

The Navakij Insurance Public Company Limited
Report and financial statements
31 December 2021

Independent Auditor's Report

To the Shareholders of The Navakij Insurance Public Company Limited

Opinion

I have audited the accompanying financial statements, in which the equity method is applied, of The Navakij Insurance Public Company Limited, which comprise the statement of financial position as at 31 December 2021, and the related statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of The Navakij Insurance Public Company Limited for the same period.

In my opinion, the financial statements, in which the equity method is applied, referred to above present fairly, in all material respects, the financial position of The Navakij Insurance Public Company Limited as at 31 December 2021, its financial performance and cash flows for the year then ended and the separate financial statements of The Navakij Insurance Public Company Limited 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 as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

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

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

Insurance premium recognition

In 2021, the Company had revenue from insurance premiums amounting to Baht 3,373 million, which were derived from retail insured and had a large number of policies. The insurance premiums are collected from variety customers and insurance premiums amount rely on the processing of information technology system. I therefore focused on examining that insurance premium was correctly recognised as actually incurred.

I have assessed and tested the internal controls of information technology system and its internal controls with respect to underwriting, insurance premiums calculation and revenue recognition of insurance premiums by making enquiry of responsible executives, gaining an understanding and selecting representative samples to test the operation of the designed controls. In addition, I selected representative samples of insurance policies to assess whether revenue recognition was consistent with conditions specified in the insurance policies. I reviewed the insurance policies and endorsement transactions occurring during the accounting period, before and after period-end, which were recognised as revenues of the Company. In addition, I performed analytical procedures to compare insurance premiums recognised throughout the period and tested on sampling basis for accounting entries related to insurance premiums made through journal vouchers.

Insurance contract liabilities - claim reserves and outstanding claims

Insurance contract liabilities - claim reserves and outstanding claims account is significant to the financial statements. As at 31 December 2021, the Company had claim reserves and outstanding claims amounted to Baht 1,020 million (representing 25 percent of total liabilities). Claim reserves and outstanding claims normally includes both claims incurred and reported and claims incurred but not reported, which were calculated by the Company's management using actuarial techniques. The key assumptions applied were based on historical data and required the management to exercise substantial judgement in estimating such reserves so I addressed the adequacy of claim reserves and outstanding claims as a key audit matter. In addition, such claim reserves and outstanding claims are directly relevant to claim reserves refundable from reinsurers which were also calculated by the Company's management using actuarial techniques. As at 31 December 2021, the Company had claim reserves refundable from reinsurers amounting to Baht 336 million.

I have assessed and tested the internal controls relevant to claims, loss adjustments, estimation of claim reserves and outstanding claims, and reinsurance by making enquiry of responsible executives regarding the criteria and assumptions used in the estimates made by the actuary. Performed random test reported claims and major claims file, and performed analytical procedures on the frequency of claims and average loss per claim. In addition, I reviewed the actuarial report to assess whether it was consistent with the reserve recognised, assessed the assumptions and methods used in the calculation of the reserves, test the data used by the actuary in calculating the reserves. Moreover, I also reviewed the estimates of insurance reserves refundable from reinsurers.

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.

Narissara Chaisuwan
Certified Public Accountant (Thailand) No. 4812

EY Office Limited
Bangkok: 22 February 2022

The Navakij Insurance Public Company Limited

Statements of financial position

As at 31 December 2021

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		31 December	31 December	31 December	31 December
		2021	2020	2021	2020
Assets					
Cash and cash equivalents	6	301,851,326	263,536,309	301,851,326	263,536,309
Premium receivables	7	511,712,858	495,415,614	511,712,858	495,415,614
Accrued investment income		7,716,990	6,310,348	7,716,990	6,310,348
Reinsurance assets	8	722,571,121	530,518,011	722,571,121	530,518,011
Reinsurance receivables	9	504,266,249	598,821,741	504,266,249	598,821,741
Investment assets					
Investments in securities	10.1	3,406,995,306	3,242,393,635	3,406,995,306	3,242,393,635
Loans and interest receivables	11	386,007	644,535	386,007	644,535
Investments in associates	12.1	23,869,382	24,810,808	33,337,976	33,337,976
Property, building and equipment	13	204,852,781	212,575,466	204,852,781	212,575,466
Right-of-use assets	14.1	38,484,111	57,274,903	38,484,111	57,274,903
Intangible assets	15	18,665,853	19,009,224	18,665,853	19,009,224
Deferred tax assets	16.1	215,646,375	234,453,056	202,707,738	221,702,704
Other assets					
Claims receivable from litigants	17	102,169,497	104,296,360	102,169,497	104,296,360
Deposits on rice field insurance scheme		103,104,181	148,316,496	103,104,181	148,316,496
Others		116,618,748	139,557,665	116,618,748	139,557,665
Total assets		6,278,910,785	6,077,934,171	6,275,440,742	6,073,710,987

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

The Navakij Insurance Public Company Limited

Statements of financial position (continued)

As at 31 December 2021

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		31 December	31 December	31 December	31 December
		2021	2020	2021	2020
Liabilities and equity					
Liabilities					
Insurance contract liabilities	18	2,838,286,174	2,639,423,125	2,838,286,174	2,639,423,125
Due to reinsurers	19	839,315,814	967,658,760	839,315,814	967,658,760
Income tax payable		7,479,782	25,976,848	7,479,782	25,976,848
Lease liabilities	14.2	41,597,346	54,273,631	41,597,346	54,273,631
Employee benefit obligations	20	67,415,580	63,575,523	67,415,580	63,575,523
Other liabilities					
Fee and commission payables		94,734,854	103,786,940	94,734,854	103,786,940
Accrued expenses		84,587,930	63,270,571	84,587,930	63,270,571
Others		57,208,475	65,412,256	57,208,475	65,412,256
Total liabilities		4,030,625,955	3,983,377,654	4,030,625,955	3,983,377,654
Equity					
Share capital	21				
Registered, Issued and paid up					
35,000,000 ordinary shares of Baht 10 each		350,000,000	350,000,000	350,000,000	350,000,000
Share premium		647,275,073	647,275,073	647,275,073	647,275,073
Retained earnings					
Appropriated					
Statutory reserve	22	35,000,000	35,000,000	35,000,000	35,000,000
General reserve		20,000,000	20,000,000	20,000,000	20,000,000
Unappropriated		1,112,150,293	1,053,031,005	1,056,303,731	998,292,067
Other components of equity		83,859,464	(10,749,561)	136,235,983	39,766,193
Total equity		2,248,284,830	2,094,556,517	2,244,814,787	2,090,333,333
Total liabilities and equity		6,278,910,785	6,077,934,171	6,275,440,742	6,073,710,987
		-	-	-	-

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

Directors

The Navakij Insurance Public Company Limited

Statements of income

For the year ended 31 December 2021

(Unit: Baht)

	Note	Financial statements			
		in which the equity method is applied		Separate financial statements	
		2021	2020	2021	2020
Income					
Gross premium written		3,372,953,128	3,326,060,853	3,372,953,128	3,326,060,853
Less: Premiums ceded to reinsurers		(820,397,591)	(768,642,517)	(820,397,591)	(768,642,517)
Net premium written		2,552,555,537	2,557,418,336	2,552,555,537	2,557,418,336
Less: Unearned premium reserves increase					
from prior year		(29,620,778)	(120,205,390)	(29,620,778)	(120,205,390)
Net earned premium		2,522,934,759	2,437,212,946	2,522,934,759	2,437,212,946
Fee and commission income		233,781,910	193,847,519	233,781,910	193,847,519
Investments income	24	68,504,793	61,945,218	68,504,793	61,945,218
Profit on investments		7,535,365	7,441,488	7,535,365	7,441,488
Fair value gain (loss)		11,392,970	(57,748,450)	11,392,970	(57,748,450)
Loss on impairment of investments in associates		-	-	-	(9,918,103)
Share of gain (loss) from investments in associates	12.3	1,384,530	(972,729)	-	-
Other income		3,657,259	6,153,404	3,657,259	6,153,404
Total income		2,849,191,586	2,647,879,396	2,847,807,056	2,638,934,022
Expenses					
Gross claim and loss adjustment expenses		2,043,087,099	1,694,593,086	2,043,087,099	1,694,593,086
Less: Claim recovery from reinsurers		(441,083,378)	(253,632,343)	(441,083,378)	(253,632,343)
Commission and brokerage expenses		525,791,789	530,733,683	525,791,789	530,733,683
Other underwriting expenses		229,164,451	242,247,337	229,164,451	242,247,337
Operating expenses	25	353,294,270	338,187,246	353,294,270	338,187,246
Financial costs		2,308,051	3,037,773	2,308,051	3,037,773
Expected credit loss	26	4,058,436	6,112,685	4,058,436	6,112,685
Total expenses	27	2,716,620,718	2,561,279,467	2,716,620,718	2,561,279,467
Profit before income tax expenses		132,570,868	86,599,929	131,186,338	77,654,555
Income tax expenses	16.2	(23,225,688)	(15,274,879)	(22,948,782)	(13,485,804)
Profit for the year		109,345,180	71,325,050	108,237,556	64,168,751
Earnings per share					
Basic earnings per share	30	3.12	2.04	3.09	1.83

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

The Navakij Insurance Public Company Limited

Statements of comprehensive income

For the year ended 31 December 2021

(Unit: Baht)

	Note	Financial statements			
		in which the equity method is applied		Separate financial statements	
		2021	2020	2021	2020
Profit for the year		<u>109,345,180</u>	<u>71,325,050</u>	<u>108,237,556</u>	<u>64,168,751</u>
Other comprehensive income					
Other comprehensive income to be reclassified to profit and loss in subsequent periods					
Exchange differences on translation of financial statements in foreign currency (loss)	12.3	(2,325,956)	(1,233,302)	-	-
Gain (loss) on changes in value of available-for-sale investments measured at fair value through other comprehensive income	10.5	120,587,237	(100,324,459)	120,587,237	(100,324,459)
Add (less): Income tax effect		<u>(23,652,256)</u>	<u>20,311,553</u>	<u>(24,117,447)</u>	<u>20,064,893</u>
Other comprehensive income to be reclassified to profit and loss in subsequent periods - net of tax (loss)		<u>94,609,025</u>	<u>(81,246,208)</u>	<u>96,469,790</u>	<u>(80,259,566)</u>
Other comprehensive income not to be reclassified to profit and loss in subsequent periods					
Actuarial gain (loss)	20	2,842,635	(855,983)	2,842,635	(855,983)
Add (less): Income tax effect		<u>(568,527)</u>	<u>171,197</u>	<u>(568,527)</u>	<u>171,197</u>
Other comprehensive income not to be reclassified to profit and loss in subsequent periods - net of tax (loss)		<u>2,274,108</u>	<u>(684,786)</u>	<u>2,274,108</u>	<u>(684,786)</u>
Other comprehensive income for the year (loss)		<u>96,883,133</u>	<u>(81,930,994)</u>	<u>98,743,898</u>	<u>(80,944,352)</u>
Total comprehensive income for the year (loss)		<u><u>206,228,313</u></u>	<u><u>(10,605,944)</u></u>	<u><u>206,981,454</u></u>	<u><u>(16,775,601)</u></u>

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

The Navakij Insurance Public Company Limited

Statements of cash flows

For the year ended 31 December 2021

(Unit: Baht)

	Financial statements			
	in which the equity method is applied		Separate financial statements	
	2021	2020	2021	2020
Cash flows from (used in) operating activities				
Direct premium written	3,295,439,396	3,250,724,673	3,295,439,396	3,250,724,673
Cash paid for reinsurance	(344,307,258)	(24,068,137)	(344,307,258)	(24,068,137)
Interest income	21,077,679	26,822,775	21,077,679	26,822,775
Dividend income	52,875,176	33,025,048	52,875,176	33,025,048
Other income	4,895,849	5,897,234	4,895,849	5,897,234
Loss incurred and loss adjustment expenses on direct insurance	(1,830,862,317)	(1,853,185,974)	(1,830,862,317)	(1,853,185,974)
Commission and brokerage on direct insurance	(521,843,443)	(503,733,637)	(521,843,443)	(503,733,637)
Other underwriting expenses	(222,642,025)	(244,402,761)	(222,642,025)	(244,402,761)
Operating expenses	(279,670,991)	(282,853,518)	(279,670,991)	(282,853,518)
Income tax expenses	(47,136,857)	(9,997,072)	(47,136,857)	(9,997,072)
Cash received - financial assets	2,316,695,249	2,404,080,894	2,316,695,249	2,404,080,894
Cash paid - financial assets	(2,329,344,769)	(2,638,199,628)	(2,329,344,769)	(2,638,199,628)
Net cash from operating activities	115,175,689	164,109,897	115,175,689	164,109,897
Cash flows from (used in) investing activities				
Purchases of property, building and equipment	(6,603,517)	(4,576,125)	(6,603,517)	(4,576,125)
Purchases of intangible assets	(3,959,622)	(2,347,619)	(3,959,622)	(2,347,619)
Disposals of property, building and equipment	658,134	232,699	658,134	232,699
Disposals of intangible assets	-	31,214,500	-	31,214,500
Net cash from (used in) investing activities	(9,905,005)	24,523,455	(9,905,005)	24,523,455
Cash flows from (used in) financing activities				
Repayment of lease liabilities	(14,394,781)	(19,657,040)	(14,394,781)	(19,657,040)
Dividend paid	(52,500,000)	(44,999,449)	(52,500,000)	(44,999,449)
Net cash used in financing activities	(66,894,781)	(64,656,489)	(66,894,781)	(64,656,489)
Net increase in cash and cash equivalents	38,375,903	123,976,863	38,375,903	123,976,863
Cash and cash equivalents at beginning of year	263,536,309	139,646,681	263,536,309	139,646,681
Less: Allowance for expected credit loss increase	(60,886)	(87,235)	(60,886)	(87,235)
Cash and cash equivalents at end of year	301,851,326	263,536,309	301,851,326	263,536,309

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

The Navakij Insurance Public Company Limited

Statements of changes in equity

For the year ended 31 December 2021

(Unit: Baht)

