

Thaire Life Assurance Public Company Limited
Report and financial statements
31 December 2023

Independent Auditor's Report

To the Shareholders of Thaire Life Assurance Public Company Limited

Opinion

I have audited the accompanying financial statements of Thaire Life Assurance Public Company Limited (“the Company”), which comprise the statement of financial position, in which the equity method is applied, as at 31 December 2023, and the related statements of income, comprehensive income, changes in owner’s equity and cash flows, in which the equity method is applied, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and also have audited the separate financial statements of Thaire Life Assurance Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thaire Life Assurance Public Company Limited as at 31 December 2023, 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.

Key Audit Matters

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

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

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

Reinsurance premium written

The Company's core revenue is from reinsurance premium written, which amounted to Baht 3,455 million. The Company has entered into reinsurance contracts with customers, who are life insurance companies, for both facultative and treaty reinsurance contracts. Conditions under those contracts vary depending upon types of insurance, reinsurance share, insured periods, etc. In addition, recognition of revenue on such reinsurance contracts shall also meet the definition of insurance contracts under Thai Financial Reporting Standards. Therefore, the Company's management is required to use judgement in consideration and review its product classification. Hence, I therefore focused on examining that the reinsurance premium written is recognised correctly as actually incurred.

I assessed and tested, on a sampling basis, the Company's internal controls relevant to revenue recognition from each type of reinsurance contract, assessed the appropriateness of method and assumptions used for product classification testing, involving experts in the assessment of such methods and assumptions through comparison with historical and industry data and the review of the related actuarial models, tested, on a sampling basis, the data used for product classification testing and tested, on a sampling basis, the amount of reinsurance premium written against the statements received from reinsurers that occurred during the year and near the period-end. Furthermore, I also performed analytical procedures on reinsurance premium written, disaggregated by reinsurance types and tested, on a sampling basis, any significant adjustments made through journal vouchers.

Long-term insurance policy reserves

As described in Note 17 to the financial statements, as at 31 December 2023, the Company had long-term insurance policy reserves amounting to Baht 488 million, representing 36 percent of total liabilities, whereby the Company compared the amounts of gross premium valuation reserves as at 31 December 2023 with those of unearned premium reserves, and recognised the differences as additional reserves if the amounts of gross premium valuation reserves were higher than those of unearned premium reserves. In calculation of the gross premium valuation reserves, it involves the use of assumptions, including mortality rate, discounted rate, lapse or surrender rate, and selling and administrative expense ratio. Changes in such assumptions will affect the amounts of long-term insurance policy reserves and the Company's management is required to exercise high level of considerable judgement in selecting those assumptions. I therefore focused on the adequacy of long-term insurance policy reserves.

I assessed the method and key assumptions used in determining long-term insurance policy reserves by involving our experts to assist in analysis and comparison of the methods and assumptions used to historical and industry data, and in the review of the actuarial models used in calculating reserves under the Gross Premium Valuation method. Moreover, I also tested, on a sampling basis, data used in calculation, and performed analytical procedures on movements of long-term insurance policy reserves.

Other Information

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

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

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

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

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

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

In preparing the financial statements, management is responsible for assessing the 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 also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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

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: 19 February 2024

Thaire Life Assurance Public Company Limited

Statements of financial position

As at 31 December 2023 and 2022

(Unit: Baht)

| | Financial statements | | | | |
|------------------------------|----------------------|---------------------------------------|----------------------|-------------------------------|----------------------|
| | Note | in which the equity method is applied | | Separate financial statements | |
| | | 2023 | 2022 | 2023 | 2022 |
| Assets | | | | | |
| Cash and cash equivalents | 8 | 12,765,213 | 81,723,706 | 12,765,213 | 81,723,706 |
| Accrued investment income | | 10,438,779 | 20,456,457 | 10,438,779 | 20,456,457 |
| Reinsurance assets | 9 | 5,915,057 | 5,885,496 | 5,915,057 | 5,885,496 |
| Reinsurance receivables | 10 | 266,332,845 | 273,321,432 | 266,332,845 | 273,321,432 |
| Debt financial assets | 11.1 | 1,542,835,902 | - | 1,542,835,902 | - |
| Equity financial assets | 11.2 | 567,650,511 | - | 567,650,511 | - |
| Investments in securities | 11.3 | - | 2,201,034,213 | - | 2,201,034,213 |
| Investments in an associate | 12 | 8,102,338 | 10,007,070 | 16,467,595 | 18,910,900 |
| Assets held for sale | 13 | 39,146,710 | - | 39,146,710 | - |
| Premises and equipment | 14 | 5,491,021 | 47,217,809 | 5,491,021 | 47,217,809 |
| Intangible assets | 15 | 36,097,659 | 35,133,647 | 36,097,659 | 35,133,647 |
| Deferred tax assets | 16.1 | 89,056,321 | 73,577,247 | 87,383,270 | 71,796,481 |
| Other assets | | | | | |
| Deferred commission expenses | | 145,695,230 | 121,931,185 | 145,695,230 | 121,931,185 |
| Others | | 7,631,536 | 5,127,532 | 7,631,536 | 5,127,532 |
| Total assets | | 2,737,159,122 | 2,875,415,794 | 2,743,851,328 | 2,882,538,858 |

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

Thaire Life Assurance Public Company Limited

Statements of financial position (continued)

As at 31 December 2023 and 2022

(Unit: Baht)

| | Financial statements | | | | |
|---|----------------------|---------------------------------------|----------------------|-------------------------------|----------------------|
| | Note | in which the equity method is applied | | Separate financial statements | |
| | | 2023 | 2022 | 2023 | 2022 |
| Liabilities and owners' equity | | | | | |
| Liabilities | | | | | |
| Insurance contract liabilities | 17 | 1,193,361,255 | 1,084,327,552 | 1,193,361,255 | 1,084,327,552 |
| Due to reinsurers | 18 | 139,655,940 | 304,190,501 | 139,655,940 | 304,190,501 |
| Income tax payable | | - | 15,586,126 | - | 15,586,126 |
| Lease liabilities | 19 | 2,859,875 | - | 2,859,875 | - |
| Employee benefit obligations | 20 | 22,094,684 | 17,383,010 | 22,094,684 | 17,383,010 |
| Other liabilities | | | | | |
| Accrued expenses | | 5,421,782 | 4,340,035 | 5,421,782 | 4,340,035 |
| Deferred commission income | | 88,726 | 88,282 | 88,726 | 88,282 |
| Others | | 5,798,539 | 2,737,021 | 5,798,539 | 2,737,021 |
| Total liabilities | | 1,369,280,801 | 1,428,652,527 | 1,369,280,801 | 1,428,652,527 |
| Owners' equity | | | | | |
| Share capital | 21 | | | | |
| Registered | | | | | |
| 610,000,000 ordinary shares of Baht 1 each (31 December 2022: 600,000,000 ordinary shares of Baht 1 each) | | 610,000,000 | 600,000,000 | 610,000,000 | 600,000,000 |
| Issued and paid up | | | | | |
| 609,998,247 ordinary shares of Baht 1 each (31 December 2022: 600,000,000 ordinary shares of Baht 1 each) | | 609,998,247 | 600,000,000 | 609,998,247 | 600,000,000 |
| Share premium | | 79,162,825 | 79,162,825 | 79,162,825 | 79,162,825 |
| Retained earnings | | | | | |
| Appropriated - statutory reserve | 22 | 61,000,000 | 60,000,000 | 61,000,000 | 60,000,000 |
| Unappropriated | | 744,266,617 | 832,781,170 | 742,041,183 | 832,370,525 |
| Other component of owners' equity | | (126,549,368) | (125,180,728) | (117,631,728) | (117,647,019) |
| Total owners' equity | | 1,367,878,321 | 1,446,763,267 | 1,374,570,527 | 1,453,886,331 |
| Total liabilities and owners' equity | | 2,737,159,122 | 2,875,415,794 | 2,743,851,328 | 2,882,538,858 |
| | | - | - | - | - |

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

Directors

Thaire Life Assurance Public Company Limited

Statements of income

For the years ended 31 December 2023 and 2022

(Unit: Baht)

| | Note | Financial statements | | | |
|---|------|---------------------------------------|----------------------|-------------------------------|----------------------|
| | | in which the equity method is applied | | Separate financial statements | |
| | | 2023 | 2022 | 2023 | 2022 |
| Revenues | | | | | |
| Reinsurance premium written | | 3,455,281,289 | 2,964,522,770 | 3,455,281,289 | 2,964,522,770 |
| Less: Reinsurance premium ceded | | (29,222,483) | (33,174,471) | (29,222,483) | (33,174,471) |
| Net reinsurance premium written | | 3,426,058,806 | 2,931,348,299 | 3,426,058,806 | 2,931,348,299 |
| Less: Unearned premium reserves increased from prior year | | (124,757,432) | (23,519,207) | (124,757,432) | (23,519,207) |
| Net earned premium | | 3,301,301,374 | 2,907,829,092 | 3,301,301,374 | 2,907,829,092 |
| Commission income | | 3,531,565 | 2,741,046 | 3,531,565 | 2,741,046 |
| Net investment revenue | 23 | 73,305,142 | 68,603,405 | 73,305,142 | 68,603,405 |
| Gains (losses) on investments | 24 | (411,998) | 4,221,702 | (2,855,303) | 4,221,702 |
| Fair value gains | | 1,413,866 | 9,250 | 1,413,866 | 9,250 |
| Share of gain (loss) from investment in an associate under the equity method | 12.3 | (174,818) | 2,639,062 | - | - |
| Other income | | 837,360 | 1,353,906 | 837,360 | 1,353,906 |
| Total revenues | | 3,379,802,491 | 2,987,397,463 | 3,377,534,004 | 2,984,758,401 |
| Expenses | | | | | |
| Long-term insurance policy reserves decreased | | (6,232,095) | (9,023,070) | (6,232,095) | (9,023,070) |
| Gross benefits and claims | | 2,397,605,706 | 2,022,747,546 | 2,397,605,706 | 2,022,747,546 |
| Less: claims recovered from reinsurers | | (11,213,130) | (6,808,272) | (11,213,130) | (6,808,272) |
| Commission expenses | | 756,811,637 | 644,526,611 | 756,811,637 | 644,526,611 |
| Other underwriting expenses | | 54,557,768 | 46,111,535 | 54,557,768 | 46,111,535 |
| Operating expenses | 26 | 116,718,708 | 108,330,718 | 116,718,708 | 108,330,718 |
| Finance costs | 19 | 113,366 | 25,990 | 113,366 | 25,990 |
| Expected credit losses (reversal) | | 54,754 | (62,321) | 54,754 | (62,321) |
| Total expenses | 27 | 3,308,416,714 | 2,805,848,737 | 3,308,416,714 | 2,805,848,737 |
| Profits before income tax expenses | | 71,385,777 | 181,548,726 | 69,117,290 | 178,909,664 |
| Income tax expenses | 16.2 | (9,272,735) | (28,444,126) | (8,819,037) | (27,916,314) |
| Net profits | | 62,113,042 | 153,104,600 | 60,298,253 | 150,993,350 |
| Earnings per share | 29 | | | | |
| Basic earnings per share | | | | | |
| Net profits | | 0.10 | 0.25 | 0.10 | 0.25 |

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

Thaire Life Assurance Public Company Limited
Statements of comprehensive income
For the years ended 31 December 2023 and 2022

(Unit: Baht)

| | Note | Financial statements | | | |
|---|------|---------------------------------------|--------------|-------------------------------|--------------|
| | | in which the equity method is applied | | Separate financial statements | |
| | | 2023 | 2022 | 2023 | 2022 |
| Net profits | | 62,113,042 | 153,104,600 | 60,298,253 | 150,993,350 |
| Other comprehensive income (loss) | | | | | |
| Items to be reclassified to statements of income in subsequent periods: | | | | | |
| Translation adjustments of the financial statements in foreign currency of an associate | | (1,729,914) | (4,522,585) | - | - |
| Add: Income taxes | | 345,983 | 904,517 | - | - |
| Translation adjustments of the financial statements in foreign currency of an associate - net of income taxes | | (1,383,931) | (3,618,068) | - | - |
| Losses on revaluation of available-for-sale investments measured at fair value through other comprehensive income | | - | (66,908,485) | - | (66,908,485) |
| Add : Income taxes | | - | 13,381,697 | - | 13,381,697 |
| Losses on revaluation of available-for-sale investments measured at fair value through other comprehensive income - net of income taxes | | - | (53,526,788) | - | (53,526,788) |
| Items to be reclassified to statements of income in subsequent periods - net of income taxes | | (1,383,931) | (57,144,856) | - | (53,526,788) |
| Items not to be reclassified to statements of income in subsequent periods: | | | | | |
| Actuarial gains (losses) | 20 | (2,005,559) | 2,163,685 | (2,005,559) | 2,163,685 |
| Add (less): Income taxes | | 401,112 | (432,737) | 401,112 | (432,737) |
| Actuarial gains (losses) - net of income taxes | | (1,604,447) | 1,730,948 | (1,604,447) | 1,730,948 |
| Losses on investments in equity securities measured at fair value through other comprehensive income | | (120,023,569) | - | (120,023,569) | - |
| Add: Income taxes | | 24,004,714 | - | 24,004,714 | - |
| Losses on investments in equity securities measured at fair value through other comprehensive income - net of income taxes | | (96,018,855) | - | (96,018,855) | - |
| Items not to be reclassified to statements of income in subsequent periods - net of income taxes | | (97,623,302) | 1,730,948 | (97,623,302) | 1,730,948 |
| Other comprehensive loss for the periods | | (99,007,233) | (55,413,908) | (97,623,302) | (51,795,840) |
| Total comprehensive income (loss) for the periods | | (36,894,191) | 97,690,692 | (37,325,049) | 99,197,510 |

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

Thaire Life Assurance Public Company Limited

Statements of cash flows

For the years ended 31 December 2023 and 2022

(Unit: Baht)

| | Note | Financial statements | | | |
|--|------|---------------------------------------|----------------------|-------------------------------|----------------------|
| | | in which the equity method is applied | | Separate financial statements | |
| | | 2023 | 2022 | 2023 | 2022 |
| Cash flows from (used in) operating activities | | | | | |
| Cash received from reinsurance | | 95,555,389 | 207,089,916 | 95,555,389 | 207,089,916 |
| Interest income | | 42,489,054 | 20,784,560 | 42,489,054 | 20,784,560 |
| Dividend income | | 42,362,507 | 44,165,822 | 42,362,507 | 44,165,822 |
| Other investment income (expenses) | | (114,876) | 8,152,968 | (114,876) | 8,152,968 |
| Other income | | 822,781 | 1,348,342 | 822,781 | 1,348,342 |
| Other underwriting expenses | | (54,328,054) | (45,905,038) | (54,328,054) | (45,905,038) |
| Operating expenses | | (102,062,786) | (93,688,462) | (102,062,786) | (93,688,462) |
| Income tax expenses | | (16,571,835) | (8,903,505) | (16,571,835) | (8,903,505) |
| Cash received on financial assets | | 1,972,193,772 | 2,089,494,214 | 1,972,193,772 | 2,089,494,214 |
| Cash paid for financial assets | | (2,002,184,773) | (2,173,755,074) | (2,002,184,773) | (2,173,755,074) |
| Net cash provided by (used in) operating activities | | (21,838,821) | 48,783,743 | (21,838,821) | 48,783,743 |
| Cash flows from (used in) investing activities | | | | | |
| Deposit under land and building sale contract | | 2,500,000 | - | 2,500,000 | - |
| Purchases of equipment | | (1,220,288) | (1,007,614) | (1,220,288) | (1,007,614) |
| Purchases of intangible assets | | (6,070,539) | (1,105,123) | (6,070,539) | (1,105,123) |
| Net cash used in investing activities | | (4,790,827) | (2,112,737) | (4,790,827) | (2,112,737) |
| Cash flows used in financing activities | | | | | |
| Repayment of lease liabilities | | (375,571) | (792,228) | (375,571) | (792,228) |
| Cash dividend paid | 30 | (42,001,753) | (120,000,000) | (42,001,753) | (120,000,000) |
| Net cash used in financing activities | | (42,377,324) | (120,792,228) | (42,377,324) | (120,792,228) |
| Net decrease in cash and cash equivalents | | (69,006,972) | (74,121,222) | (69,006,972) | (74,121,222) |
| Cash and cash equivalents at beginning of the years | | 81,723,706 | 155,794,785 | 81,723,706 | 155,794,785 |
| Decrease in expected credit losses | | 48,479 | 50,143 | 48,479 | 50,143 |
| Cash and cash equivalents at end of the years | | 12,765,213 | 81,723,706 | 12,765,213 | 81,723,706 |
| | | - | - | - | - |

