Thailand	Parent company
Prudential Corporation Holdings Limited	United Kingdom	Major shareholder who holds 48.72% of the Company's shares
Affiliate of Prudential Group	Thailand and various countries	Related parties
Key management personnel	Thailand and other nationality	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the Company

30.2 Significant business transactions with related parties

During the years ended 31 December 2024 and 2023, 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 and there was no significant change in the pricing policy of the business transactions with related parties, were as follows:

(Unit: Thousand Baht)

	For the years ended 31 December		Pricing policies
	2024	2023	
Affiliate of Prudential Group			
Revenue			
Trailing fee ⁽¹⁾	38,230	36,120	Contractually agreed price
Expenses			
Investment management fee expenses and Investment related expenses ⁽²⁾	165,693	187,514	Contractually agreed price
Operating expenses	838,618	522,225	Contractually agreed price
Other underwriting expenses	341,432	314,536	Contractually agreed price

⁽¹⁾ They were shown as a part of "Commission and brokerage income" in the statements of comprehensive income.

⁽²⁾ They were shown as a part of "Net investment revenues" in the statements of comprehensive income.

30.3 Outstanding balances with related parties

As at 31 December 2024 and 2023, significant outstanding balances between the Company and its related parties were as follows:

	(Unit: Thousand Baht)	
	31 December	
	2024	2023
Outstanding items with affiliates of Prudential Group		
Assets		
Other assets	40,802	45,089
Liabilities		
Accrued investment management fee ⁽¹⁾	22,090	14,141
Other payables	323,885	371,750
Accrued expenses	356,833	175,219

⁽¹⁾ They were shown as a part of "Other liabilities" in the statements of financial position.

30.4 Directors' and key management's remunerations

During the years ended 31 December 2024 and 2023, the Company had employee benefit expenses incurred in relation to its directors and key management as below.

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2024	2023
Short-term employee benefits	133,788	99,926
Post-employment benefits	5,686	6,625
Other long-term benefits	38,018	30,059
Total	<u>177,492</u>	<u>136,610</u>

30.5 Significant agreements

Investment Management Agreements

The Company has entered into an Investment Management Agreement with an affiliate of the Prudential Group. The affiliate agreed to act as the Company's investment manager. The Company is committed to pay a management fee at the rate in agreements. These agreements can be terminated upon 3 months written notice.

Service agreements

The Company entered into Service Agreements with Prudential Corporation Holdings Limited ("PCHL"), a major shareholder, which is Prudential Regional Head Office in Asia, for the provision of services and support for both IT and non-IT services to the Company, for a period of five years. In consideration of the provision of services provided by PCHL, the Company shall pay to PCHL a service fee as set out in the agreements. The agreements can be terminated upon one month written notice and can be extended upon not less than one month written notice prior to the expiry of the term of these agreements by either party.

Cost reimbursement agreements

The Company entered into Cost Reimbursement Agreement with Prudential Corporation Holdings Limited ("PCHL"). PCHL agreed to pay on behalf of the Company in respect of Master Distribution Agreement with a bank which have initial term of fifteen years plus extended terms. The Company shall reimburse all costs and expenses to PCHL as agreed. The agreement can be terminated upon one month written notice by either party.

The Company entered into Cost Reimbursement Agreement with Prudential Corporation Holdings Limited ("PCHL"). PCHL agreed to pay on behalf of the Company in respect of Bancassurance Agreement with another bank which have initial term of fifteen years plus extended terms. The Company shall reimburse all costs and expenses to PCHL as agreed. The agreement can be terminated upon one month written notice by either party.

Master Cost Contribution Agreement

The Company entered into Master Cost Contribution Agreement with an affiliated of the Prudential Group, which is incorporated in Singapore, for sharing application platform-related development costs and expenses, for a period of five years. The Company shall pay a charge as set out in the agreement. The agreement can be terminated upon one month written notice by either party.

31. Commitments

31.1 Capital commitments

As at 31 December 2024, the Company has capital commitments related to software licenses Baht 18.1 million (2023: Baht 17.4 million).