	Financial statements in which the equity method is applied								
	Issued and paid-up		Retained earnings			Other components of equity			
						Exchange differences on translation of financial statements in foreign currency	Surplus (deficit) on changes in value of investments in securities	Total other components of equity	Total
	share capital	Share premium	Appropriated	Unappropriated					
		Statutory reserve	General reserve						
Balance as at 1 January 2020	350,000,000	647,275,073	35,000,000	20,000,000	1,027,390,190	(5,349,436)	75,846,083	70,496,647	2,150,161,910
Profit for the year	-	-	-	-	71,325,050	-	-	-	71,325,050
Other comprehensive income for the year (loss)	-	-	-	-	(684,786)	(986,642)	(80,259,566)	(81,246,208)	(81,930,994)
Dividend paid (Note 31)	-	-	-	-	(44,999,449)	-	-	-	(44,999,449)
Balance as at 31 December 2020	350,000,000	647,275,073	35,000,000	20,000,000	1,053,031,005	(6,336,078)	(4,413,483)	(10,749,561)	2,094,556,517
Balance as at 1 January 2021	350,000,000	647,275,073	35,000,000	20,000,000	1,053,031,005	(6,336,078)	(4,413,483)	(10,749,561)	2,094,556,517
Profit for the year	-	-	-	-	109,345,180	-	-	-	109,345,180
Other comprehensive income for the year	-	-	-	-	2,274,108	(1,860,765)	96,469,790	94,609,025	96,883,133
Dividend paid (Note 31)	-	-	-	-	(52,500,000)	-	-	-	(52,500,000)
Balance as at 31 December 2021	350,000,000	647,275,073	35,000,000	20,000,000	1,112,150,293	(8,196,843)	92,056,307	83,859,464	2,248,284,830

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

The Navakij Insurance Public Company Limited
Statements of changes in equity (continued)
For the year ended 31 December 2021

(Unit: Baht)

	Separate financial statements					Other components of equity - surplus (deficit) on changes in value of investments in securities	Total
	Issued and paid-up share capital	Share premium	Retained earnings		Unappropriated		
			Appropriated				
			Statutory reserve	General reserve			
Balance as at 1 January 2020	350,000,000	647,275,073	35,000,000	20,000,000	979,807,551	120,025,759	2,152,108,383
Profit for the year	-	-	-	-	64,168,751	-	64,168,751
Other comprehensive income for the year (loss)	-	-	-	-	(684,786)	(80,259,566)	(80,944,352)
Dividend paid (Note 31)	-	-	-	-	(44,999,449)	-	(44,999,449)
Balance as at 31 December 2020	<u>350,000,000</u>	<u>647,275,073</u>	<u>35,000,000</u>	<u>20,000,000</u>	<u>998,292,067</u>	<u>39,766,193</u>	<u>2,090,333,333</u>
Balance as at 1 January 2021	350,000,000	647,275,073	35,000,000	20,000,000	998,292,067	39,766,193	2,090,333,333
Profit for the year	-	-	-	-	108,237,556	-	108,237,556
Other comprehensive income for the year	-	-	-	-	2,274,108	96,469,790	98,743,898
Dividend paid (Note 31)	-	-	-	-	(52,500,000)	-	(52,500,000)
Balance as at 31 December 2021	<u>350,000,000</u>	<u>647,275,073</u>	<u>35,000,000</u>	<u>20,000,000</u>	<u>1,056,303,731</u>	<u>136,235,983</u>	<u>2,244,814,787</u>

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

The Navakij Insurance Public Company Limited

Notes to financial statements

For the year ended 31 December 2021

1. General information

1.1 Corporate information

The Navakij Insurance Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the non-life insurance and has 24 branches located in provinces. The registered office of the Company, which is the head office, is at 100/47-55, and 90/3-6, North Sathorn Road, Silom, Bangrak, Bangkok.

1.2 The COVID-19 pandemic

The COVID-19 pandemic is continuing to evolve, and is directly and indirectly affecting businesses in many sectors, resulting in an economic slowdown and instability in money markets and capital markets. This situation may bring uncertainties and may have an impact on the environment in which the Company operates. The Company’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

2. Basis for preparation of the 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 guidelines prescribed by the Office of Insurance Commission (“OIC”), and in accordance with the format of financial statements specified in the Notification of the OIC regarding criteria, procedures, conditions and terms for preparation and submission of financial statements and operating performance reports of non-life insurance companies (No.2) B.E. 2562 dated 4 April 2019.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in 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 Thai language financial statements.

2.1 Financial statements in which the equity method is applied

The Company prepares the financial statements, in which equity method is applied, by presented investment in associates under the equity method.

2.2 Separate financial statements

The separate financial statements have been prepared, which presented investments in associates 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 and interpretations which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

3.2 Financial reporting standards that became effective for fiscal year beginning on or after 1 January 2022

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 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and, for some standards, providing temporary reliefs or temporary exemptions for users.

The management of the Company believes that adoption of these amendments will not have any significant impact on the Company's financial statements.

4. Significant accounting policies

4.1 Product classification

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

The Company classifies contracts based on assessment of the significance of the insurance risk at inception of contract, 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. A contract classified as an investment contract at inception can be reclassified as an insurance contract after inception if the insurance risk becomes significant.

The Company classifies all insurance contracts as short-term insurance contracts, which means insurance contracts that have coverage periods of up to 1 year and no automatic renewal clause, as well as insurance contracts that have coverage periods of more than 1 year and the Company can terminate, increase or decrease insurance premiums or change any benefits of the insurance contracts throughout the coverage period.

4.2 Revenue recognition

(a) Gross premium written

Gross premium written consists of direct premium and reinsurance premium less premium of canceled policies and premiums refunded to policyholders.

Direct premium is recognised as income on the date the insurance policy comes into effect at the amount specify in the policies.

Reinsurance premium is recognised as income on the date the insurance policy comes into effect, or when the reinsurer places the statement of accounts with the Company.

(b) Fee and commission income

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

- (c) Interest income and dividends received from investments

Interest income

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

Dividends received

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

- (d) Profit (loss) on investments

Profit (loss) on investments consist of profit (loss) on disposal of investments and impairments of investments net of related expenses. Profit (loss) on investments are recognised as revenues or expenses on the transaction date.

- (e) Fair value gain (loss)

Fair value gain (loss) consist of gain (loss) from the change in fair value of financial instrument. The Company recognises in profit or loss on the fair value measurement date.

4.3 Expenses recognition

- (a) Premiums ceded to reinsurer

Premiums ceded to reinsurer is recognised as expenses when the insurance risk is transferred to another insurer at amount per policy.

- (b) Claim and loss adjustment expense

Claim and loss adjustment expense consist of claim and loss adjustment expenses of direct insurance and reinsurance of both reported and not reported, and include the amounts of claim, related expenses, and claim adjustments of current and prior period incurred during the year, less residual value and other recoveries (if any), and claim recovery from reinsurers.

Claims recovery from reinsurer is recognised when claim and loss adjustment expenses are recorded as the condition in the relevant reinsurance contract.

Claim and loss adjustment expenses of direct insurance are recognised upon the receipt of the claim advice from the insured, based on the claim notified by the insured and estimates made by the Company's management. The maximum value of claim estimated is not however, to exceed the sum-insured under the relevant policy.

Claim and loss adjustment expenses of reinsurance are recognised when the reinsurer places the loss advice with the Company.

(c) Commission and brokerage expenses

Commission and brokerage expenses are expended when incurred.

(d) Other underwriting expenses

Other underwriting expenses are other insurance expenses for both direct and indirect expenses, including contributions, which are recognised as expenses on accrual basis.

(e) Operating expenses

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

(f) Finance cost

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

4.4 Cash and cash equivalents

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

4.5 Premium receivables and allowance for doubtful accounts

Premium receivables from direct insurance are stated at net realisable value. The Company set up an allowance for doubtful accounts based on the estimated loss that may incur in collection of the premium receivables, on the basis of collection experiences, analysis of debtor aging and a review of current status of the premium due as at the end of reporting period.

Increase (decrease) in allowance for doubtful accounts is recorded as expenses during the year.

4.6 Reinsurance assets

Reinsurance assets consist of insurance reserve refundable from reinsurers which is estimated based on the related reinsurance contract of loss reserves and outstanding claim in accordance with the law regarding insurance reserve calculation, and unearned premium reserves.

The Company set up an allowance for doubtful accounts of reinsurance assets when had indicator for impairment, based on loss that may be incurred due to uncollectible, taking into account collection experience, aged of balance, and the status of receivables from reinsurers as at the end of the reporting periods.

Increase (decrease) in allowance for doubtful accounts is recorded as expenses during the year.

4.7 Reinsurance receivables and due to reinsurers

- (a) Reinsurance receivables are stated at the outstanding balance of amount due from reinsurers and amounts deposit on reinsurance.

Amounts due from reinsurers consist of inward premium receivable, accrued fee and commission income, claim and various other items receivable from reinsurers, less allowance for doubtful accounts. The Company set up an allowance for doubtful accounts for loss that may be incurred due to inability to make collection, taking into account collection experience and the status of receivables from reinsurers as at the end of the reporting period.

- (b) Due to reinsurers are stated at the outstanding balance of amount due to reinsurers and amounts withheld on reinsurance.

Amounts due to reinsurers consist of reinsurance premiums, and other items payable to reinsurers, excluding loss reserve from reinsurance.

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

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

4.8 Financial instruments

(a) Investments in securities

Trading investments are stated at fair value. Change in the fair value of these investments are recorded in profit or loss. Investments are classified as trading investments if the Company intends to sell them in the near future.

Available-for-sale investments are stated at fair value. Change in the fair value of these investments are recorded in other comprehensive income.

Investments in debt instruments, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt instruments is amortised by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.

Investments in non-marketable equity instruments (non-listed company) are stated at fair value and classified as available-for-sale investments. Change in the fair value of these investments are recorded in other comprehensive income.

The fair value of marketable securities is based on the latest bid price of the last working day of the period. The fair value of debt instruments is determined based on yield rate quoted by the Thai Bond Market Association. The fair value of unit trust is determined from its net asset value. The fair value of non-marketable equity instruments is determined using generally accepted pricing model or approximated to their net book value if the fair value cannot be reliably estimated.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in the statements of income.

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

At end of reporting period, available-for-sale investments and investments in held-to-maturity debt instruments are stated net of an allowance for impairment or an allowance for expected credit loss (if any).

(b) Loans and interest receivables

Loans and interest receivables are stated at amortised cost and net of allowance for expected credit loss (if any).

(c) Classification and measurement of financial liabilities

At initial recognition the Company's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

(d) Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Company has transferred substantially all the risks and rewards of the asset, or the Company has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(e) Impairment of financial assets

The Company recognises expected credit loss on its financial assets measured at amortised cost and financial assets that are debt instruments which are classified as available-for-sale investments using general approach in accordance with Accounting Guidance related to financial instruments. The Company recognises an allowance for expected credit loss at the amount equal to the lifetime expected credit loss when there has been a significant increase in credit risk since initial recognition but that are not credit-impaired or that are impaired. However, if there has not been a significant increase in credit risk since initial recognition, the Company recognised allowance for expected credit loss at the amount equal to the expected credit loss in the next 12 months.

At every reporting date, the Company assesses whether there has been a significant increase in the credit risk of financial assets since initial recognition by considering internal and external credit ratings of the counterparties and overdue status such as over 30 days past due, and if the debtor is more than 90 days past due it is assessed to be credit-impaired.

Expected credit loss is calculated using probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Company assessed PD and LGD by considering the historical loss experience adjusted with current observable data and reasonable and supportable forward-looking information. The Company determines EAD using gross carrying value at the reporting date.

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

For other financial assets or contract assets that do not contain a significant financing component, the Company applies a simplified approach to determine the lifetime expected credit loss. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

Increase (decrease) in allowance for expected credit loss and allowance for impairment is recognised as expenses during the year in statement of income. The Company has a policy to write off any financial assets when it is believed that they will not be collected from the debtor.

4.9 Investments in associates

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

Investments in associates, as presented in the separate financial statements, are stated at cost net of allowance for impairment (if any). Loss on impairment is recorded as expenses in the statement of income.

4.10 Property, buildings and equipment /Depreciation

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

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

Buildings	- 20, 40	years
Condominium units	- 20, 40	years
Buildings improvement	- 5, 10, 20	years
Office furniture, fixture and equipment	- 5	years
Motor vehicles	- 5	years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

An item of land, 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 (the difference between the net compensation from disposal of an assets and the carrying amounts) is included in statement of income when the asset is derecognised.

4.11 Intangible assets and amortisation

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

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

The useful life of intangible assets with finite useful life which is computer software is 3, 5 and 10 years.

No amortisation is provided on computer software under development.

4.12 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.

Right-of-use assets

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

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

Lease buildings	- 3 - 6	years
Office equipment	- 5	years
Motor vehicles	- 5	years
Computer software	- 10	years

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 and amounts expected to be payable under residual value guarantees.

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

Short-term leases and leases of low-value assets

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

4.13 Impairment of non-financial assets

At the end of each reporting period, the Company performs impairment reviews in respect of the investments in associates, property, building and equipment, right-of-use asset or other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. 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.

An impairment loss is recognised in statement of income.

4.14 Insurance contract liabilities

Insurance contract liabilities consist of claim reserve and outstanding claims and premium reserves.

(a) Claim reserve and outstanding claims

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

Outstanding claim provision are calculated using an actuarial method based on a best estimate of claims which are expected to be paid in respect of loss occurring before or as at the end of the reporting periods for both reported and not reported loss including loss adjustment expense, after deducting salvage values and other recoverable values. The different of the calculated outstanding claim provision which are higher than the loss reserve that recognised into financial statement, are recognised as reserves for claims incurred but not yet reported (IBNR).

(b) Premium reserves

Premium reserves consist of unearned premium reserve and unexpired risk reserve.

(1) Unearned premium reserve

Unearned premium reserve is calculated based on direct premium before deducting premium ceded as follows:

Transportation (cargo), travelling accident with coverage periods of not over six-months	- 100% of premium as from the date policy is effective, throughout the period of insurance coverage
Others	- Daily average basis by the period of coverage under policy

Outward unearned premium reserve is calculated based on reinsurance premium ceded, as the same method as direct insurance, and recognised for the policy that transfer insurance risk to reinsurer.

The increase or decrease in unearned premium reserves from prior year is to be recognised in statement of income

(2) Unexpired risk reserve

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

As at the end of reporting period, the Company compares the amounts of unexpired risk reserve with unearned premium reserve, and if unexpired risk reserve is higher than unearned premium reserve, the difference is recognised and the unexpired risk reserve is therefore presented in the financial statements.

4.15 Employee benefits

(a) Short-term employee benefits

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

(b) Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

Actuarial gain and loss arising from post-employment benefits are recognised immediately in other comprehensive income.

4.16 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.

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

Gain and loss on exchange are included in determining income.

4.18 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

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

Deferred tax

Deferred income tax is 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 the end of 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 part of the deferred tax asset to be utilised.