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

Thaire Life Assurance Public Company Limited

Statements of changes in owners' equity

For the years ended 31 December 2023 and 2022

(Unit: Baht)

Financial statements in which the equity method is applied

| | Note | Other components of owners' equity | | | | | | | Total owners' equity |
|--|--------|------------------------------------|-------------------|----------------------------------|--------------------|---|---|--|----------------------|
| | | Issued and paid-up share capital | Share premium | Retained earnings | | Revaluation deficit on equity securities/available-for-sale investments measured at fair value through other comprehensive income - net of income taxes | Translation adjustments of the financial statements in foreign currency of an associate - net of income taxes | Total other components of owners' equity | |
| | | | | Appropriated - statutory reserve | Unappropriated | | | | |
| | | | | | | | | | |
| Balance as at 1 January 2022 | | 600,000,000 | 79,162,825 | 60,000,000 | 797,944,982 | (64,120,231) | (3,915,641) | (68,035,872) | 1,469,071,935 |
| Dividend payments | 30 | - | - | - | (120,000,000) | - | - | - | (120,000,000) |
| Reversal of dividend payable due to ineligibility of shareholders | | - | - | - | 640 | - | - | - | 640 |
| Net profit | | - | - | - | 153,104,600 | - | - | - | 153,104,600 |
| Other comprehensive income (loss) for the year | | - | - | - | 1,730,948 | (53,526,788) | (3,618,068) | (57,144,856) | (55,413,908) |
| Total comprehensive income (loss) for the year | | - | - | - | 154,835,548 | (53,526,788) | (3,618,068) | (57,144,856) | 97,690,692 |
| Balance as at 31 December 2022 | | 600,000,000 | 79,162,825 | 60,000,000 | 832,781,170 | (117,647,019) | (7,533,709) | (125,180,728) | 1,446,763,267 |
| Balance as at 1 January 2023 - as previously reported | | 600,000,000 | 79,162,825 | 60,000,000 | 832,781,170 | (117,647,019) | (7,533,709) | (125,180,728) | 1,446,763,267 |
| Cumulative effect of the change in accounting policy | 4 | - | - | - | (43,574,559) | 43,574,559 | - | 43,574,559 | - |
| Balance as at 1 January 2023 - as restated | | 600,000,000 | 79,162,825 | 60,000,000 | 789,206,611 | (74,072,460) | (7,533,709) | (81,606,169) | 1,446,763,267 |
| Stock dividends issued | 21 | 9,998,247 | - | - | - | - | - | - | 9,998,247 |
| Transfer loss on disposals of equity securities measured at fair value through other comprehensive income to retained earnings | 11.2.2 | - | - | - | (52,459,587) | 52,459,587 | - | 52,459,587 | - |
| Dividend payments | 30 | - | - | - | (52,000,000) | - | - | - | (52,000,000) |
| Reversal of dividend payable due to ineligibility of shareholders | | - | - | - | 10,998 | - | - | - | 10,998 |
| Net profit | | - | - | - | 62,113,042 | - | - | - | 62,113,042 |
| Other comprehensive income loss for the year | | - | - | - | (1,604,447) | (96,018,855) | (1,383,931) | (97,402,786) | (99,007,233) |
| Total comprehensive income (loss) for the year | | - | - | - | 60,508,595 | (96,018,855) | (1,383,931) | (97,402,786) | (36,894,191) |
| Transferred to statutory reserve | 22 | - | - | 1,000,000 | (1,000,000) | - | - | - | - |
| Balance as at 31 December 2023 | | 609,998,247 | 79,162,825 | 61,000,000 | 744,266,617 | (117,631,728) | (8,917,640) | (126,549,368) | 1,367,878,321 |

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

Thaire Life Assurance Public Company Limited
Statements of changes in owners' equity (continued)
For the years ended 31 December 2023 and 2022

(Unit: Baht)

Separate financial statements

| | Note | Issued and paid-up share capital | Share permium | Retained earnings | | Other component of owners' equity | Total owners' equity |
|---|--------|--|-------------------|-------------------------------------|--------------------|--|-------------------------|
| | | | | Appropriated - statutory reserve | Unappropriated | Revaluation deficit on equity securities/available-for-sale investments measured at fair value through other comprehensive income - net of income taxes | |
| Balance as at 1 January 2022 | | 600,000,000 | 79,162,825 | 60,000,000 | 799,645,587 | (64,120,231) | 1,474,688,181 |
| Dividend payments | 30 | - | - | - | (120,000,000) | - | (120,000,000) |
| Reversal of dividend payable due to ineligibility of shareholders | | - | - | - | 640 | - | 640 |
| Net profit | | - | - | - | 150,993,350 | - | 150,993,350 |
| Other comprehensive income (loss) for the year | | - | - | - | 1,730,948 | (53,526,788) | (51,795,840) |
| Total comprehensive income (loss) for the year | | - | - | - | 152,724,298 | (53,526,788) | 99,197,510 |
| Balance as at 31 December 2022 | | <u>600,000,000</u> | <u>79,162,825</u> | <u>60,000,000</u> | <u>832,370,525</u> | <u>(117,647,019)</u> | <u>1,453,886,331</u> |
| Balance as at 1 January 2023 - as previously reported | | 600,000,000 | 79,162,825 | 60,000,000 | 832,370,525 | (117,647,019) | 1,453,886,331 |
| Cumulative effect of the change in accounting policy | 4 | - | - | - | (43,574,559) | 43,574,559 | - |
| Balance as at 1 January 2023 - as restated | | <u>600,000,000</u> | <u>79,162,825</u> | <u>60,000,000</u> | <u>788,795,966</u> | <u>(74,072,460)</u> | <u>1,453,886,331</u> |
| Stock dividends issued | 21 | 9,998,247 | - | - | - | - | 9,998,247 |
| Transfer loss on disposals of equity securities measured at fair value through other comprehensive income to retained earnings | 11.2.2 | - | - | - | (52,459,587) | 52,459,587 | - |
| Dividend payments | 30 | - | - | - | (52,000,000) | - | (52,000,000) |
| Reversal of dividend payable due to ineligibility of shareholders | | - | - | - | 10,998 | - | 10,998 |
| Net profit | | - | - | - | 60,298,253 | - | 60,298,253 |
| Other comprehensive income loss for the year | | - | - | - | (1,604,447) | (96,018,855) | (97,623,302) |
| Total comprehensive income (loss) for the year | | - | - | - | 58,693,806 | (96,018,855) | (37,325,049) |
| Transferred to statutory reserve | 22 | - | - | 1,000,000 | (1,000,000) | - | - |
| Balance as at 31 December 2023 | | <u>609,998,247</u> | <u>79,162,825</u> | <u>61,000,000</u> | <u>742,041,183</u> | <u>(117,631,728)</u> | <u>1,374,570,527</u> |
| | | - | - | - | - | - | - |

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

Thaire Life Assurance Public Company Limited
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Thaire Life Assurance Public Company Limited

Notes to financial statements

For the years ended 31 December 2023 and 2022

1. Corporate information

Thaire Life Assurance Public Company Limited (“the Company”) is a public company incorporated under Thai laws and domiciled in Thailand. The Company has been listed on the Stock Exchange of Thailand since 9 October 2013. The major shareholders are Thai Reinsurance Public Company Limited which holds 10.10% of the issued and paid-up capital, and an individual shareholder who holds 11.30% of the issued and paid-up capital.

The Company is principally engaged in the provision of life reinsurance services. The registered office of the Company is located at No. 48/15 Soi Ratchadapisek 20, Ratchadapisek Road, Samsennok Sub-district, Huaykwang District, Bangkok.

2. Basis for preparation of financial statements

The 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 accounting and reporting guidelines prescribed by the Office of Insurance Commission (“OIC”), and in accordance with the format of financial statements specified in the Notification of the Office of Insurance Commission (“OIC”) regarding criteria, procedures, conditions and terms for preparation and submission of financial statements of life insurance companies B.E. 2566 dated 8 February 2023.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in Note 5 to financial statements regarding a summary of significant accounting policies.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from such financial statements in Thai language.

2.1 The financial statements in which the equity method is applied

The Company prepares the financial statements, in which equity method is applied, which has presented investment in an associate under the equity method.

2.2 Separate financial statements

The Company prepares the separate financial statements, which has presented investment in an associate under the cost method.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2023. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The 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 2024

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 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, except for TFRS 17 Insurance Contracts, which will supersede TFRS 4 Insurance Contracts. This standard will be effective for fiscal years beginning on or after 1 January 2025 and involved changes to key principles, summarised below.

TFRS 17 Insurance Contracts

This financial reporting standard establishes 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, losses are recognised when the group of those contracts becomes onerous.

Upon initial recognition, this standard establishes the General Measurement Model whereby an entity shall measure a group of insurance contracts using 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. However, the Company may adopt either the Variable Fee Approach or Premium Allocation Approach if contracts meet certain requirements under this standard. In addition, this standard requires the entity to present and disclose more information both qualitative and quantitative.

However, the Company's management is in the process of assessment of the impact to financial statements for the year that such standard will be initially adopted.

4. Cumulative effects of changes in accounting policies

The Company changes in accounting policies due to the adoption of Thai Financial Reporting Standard: TFRS 9 Financial Instruments since 1 January 2023, which can be summarised as below.

Classification and measurement of financial assets

The Company reclassifies financial assets to comply with the Company's business model for managing assets and liabilities on the basis of the facts and circumstances that exist at the initial date of application as follows:

Financial assets - equity instruments

- Investments in both listed and non-listed equity securities

The Company considers and continues to classify its investments in both listed and non-listed equity securities as financial assets measured at fair value through other comprehensive income whereby change in fair value will be recognised in other comprehensive income and when disposal, the cumulative gain or loss arising from change in fair value will be recognised directly in retained earnings.

- Investments in unit trusts, which are treated as equity securities

The Company considers and continues to classify its investments in unit trusts, which are treated as equity securities, as financial assets at fair value through other comprehensive income whereby the change in fair value will be recognised in other comprehensive income and when disposal, the cumulative gain or loss arising from change in fair value will be recognised directly in retained earnings.

Financial assets - Debt instruments

- Investments in unit trust, which are treated as debt securities

The Company considers to classify investments in unit trusts, which are treated as debt securities, (previously classified as available-for-sale investments measured at fair value through other comprehensive income under the former accounting policies) as financial assets measured at fair value through profit or loss because such unit trusts do not have contractual terms of the financial assets that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Changes in fair value and gain or loss on disposal will be recognised in profit or loss.

- Investment in government and state enterprise securities, private enterprise debt securities and deposits at financial institutions

The Company considered and continue to classify its investments in government and state enterprise securities, private enterprise debt securities and deposits at financial institutions as financial assets measured at amortised cost less expected credit loss.

Classification of financial liabilities

The adoption of these standards does not have impact on classification of the Company's financial liabilities since the Company continues to classify them as financial liabilities measured at amortised cost.

Impairment of financial assets

The adoption of TFRS9 requires the Company to move from incurred loss provisioning, under previous accounting policy, to expected loss provisioning by recognising an allowance for expected credit losses on its financial assets calculated using the General approach, and it is no longer necessary for a credit-impaired event to have occurred. However, such approach is the same approach currently adopted by the Company.

Transition

The Company initially adopted this standard and opted to adjust the cumulative effect, using the retrospective method, against retained earnings or other components of owners' equity as at 1 January 2023, and the comparative information was not restated.

Adjustments to retained earnings and owners' equity as at 1 January 2023 due to the first time adoption of TFRS 9 were presented as follows:

| | (Unit: Baht) | |
|--|--|------------------------------------|
| | Financial statements in which the equity method is applied and separate financial statements | |
| | Retained earnings | Other components of owners' equity |
| Effect from change in classification from available-for-sale investments measured at fair value through other comprehensive income to financial assets measured at fair value through profit or loss | (54,468,199) | 54,468,199 |
| Add (less): Income taxes | 10,893,640 | (10,893,640) |
| Effects on beginning balances | (43,574,559) | 43,574,559 |

The adjustments and reclassifications to the beginning balances as at 1 January 2023 as a result of changes in accounting policies from the first time adoption of TFRS 9 were presented as follows:

| | (Unit: Baht) | | |
|--|--|-----------------------------------|----------------|
| | Financial statements in which the equity method is applied | | |
| | 31 December 2022 | Adjustments and reclassifications | 1 January 2023 |
| Statement of financial position | | | |
| Assets | | | |
| Debt financial assets | - | 1,635,184,511 | 1,635,184,511 |
| Equity financial assets | - | 565,849,702 | 565,849,702 |
| Investments in securities | 2,201,034,213 | (2,201,034,213) | - |
| Owners' equity | | | |
| Retained earnings - unappropriated | 832,781,170 | (43,574,559) | 789,206,611 |
| Other components of equity | (125,180,728) | 43,574,559 | (81,606,169) |

(Unit: Thousand Baht)

| | Separate financial statements | | |
|--|-------------------------------|-----------------------------------|----------------|
| | 31 December 2022 | Adjustments and reclassifications | 1 January 2023 |
| Statement of financial position | | | |
| Assets | | | |
| Debt financial assets | - | 1,635,184,511 | 1,635,184,511 |
| Equity financial assets | - | 565,849,702 | 565,849,702 |
| Investments in securities | 2,201,034,213 | (2,201,034,213) | - |
| Owners' equity | | | |
| Retained earnings - unappropriated | 832,370,525 | (43,574,559) | 788,795,966 |
| Other components of equity | (117,647,019) | 43,574,559 | (74,072,460) |

5. Significant accounting policies

5.1 Revenue recognition

a. Reinsurance Premium written

Reinsurance premium written consists of reinsurance premium less premium of canceled policies and premiums refunded to policyholders. Reinsurance premium is recognised as revenue when the reinsurer submits the reinsurance application or the statement of accounts and the Company confirms the coverage under the reinsurance contracts.

b. Commission income

Commission income are recorded as deferred revenue and will be gradually recognised over the ceding periods as revenue proportionately to the ceded premium.

c. Investment revenues

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

Dividends are recognised when the right to receive the dividends is established.

d. Gains (losses) on investments

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

5.2 Expenses recognition

a. Reinsurance premium ceded

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

b. Gross claims

Claims consist of claims and losses adjustment expenses of reinsurance for both reported claim and not reported claim, and stated the amounts of the claims, related expenses, and loss adjustments of current and prior year incurred during the year.

Claims of reinsurance are recognised upon the receipt of the claims advice from the reinsured, based on the claims notified by the reinsured and estimates made by the Company's management. The maximum value of claims estimated is not exceeding the sum-insured under the relevant policy.