31.2 Service commitments

As at 31 December 2024 and 2023, the Company had future minimum payments under non-cancellable service contracts as follows:

(Unit: Thousand Baht)

Payable	31 December	
	2024	2023
Within 1 year	40,641	9,096
1 - 5 years	50,055	-
	<u>90,696</u>	<u>9,096</u>

31.3 Other commitments

As at 31 December 2024 and 2023, the Company had future minimum under distribution channel agreement as follows:

(Unit: Thousand Baht)

Payable	31 December	
	2024	2023
Within 1 year	118,500	118,500
1 - 5 years	-	118,500
	<u>118,500</u>	<u>237,000</u>

32. Risk and risk management of Life Insurance company

32.1 Financial risk management policies

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

32.2 Insurance risk management

Insurance risk is the risk under any one insurance contract which is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance contract liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. Risks that are specific to the various types of insurance contracts are elaborated as follows:

(a) Underwriting risks

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics or widespread changes in lifestyle, such as eating, smoking and exercise habits, resulting in earlier or more claims than expected. For contracts where survival is the insured risk and the most significant factor is continued improvement in medical science and social conditions that would increase longevity.

The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of the type of risk and the level of insured benefits. The risk selection process determines the groups of insurance risk that are acceptable to the Company so that diversification of insurance risk types is achieved. At the same time, this is to ensure within each of these risk types, there is a sufficiently large population of risks to reduce the variability of the expected outcome.

Each group of insurance risks is classified into categories of standard and degree of substandard through underwriting. Medical selection and financial underwriting guidelines included in the Company's underwriting procedures allow the correct assignment of insurance risk to the appropriate classes. Each class has varied premium to reflect the health condition and family medical history of the applicants.

Claims risk

Claims risk refers to the possibility that the frequency or severity of claims arising from insurance contracts exceeds the level assumed when the products were priced.

Claim trends are monitored on an ongoing basis. Exposure to large claims is managed by establishing policy retention limits, which vary by products. Policies in excess of the limits are reinsured with other companies.

Mortality and morbidity are monitored monthly and the overall experience was within the Company's assumptions used in "Gross Premium Valuation" reserve calculation.

Investment returns

The Company's policy of closely matching the cash flows of assets with those of the corresponding liabilities is designed to mitigate the Company's exposure to future changes in interest rates. The interest rate risk positions are monitored on an ongoing basis due to the mismatch of assets and corresponding liabilities, which reduces capital adequacy ratio.

Policyholder behaviour risk

The Company seeks to design products that minimize financial exposure to lapse, surrender and other policyholder behaviour risk. The Company monitors lapse, surrender and other policyholder behaviour experience. Policyholder behaviour experience was when compared to the Company's assumptions used in the "Gross Premium Valuation" reserve calculation.

Expense overrun risk

The Company prices its products to cover the expected costs of servicing and maintaining them. The Company monitors expenses monthly, including comparisons of actual expenses to expense levels allowed for in pricing and valuation.

In pricing insurance products the Company manages expense overrun risk by allowing for an appropriate level of expenses that reflects a realistic medium-term to long-term view of the underlying cost structure. A disciplined expense budgeting and management process is followed that controls expenses within product pricing allowances over the medium to long term.

(b) Concentration of insurance risk

Concentrations of risk may arise where a particular event or a series of events could impact heavily upon the Company's insurance contract liabilities. Such concentrations may arise from a single insurance contract or through a small number of related contracts and relate to circumstances where significant liabilities could arise.

Insurance risk for contracts is also affected by the policyholders' right to pay reduced or no future premiums, or to terminate the contract completely. As a result, the amount of insurance risk is also subject to policyholder behaviour. On the assumption that policyholders will make decisions rationally, overall insurance risk can be assumed to be aggravated by such behaviour. The Company has factored the impact of policyholders' behaviour into the assumptions used to measure insurance contract liabilities.

The Company has life insurance for non-participating and participating contracts with guaranteed benefits. The amount of risk to which the Company is exposed depends on the level of guarantees inherent in the contracts and the current interest rate. The changes in interest rate will not cause a change to the amount of the liability, unless the change is material enough to trigger a liability adequacy test adjustment.

As at 31 December 2024, the discount interest rates for the purpose of the liability adequacy test, in accordance with industry practice, is the average of eight quarters of the zero-coupon Thailand government bond yield curve plus illiquidity premium of around 89 basis points (2023: 83 basis points). Management monitors the sensitivity to changes in rates on an ongoing basis. A decrease of 185 basis points (2023: 161 basis points) from current market interest rates would be trigger a liability adequacy test adjustment.