The Company records deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

4.19 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, 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.

4.20 Fair value measurement

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

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

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

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

5. Significant accounting judgements 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:

5.1 Allowance for doubtful accounts on premium receivables and amounts due from reinsurers

In determining an allowance for doubtful accounts on premium receivables and 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.

5.2 Allowance for impairment on equity instruments and unit trusts classified as available-for-sale investments and measured at FVOCI

The Company treats equity instruments and unit trusts classified as available-for-sale investments and measured at FVOCI as impaired when there has been a significant or prolonged decline in the fair value or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment of the management.

5.3 Allowances for expected credit loss of financial assets

The management is required to use judgement in estimating allowance for expected credit loss of financial assets. The Company's calculation of allowance for expected credit loss depends on the criteria used for assessment of a significant increase in credit risk, the debtors status analysis and the probability of debt collection. This estimation has various relevant factors; therefore, the actual results may differ from estimates.

5.4 Land, buildings and equipment/ Depreciation

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

5.5 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 estimate future taxable profit.

5.6 Loss reserves and outstanding claims

At the end of each reporting period, the Company has to estimate loss reserves and outstanding claims taking into account two factors. These are claims incurred and reported, and the claims incurred but not yet reported (IBNR). The ultimate loss of outstanding claims is established using a range of standard actuarial claims projection techniques. The main assumptions underlying these techniques relate to various factors. To perform the calculation, it is necessary to perform analysis based on the type of insurance and to use the services of an actuary expertise, experience, and an understanding of the insurance business and the Company's products. Nevertheless, such estimates are forecasts of future outcomes, and actual results could differ.

5.7 Unexpired risk reserve

Unexpired risk reserve is calculated using an actuarial method, based on a best estimate of the claims and related expenses expected to incur over the remaining term of the insurance. Estimating the reserve requires the management to exercise judgement, with reference to historical data and the best estimates available at the time.

5.8 Post-employment benefits under defined benefit plans

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.

5.9 Determining the lease term and estimating the incremental borrowing rate of leases

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

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

5.10 Allowance for impairment of non-financial assets

In determining allowance for impairment of a non-financial assets, the management is required to exercise judgements regarding determination of the recoverable amount of the asset, both fair value less costs of disposal calculation and value in use calculation. The calculation is based on a discounted cash flow model which requires various assumptions such as the discount rate used for the model, the expected future cash-inflows and the growth rate used for extrapolation purposes. Change in assumptions could affect the value in use calculation.

5.11 Litigation

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

5.12 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.

5.13 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 exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value and disclosures of fair value hierarchy.

6. Cash and cash equivalents

	(Unit: Baht)	
	2021	2020
Cash on hand	257,000	307,000
Deposits at banks with no fixed maturity date	301,742,446	263,316,544
Total cash and cash equivalents	301,999,446	263,623,544
Less: Allowance for expected credit loss	(148,120)	(87,235)
Total cash and cash equivalents, net	<u>301,851,326</u>	<u>263,536,309</u>

As at 31 December 2021, saving deposits and current deposits carried interest between 0.05 and 0.25 percent per annum (2020: between 0.05 and 0.55 percent per annum).

7. Premium receivables

As at 31 December 2021 and 2020, the balances of premium receivables from direct insurance are classified by aging from the maturity date under the stipulated law of the premium collection as follows:

	(Unit: Baht)	
	2021	2020
Not yet due	434,957,500	411,362,456
Not over 30 days	48,500,570	56,626,095
Over 31 days to 60 days	14,645,048	17,974,664
Over 61 days to 90 days	6,453,625	2,878,475
Over 91 days to 1 year	9,044,433	8,715,044
Over 1 year	82,189	4,288,660
Total premium receivables	513,683,365	501,845,394
Less: Allowance for doubtful accounts	(1,970,507)	(6,429,780)
Total premium receivables, net	<u>511,712,858</u>	<u>495,415,614</u>

For premium receivables due from agents and brokers, the Company has stipulated the collection guideline in accordance with the law of the premium collection. For overdue premium receivables, the Company has the legal process with such agents and brokers.

8. Reinsurance assets

	(Unit: Baht)	
	2021	2020
Insurance reserve refundable from reinsurers		
Claims reserve	335,932,257	153,880,298
Unearned premium reserve	386,638,864	376,637,713
Reinsurance assets	<u>722,571,121</u>	<u>530,518,011</u>

9. Reinsurance receivables

	(Unit: Baht)	
	2021	2020
Amounts deposit on reinsurance	171,999	145,408
Amounts due from reinsurers	504,094,250	598,676,333
Total	<u>504,266,249</u>	<u>598,821,741</u>

As at 31 December 2021 and 2020, the balances of amounts due from reinsurers are classified by aging as follows:

	(Unit: Baht)	
	2021	2020
Not yet due	379,663,482	251,573,288
Not over 1 year	123,106,011	269,586,242
Over 1 year to 2 years	1,113,666	77,429,861
Over 2 years	211,091	86,942
Total amounts due from reinsurers	<u>504,094,250</u>	<u>598,676,333</u>

10. Investments in securities

10.1 Classified by type of investments

(Unit: Baht)

	Financial statements in which the equity method is applied			
	2021		2020	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading investments which are measured at FVPL				
Equity instruments	441,235,308	456,546,387	445,368,008	424,182,917
Unit trusts	156,267,420	90,999,100	156,267,420	116,102,300
Total	597,502,728	547,545,487	601,635,428	540,285,217
Less: Unrealised loss	(49,957,241)		(61,350,211)	
Total	547,545,487		540,285,217	
Available-for-sale investments which are measured at FVOCI				
Government and state enterprise securities	735,110,189	735,237,025	979,883,319	980,893,657
Private debt securities	681,307,532	680,378,435	364,869,420	367,437,373
Equity instruments	278,078,313	246,060,084	262,837,897	194,781,440
Non-listed equity instruments	104,905,795	285,928,438	104,905,795	199,921,121
Foreign equity instruments	37,200,000	41,721,824	37,200,000	41,909,004
Unit trusts	263,390,308	209,586,282	255,585,212	199,229,535
Total	2,099,992,137	2,198,912,088	2,005,281,643	1,984,172,130
Add (less): Unrealised loss	115,070,383		(5,516,854)	
Less: Allowance for expected credit loss	(797,209)		(239,435)	
Less: Allowance for impairment	(15,353,223)		(15,353,224)	
Total	2,198,912,088		1,984,172,130	
Held-to-maturity investments which are measured at amortised cost				
Government and state enterprise securities	30,000,000		30,000,000	
Deposits and certificate of deposits at financial institutions which are matured over 3 months	630,696,993		688,126,506	
Total	660,696,993		718,126,506	
Less: Allowance for expected credit loss	(159,262)		(190,218)	
Total	660,537,731		717,936,288	
Total investments in securities	3,406,995,306		3,242,393,635	

(Unit: Baht)

	Separate financial statements			
	2021		2020	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading investments which are measured at FVPL				
Equity instruments	441,235,308	456,546,387	445,368,008	424,182,917
Unit trusts	156,267,420	90,999,100	156,267,420	116,102,300
Total	597,502,728	547,545,487	601,635,428	540,285,217
Less: Unrealised loss	(49,957,241)		(61,350,211)	
Total	547,545,487		540,285,217	
Available-for-sale investments measured at FVOCI				
Government and state enterprise securities	735,110,189	735,237,025	979,883,319	980,893,657
Private debt securities	681,307,532	680,378,435	364,869,420	367,437,373
Equity instruments	278,078,313	246,060,084	262,837,897	194,781,440
Non-listed equity instruments	49,681,200	285,928,438	49,681,200	199,921,121
Foreign equity instruments	37,200,000	41,721,824	37,200,000	41,909,004
Unit trusts	263,390,308	209,586,282	255,585,212	199,229,535
Total	2,044,767,542	2,198,912,088	1,950,057,048	1,984,172,130
Add: Unrealised gain	170,294,978		49,707,741	
Less: Allowance for expected credit loss	(797,209)		(239,435)	
Less: Allowance for impairment	(15,353,223)		(15,353,224)	
Total	2,198,912,088		1,984,172,130	
Held-to-maturity investments measured at amortised cost				
Government and state enterprise securities	30,000,000		30,000,000	
Deposits and certificate of deposits at financial institutions which are matured over 3 months	630,696,993		688,126,506	
Total	660,696,993		718,126,506	
Less: Allowance for expected credit loss	(159,262)		(190,218)	
Total	660,537,731		717,936,288	
Total investments in securities	3,406,995,306		3,242,393,635	

10.2 Classified by stage of credit risk

(Unit: Baht)

	2021		2020	
	Fair value	Allowance for expected credit losses recognised in statement of income	Fair value	Allowance for expected credit losses recognised in statement of income
Available-for-sale investments measured at FVOCI				
Debt instruments without a significant increase in credit risk (Stage 1)				
Government and state enterprise securities	735,237,025	-	980,893,657	-
Private debt securities	680,378,435	(797,209)	367,437,373	(239,435)
	<u>1,415,615,460</u>	<u>(797,209)</u>	<u>1,348,331,030</u>	<u>(239,435)</u>

(Unit: Baht)

	2021			2020		
	Gross carrying value	Allowance for expected credit losses recognised in statement of income	Net carrying value	Gross carrying value	Allowance for expected credit losses recognised in statement of income	Net carrying value
Held-to-maturity investments measured at amortised cost						
Debt instruments without a significant increase of credit risk (Stage 1)						
Government and state enterprise securities	30,000,000	(7,047)	29,992,953	30,000,000	(6,105)	29,993,895
Deposits and certificate of deposits at financial institutions which are matured over 3 months	630,696,993	(152,215)	630,544,778	688,126,506	(184,113)	687,942,393
	<u>660,696,993</u>	<u>(159,262)</u>	<u>660,537,731</u>	<u>718,126,506</u>	<u>(190,218)</u>	<u>717,936,288</u>

10.3 Classified by remaining period of debt instruments

As at 31 December 2021 and 2020, investments in debt instruments measured at FVOCI and amortised cost has period to maturity counting from the year end date as follows:

(Unit: Baht)

	2021				2020			
	Period to maturity		Unspecified	Total	Period to maturity		Unspecified	Total
	1 year	1 - 5 years			1 year	1 - 5 years		
Available-for-sale								
investments measured at FVOCI								
Government and state								
enterprise securities	714,289,867	20,820,322	-	735,110,189	958,501,714	21,381,605	-	979,883,319
Private enterprise								
securities	352,839,093	328,468,439	-	681,307,532	309,869,420	55,000,000	-	364,869,420
Unit trusts	-	-	70,421,087	70,421,087	-	-	70,421,087	70,421,087
Total	1,067,128,960	349,288,761	70,421,087	1,486,838,808	1,268,371,134	76,381,605	70,421,087	1,415,173,826
Add (less): Unrealised gain								
(loss)	476,611	(481,663)	(6,394,169)	(6,399,221)	2,937,142	880,584	(7,970,305)	(4,152,579)
Less: Allowance for								
expected credit loss	(312,145)	(485,064)	-	(797,209)	(202,123)	(37,312)	-	(239,435)
Less: Allowance for								
impairment	-	-	(15,353,223)	(15,353,223)	-	-	(15,353,223)	(15,353,223)
Total	1,067,293,426	348,322,034	48,673,695	1,464,289,155	1,271,106,153	77,224,877	47,097,559	1,395,428,589
Held-to-maturity								
investments measured at amortised cost								
Government and state								
enterprise securities	-	30,000,000	-	30,000,000	-	30,000,000	-	30,000,000
Deposits and certificate of								
deposits at financial								
institutions which are								
matured over 3 months	630,696,993	-	-	630,696,993	688,126,506	-	-	688,126,506
Total	630,696,993	30,000,000	-	660,696,993	688,126,506	30,000,000	-	718,126,506
Less: Allowance for								
expected credit loss	(152,215)	(7,047)	-	(159,262)	(184,113)	(6,105)	-	(190,218)
Total	630,544,778	29,992,953	-	660,537,731	687,942,393	29,993,895	-	717,936,288

10.4 Fair value of investments in debt instruments

In classification and measurement of financial assets under the Thai Accounting Guidance related to financial instruments and disclosures applicable to insurance business, the Company are not required to take into consideration its business model and the characteristics of the contractual cash flows, however, if the financial assets has been classified and measured in accordance with TFRS 9, the effects would have been as follows:

(Unit: Baht)

	2021			
	The contractual terms of financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal		The contractual terms of financial assets give rise on specified dates to cash flows that are not solely payments of principal and interest on the outstanding principal	
	Fair value	Changes in fair value during year	Fair value	Changes in fair value during year
Available-for-sale investments measured at FVOCI				
Government and state enterprise securities	735,237,025	(883,502)	-	-
Private enterprise securities	680,378,435	(3,497,050)	-	-
Unit trusts	-	-	48,673,695	1,576,137
Held-to-maturity investments measured at amortised cost				
Government and state enterprise securities	30,435,612	(113,917)	-	-
Deposits and certificate of deposits at financial institutions which are matured over 3 months	630,544,778	-	-	-
Total	2,076,595,850	(4,494,469)	48,673,695	1,576,137

(Unit: Baht)

	2020			
	The contractual terms of financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal		The contractual terms of financial assets give rise on specified dates to cash flows that are not solely payments of principal and interest on the outstanding principal	
	Fair value	Changes in fair value during year	Fair value	Changes in fair value during year
Available-for-sale investments measured at FVOCI				
Government and state enterprise securities	980,893,657	254,802	-	-
Private enterprise securities	367,437,373	(2,013,246)	-	-
Unit trusts	-	-	47,097,559	(4,914,725)
Held-to-maturity investments measured at amortised cost				
Government and state enterprise securities	30,549,530	442,204	-	-
Deposits and certificate of deposits at financial institutions which are matured over 3 months	687,942,393	-	-	-
Total	2,066,822,953	(1,316,240)	47,097,559	(4,914,725)

10.5 Other components of equity - surplus (deficit) on changes in value of investments in securities

(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	
	2021	2020	2021	2020
Balance - beginning of the year	(4,413,483)	75,846,083	39,766,193	120,025,759
Changes during the year				
Unrealised gain (loss) during the year	126,589,089	(92,153,065)	126,589,089	(92,153,065)
Realised gain that included in profit or loss	(6,001,852)	(8,171,394)	(6,001,852)	(8,171,394)
	120,587,237	(100,324,459)	120,587,237	(100,324,459)
Relating income tax	(24,117,447)	20,064,893	(24,117,447)	20,064,893
Net comprehensive income for the year (loss)	96,469,790	(80,259,566)	96,469,790	(80,259,566)
Balance - end of the year	92,056,307	(4,413,483)	136,235,983	39,766,193

10.6 Investments subject to restriction

As at 31 December 2021 and 2020, the Company had pledged certain assets as securities and insurance reserves with the Registrar of the Office of Insurance Commission in accordance with the Non-life Insurance Act and pledged for non-life insurance project as required in the normal course of business of the Company as described below.