Claims recovered from reinsurers are recognised as a deduction item against gross claims when claims are recorded under the conditions in the relevant reinsurance contracts.

c. Commission expenses

Commissions of reinsurance are recorded as deferred expenses and will be gradually recognised over the ceding periods as expenses proportionately of earned premium.

d. Other underwriting expenses

Other underwriting expenses are other expenses relating to reinsurance both directly and indirectly, including various insurance-related contributions, which are recognised as expenses on accrual basis.

e. Operating expenses

Operating expenses are these operating expenses not related to underwriting and claims, which are recognised as expenses on accrual basis.

5.3 Product classification

The Company classifies inward reinsurance contracts and outward reinsurance contracts based on the nature of the insurance contracts. Insurance contracts are those contracts where the insurer has accepted a significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. To determine whether a significant insurance risk has been accepted, the insurer compares the amount of benefits payable if an insured event occurs with the amount of benefits payable if the insured event did not occur. If the above condition is not met, the Company classifies the insurance contract as an investment contract. Investment contracts are the contracts that have the legal form of insurance contracts and transfer financial risk to the insurer, but not significant insurance risk. Financial risks are as interest rate risk, exchange rate risk, or price risk.

The Company classifies contracts based on an assessment of the significance of the insurance risk at an inception of contract on a contract-by-contract basis. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime. If any contract is previously classified as an investment contract at an inception of contract, it may, however, be reclassified to be an insurance contract later if the level of the insurance risk increases significantly.

The Company classifies reinsurance contracts as long-term and short-term contracts whereby the long-term reinsurance contracts are those with the reinsurance coverage period of longer than 1 year or those with automatic renewal terms such that the Company is not able to terminate the contract or the insurance premium, including benefits, can not be adjusted throughout the contract period, and the short-term reinsurance contracts are those not having the same characteristics and conditions as those of the long-term reinsurance contracts.

5.4 Cash and cash equivalents

Cash and cash equivalents which are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes consist of cash in hand and at bank, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

5.5 Reinsurance assets

Reinsurance assets consist of long-term insurance policy reserves refundable from reinsurers and unearned premium reserves, less allowance for doubtful accounts (if any).

Insurance reserves refundable from reinsurers are estimated, proportionally based on the reinsurance terms of long-term insurance policy reserves, loss reserves and unearned premium reserves in accordance with the insurance reserve calculation laws.

The Company set up a provision for impairment when it has objective evidence, as a result of an event that occurred after initial recognition of the reinsurance assets, that the Company may not receive payment from reinsurers and these amounts, which are effected from an event, can be measured reliably.

5.6 Reinsurance receivables and due to reinsurers

The Company presents net of reinsurance receivables from and due to the same entity (reinsurance receivables or due to reinsurers) when the following criteria for offsetting are met.

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

a. Reinsurance receivables

Reinsurance receivables are stated at amounts deposited on reinsurance and amounts due from reinsurers

Amounts due from reinsurers consist of premium receivables, commission income receivables, claim receivables and various other items receivable from reinsurers, and are deducted by allowance for doubtful accounts. The Company records allowance for doubtful accounts for the estimated losses that may be incurred due to uncollectibles, taking into account collection experience and the status of reinsurers as at the end of the reporting periods.

b. Due to reinsurers

Due to reinsurers are stated at amounts due to reinsurers and other amounts due to reinsurers which consist of other reinsurance payable to reinsurers, excluding claims.

5.7 Financial Instruments

Investment in securities and allowance for expected credit losses

Since 1 January 2023, the Company has classified its financial assets initially recognised as the following debt and equity financial assets:

Financial assets - debt instruments

The Company classifies investments in debt instrument as financial assets, which are to be subsequently measured at amortised cost or fair value according to its business model of financial assets management and their contractual cash flows characteristics. Such classification is based on facts and circumstances on the first-time adoption date or the acquisition date when initial or receive, classifies as follows:

- Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in statement of income. These financial assets include derivatives, security investments held for trading, equity investments which the Company has not irrevocably elected to classify at fair value through other comprehensive income and financial assets with cash flows that are not solely payments of principal and interest. These financial assets initial recognised at fair value and will be recognised as net gain or loss from investment in statement of income when disposal.

- Financial assets measured at fair value through other comprehensive income

Investments in debt instruments whose both of the following conditions are met: the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has classified these as financial assets measured at fair value through other comprehensive income. These financial assets are initially recognised at fair value.

After initial recognition, gain or loss on changes in fair value are presented as a separate item in other comprehensive income. Profit or loss from the cumulative fair value of debt securities changes are recognised in other comprehensive income is recycled to profit or loss when derecognition. The expected credit loss and interest income which is calculated using the effective interest rate method are recognised in statement of income.

At the end of reporting period, investments in debt instruments measured at fair value through other comprehensive income are presented in the statement of financial position net of allowance for expected credit loss (if any).

- Financial assets measured at amortised cost

Investments in debt instruments whose both of the following conditions are met: the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has classified these as financial assets measured at amortised cost. These financial assets are initially recognised at fair value as at transaction date.

At the end of reporting period, investments in debt instruments measured at amortised cost are presented in the statement of financial position net of allowance for expected credit loss (if any).

Profit and loss from derecognition, change in value, or impairment on such assets will recognise in statement of income.

Financial assets - equity instruments

All equity instruments are recognised at fair value in the statement of financial, classifies as follows:

- Financial assets measured at fair value through profit or loss

Investment in equity instruments that held for trading. The Company has classified the financial asset measured at fair value through profit or loss, where an irrevocable election has been made by the management. Such classification is determined on an instrument-by-instrument basis.

After initial recognition, gain or loss arising from changes in fair value are recognised in statement of income.

At the end of reporting period, investments in equity instruments measured at fair value through profit or loss are presented in the statement of financial position at fair value.

- Financial assets measured at fair value through other comprehensive income

Investment in equity instruments that not held for trading but held for strategic purposes or for securities with potential for low market volatility. The Company has classified the financial asset measured at fair value through other comprehensive income, where an irrevocable election has been made by the management. Such classification is determined on an instrument-by-instrument basis. Moreover, the Company has classified investments in real estate investment trusts and infrastructure trusts, infrastructure funds and property funds are investment in equity instrument designated at fair value through other comprehensive income.

After initial recognition, gain or loss arising from changes in fair value of investment in equity instruments is separately presented in other comprehensive income. The cumulative gain or loss arising from change in fair value will be recognised in retained earnings when disposal. Dividends are recognised as other income in statement of income, except when the dividends clearly represent a recovery of part of the cost of the financial asset, in which case, the gains are recognised in other comprehensive income.

At the end of the reporting period, investments in equity instruments designated at fair value through other comprehensive income are presented in the statement of financial position at fair value.

In addition, investments in equity instruments designated at fair value through other comprehensive income without requiring an expected credit loss.

Before 1 January 2023, the Company has classified investments in securities as follows:

- Trading investments are stated at fair value. Changes in the fair value of these investments are recorded in statement of income.
- Available-for-sale investments are stated at fair value. Changes in the fair value of these investments are recorded in statements of comprehensive income, and will be recorded in statement of income when the investments are sold.
- Held-to-maturity investments are presented at amortised cost. The premium/discount on the investments is amortised/accreted by the effective interest rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- Investments in non-listed equity securities are classified as available-for-sale investment measured at fair value through other comprehensive income.

Fair value

The fair value of marketable securities is calculated based on the latest bid price of the last working day of the period as quoted on the Stock Exchange of Thailand. The fair value of non-marketable securities is calculated using discounted future cash flows techniques. The fair value of government bonds, state enterprise securities and private debt securities is calculated using the formula determined by the Thai Bond Market Association. The fair value of unlisted investment units was determined by using the net asset value per unit as announced by the fund managers.

Derecognition of financial instruments

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

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

Offsetting of financial instruments

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

5.8 Investment in an associate

Investment in an associate, as presented in the financial statements in which the equity method is applied, is recorded initially at cost and subsequently adjusted to reflect the proportionate share of the associate's net income or loss and deducted by dividend income.

Investment in an associate, as presented in the separate financial statements, is stated at cost net of allowance for impairment (if any). Losses on impairment are recorded as an expenses in statements of income.

5.9 Assets held for sale

Assets held for sale is stated at the lower of carrying value or net realisable value, which is determined with the expected selling price less cost of sales.

Gain (loss) on disposal and impairment loss of assets held for sale are recognised as income or expense in the statement of income.

5.10 Premises and equipment and depreciation

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

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

| | | |
|--------------------------------|---|----------|
| Buildings | - | 20 years |
| Office equipment and furniture | - | 5 years |
| Computers | - | 3 years |
| Motor vehicles | - | 5 years |

Depreciation is recognised as expense in statement of income. No depreciation is provided on land and construction in progress.

An item of property, buildings and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in statement of income when the asset is derecognised.

5.11 Intangible assets and amortisation

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

Intangible assets with finite lives are amortised on a systematic basis over their economic useful lives and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year-end. The amortisation expense is charged to statement of income. No amortisation is provided on computer program under development.

Intangible assets with finite useful lives, which are computer softwares, have an estimated economic useful life of 10 years.

5.12 Impairment of non-financial assets

(a) Financial assets

The Company recognises expected credit loss on its financial assets measured at amortised cost and financial assets that are debt instruments classified as debt instruments measured at fair value through other comprehensive income (excluding unit trusts), without requiring a credit-impaired event to have occurred prior to the recognition. The Company adopts the general approach to determine expected credit loss on financial assets, which are taken into accounts changes in credit risk of financial assets in stages, with differing methods of determining allowance for expected credit losses and the effective interest rate at each stage. An exception of this general approach is applied to other receivables or assets incurred from an agreement that does not contain a significant financing component. The Company then applies a simplified approach to determine the lifetime expected credit loss instead.

(b) Non-financial assets

At the end of each reporting period, the Company performs impairment reviews in respect of investment in an associate, premises and equipment, right-of-use assets, and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

In the assessment of asset impairment, if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in statement of income.

5.13 Insurance contract liabilities

Insurance contract liabilities consist of long-term insurance policy reserves, loss reserves, claims payable and premium reserves.

a. Long-term insurance policy reserves

At the end of the reporting period, the Company compares the amounts of gross premium valuation reserves with unearned premium reserves, and if gross premium valuation reserves are higher than unearned premium reserves, the Company will provide additional reserves for such difference.

(1) Unearned premium reserves

| | |
|--------------------------------|--|
| Life reinsurance - Treaty | - Monthly average basis (the one-twenty fourth basis) |
| Life reinsurance - Facultative | - Daily average basis (the one-three hundred and sixty fifth basis) |

Outward unearned premium reserve is calculated based on reinsurance premium ceded, as the same method as inward reinsurance, that transfer insurance risk to reinsurer throughout the coverage period of insurance contract.

(2) Gross premium valuation reserves

Gross premium valuation reserves are life policy reserves, calculated using an actuarial method in accordance with the OIC notifications. The main assumptions applied relate to lapse or surrender rate, selling and administrative expenses, mortality, morbidity, discount rate and non-guaranteed dividend payment rate.

b. Loss reserves

Loss reserves are provided upon receipt of claim advices from the insured based on the claims notified by the insured and estimates made by the Company's management. The maximum value of estimated claim will not exceed the sum-insured under the relevant policy.

Loss reserves are calculated using an actuarial method based on the best estimate of claims expected to be paid to the insured in respect of losses incurred before or as at the end of the reporting period whether or not the claims are reported to the Company, including loss adjustment expenses. Differences of the then-calculated loss reserves and the loss reserves already recognised in the financial statements is claims incurred but not yet reported (IBNR).

c. Premium reserves

Premium reserves are short-term insurance policy reserves. At the end of the reporting period, the Company compares the amount of unexpired risk reserves with that of net unearned premium reserves from deferred commission expenses, and if the amounts of unexpired risk reserves are higher than the amounts of unearned premium reserves net of deferred commission expenses, the Company will recognise additional reserves for such difference. However, the increase or decrease in unearned premium reserves from prior year is to be recognised in profit or loss.

(1) Unearned premium reserves

| | |
|--------------------------------|--|
| Life reinsurance - Treaty | - Monthly average basis (the one-twenty fourth basis) |
| Life reinsurance - Facultative | - Daily average basis (the one-three hundred and sixty fifth basis) |

Outward unearned premium reserve is calculated based on reinsurance premium ceded, as the same method as inward reinsurance, that transfer insurance risk to reinsurer throughout the coverage period of insurance contract.

(2) Unexpired risk reserves

Unexpired risk reserves are the reserves for the future claims that may be incurred in respect of in-force policies. Unexpired risk reserves are set aside using an actuarial method, at the best estimate of the claims that are expected be incurred during the remaining coverage period, based on historical claim data.

5.14 Employee benefit obligation

a. Defined contribution plans

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

b. Defined benefit plans

The Company has obligations in respect of the severance payment it must make to employees upon retirement under labor law. The Company treats this severance payment obligation as a defined benefit plan.

The obligation under the defined benefit plan is determined based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in the statement of comprehensive income and recorded directly to retained earnings.

5.15 Provisions

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

5.16 Leases

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

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

a. Right-of-use assets

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

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

Motor vehicles - 5 years

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

Right-of-use assets are presented as part of premises and equipment in the statement of financial position.

The Company determined the impairment of right-of-use assets as described in note 4.11 to financial statements: impairment of non-financial assets.

b. Lease liabilities

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

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

c. Short-term leases and leases of low-value assets

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

5.17 Foreign currencies

The financial statements are presented in Baht, which is also the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rates ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates ruling at the end of the reporting period.

Gains and losses on exchange are included in statement of income.

5.18 Income taxes

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

a. Current income taxes

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

b. Deferred income taxes

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

The Company recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences can be utilised.

At each reporting period, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the deferred tax assets to be utilised.

The Company records deferred taxes directly to equity if the taxes relate to items that are recorded directly to equity.

5.19 Related party transactions

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

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

5.20 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company 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 when there is no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using a valuation technique that is 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 inputs to be used in fair value measurements 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.

6. Significant accounting judgments and estimates

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

6.1 Allowance for doubtful accounts on amounts due from reinsurers

In determining an allowance for doubtful accounts on amounts due from reinsurers, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

6.2 Impairment on reinsurance assets

In determining impairment on reinsurance assets, the management needs to make judgement and estimates loss on impairment of each reinsurers based on conditions in contract and events occurred that the Company may not receive entire amount under the term of contract.

6.3 Allowances for expected credit losses of financial assets

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

6.4 Allowance for impairment of non-financial assets

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

6.5 Premises and equipment and depreciation

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

In addition, the management is required to review premises and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

6.6 Intangible assets and amortisation

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

6.7 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilised.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimated future taxable profits.

6.8 Gross premium valuation reserves

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

6.9 Loss reserves

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

6.10 Unexpired risk reserves

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

6.11 Obligation under the defined benefit plan

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6.12 Recognition and derecognition of assets and liabilities

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

6.13 Fair value of financial instruments

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

7. Classification of financial assets

As at 31 December 2023, carrying amounts of financial assets were classified as follows.

(Unit: Baht)

| | Financial statements in which the equity method is applied and separate financial statements | | |
|---------------------------|---|---|---------------|
| | Equity instruments measured at fair value through other comprehensive income | Financial instruments measured at amortised cost | Total |
| Financial assets | | | |
| Cash and cash equivalents | - | 12,765,213 | 12,765,213 |
| Accrued investment income | - | 10,438,779 | 10,438,779 |
| Debt financial assets | - | 1,542,835,902 | 1,542,835,902 |
| Equity financial assets | 567,650,511 | - | 567,650,511 |

8. Cash and cash equivalents

(Unit: Baht)

| | Financial statements in which the equity method is applied and Separate financial statements | |
|---|--|------------------|
| | 31 December 2023 | 31 December 2022 |
| Cash | 19,344 | 7,309 |
| Deposits at banks with no fixed maturity date | 12,752,770 | 81,771,777 |
| Total | 12,772,114 | 81,779,086 |
| Less: Allowance for expected credit losses | (6,901) | (55,380) |
| Cash and cash equivalents - net | 12,765,213 | 81,723,706 |

As at 31 December 2023 and 2022, saving deposits carried interests rate at 0.50 percent per annum and between 0.05 percent per annum, respectively.