32.3 Capital management

The Company's capital management policy is to maintain a strong capital base to meet policyholders' obligations and the requirements of the Office of Insurance Commission, to create shareholder value and deliver sustainable returns to shareholders. The Company performed its own risk and solvency assessment (ORSA) incorporating with its business plan, company key risk, and capital management, taking into account strategic risks and external factors which could negatively affect capital adequacy. Capital management is one of the key responsibilities of Asset and Liability Committee (ALCO). The Company activities to effectively monitor and test our capital sufficiency on a regular basis include but not limited to

- Testing capital adequacy in 3 years Business Plan;
- Regularly testing and forward projection of capital adequacy based on going concern basis and economic downturn; and
- The sensitivity test on any significant changes to assess the impact of key risk variables for better informed decisions.

In accordance with and the requirements of the Office of Insurance Commission, all insurers are required to maintain a minimum at least 140% of capital adequacy ratio. It is the Company's policy to hold capital levels in excess of minimum requirement.

32.4 Interest rate risk

Interest rate risk is the risk that the future movement in market interest rates will affect the interest income from deposit at banks and investments. Investments include both short-term and long-term investments that have fixed and floating interest rates. The Company has managed the risk by considering the risk of investments together with the return on such investments.

In addition, the Company has used derivative financial instruments, principally bond forward, cross currency swap, and interest rate swap to manage exposure to fluctuations in interest rates on specific debt securities.

At 31 December 2024 and 2023, significant financial assets classified by type of interest rate are as follows:

(Unit: Thousand Baht)

	31 December 2024			Total
	Non-interest bearing	Floating interest rate	Fixed interest rate	
Financial assets				
Cash and cash equivalents	108,901	1,336,551	-	1,445,452
Investments in securities				
Bonds	-	-	95,589,645	95,589,645
Debentures	-	-	32,238,956	32,238,956
Notes	-	-	1,222,939	1,222,939
Loans	-	-	4,320,817	4,320,817
Total	108,901	1,336,551	133,372,357	134,817,809

(Unit: Thousand Baht)

	31 December 2023			
	Non-interest bearing	Floating interest		Total
		rate	Fixed interest rate	
Financial assets				
Cash and cash equivalents	76,457	5,128,068	-	5,204,525
Investments in securities				
Bonds	-	-	72,047,082	72,047,082
Debentures	-	-	33,815,082	33,815,082
Notes	-	-	1,106,538	1,106,538
Loans	-	-	4,022,860	4,022,860
Total	76,457	5,128,068	110,991,562	116,196,087

As of 31 December 2024 and 2023, financial assets carrying interest at fixed rates are classified on the basis of the length of time from the reporting date to the next re-pricing date, or to the maturity date whichever is sooner. The details are as follows:

(Unit: Thousand Baht)

	31 December 2024					
	Average interest rate (% per annum)	Maturity period				
		No maturity	Within 1 year	Over 1 year to 5 years	Over 5 years	
Financial assets						
Investments in securities						
Bonds	2.94	-	7,793,785	5,001,350	82,794,510	95,589,645
Debentures	3.62	-	879,233	13,501,437	17,858,286	32,238,956
Notes	4.10	-	-	-	1,222,939	1,222,939
Loans	3.80 - 8.00	4,320,641	-	176	-	4,320,817
Total		4,320,641	8,673,018	18,502,963	101,875,735	133,372,357

(Unit: Thousand Baht)

	31 December 2023					Total
	Average interest rate <i>(% per annum)</i>	Maturity period			Over 5 years	
		No maturity	Within 1 year	Over 1 year to 5 years		
Financial assets						
Investments in securities						
Bonds	2.81	-	7,603,706	1,895,032	62,548,344	72,047,082
Debentures	3.57	-	3,953,391	9,365,325	20,496,366	33,815,082
Notes	4.10	-	-	-	1,106,538	1,106,538
Loans	3.80 - 8.00	4,022,803	57	-	-	4,022,860
Total		4,022,803	11,557,154	11,260,357	84,151,248	110,991,562

Policy loans are fully collateralised by the value of the underlying policy and carry interest rates which follow the regulations of the Office of Insurance Commission. The average rate of interest for the year ended 31 December 2024 was 3.80% - 8.00% per annum (2023: 3.80% - 8.00% per annum). The contractual maturity of these loans would generally follow the maturity profile of the underlying insurance policy with which they are associated. Policyholders may repay policy loans prior to maturity.