(Unit: Baht)

	31 December 2021		31 December 2020	
	Cost	Fair value	Cost	Fair value
Assets pledged				
Government bonds	15,000,000	15,665,911	15,000,000	16,171,969
Assets reserve as non-life insurance reserve				
Government and state enterprise securities	300,000,000	299,849,719	293,000,000	292,693,731
Non-life insurance project				
Government and state enterprise securities	10,000,000	10,000,000	10,000,000	10,000,000

11. Loans and interest receivables

As at 31 December 2021 and 2020, the balances of loans and interest receivables, classified by stage of credit risk, were as follows:

(Unit: Baht)

Classification	2021		
	Mortgaged loans	Others	Total
Stage 1 - Loans with no a significant increase in credit risk	127,712	258,295	386,007
Loans and interest receivables - net	<u>127,712</u>	<u>258,295</u>	<u>386,007</u>

(Unit: Baht)

Classification	2020		
	Mortgaged loans	Others	Total
Stage 1 - Loans with no a significant increase in credit risk	170,173	474,362	644,535
Loans and interest receivables - net	<u>170,173</u>	<u>474,362</u>	<u>644,535</u>

These are loans provided to employees in accordance with the employee welfare scheme, with a credit facility not to exceed 5 times employee's base salary with a limit of Baht 50,000 for loans secured by personal guarantees, and a credit facility not to exceed 80% of the appraised value of collateral for secured loans. Interest on these loans is charged at rates of 7.0% and 6.5% per annum, respectively.

12. Investments in associates

12.1 Details of associates

As at 31 December 2021 and 2020, the Company has investments in associates, which are incorporated in Laos, as detailed below:

(Unit: Baht)

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Financial statements in which the equity method is applied		Separate financial statements	
					Book value		Cost/Book value	
					2021	2020	2021	2020
			(%)	(%)				
TKI General Insurance Company Limited	Non-life insurance	Lao	32.50	32.50	11,978,789	11,956,098	21,628,040	21,628,040
TKI Life Insurance Company Limited	Life insurance	Lao	32.50	32.50	11,890,593	12,854,710	21,628,039	21,628,039
Total					23,869,382	24,810,808	43,256,079	43,256,079
Less: Allowance for impairment					-	-	(9,918,103)	(9,918,103)
Investments in associates - net					23,869,382	24,810,808	33,337,976	33,337,976

12.2 Financial information of associates

Summarised information about financial position

(Unit: Baht)

	2021		2020	
	TKI General Insurance Company Limited	TKI Life Insurance Company Limited	TKI General Insurance Company Limited	TKI Life Insurance Company Limited
Total assets	55,072,367	42,066,727	51,918,175	43,725,452
Total liabilities	(18,214,556)	(5,480,286)	(15,130,183)	(4,172,497)
Net assets	36,857,811	36,586,441	36,787,992	39,552,955
Shareholding percentage (%)	32.50	32.50	32.50	32.50
Book value of the associates based on equity method	11,978,789	11,890,593	11,956,098	12,854,710

Summarised information of comprehensive income

(Unit: Baht)

	For the years ended 31 December			
	2021		2020	
	TKI General Insurance Company Limited	TKI Life Insurance Company Limited	TKI General Insurance Company Limited	TKI Life Insurance Company Limited
Revenues	16,755,860	12,146,076	8,599,640	9,126,742
Profit (loss) for the year	4,025,709	234,383	(2,628,761)	(364,251)
Other comprehensive income (loss)				
- exchange differences on translation of financial statements in foreign currency	(3,955,890)	(3,200,897)	(1,790,358)	(2,004,418)
Total comprehensive income (loss)	69,819	(2,966,514)	(4,419,119)	(2,368,669)

The financial information of associated companies as the above tables were prepared by the management of such company.

12.3 Shares of gain (loss) and other comprehensive income from investments in associated companies and dividend received

During the years ended 31 December 2021 and 2020, the Company recognised its share of gain (loss) and other comprehensive income (loss) from investments in associated companies in the financial statements, in which the equity method is applied, and recognised dividend income in the separate financial statements as follows:

(Unit: Baht)

Associates	Financial statements in which the equity method is applied				Separate financial statements	
	Share of gain (loss) from exchange differences on translation					
	Share of gain (loss)		differences on translation		Dividend received	
	2021	2020	2021	2020	2021	2020
TKI General Insurance Company Limited	1,308,355	(854,347)	(1,285,664)	(581,866)	-	-
TKI Life Insurance Company Limited	76,175	(118,382)	(1,040,292)	(651,436)	-	-
	1,384,530	(972,729)	(2,325,956)	(1,233,302)	-	-

13. Property, building and equipment

(Unit: Baht)

	Land	Buildings	Condominium	Building improvements	Furniture, fixtures and equipment	Motor vehicles	Assets under installment	Total
Cost								
1 January 2020	5,385,371	24,521,452	270,282,501	121,206,325	109,926,945	48,782,398	-	580,104,992
Additions	-	-	-	16,822	2,335,209	2,224,094	-	4,576,125
Disposals	-	-	-	(373,348)	(1,266,787)	(642,000)	-	(2,282,135)
31 December 2020	5,385,371	24,521,452	270,282,501	120,849,799	110,995,367	50,364,492	-	582,398,982
Additions	-	-	-	-	3,829,044	44,860	2,729,612	6,603,516
Disposals	-	-	-	(657,168)	(9,793,952)	(3,403,121)	-	(13,854,241)
Transfer in (out)	-	-	-	977,732	1,593,030	-	(2,570,762)	-
31 December 2021	5,385,371	24,521,452	270,282,501	121,170,363	106,623,489	47,006,231	158,850	575,148,257
Accumulated depreciation								
1 January 2020	-	10,938,402	155,410,052	50,141,074	97,230,740	42,573,234	-	356,293,502
Depreciation for the year	-	698,098	3,022,719	4,524,566	5,472,107	2,066,908	-	15,784,398
Depreciation on disposals	-	-	-	(354,106)	(1,264,698)	(635,580)	-	(2,254,384)
31 December 2020	-	11,636,500	158,432,771	54,311,534	101,438,149	44,004,562	-	369,823,516
Depreciation for the year	-	698,098	3,022,719	4,537,374	4,981,533	664,703	-	13,904,427
Depreciation on disposals	-	-	-	(555,502)	(9,480,570)	(3,396,395)	-	(13,432,467)
31 December 2021	-	12,334,598	161,455,490	58,293,406	96,939,112	41,272,870	-	370,295,476
Net book value								
31 December 2020	5,385,371	12,884,952	111,849,730	66,538,265	9,557,218	6,359,930	-	212,575,466
31 December 2021	5,385,371	12,186,854	108,827,011	62,876,957	9,684,377	5,733,361	158,850	204,852,781
Depreciation for the year								
2020								15,784,398
2021								13,904,427

As at 31 December 2021, the Company had certain items of buildings and equipment which have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 363.9 million (2020: Baht 359.0 million).

14. Leases

The Company has lease contracts for various items used in its operations. Leases generally have lease terms between 1 - 6 years.

14.1 Right-of-use assets

	(Unit: Baht)				
	Lease buildings	Office equipment	Motor vehicles	Computer software	Total
1 January	52,103,958	8,888,482	12,757,300	1,339,423	75,089,163
2020					
Increase					
during year	-	901,021	-	-	901,021
Adjustments	(434,509)	-	-	-	(434,509)
Depreciation	(11,407,191)	(2,972,130)	(3,733,151)	(168,300)	(18,280,772)
for the year					
31 December	40,262,258	6,817,373	9,024,149	1,171,123	57,274,903
2020					
Addition					
during					
period	2,395,750	-	-	-	2,395,750
Cancelled					
during period	(3,008,157)	-	-	-	(3,008,157)
Depreciation	(11,247,835)	(3,029,099)	(3,733,151)	(168,300)	(18,178,385)
for the period					
31 December	28,402,016	3,788,274	5,290,998	1,002,823	38,484,111
2021					

14.2 Lease liabilities

	(Unit: Baht)	
	2021	2020
Lease liabilities	44,990,692	59,972,816
Less: Deferred interest expenses	(3,393,346)	(5,699,185)
Total	41,597,346	54,273,631
Less: Portion due within one year	(14,053,496)	(12,899,259)
Lease liabilities - net of current portion	27,543,850	41,374,372

Movements of the lease liability account during the year ended 31 December 2021 is summarised below:

	(Unit: Baht)			
	Lease buildings	Office equipment	Motor vehicles	Total
1 January 2021	43,064,129	2,978,725	8,230,777	54,273,631
Add: Addition during period	2,395,750	-	-	2,395,750
Add: Financial cost for the period	1,931,767	121,836	277,300	2,330,903
Less: Cancelled during period	(3,008,157)	-	-	(3,008,157)
Less: Lease payments during period	(9,878,841)	(1,152,100)	(3,363,840)	(14,394,781)
31 December 2021	<u>34,504,648</u>	<u>1,948,461</u>	<u>5,144,237</u>	<u>41,597,346</u>

14.3 Expenses relating to leases that are recognised in statement of income

	(Unit: Baht)	
	For the years ended 31 December	
	2021	2020
Depreciation of right-of-use assets	18,016,895	17,990,252
Finance costs on lease liabilities	2,308,051	3,037,773
Expense relating to short-term leases	107,833	198,972
Expense relating to leases of low-value assets	1,788,286	794,585
Total expenses	<u>22,221,065</u>	<u>22,021,582</u>

The Company had total cash outflows for leases for the year ended 31 December 2021 of Baht 16.2 million, including the cash outflow related to short-term lease and leases of low-value assets (2020: Baht 19.3 Million).

15. Intangible assets

As at 31 December 2021 and 2020, the net book value of intangible assets are presented below.

	(Unit: Baht)		
	Computer Software	Computer software under improvement	Total
Cost			
1 January 2020	92,728,846	32,251,100	124,979,946
Additions	1,178,169	1,169,450	2,347,619
Disposals/cancelled during the year	(822,000)	(31,214,500)	(32,036,500)
31 December 2020	93,085,015	2,206,050	95,291,065
Additions	840,972	3,118,650	3,959,622
Transfer in (out)	5,324,700	(5,324,700)	-
31 December 2021	99,250,687	-	99,250,687
Accumulated amortisation			
1 January 2020	72,960,091	-	72,960,091
Amortisation for the year	3,321,750	-	3,321,750
31 December 2020	76,281,841	-	76,281,841
Amortisation for the year	4,302,993	-	4,302,993
31 December 2021	80,584,834	-	80,584,834
Net book value			
31 December 2020	16,803,174	2,206,050	19,009,224
31 December 2021	18,665,853	-	18,665,853
Amortisation for the year			
2020			3,321,750
2021			4,302,993

As at 31 December 2021, the Company had certain items of computer software which have been fully amortised but are still in use. The gross carrying amount before deducting accumulated amortisation of those assets amounted to Baht 55.6 million (2020: Baht 53.4 million)

16. Deferred tax assets and income tax expenses

16.1 Deferred tax assets

The components of deferred tax assets and liabilities as at 31 December 2021 and 2020 are as follows:

	(Unit: Baht)			
	Financial statements in which the equity method is applied			
	Balance as at 31 December		Changes in deferred tax assets and liabilities recognised in statements of income for the years ended 31 December	
	2021	2020	2021	2020
Deferred tax assets				
Unearned premium reserve	82,133,171	75,819,992	6,313,179	1,727,860
Allowance for loss on impairment of investments in securities	3,070,645	3,070,645	-	-
Allowance for expected credit loss	40,674,663	39,862,976	811,687	1,222,537
Allowance for doubtful accounts	117,270	453,824	(336,554)	163,327
Loss reserves	57,557,629	66,105,532	(8,547,903)	9,306,544
Provision for loss incurred but not reported	14,665,386	8,916,089	5,749,297	392,690
Employee benefit obligations	22,684,966	18,700,944	4,552,549	4,162,172
Share of loss from investments in associates	3,877,339	3,689,053	(276,906)	194,546
Unrealised loss on changes in value of available-for-sale investments	-	1,103,372		
Fair value loss of trading investments	9,991,448	12,270,042	(2,278,594)	11,549,690
Others	12,071,179	11,708,847	362,332	(2,751,732)
Total	246,843,696	241,701,316		
Deferred tax liabilities				
Unrealised gain on changes in value of available-for-sale investments	23,014,077	-		
Difference of investment cost arising from reclassification	7,444,130	6,822,493	(621,637)	(4,702,820)
Others	739,114	425,767	(313,347)	(97,504)
Total	31,197,321	7,248,260		
Deferred tax assets - net	215,646,375	234,453,056		
Total changes			5,414,103	21,167,310

(Unit: Baht)

	Separate financial statements			
	Balance as at 31 December		Changes in deferred tax assets and liabilities recognised in statements of income for the years ended 31 December	
	2021	2020	2021	2020
Deferred tax assets				
Unearned premium reserve	82,133,171	75,819,992	6,313,179	1,727,860
Allowance for loss on impairment of investments in securities	3,070,645	3,070,645	-	-
Allowance for loss on impairment of investments in associates	1,983,621	1,983,621	-	1,983,621
Allowance for expected credit loss	40,674,663	39,862,976	811,687	1,222,537
Allowance for doubtful accounts	117,270	453,824	(336,554)	163,327
Loss reserves	57,557,629	66,105,532	(8,547,903)	9,306,544
Provision for loss incurred but not reported	14,665,386	8,916,089	5,749,297	392,690
Employee benefit obligations	22,684,966	18,700,944	4,552,549	4,162,172
Fair value loss of trading investments	9,991,448	12,270,042	(2,278,594)	11,549,690
Others	12,071,179	11,708,847	362,332	(2,751,732)
Total	<u>244,949,978</u>	<u>238,892,512</u>		
Deferred tax liabilities				
Unrealised gain on changes in value of available-for-sale investments	34,058,996	9,941,548		
Difference of investment cost arising from reclassification	7,444,130	6,822,493	(621,637)	(4,702,820)
Others	739,114	425,767	(313,347)	(97,504)
Total	<u>42,242,240</u>	<u>17,189,808</u>		
Deferred tax assets - net	<u>202,707,738</u>	<u>221,702,704</u>		
Total changes			<u>5,691,009</u>	<u>22,956,385</u>