9. Reinsurance assets

| | (Unit: Baht) | |
|---|--|-------------------------|
| | Financial statements in which the equity method is applied and Separate financial statements | |
| | <u>31 December 2023</u> | <u>31 December 2022</u> |
| Insurance reserves refundable from reinsurers | | |
| Long-term insurance policy reserves | 3,096,165 | 3,138,925 |
| Unearned premium reserves | 2,818,892 | 2,746,571 |
| Total reinsurance assets | <u>5,915,057</u> | <u>5,885,496</u> |

10. Reinsurance receivables

| | (Unit: Baht) | |
|----------------------------------|--|-------------------------|
| | Financial statements in which the equity method is applied and Separate financial statements | |
| | <u>31 December 2023</u> | <u>31 December 2022</u> |
| Amounts deposited on reinsurance | 70,977,955 | 104,416,224 |
| Amounts due from reinsurers | 195,354,890 | 168,905,208 |
| Total reinsurance receivables | <u>266,332,845</u> | <u>273,321,432</u> |

At 31 December 2023 and 2022, the balances of amounts due from reinsurers, classified by overdue periods of principal, were as follows:

| | (Unit: Baht) | |
|-----------------------------------|--|-------------------------|
| | Financial statements in which the equity method is applied and Separate financial statements | |
| | <u>31 December 2023</u> | <u>31 December 2022</u> |
| Not yet due | 194,586,266 | 168,900,459 |
| Overdue not longer than 12 months | 768,624 | 4,749 |
| Total amounts due from reinsurers | <u>195,354,890</u> | <u>168,905,208</u> |

11. Financial assets/investments in securities

(Unit: Baht)

| | Financial statements in which the equity method is applied and separate financial statements | |
|--|--|----------------------|
| | 31 December 2023 | 31 December 2022 |
| Debt financial assets | 1,542,835,902 | - |
| Equity financial assets | 567,650,511 | - |
| Available-for-sale investments measured at fair value through other comprehensive income | - | 824,865,113 |
| Held-to-maturity investments measured at amortised cost | - | 1,376,169,100 |
| Total | 2,110,486,413 | 2,201,034,213 |

11.1 Debt financial assets

11.1.1 Classified by type of debt financial assets as at 31 December 2023 and 1 January 2023

(Unit: Baht)

| | Financial statements in which the equity method is applied and separate financial statements | |
|--|--|-------------------------------|
| | 31 December 2023 | 1 January 2023 |
| | Fair value/ amortised cost | Fair value/ amortised cost |
| Debt instruments measured at fair value through profit or loss | | |
| Unit trusts | - | 259,015,411 |
| Total debt instruments measured at fair value through profit or loss | - | 259,015,411 |
| Debt instruments measured at amortised cost | | |
| Government and state enterprise securities | 797,496,937 | 818,342,544 |
| Private debt securities | 736,013,687 | 508,398,044 |
| Deposits at financial institutions which amounts maturing in over 3 months | 10,000,000 | 50,000,000 |
| Total | 1,543,510,624 | 1,376,740,588 |
| Less: Allowance for expected credit losses | (674,722) | (571,488) |
| Debt instruments measured at amortised cost - net | 1,542,835,902 | 1,376,169,100 |
| Debt financial assets - net | 1,542,835,902 | 1,635,184,511 |

11.1.2 Classified by stage of credit risk

(Unit: Baht)

| Financial statements in which the equity method is applied and separate financial statements | | | |
|---|-------------------------|--|-----------------------|
| 31 December 2023 | | | |
| | Gross carrying value | Allowance for expected credit losses | Net carrying value |
| Debt instruments measured at amortised cost | | | |
| Debt instruments without a significant increase in credit risk (Stage 1) | 1,543,510,624 | (674,722) | 1,542,835,902 |
| Debt instruments with a significant increase in credit risk (Stage 2) | - | - | - |
| Credit-impaired debt instruments (Stage 3) | - | - | - |
| Total | 1,543,510,624 | (674,722) | 1,542,835,902 |

(Unit: Baht)

| Financial statements in which the equity method is applied and separate financial statements | | | |
|---|-------------------------|--|-----------------------|
| 1 January 2023 | | | |
| | Gross carrying value | Allowance for expected credit losses | Net carrying value |
| Debt instruments measured at fair value through profit or loss | | | |
| Debt instruments without a significant increase in credit risk (Stage 1) | 1,376,740,588 | (571,488) | 1,376,169,100 |
| Debt instruments with a significant increase in credit risk (Stage 2) | - | - | - |
| Credit-impaired debt instruments (Stage 3) | - | - | - |
| Total | 1,376,740,588 | (571,488) | 1,376,169,100 |

11.2 Equity financial assets

11.2.1 Classified by type of equity financial assets as at 31 December 2023 and 1 January 2023

(Unit: Baht)

| | Financial statements in which the equity method is applied and separate financial statements | | | |
|---|---|--------------------|---------------------|--------------------|
| | 31 December 2023 | | 1 January 2023 | |
| | Cost | Fair Value | Cost | Fair Value |
| | Equity instruments measured at fair value through other comprehensive income | | | |
| Domestic equity securities | 714,690,171 | <u>567,650,511</u> | 658,440,277 | <u>565,849,702</u> |
| Less: Unrealised losses | <u>(147,039,660)</u> | | <u>(92,590,575)</u> | |
| Equity instruments measured at fair value through other comprehensive income - net | <u>567,650,511</u> | | <u>565,849,702</u> | |

11.2.2 Derecognition of investments in equity securities

During the year period ended 31 December 2023, the Company derecognised its investments in equity securities designated as at fair value through other comprehensive income. The Company therefore transferred their changes in fair value previously recognised in other comprehensive income, to be recognised in retained earnings as follows:

(Unit: Baht)

| | Financial statements in which the equity method is applied and separate financial statements | | | |
|---|---|----------------------|---|-----------------------------|
| | For the year period ended 31 December 2023 | | | |
| | Fair value on the derecognition date | Dividend received | Fair value loss previously recognised in other comprehensive income (net of income taxes) | Reason for derecognition |
| Derecognition of investments in equity securities | | | | |
| Common stocks | 59,096,946 | - | (13,351,202) | Disposals |
| Unit trusts | <u>68,955,183</u> | - | <u>(39,108,385)</u> | Disposals |
| Total | <u>128,052,129</u> | - | <u>(52,459,587)</u> | |

11.3 Classified by type of investments as at 31 December 2022 under the former accounting policy

(Unit: Baht)

| | Financial statements in which the equity method is applied and separate financial statements | |
|---|--|---------------|
| | 31 December 2022 | |
| | Cost/ | |
| | Amortised cost | Fair value |
| Available-for-sale investments measured at fair value through other comprehensive income | | |
| Debt securities: | | |
| Unit trusts | 339,633,380 | 259,015,411 |
| Equity securities: | | |
| Common stocks | 305,109,932 | 288,972,730 |
| Unit trusts | 372,815,602 | 276,876,972 |
| Total | 1,017,558,914 | 824,865,113 |
| Less: Unrealised loss | (147,058,773) | - |
| Less: Allowance for impairments | (45,635,028) | - |
| Available-for-sale investments measured at fair value through other comprehensive income - net | 824,865,113 | 824,865,113 |
| Held-to-maturity investments measured at amortised cost | | |
| Debt securities: | | |
| Government and state enterprise securities | 818,342,544 | 821,877,755 |
| Private enterprise debt securities | 508,398,044 | 505,395,933 |
| Deposits at financial institutions which mature over 3 months | 50,000,000 | 50,000,000 |
| Total | 1,376,740,588 | 1,377,273,688 |
| Less: Allowance for expected credit losses | (571,488) | - |
| Held-to-maturity investments measured at amortised cost - net | 1,376,169,100 | 1,377,273,688 |
| Investments in securities - net | 2,201,034,213 | 2,202,138,801 |

11.4 Investments subject to restriction

As at 31 December 2023 and 2022, the Company placed certain investments as a security with the Registrar as described in Note 32 to the financial statements.

12. Investment in an associate

12.1 Details of an associate

| Company's name | Nature of business | Country of incorporation | Issued and paid-up share capital | | Shareholding percentage held by the Company | |
|------------------------------------|--------------------|--------------------------|----------------------------------|------------------|---|------------------|
| | | | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 |
| | | | (Thousand Baht) | (Thousand Baht) | (%) | (%) |
| TKI Life Insurance Company Limited | Life insurance | Laos | 66,118 | 66,118 | 32.50 | 32.50 |

(Unit: Thousand Baht)

| Company's name | Financial statements in which the equity method is applied | | Separate financial statements | | | | | |
|------------------------------------|--|------------------|-------------------------------|------------------|--------------------------|------------------|------------------------------------|------------------|
| | Investment value under equity method | | Cost | | Allowance for impairment | | Investment value under cost method | |
| | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 |
| TKI Life Insurance Company Limited | 8,102 | 10,007 | 21,684 | 21,684 | (5,216) | (2,773) | 16,468 | 18,911 |

12.2 Financial information of an associate

Summarised information about financial position

(Unit: Thousand Baht)

| | TKI Life Insurance Company Limited | |
|---|------------------------------------|------------------|
| | 31 December 2023 | 31 December 2022 |
| Total assets | 31,989 | 37,122 |
| Total liabilities | (7,059) | (6,331) |
| Net assets | 24,930 | 30,791 |
| Shareholding percentage (%) | 32.50 | 32.50 |
| Carrying amount of an associate under equity method | 8,102 | 10,007 |

Summarised information of statements of comprehensive income

(Unit: Thousand Baht)

| | TKI Life Insurance Company Limited | |
|--|------------------------------------|--------|
| | For the years ended 31 December | |
| | 2023 | 2022 |
| Total revenues | 9,766 | 18,373 |
| Profit for the years | 304 | 7,569 |
| Total comprehensive income for the years | 304 | 7,569 |

12.3 Share of profit (loss) and other comprehensive income and dividend income

During the years, the Company recognised shares of profit and other comprehensive income from investment in an associate in the financial statements, in which the equity method is applied, and recognised dividends received from an associate in the separate financial statements as below.

(Unit: Thousand Baht)

| Associate | Financial statements in which the equity method is applied | | | | Separate financial statements | |
|------------------------------------|--|-------|---|------|--|------|
| | Share of gain (loss) from investment in an associate for the years ended 31 December | | Share of other comprehensive income from investment in an associate for the years ended 31 December | | Dividends received for the years ended 31 December | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| TKI Life Insurance Company Limited | (175) | 2,639 | - | - | - | - |
| | (175) | 2,639 | - | - | - | - |

As at 31 December 2023 and 2022, the Company presented investment in an associate under the equity method in the financial statements, in which the equity method is applied, based on the financial information for the years then ended, as prepared by the associate's management. However, the Company obtained the 2022 financial statements of TKI Life Insurance Company Limited, which were audited by the associate's auditor and the auditor expressed an unqualified opinion under their report dated 16 March 2023. Such audited financial statements presented financial information that was not significantly different from the financial information prepared by the associate's management used for equity-accounting in that year.

13. Assets held for sale

(Unit: Baht)

| | Financial statements in which the equity method is applied and separate financial statements | | |
|---|--|----------------------|------------|
| | For the year ended 31 December 2023 | | |
| | Land | Buildings and others | Total |
| Net book value - beginning of year | - | - | - |
| Transferred from premises and equipment | 17,640,000 | 21,506,710 | 39,146,710 |
| Net book value - ending of year | 17,640,000 | 21,506,710 | 39,146,710 |

On 26 October 2023, the Company entered into an agreement to purchase and sale the Company's land and office buildings and will deliver such assets to the buyer within 30 April 2024.

14. Premises and equipment

(Unit: Baht)

| | Financial statements in which the equity method is applied and Separate financial statements | | | | | | |
|--|--|--------------|--|------------|------------------------|---------------------|--------------|
| | Land | Buildings | Furniture, fixture and equipment | Computers | Right-of-use assets | Work in progress | Total |
| Cost | | | | | | | |
| As at 1 January 2022 | 17,640,000 | 44,205,314 | 8,933,596 | 14,125,726 | 2,163,554 | - | 87,068,190 |
| Additions | - | - | 140,030 | 708,212 | - | - | 848,242 |
| As at 31 December 2022 | 17,640,000 | 44,205,314 | 9,073,626 | 14,833,938 | 2,163,554 | - | 87,916,432 |
| Additions | - | - | - | 1,032,788 | 3,122,080 | 187,500 | 4,342,368 |
| Write-off | - | - | - | (783,362) | (2,163,554) | - | (2,946,916) |
| Transfer to assets held for sale | (17,640,000) | (44,205,314) | (6,646,187) | (229,301) | - | - | (68,720,802) |
| As at 31 December 2023 | - | - | 2,427,439 | 14,854,063 | 3,122,080 | 187,500 | 20,591,082 |
| Accumulated depreciation | | | | | | | |
| As at 1 January 2022 | - | 19,212,444 | 6,095,931 | 5,872,992 | 1,442,369 | - | 32,623,736 |
| Depreciation for the year | - | 2,210,266 | 1,368,818 | 3,774,618 | 721,185 | - | 8,074,887 |
| As at 31 December 2022 | - | 21,422,710 | 7,464,749 | 9,647,610 | 2,163,554 | - | 40,698,623 |
| Depreciation for the year | - | 1,810,601 | 876,507 | 3,923,079 | 312,208 | - | 6,922,395 |
| Accumulated depreciation on write-off | - | - | - | (783,311) | (2,163,554) | - | (2,946,865) |
| Transfer to assets held for sale | - | (23,233,311) | (6,115,312) | (225,469) | - | - | (29,574,092) |
| As at 31 December 2023 | - | - | 2,225,944 | 12,561,909 | 312,208 | - | 15,100,061 |
| Net book value | | | | | | | |
| 31 December 2022 | 17,640,000 | 22,782,604 | 1,608,877 | 5,186,328 | - | - | 47,217,809 |
| 31 December 2023 | - | - | 201,495 | 2,292,154 | 2,809,872 | 187,500 | 5,491,021 |
| Depreciation for the years | | | | | | | |
| 2022 | | | | | | | 8,074,887 |
| 2023 | | | | | | | 6,922,395 |

The Company has lease contracts for equipment used in its operations. Leases have the lease term of 5 years.

As at 31 December 2023 and 2022, certain equipment items were fully depreciated but are still in use. The original cost before deducting accumulated depreciation of those assets amounted to approximately Baht 4.6 million and Baht 6.5 million, respectively.