Sensitivity analysis

As at 31 December 2024 a reasonable possible change of 0.5% interest rates (2023: 0.5%) would have affected the measurement of investment in debt securities and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(Unit: Thousand Baht)

	31 December 2024			
	Profit or loss		Equity, net of tax	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Investments in debt securities	-	-	(5,891,336)	5,891,336

(Unit: Thousand Baht)

	31 December 2023			
	Profit or loss		Equity, net of tax	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Investments in debt securities	-	-	(4,367,350)	4,367,350

32.5 Foreign currency risk

The Company is exposed to foreign currency risk relating to settlement of financial assets and financial liabilities which are denominated in foreign currencies.

At 31 December 2024 and 2023, the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	(Unit: Thousand Baht)	
	31 December	
	2024	2023
Cash and cash equivalents (<i>US Dollars</i>)	118,001	187,575
Investment in securities (<i>US Dollars</i>)	29,046,125	27,901,329
Accrued interest and dividends (<i>US Dollars</i>)	254,895	254,017
Gross risk exposure in the statements of financial position	29,419,021	28,342,921
Foreign exchange forward contracts	(12,595,091)	(12,883,709)
Cross currency swap contracts	(16,670,702)	(15,369,626)
Net risk exposure	153,228	89,586
Other payable - related parties (<i>Hong Kong Dollars</i>)	4,598	-
Other payable - related parties (<i>US Dollars</i>)	318,710	288,943
Other payable - related parties (<i>Ringgit</i>)	-	4
Accrued investment management fee - related parties (<i>Singapore Dollars</i>)	22,666	17,629
Gross risk exposure in the statements of financial position	345,974	306,576

32.6 Credit risk

Credit risk is the potential financial loss resulting from the failure of the counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

Key areas that the Company is exposed to credit risk are cash positions, premium due and uncollected, policy loans and investments in debt securities.

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.

Concentrations of the credit risk with respect to premiums due and uncollected are insignificant due to the large number of customers comprising the customer base and their dispersion across different industries and geographic regions in Thailand.

In addition, there is insignificant risk from policy loans since the amount lent to insured parties is less than the cash value of their policies with the Company.

Credit quality analysis

The following table sets out information about the credit quality as at 31 December 2024 and 2023 of investment in corporate debt securities measured at fair value through comprehensive income, based on Moody's, Standard & Poor's (S&P's), Fitch, or TRIS ratings.

(Unit: Thousand Baht)

	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Investments measured at fair value				
through other comprehensive income				
Rated AAA	5,080,914	-	-	5,080,914
Rated AA- to AA+	9,657,672	-	-	9,657,672
Rated A- to A+	8,112,014	-	-	8,112,014
Rated BBB+ and below	8,583,477	-	-	8,583,477
Non-rated	-	-	804,879	804,879
Carrying amount	31,434,077	-	804,879	32,238,956
Allowance for excepted credit losses	19,008	-	319,141	338,149

(Unit: Thousand Baht)

	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Investments measured at fair value				
through other comprehensive income				
Rated AAA	4,199,572	-	-	4,199,572
Rated AA- to AA+	11,704,677	-	-	11,704,677
Rated A- to A+	8,364,762	-	-	8,364,762
Rated BBB+ and below	8,603,901	-	-	8,603,901
Non-rated	-	-	942,170	942,170
Carrying amount	32,872,912	-	942,170	33,815,082
Allowance for excepted credit losses	21,407	-	503,066	524,473

32.7 Equity price risk

The Company invests in equity portfolio to enhance longer term returns. As equity portfolio value might be volatile due to market price movements, the exposure to equities is managed carefully to ensure that the Company's internal capital requirements are met at all times, as well as in compliant with any applicable regulations by regulators. The Company monitors equity price risk on a regular basis.

Sensitivity analysis

A reasonably possible change of the stock market as at 31 December 2024 and 2023 would have affected the valuation of investment in listed equity investments and affected equity and profit or loss by the amount shown below.

(Unit: Thousand Baht)

	31 December 2024			
	Profit or loss		Equity, net of tax	
	2% increase	2% decrease	2% increase	2% decrease
Investments in equity securities	-	-	92,765	(92,765)

(Unit: Thousand Baht)

	31 December 2023			
	Profit or loss		Equity, net of tax	
	2% increase	2% decrease	2% increase	2% decrease
Investments in equity securities	-	-	78,466	(78,466)

32.8 Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The Company's financial assets mainly comprise of cash and cash equivalents, deposits with financial institutions and investments in securities which are highly liquid and are able to be sold quickly at close to their fair value when the Company wishes to raise funds.