16.2 Income tax expenses

Income tax expenses for the years ended 31 December 2021 and 2020 are made up as follows:

(Unit: Baht)

	Financial statements in which the			
	equity method is applied		Separate financial statements	
	2021	2020	2021	2020
Current income tax:				
Current income tax charge for				
the year	(29,378,912)	(37,382,714)	(29,378,912)	(37,382,714)
Adjustment in respect of current income				
tax of previous year	739,121	940,525	739,121	940,525
Deferred tax:				
Relating to origination and reversal of				
temporary differences	5,414,103	21,167,310	5,691,009	22,956,385
Income tax expenses reported in				
statements of income	<u>(23,225,688)</u>	<u>(15,274,879)</u>	<u>(22,948,782)</u>	<u>(13,485,804)</u>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December 2021 and 2020 are as follows:

(Unit: Baht)

	Financial statements in which the			
	equity method is applied		Separate financial statements	
	2021	2020	2021	2020
Accounting profit before tax	<u>132,570,868</u>	<u>86,599,929</u>	<u>131,186,338</u>	<u>77,654,555</u>
Applicable tax rate	20%	20%	20%	20%
Tax expenses at the applicable tax rate	(26,514,174)	(17,319,986)	(26,237,268)	(15,530,911)
Adjustment in respect of current income				
tax of previous year	739,121	940,525	739,121	940,525
Effects of:				
Exempted expenses	(4,363,617)	(4,194,630)	(4,363,617)	(4,194,630)
Allowed additional expense deductions	367,549	467,449	367,549	467,449
Others	<u>6,545,433</u>	<u>4,831,763</u>	<u>6,545,433</u>	<u>4,831,763</u>
Income tax expenses reported in				
statements of income	<u>(23,225,688)</u>	<u>(15,274,879)</u>	<u>(22,948,782)</u>	<u>(13,485,804)</u>

17. Claims receivable from litigants

Claims receivable from litigants classified by the year of the claims incurred are as follows:

	(Unit: Baht)	
	2021	2020
Claim years		
Year 2021	80,399,884	-
Year 2020	57,195,826	99,888,861
Year 2019	32,449,469	42,686,952
Year 2018	29,393,698	33,056,616
Year 2017	26,102,087	30,062,106
Year 2016	23,625,660	28,169,071
Prior to 2016	55,257,321	69,225,446
Total claims receivable from litigants	304,423,945	303,089,052
Less: Allowance for expected credit loss	(202,254,448)	(198,792,692)
Claims receivable from litigants, net	<u>102,169,497</u>	<u>104,296,360</u>

18. Insurance contract liabilities

	(Unit: Baht)		
	2021		
	Insurance contract liabilities	Reinsurance assets	Net
Claim reserves and outstanding claims			
Claim incurred and reported	805,021,846	(194,321,796)	610,700,050
Claim incurred but not reported	214,937,393	(141,610,461)	73,326,932
Premium reserves			
Unearned premium reserves	1,818,326,935	(386,638,864)	1,431,688,071
Total	<u>2,838,286,174</u>	<u>(722,571,121)</u>	<u>2,115,715,053</u>
			(Unit: Baht)
	2020		
	Insurance contract liabilities	Reinsurance assets	Net
Claim reserves and outstanding claims			
Claim incurred and reported	761,833,498	(99,576,123)	662,257,375
Claim incurred but not reported	98,884,621	(54,304,175)	44,580,446
Premium reserves			
Unearned premium reserves	1,778,705,006	(376,637,713)	1,402,067,293
Total	<u>2,639,423,125</u>	<u>(530,518,011)</u>	<u>2,108,905,114</u>

During the years 2021 and 2020, the management of the Company entered into reinsurance agreements in order to mitigate insurance risk. Although positions are managed on a net basis by management, insurance contract liabilities disclosures have been made on both a gross and net basis in order to provide a comprehensive set of disclosures.

18.1 Claim reserves and outstanding claims

	(Unit: Baht)	
	For the years ended 31 December	
	2021	2020
Beginning balance	860,718,119	938,426,814
Claim expenses for the year	2,149,880,458	1,976,494,863
Change in claim reserves and outstanding claims		
from the prior year	(101,005,141)	(174,781,120)
Change in assumption for calculating claim reserves	116,052,771	(2,785,298)
Claim paid during the year	(2,005,686,968)	(1,876,637,140)
Ending balance	<u>1,019,959,239</u>	<u>860,718,119</u>

As at 31 December 2021, the Company has claim reserves and outstanding claims under reinsurance contracts at Baht 7.3 million (2020: Baht 5.3 million).

18.2 Claim development table

(a) Gross claims table

	(Unit: Million Baht)										
Reporting year/ Accident year	Prior to 2013	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
Claim estimates:											
- as at accident year		1,379	1,409	1,956	2,187	1,761	1,754	2,143	1,901	2,262	
- Next one year		1,396	1,388	1,941	2,199	1,749	1,715	2,045	1,784		
- Next two years		1,359	1,385	1,961	2,200	1,742	1,701	2,037			
- Next three years		1,361	1,386	1,957	2,189	1,740	1,698				
- Next four years		1,358	1,379	1,953	2,188	1,739					
- Next five years		1,359	1,378	1,952	2,190						
- Next six years		1,356	1,378	1,954							
- Next seven years		1,357	1,379								
- Next eight years		1,358									
Ultimate claim reserves		1,358	1,379	1,954	2,190	1,739	1,698	2,037	1,784	2,262	
Cumulative payment to date		(1,354)	(1,375)	(1,947)	(2,183)	(1,729)	(1,687)	(2,006)	(1,693)	(1,428)	
Total	7	4	4	7	7	10	11	31	91	834	1,006
Claim for inward treaty											9
Unallocated loss adjustment expenses											5
Total claim reserves and outstanding claims before reinsurance											<u>1,020</u>

(b) Net claims table

(Unit: Million Baht)

Reporting year/ Accident year	Prior to 2013	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
Claim estimates:											
- as at accident year		1,209	1,270	1,681	1,901	1,500	1,330	1,541	1,590	1,706	
- Next one year		1,236	1,262	1,660	1,853	1,470	1,309	1,471	1,511		
- Next two years		1,203	1,253	1,680	1,856	1,462	1,296	1,467			
- Next three years		1,205	1,254	1,678	1,852	1,461	1,295				
- Next four years		1,202	1,253	1,673	1,852	1,462					
- Next five years		1,202	1,251	1,672	1,854						
- Next six years		1,199	1,251	1,676							
- Next seven years		1,200	1,253								
- Next eight years		1,201									
Ultimate claim reserves		1,201	1,253	1,676	1,854	1,462	1,295	1,467	1,511	1,706	
Cumulative payment to date		(1,197)	(1,249)	(1,668)	(1,847)	(1,455)	(1,285)	(1,441)	(1,436)	(1,183)	
Total	6	4	4	8	7	7	10	26	75	523	670
Claim for inward treaty											9
Unallocated loss adjustment expenses											5
Total claim reserves and outstanding claims after reinsurance											684

18.3 Methodology and assumption

The methodology and assumptions adopted for the gross and net valuations of insurance contract liabilities (claim reserves and outstanding claims) as at 31 December 2021 and 2020 are presented as follows:

(a) Outstanding claims provision

1. Direct and inward facultative business

The Company used 3 actuarial methods as follows:

- 1.1 Chain Ladder method based on both claims paid and claims incurred
- 1.2 Bornhuetter-Ferguson method (“BF”) based on both claims paid and claims incurred
- 1.3 Expected Loss Ratio method (“ELR”)

The Company mostly relies on the Chain Ladder method on claims incurred to derive the best estimate of claims liability. The BF and ELR methods are also used where appropriate. Loss Development Factors (“LDF”) are selected based on a range of criteria, which include the pattern of historical claims payments and claims incurred. In most instances, the loss development factors selected are based on various average loss development factors for each development year. The Company also takes into consideration whether averages may not be appropriate, for reasons such as the average not reflecting the Company’s operational changes, the average being inappropriate due to distortion by large claims, or the average being contrary to a trend of the historical ratios.

Both qualitative and quantitative factors are taken by the Company into consideration in the selection of LDF to produce claim reserves that appropriately reflect the Company’s future claims liability as at the valuation date.

2. Inward treaty business

The Company uses a basic approach in estimating claims reserves provision for inward treaty business. This approach assumes that the claims reserves requirements for the inward treaty business would be proportionally similar to those of the direct and inward facultative business. The Company therefore use the percentage of gross outstanding case reserves to apply with inward treaty contracts.

(b) Estimation of Unallocated Loss Adjustment Expenses reserve (ULAE)

In determining the ULAE, the Company used total expenses to estimate the claim expenses. ULAE is calculated from the ratio of ULAE to the average of paid loss and reported loss which is based on the assumption that half of a claim’s ULAE is expended when a loss is reported, and half when it is paid.

The ULAE ratios are computed for motor and non-motor classes separately and are applied onto the best estimate of gross claim liability (excluding flood claims in 2011) to obtain the ULAE reserves for claims liability.

ULAE reserve is computed as the sum of the ULAE ratio multiplied by half of the case reserve and outstanding claims, plus the ULAE ratio multiplied by the incurred but not reported (IBNR) reserve.

(b) Economic assumptions

The Company has not discounted for future investment earnings, and has not explicitly inflation adjusted claim amounts payable in the future. However, the Company has implicitly allowed for future claims inflation to the extent that this is evident in past claims development.

(c) Other assumptions

The Company has assumed that claims development patterns are generally consistent and stable over the years and also assumed that the past inflation pattern will continue into future projected years. For claims prior to accident year 2004, the Company has reached their ultimate claim so there would be no IBNR from these claims.

18.4 Unearned premium reserves

	(Unit: Baht)	
	For the years ended 31 December	
	2021	2020
Beginning balance	1,778,705,006	1,642,685,707
Premium written for the year	3,372,953,128	3,326,060,853
Premium earned for the current year	(3,333,331,199)	(3,190,041,554)
Ending balance	<u>1,818,326,935</u>	<u>1,778,705,006</u>

19. Due to reinsurers

	(Unit: Baht)	
	2021	2020
Amounts withheld on reinsurance	254,291,517	321,305,350
Amounts due to reinsurers	<u>585,024,297</u>	<u>646,353,410</u>
Total due to reinsurers	<u>839,315,814</u>	<u>967,658,760</u>

20. Employee benefit obligations

The movement of provision for employee benefit obligations for the years ended 31 December 2021 and 2020 was as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2021	2020
Employee benefit obligations at beginning of year	63,575,523	61,300,779
Included in statement of income:		
Current service cost	9,709,613	5,472,099
Interest cost	957,080	1,128,462
Total items included in statement of income	10,666,693	6,600,561
Included in statement of comprehensive income:		
Actuarial loss (gain) arising from		
Demographic assumption change	1,933,320	7,113,993
Financial assumption change	(2,441,874)	(10,203,509)
Experience adjustment	(2,334,081)	3,945,499
Total items included in statement of comprehensive income	(2,842,635)	855,983
Benefit paid during the year	(3,984,001)	(5,181,800)
Employee benefit obligations at end of year	67,415,580	63,575,523

As at 31 December 2021, the weighted average duration of the liabilities for long-term employee benefit is 11 years, and the Company expected to pay Baht 7.2 million of long-term employee benefits during the next year (2020: 12 years and Baht 5.0 million, respectively).

Significant actuarial assumptions are summarised below:

	(Unit: % per annum)	
	2021	2020
Discount rate	2.1	1.6
Salary increase rate	3.1 - 5.5	3.1 - 5.8
Staff turnover rate	0.0 - 17.0	0.0 - 16.9

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2021 and 2020 are summarised below:

31 December 2021				
	Increase in assumption	Employee benefit obligations increase (decrease)	Decrease in assumption	Employee benefit obligations increase (decrease)
	(%)	(Baht)	(%)	(Baht)
Discount rate	1.0	(4,576,658)	1.0	5,233,263
Salary increase rate	1.0	5,450,255	1.0	(4,863,240)
Staff turnover rates	10.0 ⁽¹⁾	(2,366,567)	10.0 ⁽¹⁾	2,547,473

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

31 December 2020				
	Increase in assumption	Employee benefit obligations increase (decrease)	Decrease in assumption	Employee benefit obligations increase (decrease)
	(%)	(Baht)	(%)	(Baht)
Discount rate	1.0	(4,365,295)	1.0	4,981,713
Salary increase rate	1.0	5,165,439	1.0	(4,619,841)
Staff turnover rates	10.0 ⁽¹⁾	(2,398,044)	10.0 ⁽¹⁾	2,602,387

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

21. Share capital

As at 31 December 2021 and 2020, the Company's registered, issue and paid-up share capital consisted of 35,000,000 ordinary shares with a par value of Baht 10 each.

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 percent of its net profit, until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

23. Segment information

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 Chairman of the Executive Board.

For management purposes, the Company is organised into business units based on its products, which consisted of Fire, Marine and transportation, Motor, and Miscellaneous insurance.

The Chief Operating Decision Maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss, total assets and total liabilities, and on a basis consistent with that used to measure operating profit or loss, total assets and total liabilities in the financial statements.