15. Intangible assets

(Unit: Baht)

Financial statements in which the equity method is applied and Separate financial statements

| | Computer softwares | Computer softwares under development | Total |
|---------------------------------|--------------------|--------------------------------------|------------|
| Cost | | | |
| 1 January 2022 | 47,860,477 | 11,148,345 | 59,008,822 |
| Additions | 174,999 | 999,674 | 1,174,673 |
| Transfer in (out) | 154,080 | (154,080) | - |
| 31 December 2022 | 48,189,556 | 11,993,939 | 60,183,495 |
| Additions | 923,422 | 5,205,966 | 6,129,388 |
| Transfer in (out) | 2,887,250 | (2,887,250) | - |
| 31 December 2023 | 52,000,228 | 14,312,655 | 66,312,883 |
| Accumulated amortisation | | | |
| 1 January 2022 | 20,280,408 | - | 20,280,408 |
| Amortisation during the year | 4,769,440 | - | 4,769,440 |
| 31 December 2022 | 25,049,848 | - | 25,049,848 |
| Amortisation during the year | 5,165,376 | - | 5,165,376 |
| 31 December 2023 | 30,215,224 | - | 30,215,224 |
| Net book value | | | |
| 31 December 2022 | 23,139,708 | 11,993,939 | 35,133,647 |
| 31 December 2023 | 21,785,004 | 14,312,655 | 36,097,659 |

16. Deferred tax assets and income tax expenses

16.1 Deferred tax assets

As at 31 December 2023 and 2022, the components of deferred tax assets were as follows:

(Unit: Thousand Baht)

| | Financial statements in | | Separate financial | | Financial statements | | Separate financial | |
|--|-------------------------|---------------|--------------------|---------------|-------------------------|--------------|-------------------------|--------------|
| | which the equity | | statements | | in which the equity | | statements | |
| | method is applied | | | | method is applied | | | |
| | 31 December | | 31 December | | Changes in deferred tax | | Changes in deferred tax | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Deferred tax assets | | | | | | | | |
| (liabilities) arose from: | | | | | | | | |
| Loss reserves | 12,554 | 14,458 | 12,554 | 14,458 | (1,904) | (15,185) | (1,904) | (15,185) |
| Commission payable on reinsurance | 44,408 | 37,691 | 44,408 | 37,691 | 6,717 | 9,389 | 6,717 | 9,389 |
| Employee benefit obligations | 4,419 | 3,477 | 4,419 | 3,477 | 942 | (127) | 942 | (127) |
| Unrealised losses on investments | 29,408 | 29,412 | 29,408 | 29,412 | (4) | 13,382 | (4) | 13,382 |
| Deferred commission - net | (29,121) | (24,369) | (29,121) | (24,369) | (4,752) | (2,101) | (4,752) | (2,101) |
| Allowance for impairment on investment | 928 | 9,252 | 1,971 | 9,807 | (8,324) | 745 | (7,836) | 745 |
| Net yet utilised tax losses | 22,218 | - | 22,218 | - | 22,218 | - | 22,218 | - |
| Others | 4,242 | 3,656 | 1,526 | 1,321 | 586 | (196) | 205 | (572) |
| Deferred tax assets | <u>89,056</u> | <u>73,577</u> | <u>87,383</u> | <u>71,797</u> | | | | |
| Total changes | | | | | <u>15,479</u> | <u>5,907</u> | <u>15,586</u> | <u>5,531</u> |
| Recognition of changes in: | | | | | | | | |
| - Statements of income | | | | | 3,842 | (7,946) | 4,296 | (7,418) |
| - Statements of comprehensive income | | | | | 24,752 | 13,853 | 24,405 | 12,949 |
| - Against retained earnings directly | | | | | <u>(13,115)</u> | <u>-</u> | <u>(13,115)</u> | <u>-</u> |
| Total changes | | | | | <u>15,479</u> | <u>5,907</u> | <u>15,586</u> | <u>5,531</u> |

16.2 Income tax expenses

Income tax expenses for the years ended 31 December 2023 and 2022 were made up as follows:

(Unit: Thousand Baht)

| | Financial statements in which the equity method is applied | | Separate financial statements | |
|---|---|-----------------|------------------------------------|-----------------|
| | For the years ended 31 December | | For the years ended 31 December | |
| | 2023 | 2022 | 2023 | 2022 |
| Current income taxes: | | | | |
| Interim corporate income tax charge | - | (20,498) | - | (20,498) |
| Deferred income taxes: | | | | |
| Relating to origination and reversal of temporary differences | 3,842 | (7,946) | 4,296 | (7,418) |
| Relating to sale of financial assets measured through other comprehensive income | (13,115) | - | (13,115) | - |
| Income tax expenses reported in the statements of income | <u>(9,273)</u> | <u>(28,444)</u> | <u>(8,819)</u> | <u>(27,916)</u> |

Reconciliations between income tax expenses and the product of accounting profits for the years ended 31 December 2023 and 2022 and the applicable tax rate were as follows:

(Unit: Thousand Baht)

| | Financial statements in which the equity method is applied | | Separate financial statements | |
|---|---|-----------------|------------------------------------|-----------------|
| | For the years ended 31 December | | For the years ended 31 December | |
| | 2023 | 2022 | 2023 | 2022 |
| Accounting profits before income tax expenses | <u>71,386</u> | <u>181,549</u> | <u>69,117</u> | <u>178,910</u> |
| Applicable tax rate | 20% | 20% | 20% | 20% |
| Income taxes at the applicable tax rate | (14,278) | (36,310) | (13,824) | (35,782) |
| Tax effects of: | | | | |
| Non-taxable revenues | 4,979 | 5,748 | 4,979 | 5,748 |
| Non-tax deductible expenses | (4) | (3) | (4) | (3) |
| Additional tax-deductible expenses allowed | 129 | 2,184 | 129 | 2,184 |
| Others | (99) | (63) | (99) | (63) |
| Total | <u>5,005</u> | <u>7,866</u> | <u>5,005</u> | <u>7,866</u> |
| Income tax expenses reported in the statements of income | <u>(9,273)</u> | <u>(28,444)</u> | <u>(8,819)</u> | <u>(27,916)</u> |

17. Insurance contract liabilities

(Unit: Baht)

| | Financial statements in which the equity method is applied and Separate financial statements | | |
|--------------------------------------|---|-------------------------------|---------------|
| | 31 December 2023 | | |
| | Insurance contract liabilities | Liabilities on reinsurance | Net |
| Long-term insurance policy reserves | 487,540,791 | (3,096,165) | 484,444,626 |
| Loss reserves | | | |
| Claims incurred and reported | 263,893 | - | 263,893 |
| Claims incurred but not yet reported | 39,114,107 | - | 39,114,107 |
| Premium reserves | | | |
| Unearned premium reserves | 643,049,747 | (2,818,892) | 640,230,855 |
| Unpaid policy benefits | 23,392,717 | - | 23,392,717 |
| Total | 1,193,361,255 | (5,915,057) | 1,187,446,198 |

(Unit: Baht)

| | Financial statements in which the equity method is applied and Separate financial statements | | |
|--------------------------------------|---|-------------------------------|---------------|
| | 31 December 2022 | | |
| | Insurance contract liabilities | Liabilities on reinsurance | Net |
| Long-term insurance policy reserves | 493,815,646 | (3,138,925) | 490,676,721 |
| Loss reserves | | | |
| Claims incurred and reported | 251,488 | - | 251,488 |
| Claims incurred but not yet reported | 24,537,003 | - | 24,537,003 |
| Premium reserves | | | |
| Unearned premium reserves | 518,219,994 | (2,746,571) | 515,473,423 |
| Unpaid policy benefits | 47,503,421 | - | 47,503,421 |
| Total | 1,084,327,552 | (5,885,496) | 1,078,442,056 |

17.1 Long-term insurance policy reserves

| | (Unit: Baht) | |
|--|--|--------------------|
| | Financial statements in which the equity method is applied and Separate financial statements | |
| | For the years ended 31 December | |
| | 2023 | 2022 |
| Beginning balances | 493,815,646 | 502,690,400 |
| Reserves increased from new policies and enforced policies | 76,043,124 | 74,443,869 |
| Insurance policy reserves decreased from benefit paid for lapse, surrender and others | (94,158,647) | (94,232,432) |
| Assumptions changes | 11,840,668 | 10,913,809 |
| Ending balances | <u>487,540,791</u> | <u>493,815,646</u> |

17.2 Loss reserves

| | (Unit: Baht) | |
|---|--|-------------------|
| | Financial statements in which the equity method is applied and Separate financial statements | |
| | For the years ended 31 December | |
| | 2023 | 2022 |
| Beginning balances | 24,788,491 | 141,977,694 |
| Claims incurred for the years | 1,898,582,807 | 1,599,645,240 |
| Changes in loss reserve | 57,036,479 | (139,943,293) |
| Changes in assumptions for calculating loss reserves | (42,459,470) | 22,833,290 |
| Claims paid during the years | (1,898,570,307) | (1,599,724,440) |
| Ending balances | <u>39,378,000</u> | <u>24,788,491</u> |

17.3 Claim development tables

a. Gross claims table

(Unit: Baht)

| Underwriting year/Reporting year | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | Total | |
|--|-------------|-------------|-------------|-------------|-------------|---------------|---------------|---------------|---------------|---------------|------------|------------|
| Outstanding claim provision: | | | | | | | | | | | | |
| - as at underwriting year/ reporting year | 288,608,228 | 294,603,119 | 358,551,964 | 363,689,673 | 621,131,522 | 681,954,649 | 707,285,367 | 1,084,030,166 | 1,157,962,858 | 1,418,714,321 | | |
| - Next one year | 426,244,997 | 390,862,969 | 476,858,625 | 685,189,024 | 931,171,835 | 1,015,004,417 | 1,008,976,226 | 1,548,069,426 | 1,673,232,657 | | | |
| - Next two years | 429,289,768 | 392,782,278 | 476,702,303 | 682,514,759 | 919,934,611 | 1,017,718,268 | 1,011,359,177 | 1,552,100,504 | | | | |
| - Next three years | 429,520,630 | 392,782,278 | 476,702,303 | 682,514,759 | 924,121,977 | 1,017,846,129 | 1,011,359,177 | | | | | |
| - Next four years | 429,520,630 | 392,778,278 | 476,702,303 | 682,514,759 | 924,121,977 | 1,017,813,355 | | | | | | |
| - Next five years | 429,520,630 | 392,778,278 | 476,702,303 | 682,514,759 | 924,087,860 | | | | | | | |
| - Next six years | 429,520,630 | 392,778,278 | 476,702,303 | 682,514,759 | | | | | | | | |
| - Next seven years | 429,520,630 | 392,778,278 | 476,702,303 | | | | | | | | | |
| - Next eight years | 429,520,630 | 392,778,278 | | | | | | | | | | |
| - Next nine years | 429,520,630 | | | | | | | | | | | |
| - Next ten years | | | | | | | | | | | | |
| Cumulative ultimate claim estimates | 429,520,630 | 392,778,278 | 476,702,303 | 682,514,759 | 924,087,860 | 1,017,813,355 | 1,011,359,177 | 1,552,100,504 | 1,673,232,657 | 1,418,714,321 | | |
| Cumulative payments to date | 429,520,630 | 392,778,278 | 476,702,303 | 682,514,759 | 924,087,860 | 1,017,813,355 | 1,011,359,177 | 1,552,100,504 | 1,673,232,657 | 1,379,336,321 | | |
| Loss reserves | - | - | - | - | - | - | - | - | - | - | 39,378,000 | 39,378,000 |

b. Net claims table

(Unit: Baht)

| Underwriting year/Reporting year | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | Total | |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|---------------|---------------|---------------|---------------|---------------|------------|------------|
| Outstanding claim provision: | | | | | | | | | | | | |
| - as at underwriting year/ | | | | | | | | | | | | |
| reporting year | 288,608,228 | 294,603,119 | 358,551,964 | 363,689,673 | 621,131,522 | 681,954,649 | 707,285,367 | 1,079,304,883 | 1,152,880,235 | 1,414,280,441 | | |
| - Next one year | 426,244,997 | 390,862,969 | 476,858,625 | 685,189,024 | 931,171,835 | 1,015,004,417 | 1,008,912,268 | 1,542,544,775 | 1,667,112,777 | | | |
| - Next two years | 429,289,768 | 392,782,278 | 476,702,303 | 682,514,759 | 919,934,611 | 1,017,718,268 | 1,011,295,219 | 1,546,568,388 | | | | |
| - Next three years | 429,520,630 | 392,782,278 | 476,702,303 | 682,514,759 | 924,121,977 | 1,017,846,129 | 1,011,295,219 | | | | | |
| - Next four years | 429,520,630 | 392,778,278 | 476,702,303 | 682,514,759 | 924,121,977 | 1,017,813,355 | | | | | | |
| - Next five years | 429,520,630 | 392,778,278 | 476,702,303 | 682,514,759 | 924,087,860 | | | | | | | |
| - Next six years | 429,520,630 | 392,778,278 | 476,702,303 | 682,514,759 | | | | | | | | |
| - Next seven years | 429,520,630 | 392,778,278 | 476,702,303 | | | | | | | | | |
| - Next eight years | 429,520,630 | 392,778,278 | | | | | | | | | | |
| - Next nine years | 429,520,630 | | | | | | | | | | | |
| - Next ten years | | | | | | | | | | | | |
| Cumulative ultimate claim | | | | | | | | | | | | |
| estimates | 429,520,630 | 392,778,278 | 476,702,303 | 682,514,759 | 924,087,860 | 1,017,813,355 | 1,011,295,219 | 1,546,568,388 | 1,667,112,777 | 1,414,280,441 | | |
| Cumulative payments to date | 429,520,630 | 392,778,278 | 476,702,303 | 682,514,759 | 924,087,860 | 1,017,813,355 | 1,011,295,219 | 1,546,568,388 | 1,667,112,777 | 1,374,902,441 | | |
| Loss reserves | - | - | - | - | - | - | - | - | - | - | 39,378,000 | 39,378,000 |

17.4 Key assumptions

The key assumptions used in the calculation of long-term insurance policy reserves under gross premium valuation method for liabilities adequacy test are determined as follows:

a. Mortality rate

The Company uses the Thai mortality table as a base and adjusts it based on the Company's experience.

b. Lapse rates

The Company determines the assumptions based on historical actual lapse rates of the Company.

c. Discount rate

The Company uses zero coupon government bond yield curve as a baseline, which will be adjusted for the credit spread between these and A-rated corporate debt securities with 10 years to maturity in order to expiate the illiquidity risk premium.

Key actuarial assumptions in IBNR calculation is the ultimate loss ratio, which is calculated by dividing estimated ultimate losses by estimated ultimate premiums.

17.5 Unearned premium reserves

(Unit: Baht)

| | Financial statements in which the equity method is applied and Separate financial statements | |
|---------------------------------|--|------------------------|
| | For the years ended 31 December | |
| | 2023 | 2022 |
| Beginning balances | 518,219,994 | 493,327,439 |
| Premium written for the years | 2,655,469,715 | 2,070,761,233 |
| Premium earned during the years | <u>(2,530,639,962)</u> | <u>(2,045,868,678)</u> |
| Ending balances | <u>643,049,747</u> | <u>518,219,994</u> |

18. Due to reinsurers

(Unit: Baht)

| | Financial statements in which the equity method is applied and Separate financial statements | |
|---------------------------|--|------------------|
| | 31 December 2023 | 31 December 2022 |
| Amounts due to reinsurers | 139,655,940 | 304,190,501 |
| Total due to reinsurers | 139,655,940 | 304,190,501 |

19. Lease liabilities

Reconciliation of lease liabilities for the years ended 31 December 2023 and 2022 was as follows:

(Unit: Baht)

| | Financial statements in which the equity method is applied and Separate financial statements | |
|--|--|-----------|
| | Motor vehicles | |
| | For the years ended 31 December | |
| | 2023 | 2022 |
| Lease liabilities - beginning balances | - | 766,238 |
| Add: Additions during the years | 3,122,080 | - |
| Add: Finance cost for the years | 113,366 | 25,990 |
| Less: Lease payments during the years | (375,571) | (792,228) |
| Lease liabilities - ending balances | 2,859,875 | - |

Financial statements in which the equity method is applied
and Separate financial statements

| | 31 December 2023 | | |
|-------------------|-------------------|-----------------------|-------------------------|
| | Lease liabilities | Deferred finance cost | Lease liabilities - net |
| Due within 1 year | 751,140 | 196,290 | 554,850 |
| Due over 1 year | 2,628,990 | 323,965 | 2,305,025 |
| Total | 3,380,130 | 520,255 | 2,859,875 |

Expenses relating to leases that were recognised in statement of income for the years ended 31 December 2023 and 2022 were as follows.

| | (Unit: Baht) | |
|---|--|----------------|
| | Financial statements in which the equity method is applied and Separate financial statements | |
| | For the years ended 31 December | |
| | 2023 | 2022 |
| Depreciation of right-of-use assets | 312,208 | 721,185 |
| Finance cost on lease liabilities | 113,366 | 25,990 |
| Expenses relating to leases of low-value assets | 135,480 | 138,472 |
| Total expenses | 561,054 | 885,647 |

20. Employee benefit obligations

The movements of employee benefit obligations during the years ended 31 December 2023 and 2022 were as follows:

| | (Unit: Baht) | |
|---|--|-------------------|
| | Financial statements in which the equity method is applied and Separate financial statements | |
| | For the years ended 31 December | |
| | 2023 | 2022 |
| Employee benefit obligations at beginning of the years | 17,383,010 | 18,018,244 |
| Recognised in statements of income: | | |
| Current service costs | 2,134,759 | 1,807,774 |
| Interest costs | 571,356 | 552,603 |
| Total items included in statements of income | 2,706,115 | 2,360,377 |
| Recognised in statements of comprehensive income: | | |
| Actuarial (gains) losses due to | | |
| - Demographic assumptions changes | 2,364,117 | 579,067 |
| - Financial assumptions changes | (370,170) | (1,639,379) |
| - Experience adjustments | 11,612 | (1,103,373) |
| Total items included in statements of comprehensive income | 2,005,559 | (2,163,685) |
| Benefits paid during the years | - | (831,926) |
| Employee benefit obligations at end of the years | 22,094,684 | 17,383,010 |

As at 31 December 2023 and 2022, the Company expected no payments of employee benefits over the next 1-year period.