The following tables show information about the estimated timing of the undiscounted net cash flows from the Company's insurance and investment contract liabilities. The analysis provided is by estimating the timing of the amounts recognised in the statement of financial position.

		31 December 2024				
		Estimated undiscounted net cash flows				
Amount		1 - 5	6 - 10	11 - 15	More than	Total
		years	years	years	15 years	
	<i>(in thousand Baht)</i>			<i>(%)</i>		
Insurance and investment						
contracts liabilities	238,230,946	(2.9)	25.7	25.6	51.6	100

		31 December 2023				
		Estimated undiscounted net cash flows				
Amount		1 - 5	6 - 10	11 - 15	More than	Total
		years	years	years	15 years	
	<i>(in thousand Baht)</i>			<i>(%)</i>		
Insurance and investment						
contracts liabilities	200,201,987	(0.5)	27.7	23.5	49.3	100

32.9 Fair values of financial assets and liabilities

Fair value hierarchy

Analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: input for the asset or liability that are based on unobservable inputs.

The following methods and assumptions were used by the Company in estimating fair value of financial assets and financial liabilities as disclosed herein.

The Company determines Level 2 fair values for debt securities using clean price on the last day of the period provided by the Thai Bond Market Association and foreign issued debt securities using quotes from brokers and dealers.

The Company determines Level 2 fair values for promissory notes using discounted cash flow technique, which uses contractual cash flows and a market - related discount rate.

Level 2 fair values for simple over-the-counter derivative financial instruments are based on counterparty quotes and group rate.

The Company determines level 3 fair value using adjusted net asset method for equity securities which are not marketable.

The Company determines level 3 fair value for debt securities based on recovery rate estimated and equity securities based on share rights offering from rehabilitation plan.

The Company estimates level 3 fair value for policy loans using discounted expected future cash flow by the current market interest rate.

The Company recognises transfers between levels of the fair value hierarchy as of the end of reporting period during which the transfer has occurred. During the years ended 31 December 2024 and 2023, there were no transfers between levels of the fair value hierarchy.

As of 31 December 2024 and 2023, significant assets and liabilities, which were measured at fair value or for which fair value were disclosed, were classified by levels of the fair value hierarchy as follows:

(Unit: Thousand Baht)

	31 December 2024				
	Carrying value	Fair values			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value					
Investment measured at fair value through profit or loss	4,162	4,162	-	-	4,162
Investment measured at fair value through other comprehensive income	149,565,874	20,069,282	128,246,661	1,249,931	149,565,874
Derivative assets	4,316,806	-	4,316,806	-	4,316,806
Investment assets of the insured	12,945,991	12,945,991	-	-	12,945,991
Financial assets for which fair value were disclosed					
Loans and interest receivables	4,794,999	-	-	5,581,391	5,581,391
Financial liabilities measured at fair value					
Derivatives liabilities	37,120	-	37,120	-	37,120

(Unit: Thousand Baht)

	31 December 2023				
	Carrying value	Fair values			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value					
Investment measured at fair value through profit or loss	3,941	3,941	-	-	3,941
Investment measured at fair value through other comprehensive income	123,820,839	16,843,082	106,026,532	951,225	123,820,839
Derivative assets	1,458,973	-	1,458,973	-	1,458,973
Investment assets of the insured	13,536,714	13,536,714	-	-	13,536,714
Financial assets for which fair value were disclosed					
Loans and interest receivables	4,446,520	-	-	5,097,214	5,097,214
Financial liabilities measured at fair value					
Derivatives liabilities	532,189	-	532,189	-	532,189

The carrying value of these financial instruments, cash and cash equivalents, accrued investment income, premiums due and uncollected, due to reinsurers, unpaid policy benefit loss reserves and outstanding claim and other payables approximates the fair value.

33. Events after the reporting period

On 12 March 2025, the Board of Directors' meeting of the Company passed a resolution to propose to the Annual General Meeting of Shareholders for approval dividends to be distributed from the 2024 operating results and the unappropriated retained earnings at Baht 0.3283 per share, or a total amount of not exceeding Baht 726 million. However, such dividend payment must be approved by the Office of Insurance Commission.

34. Approval of financial statements

This financial statement was authorised for issue by the Company's Board of Directors on 12 March 2025.