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

Segment assets and liabilities of the Company's operating segments as at 31 December 2021 and 2020 are as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied						
	Fire	Marine and transportation	Motor	Miscellaneous	Total segments	Unallocated	Total
Assets							
As at 31 December 2021	<u>457,082,654</u>	<u>31,449,225</u>	<u>249,001,375</u>	<u>496,750,724</u>	<u>1,234,283,978</u>	<u>5,044,626,807</u>	<u>6,278,910,785</u>
As at 31 December 2020	<u>368,215,332</u>	<u>21,469,656</u>	<u>240,740,937</u>	<u>395,507,701</u>	<u>1,025,933,626</u>	<u>5,052,000,545</u>	<u>6,077,934,171</u>
Liabilities							
As at 31 December 2021	<u>657,333,950</u>	<u>34,325,068</u>	<u>1,570,537,614</u>	<u>576,089,542</u>	<u>2,838,286,174</u>	<u>1,192,339,781</u>	<u>4,030,625,955</u>
As at 31 December 2020	<u>535,238,645</u>	<u>25,623,259</u>	<u>1,669,715,900</u>	<u>408,845,321</u>	<u>2,639,423,125</u>	<u>1,343,954,529</u>	<u>3,983,377,654</u>

(Unit: Baht)

Financial statement in which the equity method is applied

For the year ended 31 December 2021

	Fire	Marine and transportation	Motor	Miscellaneous	Total
Underwriting income					
Gross premium written	640,288,595	98,423,455	1,951,014,792	683,226,286	3,372,953,128
Less: Premiums ceded to reinsurers	(309,753,794)	(57,977,873)	(10,993,199)	(441,672,725)	(820,397,591)
Net premium written	330,534,801	40,445,582	1,940,021,593	241,553,561	2,552,555,537
Add (less): Unearned premium reserves (increase) decrease from prior year	2,552,589	(496,174)	6,932,255	(38,609,448)	(29,620,778)
Net earned premium	333,087,390	39,949,408	1,946,953,848	202,944,113	2,522,934,759
Fee and commission income	112,880,452	16,585,053	2,408,620	101,907,785	233,781,910
Total underwriting income	445,967,842	56,534,461	1,949,362,468	304,851,898	2,756,716,669
Underwriting expenses					
Claim and loss adjustment expenses - net	94,016,527	10,147,102	1,170,499,884	327,340,208	1,602,003,721
Commission and brokerage expenses	144,200,352	10,579,371	299,798,580	71,213,486	525,791,789
Other underwriting expenses	48,455,251	3,879,366	135,332,902	41,496,932	229,164,451
Total underwriting expenses before operating expenses	286,672,130	24,605,839	1,605,631,366	440,050,626	2,356,959,961
Profit (loss) from underwriting before operating expenses	159,295,712	31,928,622	343,731,102	(135,198,728)	399,756,708
Operating expenses					(353,294,270)
Profit from underwriting					46,462,438
Investments income					68,504,793
Profit on investments					7,535,365
Fair value gain					11,392,970
Share of profit from investments in associates					1,384,530
Other income					3,657,259
Finance costs					(2,308,051)
Expected credit loss					(4,058,436)
Profit before income tax expenses					132,570,868
Income tax expenses					(23,225,688)
Profit for the year					109,345,180

(Unit: Baht)

Financial statement in which the equity method is applied

For the year ended 31 December 2020

	Fire	Marine and transportation	Motor	Miscellaneous	Total
Underwriting income					
Gross premium written	656,921,903	83,624,957	2,007,205,149	578,308,844	3,326,060,853
Less: Premiums ceded to reinsurers	(293,977,849)	(43,409,360)	(11,784,632)	(419,470,676)	(768,642,517)
Net premium written	362,944,054	40,215,597	1,995,420,517	158,838,168	2,557,418,336
Add (less): Unearned premium reserves (increase) decrease from prior year	(33,688,316)	938,158	(79,917,629)	(7,537,603)	(120,205,390)
Net earned premium	329,255,738	41,153,755	1,915,502,888	151,300,565	2,437,212,946
Fee and commission income	82,462,686	14,196,604	2,727,996	94,460,233	193,847,519
Total underwriting income	411,718,424	55,350,359	1,918,230,884	245,760,798	2,631,060,465
Underwriting expenses					
Claim and loss adjustment expenses - net	69,964,533	4,908,214	1,278,651,570	87,436,426	1,440,960,743
Commission and brokerage expenses	149,254,540	12,161,237	310,889,959	58,427,947	530,733,683
Other underwriting expenses	54,483,375	3,692,089	138,760,333	45,311,540	242,247,337
Total underwriting expenses before operating expenses	273,702,448	20,761,540	1,728,301,862	191,175,913	2,213,941,763
Profit from underwriting before operating expenses	138,015,976	34,588,819	189,929,022	54,584,885	417,118,702
Operating expenses					(338,187,246)
Profit from underwriting					78,931,456
Investments income					61,945,218
Profit on investments					7,441,488
Fair value loss					(57,748,450)
Share of loss from investments in associates					(972,729)
Other income					6,153,404
Finance costs					(3,037,773)
Expected credit loss					(6,112,685)
Profit before income tax expenses					86,599,929
Income tax expenses					(15,274,879)
Profit for the year					71,325,050

Geographic information

The Company is operated its business in Thailand only, as a result, all of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical reportable.

Major customers' information

During the years ended 31 December 2021, the Company had gross premium written from major customers amounting to Baht 621 million (2020: Baht 763 million).

24. Investments income

During the years ended 31 December 2021 and 2020, the Company has investment income as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2021	2020
Interest income from debt securities	15,629,617	28,920,171
Dividends received from equity securities	52,875,176	33,025,047
Investments income	<u>68,504,793</u>	<u>61,945,218</u>

25. Operating expenses

	(Unit: Baht)	
	For the years ended 31 December	
	2021	2020
Personnel expenses	234,083,693	216,164,199
Premises and equipment expenses	71,154,284	69,658,259
Taxes and duties	1,570,354	1,182,044
Bad debts and doubtful accounts (reversal)	(21,840)	1,654,410
Other operating expenses	46,507,779	49,528,334
Total operating expenses	<u>353,294,270</u>	<u>338,187,246</u>

26. Expected credit loss

	(Unit: Baht)	
	For the years ended 31 December	
	2021	2020
Cash and cash equivalents	60,885	39,369
Accrued investments income	8,977	2,895
Investments in securities	526,818	(469)
Claims receivable from litigants	3,461,756	6,070,890
Total	<u>4,058,436</u>	<u>6,112,685</u>

27. Expenses by nature

	(Unit: Baht)	
	For the years ended 31 December	
	2021	2020
Net claim and loss adjustment expenses	1,554,037,513	1,395,077,008
Commissions and brokerage expenses	525,791,789	530,733,683
Other underwriting expenses	188,564,105	200,821,751
Personnel expenses	322,650,247	303,473,520
Premises and equipment expenses	71,154,284	69,658,259
Taxes and duties	1,570,354	1,182,044
Bad debts and doubtful accounts (reversal)	(21,840)	1,654,410
Expected credit loss	2,308,051	3,037,773
Finance costs	4,058,436	6,112,685
Other operating expenses	46,507,779	49,528,334
Total	<u>2,716,620,718</u>	<u>2,561,279,467</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. Both employees and the Company contribute to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by Tisco Asset Management Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2021, the Company contributed Baht 9.2 million (2020: Baht 9.1 million) to the fund.

29. Contribution to the General Insurance Fund

	(Unit: Baht)	
	For the years ended 31 December	
	2021	2020
Accumulated contribution at the beginning of the year	75,095,287	66,859,132
Contribution during the year	8,330,913	8,236,155
Accumulated contribution at the end of the year	<u>83,426,200</u>	<u>75,095,287</u>

30. Earnings per share

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

31. Dividends

Dividends declared during the years ended 31 December 2021 and 2020 consisted of the following:

	Approved by	Total dividends (Million Baht)	Dividends per share (Baht)
Annual dividends for 2020	Annual General Meeting No. 89 on 27 April 2021	52.5	1.50
Interim dividends for 2019	Board of Directors Meeting No. 3/2020 on 14 April 2020	45.0	1.29

32. Commitments and contingent liabilities

32.1 Leases and service agreements commitments

As at 31 December 2021 and 2020, future minimum payments required under short-term leases, leases of low-value assets and service agreements were as follows.

	(Unit: Baht)	
	2021	2020
Payable within:		
Within 1 year	212,894	425,830
Over 1 to 3 years	319,342	567,773

32.2 Capital commitments

As at 31 December 2021, the Company had capital commitments of approximately Baht 0.02 million relating to building improvement, furniture, fixtures and equipment (2020: Baht 2.7 million relating to program computer).

32.3 Letter of Guarantees

As at 31 December 2021, there were bank guarantees amounting to Baht 2.6 million, and a certificate issued in the Company's name amounting to Baht 7.0 million, as required in the normal course of the Company's business (2020: Baht 2.6 million and Baht 6.5 million, respectively).

32.4 Litigation

As at 31 December 2021, the Company has been sued for damages totaling approximately Baht 66.1 million as insurer. The cases have not yet been finalised. However, the Company's obligations in respect of these lawsuits do not exceed the maximum sum insured per the relevant policies, which is Baht 34.1 million, and the Company has set aside reserves for contingent losses amounting to Baht 33.6 million in the financial statements (2020: Baht 53.2 million, Baht 22.5 million and Baht 22.5 million, respectively).

33. Related party transactions

33.1 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 relationships between the Company and its related parties are summarised below.

Name of related parties	Nature of relationship
TKI General Insurance Company Limited	Associated company
TKI Life Insurance Company Limited	Associated company
The United Indemnity Co., Ltd.	7.11% of shares held in the Company
Thanasarn Sombat (Thai) Company Limited	5.06% of shares held in the Company and common directors
The Falcon Insurance Plc.	12.00% of shares held by the Company
Thai Metal Drum Manufacturing Plc.	Common directors and through shareholding
Varopakorn Plc.	Common directors and through shareholding
Rangsit Plaza Co., Ltd.	Common directors and through shareholding
Sathorn Thani Co., Ltd.	Common directors and through shareholding
Siam Motors Co., Ltd.	Common directors and through shareholding
Wanglee Co., Ltd.	Common directors and through shareholding
Thaire Life Assurance Plc.	Common directors and through shareholding
Rangsit Ruam Patana Co., Ltd.	Common directors and through shareholding
Poon Phol Co., Ltd.	Common directors and through shareholding
Pipatanasin Co., Ltd.	Common directors and through shareholding
Dusit Thani Plc. ⁽¹⁾	Common directors
Serm Suk Plc.	Common directors
Chaitip Co., Ltd.	Common directors
Alinkij Siam Co., Ltd	Common directors
Siam Calsonic Co., Ltd.	Common directors
Siam Riken Industrial Co., Ltd.	Common directors
Siam International Corp., Ltd.	Common directors
The Pet Co., Ltd.	Common directors
Toyota Petchaboon Toyota's Dealer Co., Ltd.	Common directors
Thai Petchaboon Co., Ltd.	Common directors
BTS Group Holdings Plc.	Common directors
C.E.S. Co., Ltd.	Common directors
Sittinan Co., Ltd.	A related person of the Company's director is a major shareholder
PIA Interior Co., Ltd.	A related person of the Company's director is a major shareholder

(1) Since October 2021 not related party

33.2 Significant related party transactions

During the years ended 31 December 2021 and 2020, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Baht)

	For the years ended		Pricing policy
	31 December		
	2021	2020	
Transactions with associated companies			
Reinsurance premium written	3,031,330	1,834,017	Ceded rates as specified based on the type of reinsurance and the reinsurance contracts
Commission paid to reinsurance	654,071	435,665	Ceded rates as specified based on the type of reinsurance and the reinsurance contracts
Transactions with related companies			
Direct premium written	79,853,384	71,844,616	Rates as specified in insurance contracts
Reinsurance premium written	12,913,844	14,453,629	Ceded rates as specified based on the type of reinsurance and the reinsurance contracts
Premium ceded	24,292,637	23,641,858	Ceded rates as specified based on the type of reinsurance and the reinsurance contracts
Claim expenses	18,464,664	17,666,648	Actual incurred
Commission paid to reinsurance	4,633,622	4,912,890	Ceded rates as specified based on the type of reinsurance and the reinsurance contracts
Commission received	9,482,552	9,321,160	Ceded rates as specified based on the type of reinsurance and the reinsurance contracts
Dividend income	21,488,560	9,235,180	As declared
Rental and service fee for branch office expenses	239,674	406,432	Contract price
Rental income	172,973	170,352	Contract price

33.3 Outstanding balances

The balances of the accounts between the Company and those related companies as at 31 December 2021 and 2020 are as follows:

	(Unit: Baht)	
	2021	2020
Reinsurance receivables - Amounts due from reinsurers		
The Falcon Insurance Plc.	6,959,142	20,362,658
TKI General Insurance Co., Ltd.	2,210,481	681,418
Total	<u>9,169,623</u>	<u>21,044,076</u>
Investments in securities - Equity securities		
Varopakorn Plc.	1,046,952	993,413
Thai Metal Drum Manufacturing Plc.	300,817,400	257,776,850
BTS Group Holdings Plc.	38,107,600	37,000,000
Thaire Life Assurance Plc.	24,287,000	23,550,000
The Falcon Insurance Plc.	74,659,200	61,932,000
Sathorn Thani Co., Ltd.	20,945,000	16,745,000
Rangsit Plaza Co., Ltd.	16,044,000	11,224,000
Total	<u>475,907,152</u>	<u>409,221,263</u>
Due to reinsurers - Amounts due to reinsurance		
The Falcon Insurance Plc.	12,671,175	22,038,732
TKI General Insurance Co., Ltd.	585,998	229,048
Total	<u>13,257,173</u>	<u>22,267,780</u>

33.4 Directors and management's benefits

During the years ended 31 December 2021 and 2020, the Company had employment benefits expenses payable to their directors and management as below.

	(Unit: Baht)	
	For the years ended 31 December	
	2021	2020
Short-term benefits	53,756,142	50,720,645
Post-employment benefits	711,634	417,664
Total	<u>54,467,776</u>	<u>51,138,309</u>

34. Risk of insurance company

34.1 Insurance risk

Insurance risk refers to the risk resulting from fluctuations in the frequency, the severity and the timing of damage deviations from assumptions that are used to determine premium rates, calculation of reserves and underwriting. The insurance risk causes or is a factor that contributes to the following risks:

a. Increase in the amount and frequency of loss

The impact of external factors, including physical or geographical factors, natural perils, disasters, accidents, terrorism and burglary may increase damage to lives, physical and property insured by the Company, leading to higher than expected losses. Such risks may result in the premiums received from customers being lower than the actual losses or the claims reserve being inadequate, which may have an impact on the Company's capital at risk.

b. Suboptimal proportions of types of insurance products

The Company focuses on specific types of insurance products in order to expand its business and retain market share, which means that the Company's revenue and expenses are highly dependent on these insurance products. Some types of insurance have high loss ratio, and this in turn increases the Company's average cost of claims. As a result, the Company's risk with respect to revenue or profit, or its capital funds may be affected.

c. Ethical or moral risk

This is the risk of dishonest actions being taken by insured persons for their personal gains, causing the Company payment of a higher settlement than a fair amount. This may result in a higher of loss ratio than expected and effect to the Company's liquidity risk.