As at 31 December 2023 and 2022, the weighted average duration of payments of employee benefits was approximately years and 15 years.

The significant assumptions used in calculation of the defined benefit plan were summarised below.

| | (Unit: % per annum) | |
|-------------------------|---------------------------------|------------|
| | For the years ended 31 December | |
| | 2023 | 2022 |
| Discount rate | 2.9 | 3.2 |
| Salary incremental rate | 6.0 | 6.0 |
| Staff turnover rates | 0.0 - 20.5 | 0.0 - 20.5 |

The impact from sensitivity analysis from significant assumptions that affect employee benefit obligations as at 31 December 2023 and 2022 were summarised below.

| Financial statements in which the equity method is applied and | | | | |
|--|------------------------|-------------|------------------------|-------------|
| Separate financial statements | | | | |
| 31 December 2023 | | | | |
| Assumption | Increase (decrease) in | Assumption | Increase (decrease) in | |
| increase | employee benefit | decrease | employee benefit | |
| % per annum | obligations | % per annum | obligations | |
| | Baht | | Baht | |
| Discount rate | 1.0 | (1,748,245) | 1.0 | 2,005,585 |
| Salary increasing rate | 1.0 | 1,922,876 | 1.0 | (1,714,999) |
| Staff turnover rate | 10.0 ⁽¹⁾ | (1,064,421) | 10.0 ⁽¹⁾ | 1,164,949 |

⁽¹⁾ 10% of assumed staff turnover rates.

Financial statements in which the equity method is applied and
Separate financial statements

31 December 2022

| | Increase (decrease) in | | Increase (decrease) in | |
|------------------------|------------------------|---------------------------------|------------------------|---------------------------------|
| | Assumption increase | employee benefit obligations | Assumption decrease | employee benefit obligations |
| | % per annum | Baht | % per annum | Baht |
| Discount rate | 1.0 | (1,461,067) | 1.0 | 1,677,964 |
| Salary increasing rate | 1.0 | 1,613,403 | 1.0 | (1,436,976) |
| Staff turnover rate | 10.0 ⁽¹⁾ | (886,814) | 10.0 ⁽¹⁾ | 975,264 |

⁽¹⁾ 10% of assumed staff turnover rates.

21. Share capital

On 26 April 2023, the 2022 Annual General Meeting of shareholders approved an increase of the Company's registered share capital from Baht 600 million (600 million shares with a par of Baht 1 per share) to be Baht 610 million (610 million shares with a par of Baht 1 per share) by newly issues the ordinary shares in amount of 10 million shares with a par value at Baht 1 per share to support the stock dividend payment and also approved to pay a cash dividend of Baht 0.07 per share, and issue stock dividends of 10 million shares with a par value of Baht 1 per share to the shareholders, totaling Baht 10 million or a stock dividend of Baht 0.016666 per share. If any shareholder is allotted a fraction of a share, such shareholder will be paid for such fraction of a share in cash instead of stock at the rate of Baht 0.016666 per share. The Company already paid dividends in cash to shareholders and issued 9,998,247 ordinary shares for stock dividends to shareholders, including settlement a fraction of stock dividend in cash of Baht 1,753 to shareholders on 24 May 2023.

The Company registered the increase in its registered share capital with the Ministry of Commerce on 12 May 2023 and registered its issued and paid-up share capital on 24 May 2023.

22. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

During the year ended 31 December 2023, the Company had set aside the statutory reserve of Baht 1 million from its net profit

23. Net investment income

During the years ended 31 December 2023 and 2022, the Company has the following net investment income.

| | (Unit: Baht) | |
|---|--|-------------------|
| | Financial statements in which the equity method is applied and Separate financial statements | |
| | For the years ended 31 December | |
| | 2023 | 2022 |
| Interest income from debt instruments | 32,728,784 | 25,186,092 |
| Dividend income from equity instruments | 42,197,699 | 44,330,630 |
| Investment expenses | (1,621,341) | (913,317) |
| Total investment income | <u>73,305,142</u> | <u>68,603,405</u> |

24. Gains (losses) from financial instruments

| | (Unit: Baht) | | | |
|---|---|------------------|---------------------------------|------------------|
| | Financial statements in which the equity method is applied | | Separate financial statements | |
| | For the years ended 31 December | | For the years ended 31 December | |
| | 2023 | 2022 | 2023 | 2022 |
| Gains (losses) from disposal and write off | | | | |
| Debt instruments classified and measured at fair value through profit or loss | (411,998) | - | (411,998) | - |
| Equity instruments classified as available-for-sale | - | 13,250,828 | - | 13,250,828 |
| Debt instruments classified as available-for-sale | - | 121,739 | - | 121,739 |
| Equity instruments classified as trading | - | (5,364,631) | - | (5,364,631) |
| Loss on impairment of investment | - | (3,786,234) | (2,443,305) | (3,786,234) |
| Total gains (losses) from disposal and write-off | <u>(411,998)</u> | <u>4,221,702</u> | <u>(2,855,303)</u> | <u>4,221,702</u> |

25. Segment information

25.1 Operating segment information reporting

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the Chief Operating Decision Maker in order to make decisions about the allocation of resources to the segment and assess its performance. The Chief Operating Decision Maker has been identified as President.

For management purposes, the Company is organised into business units based on its products and services and have two reportable segments are “conventional products” and “non-conventional products”. Segments are differentiated based on the design of the product, and specifically whether they are a traditional product line available in the current market or a new type of product in expectation of market demand and the Company can continuously service.

No operating segments have been aggregated to form the above reportable operating segments.

The Chief Operating Decision Maker has reviewed the operating results of the operating segments separately for the purpose of making decisions and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements. However, in the part of assets and liabilities, segment performance is measured based on the same basis applied to the financial statements whereby operating segments were not separately measured.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

Operating segment information for the years ended 31 December 2023 and 2022 can be classified by type of products as follows:

(Unit: Baht)

| | Financial statements in which the equity method is applied | | |
|--|--|------------------------------|----------------------|
| | For the year ended 31 December 2023 | | |
| | Conventional products | Non-conventional products | Total |
| Underwriting revenues | | | |
| Reinsurance premium written | 1,999,663,731 | 1,455,617,558 | 3,455,281,289 |
| Less: Reinsurance premium ceded | (28,638,238) | (584,245) | (29,222,483) |
| Net reinsurance premium written | 1,971,025,493 | 1,455,033,313 | 3,426,058,806 |
| Less: Unearned premium reserves increased from prior year | (45,277,231) | (79,480,201) | (124,757,432) |
| Net earned premium | 1,925,748,262 | 1,375,553,112 | 3,301,301,374 |
| Underwriting expenses | | | |
| Long-term insurance policy reserves increased (decreased) | (37,243,093) | 31,010,998 | (6,232,095) |
| Net benefits and claims | 1,428,690,138 | 957,702,438 | 2,386,392,576 |
| Commissions and brokerages expenses - net | 395,592,453 | 357,687,619 | 753,280,072 |
| Other underwriting expenses | 31,574,040 | 22,983,728 | 54,557,768 |
| Total underwriting expenses | 1,818,613,538 | 1,369,384,783 | 3,187,998,321 |
| Profit from underwriting | 107,134,724 | 6,168,329 | 113,303,053 |
| Operating expenses | | | (116,832,074) |
| Expected credit losses | | | (54,754) |
| Loss from operations | | | (3,583,775) |
| Share of loss from investment in an associate | | | (174,818) |
| Net investment revenue | | | 74,307,010 |
| Other income | | | 837,360 |
| Profit before income tax expenses | | | 71,385,777 |
| Income tax expenses | | | (9,272,735) |
| Net profit | | | 62,113,042 |

(Unit: Baht)

| Financial statements in which the equity method is applied | | | |
|--|--------------------------|------------------------------|----------------------|
| For the year ended 31 December 2022 | | | |
| | Conventional products | Non-conventional products | Total |
| Underwriting revenues | | | |
| Reinsurance premium written | 1,716,037,455 | 1,248,485,315 | 2,964,522,770 |
| Less: Reinsurance premium ceded | (31,453,032) | (1,721,439) | (33,174,471) |
| Net reinsurance premium written | 1,684,584,423 | 1,246,763,876 | 2,931,348,299 |
| Add (less): Unearned premium reserves (increased) decreased from prior year | (30,952,982) | 7,433,775 | (23,519,207) |
| Net earned premium | 1,653,631,441 | 1,254,197,651 | 2,907,829,092 |
| Underwriting expenses | | | |
| Long-term insurance policy reserves increased (decreased) | 13,427,297 | (22,450,367) | (9,023,070) |
| Net benefits and claims | 1,145,548,168 | 870,391,106 | 2,015,939,274 |
| Commissions and brokerages expenses - net | 358,177,594 | 283,607,971 | 641,785,565 |
| Other underwriting expenses | 26,692,027 | 19,419,508 | 46,111,535 |
| Total underwriting expenses | 1,543,845,086 | 1,150,968,218 | 2,694,813,304 |
| Profit from underwriting | 109,786,355 | 103,229,433 | 213,015,788 |
| Operating expenses | | | (108,356,708) |
| Reversal on expected credit losses | | | 62,321 |
| Profit from operations | | | 104,721,401 |
| Share of gain from investment in an associate | | | 2,639,062 |
| Net investment revenue | | | 72,834,357 |
| Other income | | | 1,353,906 |
| Profit before income tax expenses | | | 181,548,726 |
| Income tax expenses | | | (28,444,126) |
| Net profit | | | 153,104,600 |

25.2 Geographic information

The Company operates in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

25.3 Major customers

During the years ended 31 December 2023 and 2022, the Company had total reinsurance premium written from each life insurance company for the amount equal to or higher than 10% of total reinsurance premium written as follows:

| | (Unit: Million Baht) | |
|-----------------------------|---|-------|
| | Financial statements in which the equity method is applied | |
| | For the years ended 31 December | |
| | 2023 | 2022 |
| Reinsurance premium written | 2,575 | 2,121 |

26. Operating expenses

| | (Unit: Baht) | |
|---------------------------------|--|--------------------|
| | Financial statements in which the equity method is applied and Separate financial statements | |
| | For the years ended 31 December | |
| | 2023 | 2022 |
| Personnel expenses | 64,119,963 | 60,249,887 |
| Premises and equipment expenses | 30,084,907 | 25,518,309 |
| Taxes and duties | 79,188 | 83,818 |
| Other operating expenses | 22,434,650 | 22,478,704 |
| Total operating expenses | <u>116,718,708</u> | <u>108,330,718</u> |

27. Expenses by nature

(Unit: Baht)

| | Financial statements in which the equity method is applied and Separate financial statements | |
|---|--|----------------------|
| | For the years ended 31 December | |
| | 2023 | 2022 |
| Long-term insurance policy reserves decreased | (6,232,095) | (9,023,070) |
| Net benefits and claims | 2,383,834,328 | 2,013,697,786 |
| Commission expenses | 756,811,637 | 644,526,611 |
| Other underwriting expenses | 13,535,185 | 6,981,677 |
| Personnel expenses | 106,572,460 | 98,559,727 |
| Premises and equipment expenses | 31,485,249 | 26,989,270 |
| Other expenses | 22,409,950 | 24,116,736 |
| Total expenses | <u>3,308,416,714</u> | <u>2,805,848,737</u> |

28. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The fund is contributed to by both the employees and the Company on a monthly basis, at rates ranging from 5% to 10% of the employees' basic salaries, based on the length of employment. The fund is managed by Krungsri Asset Management Company Limited and will be paid to employees upon termination in accordance with the fund rules. During the years 2023 and 2022, the Company contributed Baht 5.8 million and Bath 5.1 million, respectively, to the fund.

29. Earnings per share

Basic earnings per share is calculated by dividing net profit (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the years, adjusted by the number of ordinary shares issued in respect of stock dividends as described in Note 21 to the financial statements. Hence, earnings per share of prior years were restated whereby calculation of earnings per share would be determined using the number of ordinary shares after adjusting by number of stock dividends as if the stock dividends were issued at the beginning of prior periods presented.

| | Financial statements in which the equity method is applied | | Separate financial statements | |
|--|---|--------------------|------------------------------------|--------------------|
| | For the years ended 31 December | | For the years ended 31 December | |
| | 2023 | 2022 (Restated) | 2023 | 2022 (Restated) |
| Weighted average number of ordinary shares before stock dividends (Shares) | 609,998,247 | 600,000,000 | 609,998,247 | 600,000,000 |
| Number of stock dividend issued in 2023 (Shares) | - | 9,998,247 | - | 9,998,247 |
| Total weighted average number of shares (Shares) | <u>609,998,247</u> | <u>609,998,247</u> | <u>609,998,247</u> | <u>609,998,247</u> |
| Net profit (Baht) | 62,113,042 | 153,104,600 | 60,298,253 | 150,993,350 |
| Earnings per share (Baht per share) | 0.10 | 0.25 | 0.10 | 0.25 |

30. Dividends payment

Dividends declared during the years ended 31 December 2023 and 2022 consisted of the following:

| | Approved by | Total dividend (Million Baht) | Dividend per share (Baht) |
|---------------------------------|------------------------------------|-------------------------------------|---------------------------------|
| Dividend from 2022 net profit | Annual General Meeting of the | | |
| - Cash dividends | Company's shareholders held on | 42.0 | 0.070000 |
| - Stock dividends | 26 April 2023 | 10.0 | 0.016666 |
| Total dividend paid during 2023 | | <u>52.0</u> | <u>0.086666</u> |
| Dividend from 2021 net profit | Annual General Meeting of the | | |
| | Company's shareholders held on | 72.0 | 0.120000 |
| | 22 April 2022 | | |
| Interim dividend from 2022 | Meeting of the Company's Board | 48.0 | 0.080000 |
| | of Directors held on 5 August 2022 | | |
| Total dividend paid during 2022 | | <u>120.0</u> | <u>0.200000</u> |

31. Related party transactions

31.1 Nature of relationship

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The relationship between the Company and its related parties are summarised below:

| Name of related parties | Relationship with the Company |
|---------------------------------|---|
| TKI Life Insurance Co., Ltd. | An associate whereby the Company holds 32.50% of its shares |
| Bangkok Life Assurance Plc. | Related by way of having a common director and being the Company's shareholder |
| Muang Thai Life Assurance Plc. | Related by way of having a common director |
| South East Life Insurance Plc. | Related by way of having a common director ⁽¹⁾ and being the Company's shareholder |
| T Life Assurance Plc. | Related by way of having a common director ⁽²⁾ |
| Thai Reinsurance Plc. | Related by way of having a common director and being the Company's shareholder |
| BlueVenture Group Plc. | Related by way of having common director and shareholder |
| BlueVenture TPA Co., Ltd. | The Company's major shareholder is the ultimate parent company of this entity |
| BlueVenture Actuarial Co., Ltd. | The Company's major shareholder is the ultimate parent company of this entity |
| BlueVenture Tech Co., Ltd. | The Company's major shareholder is the ultimate parent company of this entity |
| The Navakij Insurance Plc. | Related by way of having a common director and being the Company's shareholder |
| The Falcon Insurance Plc. | Related by way of having a common director and being the Company's shareholder |
| Wang Lee Co., Ltd. | Related by way of having a common director and being the Company's shareholder |

⁽¹⁾ The Company had been considered a related party until 1 July 2022, the date on which a common director resigned from the Company's Board of Directors.