The measures adopted by the Company in response to those above risks are as follows:

1. Analysis on the basis of loss ratio and combined ratio plus expenses incurred in accordance with the ratio specified by the Company.
2. Selection based on client group, nature of business and insurable risk, in accordance with specified criteria that correlate with acceptable risk levels, and analysis of the appropriate retention and ceded ratios to improve potential profitability.
3. Reinsurance to spread risk exposure by placing treaty and facultative reinsurance with local and overseas financial secured companies which have a credit rating of at least A-, and by purchasing excess of loss reinsurance that helps control retention risk to prevent exposure from the crisis, and to reduce the volatility of the Company's operations, financial position and capital level.

4. Management of the composition of the portfolio by writing all classes of insurance products and adjusting the portfolio mix according to market situation and customer demands. Technical knowledge and up to date statistics are used to plan marketing strategies to penetrate target markets by introducing products that are profitable and have high potential to expand.
5. Analysis of the concentration of insurance risk.

Concentration of insurance contracts liabilities segregated by insurance type are shown below.

(Unit: Baht)

	2021			2020		
	Gross premium reserves	Outward premium reserves	Net	Gross premium reserves	Outward premium reserves	Net
Fire	463,612,689	(171,221,297)	292,391,392	467,341,473	(172,397,491)	294,943,982
Marine and transportation	26,493,301	(15,065,767)	11,427,534	19,107,206	(8,175,845)	10,931,361
Motor	1,019,377,924	(5,140,221)	1,014,237,703	1,026,011,142	(4,841,184)	1,021,169,958
Miscellaneous	308,843,021	(195,211,579)	113,631,442	266,245,185	(191,223,193)	75,021,992
Total	1,818,326,935	(386,638,864)	1,431,688,071	1,778,705,006	(376,637,713)	1,402,067,293

(Unit: Baht)

	2021			2020		
	Gross loss reserves	Outward loss reserves	Net	Gross loss reserves	Outward loss reserves	Net
Fire	193,721,261	(136,949,751)	56,771,510	67,897,172	(42,325,983)	25,571,189
Marine and transportation	7,831,767	(1,669,346)	6,162,421	6,516,053	(1,412,646)	5,103,407
Motor	551,159,690	(873,899)	550,285,791	643,704,758	(723,842)	642,980,916
Miscellaneous	267,246,521	(196,439,261)	70,807,260	142,600,136	(109,417,827)	33,182,309
Total	1,019,959,239	(335,932,257)	684,026,982	860,718,119	(153,880,298)	706,837,821

6. Sensitivity analysis

Sensitivity analysis is performed to analyse the risk that insurance liabilities will increase or decrease as a result of changes in the assumptions used in the calculation of claim liabilities, which will impact the claims liabilities both before and after reinsurance. The risk may occur because the frequency or severity of losses, or loss adjustment expenses are not in line with expectations.

The Company performed analysis of the sensitivity of insurance liabilities to changes in key variables. The variables for which tests were performed were the ultimate loss ratio (“ULR”) in the latest accident year and the unallocated loss adjustment expense ratio (“ULAE”) for the best estimate of insurance liabilities, with selection of variables based on appropriateness and the possibility of occurrence.

The impact on the best estimate of insurance liabilities of changes in key variables is shown in the following table.

(Unit: Million Baht)

		2021			
		Increase (decrease)	Increase (decrease)	Increase (decrease)	Increase (decrease)
		in provision for gross	in provision for net	in profit before tax	in owner's equity
		claim liabilities	claim liabilities		
Assumption	change				
Ultimate loss ratio in latest accident year	+ 5%	105	82	(82)	(66)
	- 5%	(103)	(81)	81	65
ULAE ratio	+50%	0.4	0.4	(0.4)	(0.3)
	-50%	(0.4)	(0.4)	0.4	0.3

(Unit: Million Baht)

		2020			
		Increase (decrease)	Increase (decrease)	Increase (decrease)	Increase (decrease)
		in provision for gross	in provision for net	in profit before tax	in owner's equity
		claim liabilities	claim liabilities		
Assumption	change				
Ultimate loss ratio in latest accident year	+5%	99	80	(80)	(64)
	-5%	(96)	(76)	76	61
ULAE ratio	+50%	3	3	(3)	(3)
	-50%	(3)	(3)	3	3

34.2 Credit risk

Credit risk is the risk that the Company may suffer a financial loss as a result of a counterparty's inability to comply with the specified terms. The Company is exposed to credit risk primarily with respect to insurance and investments. The Company's maximum exposure to credit risk is limited to the book value less allowance for impairment as presented in the statement of financial position. The management manages the risk by adopting appropriate credit control policies and procedures, as follows:

a. Credit risk from underwriting

(1) Risk from reinsurers

The Company considers and selects only reinsurers with a credit rating of A- or higher and monthly monitors for any adjustments to the credit ratings of reinsurance companies.

(2) Risk from premium receivables collection

The Company possesses an efficient process of closely following up its outstanding premiums from the insured, agents and brokers, in addition to requiring agents and brokers to submit collateral for the specified credit limits allowed by the Company.

A credit impairment analysis of claims receivable from litigants is performed at each reporting date. The expected credit loss rates are based on actual claim statistics over the past 10 - 13 years, by classifying debtors into 2 types, namely insurance company litigants and non-insurance litigants. The calculation of expected credit loss reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

b. Credit risk from investments

The Company selects investments based on the credit ratings of the issuers of fixed income securities, assigned by reliable outside credit rating agencies such as TRIS and FITCH. It is the Company's policy to invest in fixed income securities of at least "Investment Grade" quality. All invested fixed income securities are periodically monitored for any adjustment in the debtors' credit rating and relevant information is gathered to review the business potential of the issuers. The Company also regularly monitors and reviews the limits set for investment to ensure adequate investment limits are maintained for individual lines at all times.

An impairment analysis of investments in debt instruments, cash deposits and accrued investment income is performed at each reporting date. The provision of expected credit loss is calculated by using the General Approach by classifying the investments into stages as follows:

- Stage 1 Investment grade debt instruments where there has no significant increase in credit risk. The Company recognises allowance for expected credit loss at an amount equal to the expected credit loss in the next 12 months.
- Stage 2 Debt instruments where there has significant increase in credit risk but that are not credit impaired such as a downgrade of credit rating. The Company recognises allowance for expected credit loss at an amount equal to the lifetime expected credit loss of the financial assets.
- Stage 3 When there is a significant indication of credit impairment, such as failure to fulfil a contract (overdue principal or interest), borrowers experiencing serious financial problems, the lender relaxing conditions for borrowers and the possibility of borrower bankruptcy, the Company recognises allowance for expected credit loss at an amount equal to the lifetime expected credit loss of the financial assets.

At every reporting date, the Company assesses whether there has been a significant increase in credit risk of financial assets since initial recognition. In the event of a significant change in credit risk, the debt instruments are restaged according to the indications or evidence of the assets being credit-impaired. The calculation of expected credit loss reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The below table showed the maximum exposure to credit risk for financial assets before collateral or any activities that could mitigate credit risk. The maximum exposure to credit risk has carrying amounts that was presented the credit quality of financial assets exposed to credit risk as follows.

(Unit: Baht)

31 December 2021

	Financial assets where there has no significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Financial assets where applied simplified approach to calculated ECL (Lifetime ECL - simplified approach)	Total
Cash and cash equivalents					
Investment grade	301,999,446	-	-	-	301,999,446
Allowance for expected credit loss	(148,120)	-	-	-	(148,120)
Net book value	<u>301,851,326</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>301,851,326</u>
Accrued investment income					
Investment grade	7,731,264	-	-	-	7,731,264
Allowance for expected credit loss	(14,274)	-	-	-	(14,274)
Net book value	<u>7,716,990</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,716,990</u>
Available-for-sale investments measured at FVOCI					
Investment grade	1,415,615,460	-	-	-	1,415,615,460
Total fair value	<u>1,415,615,460</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,415,615,460</u>
Allowance for expected credit loss	797,209	-	-	-	797,209
Held-to-maturity investments measured at amortised cost					
Investment grade	660,696,993	-	-	-	660,696,993
Allowance for expected credit loss	(159,262)	-	-	-	(159,262)
Net book value	<u>660,537,731</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>660,537,731</u>
Loans and interest receivables					
Not yet due	386,007	-	-	-	386,007
Allowance for expected credit loss	-	-	-	-	-
Net book value	<u>386,007</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>386,007</u>
Other assets - Claims receivable from litigants					
Overdue	-	-	-	304,423,945	304,423,945
Allowance for expected credit loss	-	-	-	(202,254,448)	(202,254,448)
Net book value	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,169,497</u>	<u>102,169,497</u>
Other assets - Brokers receivables					
Overdue	-	-	-	58,622,019	58,622,019
Allowance for expected credit loss	-	-	-	-	-
Net book value	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,622,019</u>	<u>58,622,019</u>

(Unit: Baht)

31 December 2020

	Financial assets where there has no significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Financial assets where applied simplified approach to calculated ECL (Lifetime ECL - simplified approach)	Total
Cash and cash equivalents					
Investment grade	263,623,544	-	-	-	263,623,544
Allowance for expected credit loss	(87,235)	-	-	-	(87,235)
Net book value	<u>263,536,309</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>263,536,309</u>
Accrued investment income					
Investment grade	6,315,646	-	-	-	6,315,646
Allowance for expected credit loss	(5,298)	-	-	-	(5,298)
Net book value	<u>6,310,348</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,310,348</u>
Available-for-sale investments measured at FVOCI					
Investment grade	1,348,331,030	-	-	-	1,348,331,030
Total fair value	<u>1,348,331,030</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,348,331,030</u>
Allowance for expected credit loss	<u>239,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>239,435</u>
Held-to-maturity investments measured at amortised cost					
Investment grade	718,126,506	-	-	-	718,126,506
Allowance for expected credit loss	(190,218)	-	-	-	(190,218)
Net book value	<u>717,936,288</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>717,936,288</u>
Loans and interest receivables					
Not yet due	644,535	-	-	-	644,535
Allowance for expected credit loss	-	-	-	-	-
Net book value	<u>644,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>644,535</u>
Other assets - Claims receivable from litigants					
Overdue	-	-	-	303,089,052	303,089,052
Allowance for expected credit loss	-	-	-	(198,792,692)	(198,792,692)
Net book value	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,296,360</u>	<u>104,296,360</u>
Other assets - Brokers receivables					
Overdue	-	-	-	66,479,284	66,479,284
Allowance for expected credit loss	-	-	-	-	-
Net book value	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,479,284</u>	<u>66,479,284</u>

The table below shows the movement in the allowance for expected credit loss for the year ended 31 December 2021.

(Unit: Baht)

31 December 2021

	Financial assets where there has no significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Financial assets where applied simplified approach to calculated ECL (Lifetime ECL - simplified approach)	Total
Cash and cash equivalents					
Beginning balance	87,235	-	-	-	87,235
Change due to remeasurement of allowance for expected credit loss	60,885	-	-	-	60,885
Ending balance	148,120	-	-	-	148,120
Accrued investment income					
Beginning balance	5,298	-	-	-	5,298
Change due to remeasurement of allowance for expected credit loss	9,765	-	-	-	9,765
Amounts written off	(789)	-	-	-	(789)
Ending balance	14,274	-	-	-	14,274
Available-for-sale investments measured at FVOCI					
Beginning balance	239,435	-	-	-	239,435
Change due to remeasurement of allowance for expected credit loss	40,012	-	-	-	40,012
Newly purchased or acquired financial assets	719,292	-	-	-	719,292
Amounts written off	(201,530)	-	-	-	(201,530)
Ending balance	797,209	-	-	-	797,209
Held-to-maturity investments measured at amortised cost					
Beginning balance	190,218	-	-	-	190,218
Change due to remeasurement of allowance for expected credit loss	21,414	-	-	-	21,414
Amounts written off	(52,370)	-	-	-	(52,370)
Ending balance	159,262	-	-	-	159,262
Other assets - Claims receivable from litigants					
Beginning balance	-	-	-	198,792,692	198,792,692
Change due to remeasurement of allowance for expected credit loss	-	-	-	15,982,361	15,982,361
Newly purchased or acquired financial assets	-	-	-	55,012,201	55,012,201
Amounts written off	-	-	-	(67,532,806)	(67,532,806)
Ending balance	-	-	-	202,254,448	202,254,448

31 December 2020

	Financial assets where there has no significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Financial assets where applied simplified approach to calculated ECL (Lifetime ECL - simplified approach)	Total
Cash and cash equivalents					
Beginning balance	47,866	-	-	-	47,866
Change due to remeasurement of allowance for expected credit loss	39,369	-	-	-	39,369
Ending balance	87,235	-	-	-	87,235
Accrued investment income					
Beginning balance	2,403	-	-	-	2,403
Change due to remeasurement of allowance for expected credit loss	3,106	-	-	-	3,106
Newly purchased or acquired financial assets	1,695	-	-	-	1,695
Amounts written off	(1,906)	-	-	-	(1,906)
Ending balance	5,298	-	-	-	5,298
Available-for-sale investments measured at FVOCI					
Beginning balance	332,263	-	-	-	332,263
Change due to remeasurement of allowance for expected credit loss	119,377	-	-	-	119,377
Newly purchased or acquired financial assets	12,189	-	-	-	12,189
Amounts written off	(224,394)	-	-	-	(224,394)
Ending balance	239,435	-	-	-	239,435
Held-to-maturity investments measured at amortised cost					
Beginning balance	97,859	-	-	-	97,859
Newly purchased or acquired financial assets	190,218	-	-	-	190,218
Amounts written off	(97,859)	-	-	-	(97,859)
Ending balance	190,218	-	-	-	190,218
Other assets - Claims receivable from litigants					
Beginning balance	-	-	-	192,721,802	192,721,802
Change due to remeasurement of allowance for expected credit loss	-	-	-	11,691,737	11,691,737
Newly purchased or acquired financial assets	-	-	-	87,779,595	87,779,595
Amounts written off	-	-	-	(93,400,442)	(93,400,442)
Ending balance	-	-	-	198,792,692	198,792,692

34.3 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 instruments denominated in foreign currencies; market risk is therefore confined only to interest rate risk and equity position risk.

The Company manages market risk by diversifying its portfolio and spreading its investment funding to include various lines of investment as well as categories of business in order to minimise fluctuations in the aggregate value of its investments. It closely monitors and regularly assesses factors that may cause fluctuations in the value of investment instruments in order to make appropriate investment transactions in the circumstances. The Company has a policy not to invest in speculative securities that are highly exposed to price fluctuations but to focus on blue-chip securities and securities that generate steady yields. The Company has an investment committee who consider and set investment policies in addition to the Office of Insurance Commission's rules, in order to reduce exposure to investment loss, and also review the structure of the portfolio mix on a regular basis.

a. Interest rate risk

Interest rate risk is the risk that the value of assets or liabilities will fluctuate due to changes in market interest rates.