⁽²⁾ The Company has been considered a related party since 1 June 2023, the date on which both parties have a common director.

31.2 Significant related party transactions

During the years ended 31 December 2023 and 2022, 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 related parties are as follows:

(Unit: Thousand Baht)

| | Financial statements in which the equity method is applied and Separate financial statements | | Pricing policy |
|---|--|-----------|---|
| | For the years ended 31 December | | |
| | 2023 | 2022 | |
| <u>Transaction with associates</u> | | | |
| Revenues | | | |
| Service revenues ⁽¹⁾ | 276 | 276 | Mutually agreed rates |
| Reinsurance premium written | 232 | 278 | According to terms of reinsurance contracts |
| Expenses | | | |
| Claim expenses | 72 | 60 | According to the ratios as specified in the reinsurance contracts |
| Commission expenses | 49 | 62 | According to terms of reinsurance contracts |
| <u>Transactions with related parties</u> | | | |
| Revenues | | | |
| Reinsurance premium written | 2,218,365 | 1,851,481 | According to terms of reinsurance contracts |
| Commission income | - | 85 | According to terms of reinsurance contracts |
| Claims refundable | - | 150 | According to the ratios as specified in the reinsurance contracts |
| Expenses | | | |
| Reinsurance premium ceded | - | 343 | According to terms of reinsurance contracts |
| Claim expenses | 1,583,657 | 1,449,608 | According to the ratios as specified in the reinsurance contracts |
| Commission expenses | 498,269 | 438,003 | According to terms of reinsurance contracts |
| Service fee expenses ⁽²⁾ | 8,118 | 8,287 | Mutually agreed rates |
| Owner's equity | | | |
| Dividend paid | 4,822 | 14,248 | As declared |

⁽¹⁾ Included in "Other income" in statements of income

⁽²⁾ Included in "Operating expenses" in statements of income

31.3 Outstanding balances

As at 31 December 2023 and 2022, the Company had the outstanding balances with its related parties as follows:

| | (Unit: Thousand Baht) | |
|---|--|------------------|
| | Financial statements in which the equity method is applied and Separate financial statements | |
| | 31 December 2023 | 31 December 2022 |
| Associate | | |
| Other receivables ⁽¹⁾ | 20 | 6 |
| Deferred commissions expenses | 16 | 25 |
| Amounts due to reinsurers ⁽⁴⁾ | - | 3 |
| Related parties | | |
| Amounts due from reinsurers ⁽²⁾ | 58,865 | 7,277 |
| Amounts deposited on reinsurance ⁽²⁾ | 31,815 | 62,054 |
| Deferred commissions expenses | 89,065 | 80,712 |
| Loss reserves ⁽³⁾ | 30,995 | 2,939 |
| Amounts due to reinsurers ⁽⁴⁾ | 74,419 | 204,891 |
| Other payables ⁽⁵⁾ | - | 180 |

⁽¹⁾ Included in "Other assets" in statements of financial position

⁽²⁾ Included in "Reinsurance receivables" in statements of financial position

⁽³⁾ Included in "Insurance contract liabilities" in statements of financial position

⁽⁴⁾ Included in "Due to reinsurers" in statements of financial position

⁽⁵⁾ Included in "Other liabilities" in statements of financial position

31.4 Directors' and key management's remuneration

During the years ended 31 December 2023 and 2022, the Company had salaries, bonuses, meeting allowances and post-employment benefits incurred in respect of its directors and key management personnel as follows:

| | (Unit: Thousand Baht) | |
|--------------------------|--|--------|
| | Financial statements in which the equity method is applied and Separate financial statements | |
| | For the years ended 31 December | |
| | 2023 | 2022 |
| Short-term benefits | 47,444 | 47,508 |
| Post employment benefits | 4,559 | 2,979 |
| Total | 52,003 | 50,487 |

32. Assets subject to restrictions

As at 31 December 2023 and 2022, the Company had the following assets placed reserved with the Registrar of the Office of Insurance Commission in accordance with the Life Insurance Act.

| | (Unit: Million Baht) | | | |
|--|---|------------|------------------|------------|
| | Financial statements in which the equity method is applied and Separate financial statements | | | |
| | 31 December 2023 | | 31 December 2022 | |
| | Cost | Fair value | Cost | Fair value |
| Assets placed | | | | |
| Government bonds | 21.0 | 22.4 | 21.0 | 23.0 |
| Assets reserved as insurance reserves | | | | |
| Government and state enterprise bonds | 280.0 | 279.4 | 285.0 | 287.9 |
| Private enterprise debt securities | 44.0 | 44.2 | 44.0 | 44.6 |

33. Commitments

33.1 Capital Commitments

As at 31 December 2023 and 2022, the Company had capital commitments in relation to installation of computer software amounting to Baht 10.3 million and Baht 8.6 million, respectively.

33.2 Service commitments

As at 31 December 2023 and 2022, the Company had outstanding service commitments and future minimum service fees amounting to Baht 16.5 million and Baht 22.3 million, respectively.

34. Risks and risk management policy

34.1 Life insurance risk

Life Insurance risks arising from the conduct of reinsurance activities are managed as follows:

a. Product design and development and pricing

The Company has established a Product Development Committee to consider significant issues that would affect the Company's financial position. Furthermore, after new products are launched the Company monitors underwriting results, such as deviations between premium pricing assumptions and actual experience, so that they can be used to improve the products.

b. Underwriting of reinsurance

The Company modifies its underwriting guidelines to keep them up to date, based on technical knowledge and statistical information. Moreover, training is conducted to engender staff's application of knowledge and discipline when making underwriting decisions and reviews of whether underwriting practices correspond to the guidelines are performed to ensure that the risk retention is consistent with the Company's identified risk limits.

c. Claim management

The Company has established a standardised claims management process and claims management guidelines are consistently updated, with due consideration given to risk management. Moreover, the Company arranges training to impart knowledge to staff, and working practices are reviewed to ensure they are in accordance with the guidelines.

d. Retrocession

An excess of loss retrocession program has been implemented as a risk management tool. The Company buys retrocession coverage for excess of loss in order to limit the maximum loss per event and regularly performs adequacy tests of reinsurance protection in the event of major loss events. In addition, the Company has a policy to retrocede its business only to retrocessionaires that have credit ratings of at least "A-."

e. Reserve estimates

The Company's loss reserves are examined and certified by independent actuarial fellows. Moreover, the Company periodically analyses and monitors deviations between the reserve calculation assumptions and actual experience to ensure reserves adequately cover the Company's obligations.

f. Reinsurance concentration risk

Reinsurance concentration risk is the risk arising from a concentration of business written within a particular type of contracts. Reinsurance contracts can be divided into short-term and long-term, which have different obligations. Long-term reinsurance contract obliges the Company to provide ongoing coverage without changing premiums or benefits or canceling the contract and the present value of the obligation will be fluctuated due to change in interest rate whereas short-term contract obliges the Company on a yearly basis and enables the Company to adjust reinsurance conditions when renewal is made and there are no discounted over time required.

Hence, in order to prevent any volatility to the Company's financial position, the Company has the policy to balance the portfolio mix of long-term and short-term contracts. The proportion of reinsurance premium written under short-term and long-term agreements for the years ended 31 December 2023 and 2022 was as follows;

(Unit: Percent)

| | For the years ended 31 December | |
|----------------------|---------------------------------|------|
| | 2023 | 2022 |
| Long-term contracts | 23 | 30 |
| Short-term contracts | 77 | 70 |
| Total | 100 | 100 |

As at 31 December 2023 and 2022, the proportion of insurance contract liabilities under short-term and long-term agreements was as follows;

| | (Unit: Percent) | |
|----------------------|------------------|------------------|
| | 31 December 2023 | 31 December 2022 |
| Long-term contracts | 48 | 55 |
| Short-term contracts | 52 | 45 |
| Total | 100 | 100 |

g. Sensitivity analysis

Sensitivity analysis is performed to analyse the risk that insurance contract liabilities will increase or decrease as a result of changes in the assumptions used in calculating, gross and net reserves, profits before taxes, and owner's equity. The risk may occur because the frequency of claims, value of claims, or loss adjustment expenses may not be as expected.

(1) Sensitivity analysis on long-term insurance policy reserves

As at 31 December 2023 and 2022, impacts from changes in assumptions on long-term insurance policy reserves were shown below:

| Financial statements in which the equity method is applied and Separate financial statements | | | | | |
|--|------|--|---|---|---|
| 31 December 2023 | | | | | |
| Change in assumption ⁽¹⁾ | % | Increase (decrease) in long-term policy reserves before retrocession Baht | Increase (decrease) in long-term policy reserves after retrocession Baht | Increase (decrease) in profits before income taxes Baht | Increase (decrease) in owner's equity Baht |
| Mortality rate | +5.0 | 28,174,066 | 28,174,066 | (28,174,066) | (22,539,253) |
| Mortality rate | -5.0 | (27,720,333) | (27,720,333) | 27,720,333 | 22,176,266 |
| Lapse rate | +5.0 | 3,133,093 | 3,133,093 | (3,133,093) | (2,506,474) |
| Lapse rate | -5.0 | (2,350,416) | (2,350,416) | 2,350,416 | 1,880,333 |
| Discount rate | +5.0 | (5,717,486) | (5,717,486) | 5,717,486 | 4,573,988 |
| Discount rate | -5.0 | 5,828,020 | 5,828,020 | (5,828,020) | (4,662,416) |

⁽¹⁾ % of each assumed rate.

Financial statements in which the equity method is applied and Separate financial statements

31 December 2022

| | Change in assumption ⁽¹⁾ | Increase (decrease) in long-term policy reserves before retrocession | Increase (decrease) in long-term policy reserves after retrocession | Increase (decrease) in profits before income taxes | Increase (decrease) in owner's equity |
|----------------|-------------------------------------|--|---|---|---|
| | | % | Baht | Baht | Baht |
| Mortality rate | +5.0 | 29,911,311 | 29,911,311 | (29,911,311) | (23,929,048) |
| Mortality rate | -5.0 | (28,872,974) | (28,872,974) | 28,872,974 | 23,098,379 |
| Lapse rate | +5.0 | 3,412,461 | 3,412,461 | (3,412,461) | (2,729,969) |
| Lapse rate | -5.0 | (2,031,870) | (2,031,870) | 2,031,870 | 1,625,496 |
| Discount rate | +5.0 | (5,736,122) | (5,736,122) | 5,736,122 | 4,588,898 |
| Discount rate | -5.0 | 5,847,184 | 5,847,184 | (5,847,184) | (4,677,747) |

⁽¹⁾ % of each assumed rate.

(2) Sensitivity analysis on short-term insurance policy reserves

As at 31 December 2023 and 2022, impacts from changes in assumptions on loss reserves were shown below:

Financial statements in which the equity method is applied and Separate financial statements

31 December 2023

| | Change in assumption | Increase (decrease) in loss reserves before retrocession | Increase (decrease) in loss reserves after retrocession | Increase (decrease) in profits before income taxes | Increase (decrease) in owner's equity |
|---------------------|----------------------|--|---|---|---|
| | | % | Baht | Baht | Baht |
| Ultimate loss ratio | +5.0 | 17,197,414 | 17,197,414 | (17,197,414) | (13,757,932) |
| Ultimate loss ratio | -5.0 | (9,368,193) | (9,368,193) | 9,368,193 | 7,494,554 |

Financial statements in which the equity method is applied and Separate financial statements

31 December 2022

| | Change in assumption | Increase (decrease) in loss reserves before retrocession | Increase (decrease) in loss reserves after retrocession | Increase (decrease) in profits before income taxes | Increase (decrease) in owner's equity |
|---------------------|----------------------|--|---|---|---|
| | | % | Baht | Baht | Baht |
| Ultimate loss ratio | +5.0 | 41,472,949 | 41,472,949 | (41,472,949) | (33,178,359) |
| Ultimate loss ratio | -5.0 | (11,587,754) | (11,587,754) | 11,587,754 | 9,270,203 |

34.2 Financial risks

a. Credit risk

The Company is exposed to credit risk primarily with respect to reinsurance receivables and investments in debt securities. The Company manages the risk by regularly evaluating credit quality of its retrocessionaires and issuers of securities and assessing their ability to pay, considering their credit rating and monitoring of their financial positions. The Company has a policy to retrocede its business to foreign retrocessionaires and buy securities from issuers that have credit ratings of at least A- and therefore it is not expected to incur material financial losses from credit risk. The maximum exposure to credit risk is limited to the carrying amount of reinsurance receivables and investments in debt securities as presented in the statement of financial position.

The Company has policy to manage expected credit losses (ECL) related to debt instruments by determining if there has been a significant increase in credit risk of the securities since the first day of investment and considering credit quality of financial assets under the following criteria.

- (1) Financial asset without a significant increase in credit risk or low credit risk considering that the issuer's credit rating is rated as "Investment Grade" and there are no changes in related factor that significantly impact to issuer's cashflow. This stage of financial assets is subject to the 12-month ECL and interest income is calculated by applying the effective interest rate to the amortised cost before allowance for expected credit losses.
- (2) Financial asset with a significant increase in credit risk or higher credit risk considering that the issuer's credit rating is rated as "Non-investment Grade" and there are changes in related factors that significantly impact the issuer's cashflows. This stage of financial assets is subject to the life-time ECL and interest income is calculated by applying the effective interest rate to the amortised cost before allowance for expected credit losses.
- (3) Financial asset with credit-impaired or there is objective and apparently evidences of impairment considering that there is 1 day past due on its contractual payment, including default on other loan or debt of the same issuers. As a result, the issuer credit rating is rated as "Default Grade". This stage of financial assets is subject to the life-time ECL and interest income is calculated by applying the effective interest rate to the amortised cost after allowance for expected credit losses.

The following table showed the credit quality of financial assets exposed to credit risk. The amounts presented for financial assets were net carrying value after deducting allowance for expected credit losses, which were also considered to be the maximum exposure of financial assets before both the effect of mitigation through the use of master netting and collateral arrangements.