As at 31 December 2021 and 2020, significant assets and liabilities classified by type of interest rates, with those assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date as follows:

(Unit: Baht)

	2021					
	Fixed interest rates		Floating	Non-interest	Total	Effective
	Maturity date or repricing date					
	Within	1 - 5 years			(% per annum)	
1 year						
<u>Financial assets</u>						
Cash and cash equivalents	-	-	301,594,326	257,000	301,851,326	0.05 - 0.25
Accrued investment income	-	-	-	7,716,990	7,716,990	-
Investments in securities						
Government and state						
enterprise securities	744,342,097	20,887,881	-	-	765,229,978	0.24 - 0.78
Private debt securities	352,944,284	327,434,151	-	-	680,378,435	0.97 - 5.05
Equity instruments	-	-	-	1,030,256,732	1,030,256,732	-
Unit trusts	-	-	-	300,585,382	300,585,382	-
Deposits and certificate						
deposits at financial						
institutions	630,544,778	-	-	-	630,544,778	0.35 - 0.75
Loans and interest receivables	110,112	275,895	-	-	386,007	6.50 - 7.00
Other assets - Claims						
receivable from litigants	-	-	-	102,169,497	102,169,497	-
Other assets - Brokers						
receivables	-	-	-	58,622,019	58,622,019	-
<u>Insurance assets</u>						
Premium receivables	-	-	-	511,712,858	511,712,858	-
Reinsurance assets - claim						
reserves	-	-	-	335,932,257	335,932,257	-
Reinsurance receivables	-	-	-	504,266,249	504,266,249	-
<u>Financial liabilities</u>						
Lease liabilities	14,053,495	27,543,851	-	-	41,597,346	0.79 - 6.64
<u>Insurance liabilities</u>						
Insurance contract liabilities -						
claim reserves and						
outstanding claims	-	-	-	1,019,959,239	1,019,959,239	-
Due to reinsurers	-	-	-	839,315,814	839,315,814	-

2020

	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Maturity date or repricing date					
	Within 1 year	1 - 5 years				
Financial assets						
Cash and cash equivalents	-	-	263,229,309	307,000	263,536,309	0.05 - 0.55
Accrued investment income	-	-	-	6,310,348	6,310,348	-
Investments in securities						
Government and state enterprise securities	959,331,032	51,556,520	-	-	1,010,887,552	0.38 - 3.65
Private debt securities	311,775,121	55,662,252	-	-	367,437,373	0.95 - 3.41
Equity instruments	-	-	-	860,794,482	860,794,482	-
Unit trusts	-	-	-	315,331,835	315,331,835	-
Deposits and certificate deposits at financial institutions	687,942,393	-	-	-	687,942,393	0.35 - 2.30
Loans and interest receivables	188,607	455,928	-	-	644,535	6.50 - 7.00
Other assets - Claims receivable from litigants	-	-	-	104,296,360	104,296,360	-
Other assets - Brokers receivables	-	-	-	66,479,284	66,479,284	-
Insurance assets						
Premium receivables	-	-	-	495,415,614	495,415,614	-
Reinsurance assets - claim reserves	-	-	-	153,880,298	153,880,298	-
Reinsurance receivables	-	-	-	598,821,741	598,821,741	-
Financial liabilities						
Lease liabilities	12,899,259	41,374,372	-	-	54,273,631	0.33 - 6.64
Insurance liabilities						
Insurance contract liabilities - claim reserves and outstanding claims	-	-	-	860,718,119	860,718,119	-
Due to reinsurers	-	-	-	967,658,760	967,658,760	-

Interest rate sensitivity

The following table demonstrates the sensitivity of the Company's equity to a reasonably possible change in interest rates which will effect to the fair value of debt instruments as at 31 December 2021.

	2021		2020	
	Increase (decrease)	Effect on equity	Increase (decrease)	Effect on equity
	(%)	(Million Baht)	(%)	(Million Baht)
Available-for-sale investments -				
Debt instruments	1.0	(11.2)	1.0	(6.7)
Available-for-sale investments -				
Debt instruments	(1.0)	11.7	(1.0)	6.9

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

b. **Equity position risk**

Equity position risk is the risk that change in the market prices of equity securities will result in fluctuations in revenues and in the value of assets.

As at 31 December 2021 and 2020, the Company has risk from its investments in securities of which the price will change with reference to market conditions.

34.4 Liquidity risk

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

The Company policies of management of liquidity risk are as follows:

- a. The Company invests in securities that are liquid, such as government sector securities or private sector securities with a low credit risk. It also spreads its investment funding and balances the portfolio, taking into account time horizons and fund needs to pay and meet obligations, management of accounts receivable and accounts payable, the period to maturity of assets and changes in the value of assets, given that, the maturity structure of assets and liabilities is in the appropriate level both volume and period, and correspond to external and internal circumstances surrounding the Company.

- b. Adequate shareholders' equity is maintained to cover liabilities and to manage exposure to business and operation risks. Other funding sources with high liquidity should also be secured as contingency plan.
- c. Responsibilities and lines of reporting to those who manage liquidity risk are clearly defined and a reporting system has been established to generate an early warning report for executives on transactions that do not conform to the Company's policy and to promptly, timely and accurately report warning signs of key risk indicators.

Counting from the financial position date, the periods to maturity of assets and liabilities held as at 31 December 2021 and 2020 are as follows:

(Unit: Baht)

	2021					Total
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	
<u>Financial assets</u>						
Cash and cash equivalents	301,851,326	-	-	-	-	301,851,326
Accrued investment income	-	7,716,990	-	-	-	7,716,990
Investments in securities	1,003,191,854	1,727,831,158	348,322,033	-	327,650,261	3,406,995,306
Loans and interest receivables	-	110,112	275,895	-	-	386,007
Other assets - Claims receivable from litigants	-	102,169,497	-	-	-	102,169,497
Other assets - Brokers receivables	-	58,622,019	-	-	-	58,622,019
<u>Insurance assets</u>						
Premium receivables	-	511,712,858	-	-	-	511,712,858
Reinsurance assets - claim reserves	-	293,351,482	41,532,565	1,048,209	-	335,932,257
Reinsurance receivables	-	504,266,249	-	-	-	504,266,249
<u>Financial liabilities</u>						
Lease liabilities	-	14,449,539	30,541,153	-	-	44,990,692
<u>Insurance liabilities</u>						
Insurance contract liabilities - claim reserves and outstanding claims	-	862,123,259	150,260,888	7,575,092	-	1,019,959,239
Due to reinsurers	-	839,315,814	-	-	-	839,315,814

(Unit: Baht)

	2020					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
<u>Financial assets</u>						
Cash and cash equivalents	263,536,309	-	-	-	-	263,536,309
Accrued investment income	-	6,086,078	224,270	-	-	6,310,348
Investments in securities	934,296,192	1,959,048,546	107,218,772	-	241,830,125	3,242,393,635
Loans and interest receivables	-	188,607	455,928	-	-	644,535
Other assets - Claims receivable from litigants	-	104,296,360	-	-	-	104,296,360
Other assets - Brokers receivables	-	66,479,284	-	-	-	66,479,284
<u>Insurance assets</u>						
Premium receivables	-	495,415,614	-	-	-	495,415,614
Reinsurance assets - claim reserves	-	132,780,917	20,619,228	480,153	-	153,880,298
Reinsurance receivables	-	598,821,741	-	-	-	598,821,741
<u>Financial liabilities</u>						
Lease liabilities	-	15,269,448	44,703,368	-	-	59,972,816
<u>Insurance liabilities</u>						
Insurance contract liabilities - claim reserves and outstanding claims	-	737,441,797	116,980,831	6,295,491	-	860,718,119
Due to reinsurers	-	967,658,760	-	-	-	967,658,760

35. Fair value measurement for financial assets

As at 31 December 2021 and 2020, the Company had the following financial assets and financial liabilities that were measured at fair value or were measured at cost but has to disclose fair value, using different levels of inputs as follows:

(Unit: Baht)

	2021				Book value
	Fair value			Total	
	Level 1	Level 2	Level 3		
<u>Financial assets measured at fair value</u>					
Trading investments which are measured at FVPL					
Equity instruments	456,546,387	-	-	456,546,387	456,546,387
Unit trusts	90,999,100	-	-	90,999,100	90,999,100
Available-for-sale investments measured at FVOCI					
Government and state enterprise securities					
	-	735,237,025	-	735,237,025	735,237,025
Private debt securities					
	-	680,378,435	-	680,378,435	680,378,435
Equity instruments	246,060,084	-	327,650,261	573,710,345	573,710,345
Unit trusts	160,912,587	48,673,696	-	209,586,282	209,586,282
<u>Financial asset for which fair value are disclosed</u>					
Cash and cash equivalents	301,851,326	-	-	301,851,326	301,851,326
Accrued investment income	7,716,990	-	-	7,716,990	7,716,990
Held-to-maturity investments measured amortise cost					
Government and state enterprise securities					
	-	30,435,612	-	30,435,612	29,992,953
Deposits and certificate of deposits at financial institutions which are matured over					
3 months	630,544,778	-	-	630,544,778	630,544,778
Loans and interest receivables	386,007	-	-	386,007	386,007

(Unit: Baht)

	2020				Book value
	Fair value				
	Level 1	Level 2	Level 3	Total	
<u>Financial assets measured at fair value</u>					
Trading investments which are measured at FVPL					
Equity instruments	424,182,917	-	-	424,182,917	424,182,917
Unit trusts	116,102,300	-	-	116,102,300	116,102,300
Available-for-sale investments measured at FVOCI					
Government and state enterprise securities					
	-	980,893,657	-	980,893,657	980,893,657
Private debt securities					
	-	367,437,373	-	367,437,373	367,437,373
Equity instruments	194,781,440	-	241,830,125	436,611,565	436,611,565
Unit trusts	152,131,976	47,097,559	-	199,229,535	199,229,535
<u>Financial asset for which fair value are disclosed</u>					
Cash and cash equivalents	263,536,309	-	-	263,536,309	263,536,309
Accrued investment income	6,310,348	-	-	6,310,348	6,310,348
Held-to-maturity investments measured amortise cost					
Government and state enterprise securities					
	-	30,549,530	-	30,549,530	29,993,895
Deposits and certificate of deposits at financial institutions which are matured over					
3 months	687,942,393	-	-	687,942,393	687,942,393
Loans and interest receivables	644,535	-	-	644,535	644,535

The fair value hierarchy of financial assets and financial liabilities as at 31 December 2021 and 2020 presents according to Note 4.20 to financial statements.

The method used for fair value measurement depends upon the characteristics of the financial assets and financial liabilities. The Company establishes the fair value of its financial assets and financial liabilities by adopting the following methods and assumptions.

- (a) Financial assets maturing in the short-term, which consist of cash and cash equivalents, deposit at financial institutions, accrued investment income and other assets, their fair value is estimated based on the carrying amount presented in the statements of financial position.
- (b) The fair value of investments in debt instruments is generally derived from quoted market prices or determined by using the yield curve as announced by the Thai Bond Market Association.
- (c) Investments in marketable equity instruments have been presented at fair value by using market price. Investments in non-listed equity instruments are determined using generally accepted pricing model or approximated to their net book values if the fair value cannot be reliably estimated.
- (d) Investments in marketable unit trusts have been presented at fair value by using market price. Investments in non-listed unit trusts are determined by using the net asset value as announced by asset management company.
- (e) The fair value of fixed rate loans is determined by discounting the expected future cash flows by using the current market interest rate.
- (f) Fair values of lease liabilities were approximated to their carrying value due to carrying an approximate market rate.

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

Reconciliation of recurring fair value measurements of financial assets, categorised within Level 3 of the fair value hierarchy, are as follows.

	(Unit: Baht)
	Financial statements in which the equity method is applied and Separate financial statements
Balance as of 1 January 2021	241,830,125
Net loss recognised into other comprehensive income	85,820,136
Balance as of 31 December 2021	327,650,261

Key assumptions used to measure the fair value of investments, categorised within Level 3 that there has been a significant change in fair value are summarised below.

Financial instruments	Valuation technique	Significant unobservable inputs	Rates	Sensitivity of the input to fair value
<u>Investments in Vegetable oil producer industry</u>				
Non-listed equity investments	Price per book value approach	Average price per book ratio	1.87%	10% increase (decrease) in the rate would result in an increase (decrease) in fair value by Baht 12.8 million.
		Discount for lack of marketability	20.00%	10% increase (decrease) in the discount would result in a decrease (increase) in fair value by Baht 16.0 million.
<u>Investments in Insurance industry</u>				
Non-listed equity investments	Price per book value approach	Average price per book ratio	1.30%	10% increase (decrease) in the rate would result in an increase (decrease) in fair value by Baht 7.5 million.
		Discount for lack of marketability	20.00%	10% increase (decrease) in the discount would result in a decrease (increase) in fair value by Baht 9.3 million.
	Discounted future cash flow	Discount rate	10.50%	1% decrease in the discount rate would result in a increase in fair value by Baht 0.7 million.

36. Capital management

The primary objectives of the Company's capital management is to ensure that it preserves ability to continue its business as a going concern and to maintain capital reserve in accordance with Notifications of the OIC.

37. Event after reporting period

On 22 February 2022, a meeting of the Board of Directors passed the following resolutions to propose to the Annual General Meeting of shareholders:

1. Approve an increase of the Company's registered capital from Baht 350 million to be Baht 360 million to be divided into 36 million shares with the par value at 10 Baht per share, by newly issue the ordinary shares in amount of 1 million shares with the par value at 10 Baht to support the stock dividend payment.
2. Approve the allocation of profits for cash dividend and stock dividend payment approximately Baht 62.5 million, as follows:
 - 2.1 Cash dividend will be paid at the rate of Baht 1.50 per share for the 35 million existing shares, totaling Baht 52.5 million. Payment is scheduled to be made on 20 May 2022.
 - 2.2 Stock dividend will be paid at the ratio of 35 existing shares per 1 stock dividend, totaling of the stock dividend payment at 1 million shares, at par value Baht 10, totaling Baht 10 million or equivalent to Baht 0.29 per share. In case that any shareholders hold the indivisible share remaining after such allocated, cash will be paid instead of the stock dividend at the rate of Baht 0.29 per share.
 - 2.3 Approve to allocate indivisible share remaining after such allocated the stock dividend to the registered Navakij Insurance Provident Fund.

38. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 22 February 2022.