(Unit: Baht)

| | Financial statements in which the equity method is applied and | | | |
|--|--|------------------|----------|----------------------|
| | Separate financial statements | | | |
| | 31 December 2023 | | | |
| | Financial assets | | | |
| Financial assets | with significant | Financial assets | | |
| without | increase in | with credit- | | |
| significant | credit risk | impaired | | |
| increase in | (Lifetime ECL - | (Lifetime ECL - | | |
| credit risk | not credit | credit impaired) | | |
| (12-mth ECL) | impaired) | credit impaired) | | Total |
| Cash and cash equivalents | | | | |
| Investment grade | 12,772,114 | - | - | 12,772,114 |
| Less: Allowance for expected credit loss | (6,901) | - | - | (6,901) |
| Net carrying value | <u>12,765,213</u> | <u>-</u> | <u>-</u> | <u>12,765,213</u> |
| Debt instruments measured at amortised cost | | | | |
| Investment grade | 1,543,510,624 | - | - | 1,543,510,624 |
| Less: Allowance for expected credit loss | (674,722) | - | - | (674,722) |
| Net carrying value | <u>1,542,835,902</u> | <u>-</u> | <u>-</u> | <u>1,542,835,902</u> |

(Unit: Baht)

Financial statements in which the equity method is applied and

Separate financial statements

31 December 2022

| | Financial assets | | | Total |
|--|---|---|--|----------------------|
| | Financial assets without significant increase in credit risk (12-mth ECL) | with significant increase in credit risk (Lifetime ECL - not credit impaired) | Financial assets with credit-impaired (Lifetime ECL - credit impaired) | |
| Cash and cash equivalents | | | | |
| Investment grade | 81,779,086 | - | - | 81,779,086 |
| Less: Allowance for expected credit loss | (55,380) | - | - | (55,380) |
| Net carrying value | <u>81,723,706</u> | <u>-</u> | <u>-</u> | <u>81,723,706</u> |
| Held-to-maturity investments measured at amortised cost | | | | |
| Investment grade | 1,376,740,588 | - | - | 1,376,740,588 |
| Less: Allowance for expected credit loss | (571,488) | - | - | (571,488) |
| Net carrying value | <u>1,376,169,100</u> | <u>-</u> | <u>-</u> | <u>1,376,169,100</u> |

The following table showed the movement of the allowance for expected credit losses for the year ended 31 December 2023 and 2022.

(Unit: Baht)

Financial statements in which the equity method is applied and

Separate financial statements

31 December 2023

| | Financial assets | | | Total |
|---|---|---|--|----------------|
| | Financial assets without significant increase in credit risk (12-mth ECL) | with significant increase in credit risk (Lifetime ECL - not credit impaired) | Financial assets with credit-impaired (Lifetime ECL - credit impaired) | |
| Cash and cash equivalents | | | | |
| Beginning balance | 55,380 | - | - | 55,380 |
| Change due to remeasurement of allowance for expected credit losses | (48,479) | - | - | (48,479) |
| Ending balance | <u>6,901</u> | <u>-</u> | <u>-</u> | <u>6,901</u> |
| Debt instruments measured at amortised cost | | | | |
| Beginning balance | 571,488 | - | - | 571,488 |
| Newly purchased or acquired financial assets | 192,167 | - | - | 192,167 |
| Change due to remeasurement of allowance for expected credit losses | (88,933) | - | - | (88,933) |
| Ending balance | <u>674,722</u> | <u>-</u> | <u>-</u> | <u>674,722</u> |

(Unit: Baht)

Financial statements in which the equity method is applied and
Separate financial statements

| | 31 December 2022 | | | |
|--|--|--|---|-----------|
| | Financial assets without significant increase in credit risk (12-mth ECL) | Financial assets with significant increase in credit risk (Lifetime ECL - not credit impaired) | Financial assets with credit- impaired (Lifetime ECL - credit impaired) | Total |
| Cash and cash equivalents | | | | |
| Beginning balance | 105,523 | - | - | 105,523 |
| Change due to remeasurement of allowance for expected credit losses | (50,143) | - | - | (50,143) |
| Ending balance | 55,380 | - | - | 55,380 |
| Held-to-maturity investments measured at amortised cost | | | | |
| Beginning balance | 583,666 | - | - | 583,666 |
| Newly purchased or acquired financial assets | 386,787 | - | - | 386,787 |
| Change due to remeasurement of allowance for expected credit losses | (398,965) | - | - | (398,965) |
| Ending balance | 571,488 | - | - | 571,488 |

b. Market risk

Market risk is the risk that change in interest rates, foreign exchange rates and securities prices may have an effect on the Company's financial position. The Company had no significant financial assets denominated in foreign currencies; market risk is therefore confined only to interest rate risk and equity position risk.

(1) Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks and investments in debt securities.

The Company has managed interest rate risk by closely monitoring interest rate movement and incorporating it into investment allocation decision making.

Significant assets and liabilities classified by type of interest rate were summarised in the table below, with those assets and liabilities that carried fixed interest rates further classified based on the maturity date, or the repricing date if this occurred before the maturity date.

(Unit: Thousand Baht)

Financial statements in which the equity method is applied and Separate financial statements

31 December 2023

| | Fixed interest rates | | | Floating interest rate | Non- interest bearing | Total | Effective interest rate (% per annum) |
|--|----------------------|----------------|-----------------|---------------------------|-----------------------------|-----------|---|
| | Within 1 year | 1 - 5 years | Over 5 years | | | | |
| Financial assets | | | | | | | |
| Cash and cash equivalents | - | - | - | 12,746 | 19 | 12,765 | 0.5 |
| Accrued investment income | - | - | - | - | 10,439 | 10,439 | - |
| Debt financial assets | 455,064 | 865,078 | 222,694 | - | - | 1,542,836 | 1.9 - 3.1 |
| Equity financial assets | - | - | - | - | 567,650 | 567,650 | - |
| Financial liabilities | | | | | | | |
| Lease liabilities | 555 | 2,305 | - | - | - | 2,860 | 7.5 |
| Assets under insurance contracts | | | | | | | |
| Reinsurance assets | | | | | | | |
| - Long-term insurance policy reserves | - | - | - | - | 3,096 | 3,096 | - |
| Reinsurance receivables | - | - | - | - | 266,333 | 266,333 | - |
| Liabilities under insurance contracts | | | | | | | |
| Insurance contract liabilities | | | | | | | |
| - Long-term insurance policy reserves | - | - | - | - | 487,541 | 487,541 | - |
| - Loss reserves | - | - | - | - | 39,378 | 39,378 | - |
| Due to reinsurers | - | - | - | - | 139,656 | 139,656 | - |

(Unit: Thousand Baht)

| Financial statements in which the equity method is applied and Separate financial statements | | | | | | | |
|--|----------------------|----------------|-----------------|---------------------------|-----------------------------|---------|---|
| 31 December 2022 | | | | | | | |
| | Fixed interest rates | | | Floating interest rate | Non- interest bearing | Total | Effective interest rate (% per annum) |
| | Within 1 year | 1 - 5 years | Over 5 years | | | | |
| Financial assets | | | | | | | |
| Cash and cash equivalents | - | - | - | 81,717 | 7 | 81,724 | 0.2 - 0.35 |
| Accrued investment income | - | - | - | - | 20,456 | 20,456 | - |
| Investments in securities | | | | | | | |
| Government and state enterprise securities | 419,661 | 273,529 | 125,121 | - | - | 818,311 | 1.35 |
| Private enterprise debt securities | 34,925 | 325,349 | 147,649 | - | - | 507,923 | 2.94 |
| Equity securities | - | - | - | - | 824,865 | 824,865 | - |
| Deposits at financial institutions | 49,934 | - | - | - | - | 49,934 | 1.00 |
| Assets under insurance contracts | | | | | | | |
| Reinsurance assets | | | | | | | |
| - Long-term insurance policy reserves | - | - | - | - | 3,139 | 3,139 | - |
| Reinsurance receivables | - | - | - | - | 273,321 | 273,321 | - |
| Liabilities under insurance contracts | | | | | | | |
| Insurance contract liabilities | | | | | | | |
| - Long-term insurance policy reserves | - | - | - | - | 493,816 | 493,816 | - |
| - Loss reserves | - | - | - | - | 24,788 | 24,788 | - |
| Due to reinsurers | - | - | - | - | 304,191 | 304,191 | - |

(2) Securities price risk

Securities price risk is the risk that change in the market prices of securities will result in fluctuations in revenues and in the value of assets.

The Company manages the price risk by continually analysing and monitoring changes in any factors that might lead to adverse movement in the market price of the invested securities. The Company has adopted a prudent investment policy and avoids speculative investments that would jeopardise its capital. The Company invests in high quality securities that are expected to generate reasonable and consistent returns.

As at 31 December 2023 and 2022, the Company had risk from holding securities, the price of which would change following market conditions.

c. Liquidity risk

Liquidity risk is the risk that the Company will be unable to liquidate its financial assets and/or procure sufficient funds to discharge its obligations in a timely manner, resulting in the occurrence of a financial loss.

The Company manages its liquidity position through prudent investment decisions, cash flow matching of assets and liabilities, and diversification of assets and liabilities to ensure that adequate cash is available when needed. Moreover, the Company sets its liquidity position at a higher than that required by the Office of Insurance Commission.

Counting from the financial position date, the periods to maturity of assets and liabilities held as at 31 December 2023 and 2022 were as follows:

(Unit: Thousand Baht)

| | Financial statements in which the equity method is applied and Separate financial statements | | | | | |
|--|--|---------------|-------------|--------------|-------------|-----------|
| | 31 December 2023 | | | | | |
| | At call | Within 1 year | 1 - 5 years | Over 5 years | Unspecified | Total |
| Financial assets | | | | | | |
| Cash and cash equivalents | 12,746 | - | - | - | 19 | 12,765 |
| Accrued investment income | - | 10,439 | - | - | - | 10,439 |
| Debt financial assets | - | 455,064 | 865,078 | 222,694 | - | 1,542,836 |
| Equity financial assets | 566,067 | - | - | - | 1,583 | 567,650 |
| Financial liabilities | | | | | | |
| Lease liabilities | - | 751 | 2,629 | - | - | 3,380 |
| Assets under insurance contracts | | | | | | |
| Reinsurance receivables | - | 266,333 | - | - | - | 266,333 |
| Liabilities under insurance contracts | | | | | | |
| Due to reinsurers | - | 139,656 | - | - | - | 139,656 |

(Unit: Thousand Baht)

| Financial statements in which the equity method is applied and Separate financial statements | | | | | | |
|--|---------|---------------|-------------|--------------|-------------|-----------|
| 31 December 2022 | | | | | | |
| | At call | Within 1 year | 1 - 5 years | Over 5 years | Unspecified | Total |
| Financial assets | | | | | | |
| Cash and cash equivalents | 81,717 | - | - | - | 7 | 81,724 |
| Accrued investment income | - | 20,456 | - | - | - | 20,456 |
| Investments in securities | 821,742 | 504,520 | 598,878 | 272,770 | 3,123 | 2,201,033 |
| Assets under insurance contracts | | | | | | |
| Reinsurance receivables | - | 273,321 | - | - | - | 273,321 |
| Liabilities under insurance contracts | | | | | | |
| Due to reinsurers | - | 304,191 | - | - | - | 304,191 |

The Company's reinsurance contracts generated an annual reinsurance premium, net of underwriting expenses throughout term of contracts whereby remaining periods to maturity of insurance contract liabilities, counted from the statement of financial position as at 31 December 2023 and 2022, were presented as a percentage to total insurance contract liabilities as below:

| | (Unit: Percent) | |
|--------------------------------------|-------------------------|-------------------------|
| <u>Remaining periods to maturity</u> | <u>31 December 2023</u> | <u>31 December 2022</u> |
| 1 year | 24.0 | 21.5 |
| 1 year to 5 years | 32.1 | 32.6 |
| Over 5 years | 43.9 | 45.9 |
| Total | <u>100.0</u> | <u>100.0</u> |

35. Fair value measurement

31 December 2023 and 2022, the Company had the following financial assets that were measured at fair value, and had financial assets and liabilities that were measured at cost but had to disclose fair value, using different levels of inputs as follows:

(Unit: Baht)

| | Financial statements in which the equity method is applied and separate financial statements | | | | |
|--|---|-------------|-----------|-------------|----------------|
| | 31 December 2023 | | | | |
| | Fair value | | | | |
| | Level 1 | Level 2 | Level 3 | Total | Carrying value |
| <u>Financial assets measured at</u> | | | | | |
| <u>fair value</u> | | | | | |
| Equity financial assets - Equity | | | | | |
| instruments designated at fair value | | | | | |
| through other comprehensive income | | | | | |
| - Listed equity instruments | 566,067,009 | - | - | 566,067,009 | 566,067,009 |
| - Non-listed equity instruments | - | - | 1,583,502 | 1,583,502 | 1,583,502 |
| <u>Financial assets for which fair values</u> | | | | | |
| <u>were disclosed</u> | | | | | |
| Cash and cash equivalents | 12,772,114 | - | - | 12,772,114 | 12,765,213 |
| Debt financial assets - measured at | | | | | |
| amortised cost | | | | | |
| - Government and state enterprise | | | | | |
| securities | - | 796,574,755 | - | 796,574,755 | 797,472,190 |
| - Private enterprise debt securities | - | 732,497,763 | - | 732,497,763 | 735,369,117 |
| - Deposits at financial institutions | | | | | |
| which amounts maturing over | | | | | |
| 3 months | 10,000,000 | - | - | 10,000,000 | 9,994,595 |

(Unit: Baht)

Financial statements in which the equity method is applied and
separate financial statements

31 December 2022

Fair value

| | Level 1 | Level 2 | Level 3 | Total | Carrying value |
|--|-------------|-------------|-----------|-------------|----------------|
| Financial assets measured at fair value | | | | | |
| Available-for-sale investments | | | | | |
| measured at fair value through other comprehensive income | 562,726,919 | 259,015,411 | 3,122,783 | 824,865,113 | 824,865,113 |
| Financial assets for which fair values were disclosed | | | | | |
| Cash and cash equivalents | 81,779,086 | - | - | 81,779,086 | 81,723,706 |
| Held-to-maturity investments measured at amortised cost | | | | | |
| Government and state enterprise securities | - | 821,877,755 | - | 821,877,755 | 818,311,334 |
| Private enterprise debt securities | - | 505,395,933 | - | 505,395,933 | 507,923,375 |
| Deposits at financial institutions | 50,000,000 | - | - | 50,000,000 | 49,934,391 |

The fair value hierarchy of financial assets was presented according to Note 5.20 to financial statements. The methods and assumptions used by the Company in estimating the fair value of financial instruments were as follows:

- (a) Financial assets and liabilities having short-term maturity periods as cash and cash equivalents, and deposits at banks with an original maturity period of within 1 year were presented at fair values, which approximate their carrying amounts in the statement of financial position.
- (b) Investments in listed equity securities and investment units were presented at fair values using market price.
- (c) Investments in debts securities were presented at fair values, determined using the yield curves as announced by the Thai Bond Market Association.
- (d) Investments in non-listed equity securities were presented at fair values, determined using the discounted cash flow method. Investments in non-listed investment units were presented at fair values, using the net asset value per unit as announced by the fund managers.

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

36. Capital management for life insurance companies

The primary objectives of the Company's capital management are to ensure that it has ability to continue its business as a going concern and to maintain risk-based capital in accordance with the requirements of the Office of the insurance Commission.

37. Event after the reporting period

On 19 February 2024, the Meeting of the Company's Board of Directors passed resolutions approving the proposal to the Annual General Meeting of the Company's shareholders to be held in April 2024 for:

- (a) An increase of the Company's registered share capital from Baht 610 million to be Baht 620 million, comprising 620 million shares with a par value of Baht 1 each, by issuing 10 million newly-issued ordinary shares a par value of Baht 1 each to support stock dividend payments.
- (b) Allocation of profits for cash and stock dividend payments with details as follows:
 - 1) Cash dividend will be paid at the rate of Baht 0.07 per share to the existing shareholders amounting to Baht 42.7 million.
 - 2) Stock dividend will be paid at the ratio of 61 existing shares to 1 stock dividend, totaling 10 million ordinary shares at a par value of Baht 1 each or a total amount of Baht 10 million.

38. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 19 February 2024.